



1. *CPSC Data*

Country: Former Yugoslav Republic of Macedonia (FYR Macedonia)

CPS Year: FY11

CPS Period: FY11 – FY14

CPSCR Review Period: FY11 – FY14

Date of this review: September 12, 2014

2. *Executive Summary*

- i. This review examines the implementation of the FY11-FY14 FYR Macedonia Country Partnership Strategy (CPS) of FY11 and the CPS Progress Report (CPSPR) of FY13, and assesses the CPS Completion Report (CPSCR). The CPS was jointly implemented by IBRD/IDA, IFC and MIGA; this review covers the joint program of the three institutions.
- ii. The objective of the FY11-14 CPS (CPS para 62) was to support faster, more inclusive and greener growth while helping to prepare FYR Macedonia for EU accession. This objective would be achieved through three pillars, also referred to as priorities: I. Faster Growth – Competitiveness (including Continued Macroeconomic Stability); II. More Inclusive Growth – Employability and Social Protection; and III. Greener Growth – Environmental Sustainability and Climate Action. However, at the time of the PR it was clear that in particular the crisis of the Eurozone was having a greater and more prolonged impact than expected on the country's economy, and that the main purpose of the program was to help the government respond to the crises, and thus to maintain macroeconomic stability, even though the stated objectives were not modified and there were no corresponding modifications to the indicators in the results matrix.
- iii. IEG rates the overall outcome of WBG support as Moderately Satisfactory, based on a rating of Satisfactory for the most important Pillar 1 on Growth, while Pillar 2 on inclusive growth is rated Moderately Unsatisfactory, and Pillar 3 on Greener Growth is rated as Moderately Satisfactory. The most important achievement under the FY11-14 CPS was the support that the Bank provided to FYR Macedonia under Pillar I in economic stabilization and to maintain modest economic growth under adverse external circumstances, most importantly the prolonged crisis in the Eurozone. The Bank also showed progress in a number of diverse areas under Pillar I, such as in land administration, with emphasis on institutional reforms in most areas, and evidence of results on the ground was limited. The relative lack of achievements under Pillar II on employability and social protection is surprising for activities of such longer vintage, with some achievements noted in the coverage for social services. In Pillar III progress was achieved in energy efficiency, strengthening of agricultural systems and management of water resources, with limited results in energy transmission and catastrophic insurance penetration.
- iv. IEG rates the WBG performance as Fair. The program as designed was relevant, and the program objectives were well aligned with the country development priorities. Program implementation was able to respond to the growing understanding of the severity of the Euro-crisis through a more than doubling of the lending program with quick-disbursing instruments including guarantees. However, the results framework was excessively detailed and reflected a lack of prioritization. It was not adequately adjusted in the PR, leading to a clear divergence between stated and real objectives, and the risk discussion should have been updated in the PR in light of growing external risks and a huge increase in the Bank's lending volume, including the use of guarantee instruments.
- v. The CPSCR presents a number of lessons with which IEG agrees, including the importance of

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(i) close alignment with the government objectives, and those of key partners; (ii) government commitment and flexibility; (iii) a high-level policy dialogue; (iv) of a strategic focus on inclusion and sharing the fruits of economic growth; and (v) strong intra-WBG coordination for projects in the renewable energy sector. IEG finds three important additional lessons: The importance of (a) WBG flexibility and responsiveness when countries are faced with extraneous challenges; (b) Having appropriate and clearly focused results frameworks linked to key overall objectives; and (c) Adjusting such frameworks when warranted, in particular at the time of any Progress Report.

3. *WBG Strategy Summary*

Overview of CPS Relevance:

Country Context:

1. The government of FYR Macedonia was largely stable during the CPS period. The CPS (September 2010) noted that the economic performance of FYR Macedonia had improved considerably prior to the global and the Eurozone crises, and that prudent macroeconomic policies and complementary reforms had helped the country weather the crisis better than most countries in the region, with fiscal policy turning countercyclical while monetary policy was tightened. It was however expected that recovery would be gradual and tentative. During the CPS period macroeconomic and financial stability was preserved, with real GDP growth of 2.9 percent in 2011, a small decline in 2012 and estimated growth of 2.5 percent in 2013 (IMF country report no. 14/62 of February 2014). Central government debt increased sharply over the CPS period, but remains below 40 percent of GDP. The central government budgetary balance turned from a surplus in 2010 to a deficit from 2011 onwards, but this deficit has remained manageable with a high of 3.9 percent of GDP, and is now projected by IMF to gradually decline. Both domestic savings and gross investments have remained in the mid-twenties, as a percent of GDP, with low growth in consumer prices, but unemployment has remained a problem and was 31.6 percent at the time of the 2012 Progress Report.

2. However, the above picture does not reflect fully the impact of the Eurozone turmoil that became clear from the second half of 2011. Thus the IBRD program document (dated December 5, 2012) for the second Public Expenditure Policy Based Guarantee (PBG) flagged that growth had weakened in the second half of 2011 and had turned negative in the first half of 2012, also spilling over into the fiscal accounts. Given FYR Macedonia's fixed exchange rate, fiscal policy was critical in preserving stability, but financial market access had deteriorated. The document described the funding leveraged under the first PBG (FY12) as "critical in helping cover financing needs during difficult times".

Objectives of the WBG Strategy:

3. The objective of the FY11-14 CPS was to support faster, more inclusive, and greener growth while helping to prepare for EU accession. This objective would be achieved through three pillars:

- I. **Faster Growth - Competitiveness:** Continued macroeconomic stability. Land reform: Establish an efficient land administration system. Judicial reform: Increase the efficiency of the judicial system and improve courthouse infrastructure. Municipal services: Improve local services and infrastructure in selected areas. Roads: Improve road infrastructure and resilience to climate change and strengthen management capacity. Education: Improve quality in higher education. Increase financing and investment in competitive fields.
- II. **More Inclusive Growth – Employability and Social Protection:** Social safety nets: Cash benefits reach the most vulnerable. Health: Improve health outcomes. Employability: Reduce impediments in hiring.
- III. **Greener Growth – Environmental Sustainability and Climate Action:** Energy: Improve energy sector efficiency and environmental sustainability. Water and Solid Waste: Strengthen integrated water management capacity in line with EU water framework directive. Agriculture: Align sector with EU requirements; strengthen sector competitiveness; adapt to climate change. Policymaking for green growth and climate action: Inform and support

implementation of “win-win” solutions. In this regard the Bank would also assist the government in establishing new catastrophic risk insurance.

4. This program was largely consistent between the CPS text and its results matrix (Annex 1), except that in the matrix under Priority I references to strengthening the financial sector and public procurement were also included, and under Priority II there was no mention of health outcomes. The PR of November 2012 stated that the Bank’s program needed modifications from important external changes – the effect of the Eurozone and global economic crises on the country’s economy. During the remainder of the period the Bank would therefore step up its support to help it to respond to the crises. This major shift in emphasis had already resulted in increased lending activities, but this was not well reflected in the results framework, with no changes to the CPS pillars, but with some changes for specific items: Under Pillar 1 the strengthening of supervision of the financial sector with focus on non-bank financial institutions, and the alignment of national procurement policies with the EU acquis and international best practice were dropped, while items were added to enhance the institutional framework for FDI and export promotion, to increase the capacity to design and implement technology and innovation programs, and to simplify processes to obtain visas and work permits. Under Pillar 3 were added an increase in catastrophic insurance penetration, to strengthen the management of water resources particularly in agriculture, improved management of state-owned land and to stimulate productive agriculture investments.

5. IFC supported the same objectives as the IBRD across two of three “Priority Areas” - Pillars 1 and 3 – where its objectives were integrated into the CPS strategy.

Relevance of the WBG Strategy:

6. Congruence with Country Context and Country Program. The government’s strategic priorities and objectives 2011 - 15 are summarized on its website: (i) Increased economic growth and employment, as a precondition for increased citizens’ standard of living and improved quality of life. (ii) Integration into EU and NATO. (iii) Fight against corruption and crime and efficient law implementation by undertaking deep reforms in the judiciary and in public administration. (iv) Maintenance of good inter-ethnic relations. (v) Investment in education, science and information technology as elements of a knowledge-based society. The Bank’s program was well aligned with these priorities, in particular the focus on growth and competitiveness and more inclusive growth, while several of the specific activities would support the process towards EU accession.

7. However, at the time of the CPS a key issue facing FYR Macedonia was already clear, at least for the short term, namely economic stabilization in the face of the external crises, which was not well aligned with the stated overall objective of Pillar 1 of faster growth. At the time of the PR it was clear that the crisis of the Eurozone was having a greater and more prolonged impact on the country’s economy. The program support would therefore appropriately be stepped up to help the government respond to the crises. However, the stated objectives were not modified, as they should have been, leading to a growing disconnect between the stated and implied key objectives. Throughout the period there could also have been some more direct attention to poverty (described in the CPS, para 35 as “high and static”) and the high rate of unemployment combined with sluggish pace of employment growth (CPS paras 29-30).

8. Relevance of Design. The CPS program was designed to move towards greater selectivity with continued strong analytical engagement and to leverage coordinated Group support with deeper cooperation with the EU – the largest source of financial support for the country, but with slow absorption. The program had considerable flexibility for the outer years, with planned new IBRD commitments FY11-12 of \$104 million, and with the government asking for a total envelope of about the same amount for FY13-14. The PR (2012) more than doubled the planned total IBRD envelope for the CPS period. This increase involved a Policy Based Guarantee (PBG - FY12) and a Public Expenditure PBG (FY13) for a total of \$180 million. Several additional financings had also already been approved by that time. However, the PR did not make use of the opportunity to revise the program objectives and the results framework to reflect the program changes and the external challenges. The PR also did not provide much discussion of the guarantee instruments.



9. IFC's FY11-14 program emphasized investments in support of financial markets and export-oriented enterprise sectors, which were relevant to FYR Macedonia's process for accession to the European Union (EU). Moreover, in light of the Eurozone sovereign debt crisis, which slowed Macedonia's economic growth and jeopardized the recovery of its labor market that was already suffering from large unemployment, IFC's objective of supporting small and medium size enterprises (SMEs) was particularly relevant given their potential for generating growth in employment.

10. Strength of the Results Framework. The CPS had a detailed results framework that remained largely stable throughout the CPS period, with some modest changes at the time of the PR. The framework contained a number of expected outcomes in support of the three priorities that constituted the overall CSP objective, but the additional important objective of helping to prepare for EU accession was reflected only through some specific indicators without any overall measurement of progress. The linkages in the framework were reasonably coherent through milestones and indicators through to outcomes. The results framework had however three important weaknesses: First, it contained a large number of expected outcomes without any clear sense of prioritization. Second, some of the outcomes (and milestones) were more in the form of Bank inputs and domestic process items rather than of results on the ground. Third, the framework was modified only modestly at the time of the PR; as a result, it is difficult to see in the matrix (Annex 1 to the PR) the linkages to the implicit key issue of economic stabilization under adverse external circumstances, including of the expected impact of the much increased Bank program. IFC's program was presented explicitly in the main section of the CPS; however, the results framework did not include a clear linkage between IFC investments or Advisory Services (AS) projects and the CPS outcome indicators, and this remained the case in the PR. The PR results framework included for IFC some modifications, with the advisory on hydropower shifting from Pillar 3 to Pillar 1, and the addition of the private utility investment to Pillar 1. The PR did not explain these modifications, and neither the PR nor the CPSCR showed updated performance indicators for IFC's activities.

11. Risk Identification and Mitigation. The CPS discussed several risks extraneous to the Bank's program, including from the global crisis and the Eurozone problems, the continued high unemployment in the country, and its vulnerability to natural disasters. The mitigating steps were however quite limited. For example, for the impact of the crises on domestic economic growth steps were to help analyze the risks through continued monitoring and dialogue on the overall macroeconomic context, as well as through analysis of options for remedial measures and program adaptation, contingent on need and government request. The PR – which contained a major increase in the Bank's expected financial engagement – did not include any additional risk discussion, neither in relation to the larger program and its new instruments, nor to the more difficult external circumstances. Neither the CPS nor the PR included any discussion of program risks. As pointed out in the CPSCR, in retrospect these risks included the introduction of budget ceilings affecting the pace of project implementation and disbursements, capacity constraints at the implementing agencies, and for infrastructure projects issues of land acquisition and availability of qualified contractors.

Overview of CPS Implementation:

Lending and Investments:

12. The CPS notes that at the beginning of the CPS period the Bank supported a portfolio of 14 loans and four grants totaling \$337 million in commitments. The grants were not explained further, but Annex 3 to the CPS showed a total of seven trust funds, of which six recipient-executed, for a total of \$35.7 million. The completion report for the previous period showed a total of nine new loans (including one additional financing) approved FY07-10 for a total of \$292 million, in addition to one GEF grant. Three policy-based operations accounted for \$85 million of lending, while the investment operations addressed trade and transport, agriculture, municipal services, land registration and social services. The CPS stated the Bank's intention to continue to move toward greater selectivity and portfolio consolidation, and this direction was reiterated in the PR for the medium term, in order to free up more room for analytical and advisory work. The program was designed with considerable flexibility for the



outer years, with a total volume of new IBRD commitments FY11-12 of about \$104 million (four operations), and with the government asking for a total envelope of about the same amount for FY13-14. The 2012 PR involved a substantial increase in the planned total IBRD envelope for the CPS period, most importantly through a Policy Based Guarantee (PBG - FY12) and a Public Expenditure PBG (FY13). The overall Bank program for FY13-14 as per the PR was for \$394 million for five operations.

13. The total amount approved for FY11-14 was \$534.4 million for eight operations. This was 2.5 times the \$208 million implicitly expected in the CPS, but in line with expectations in the PR. The lower number of operations was as per the direction flagged in the CPS and the PR. \$336.4 million (63 percent) were in the form of policy-based guarantees (FY12 policy based guarantee and FY13 public expenditure guarantee), and another \$100 million (19 percent) for two policy-based loans, with four investment loans accounting for the remainder 18 percent, of which only two new operations (FY11 regional project for disaster management and FY14 skills development and innovation). This low share for investment projects draws into question the assertion in the CPSCR that “traditional investment lending ... remained the instrument of choice.” A total of 14 grants and trust funds were active during the CPS period, for \$21.7 million. The CPSCR does not raise any issues concerning the Bank’s use of trust funds.

14. Nine projects that closed in the period FY11-14 have IEG ratings. The outcomes for two were rated Satisfactory, six Moderately Satisfactory, and one (for legal and judicial support) Moderately Unsatisfactory, and mostly with Moderate risk to development outcomes. With outcomes at 89 percent rated Moderately Satisfactory or above, the performance of the portfolio was well above that of ECA or the Bank as a whole. The average disbursement ratio FY09-13 at 22.9 percent was about the average for ECA, but with significant variations from year to year, influenced significantly by the declining share of investment projects in the Bank’s country portfolio. The quality of the portfolio improved over the CPS period after an initial worsening in FY12, with no projects rated at risk by the end of FY14. The first development policy loan was rated Satisfactory, while none of the two guarantee operations have yet been evaluated. All nine ongoing operations were rated Moderately Satisfactory or above in the ISRs. However, five ongoing projects (from before this CPS period) seem to be expected to complete only after very long periods, with expected closings between eight and ten years after approval.

15. During the CPS period, IFC had net commitments of \$29.7 million (net commitments as of July 22, 2014), of which 59 percent were approved in FY12. Financial market operations comprised 83 percent (\$24.7 million) of the net commitments; hereunder, short-term trade finance guarantees accounted for 42 percent of IFC’s total net commitments during the period (three out of five operations) and 100 percent of IFC’s commitments in FY13 and FY14. The single largest IFC commitment (\$13.4 million) was a loan to a Macedonia-based subsidiary of a European commercial bank. IFC made no equity investments during the CPS period. Other than the financial market operation, IFC provided a follow-up loan to an electricity supply and distribution company for \$4.6 million. During the CPS period, IFC also had active investments of \$120.2 million in net commitments that were approved prior to the review period, of which 46 percent (\$55.3 million) were in support of a private utility company after it was privatized in 2006. No Extended Project Supervision Reports (XPSRs) were reviewed by IEG during the CPS period. Six investments were self-rated by IFC’s Development Outcome Tracking Ratings (DOTS), of which five (83 percent) received ratings of mostly successful or higher.

16. MIGA was active in the financial sector during the CPS period, with two guarantees providing a total issuance of \$156.4 million. The projects provided coverage for foreign banks to help support extensions of their credit lines, with the ultimate objective of stimulating economic growth and to assist in generating employment. The objectives supported by both projects were consistent with those defined in the CPS.

Analytic and Advisory Activities and Services

17. Annex Table 4 lists the completed economic sector work for FY11-14. Only two activities (Comprehensive Water Sector Assessment (ESW) and Green Growth and Climate Change (both ESW and TA)) were planned in the CSP, while some other activities (including ESW for Infrastructure Review and Modular Competitiveness Assessment) were planned at the time of the PR. The CPSCR states



that the Bank's work on Green Growth has led to the formulation of the first National Program of Energy Efficiency in Public Buildings and a decision to establish a revolving Energy Efficiency Fund to implement this program. The CPSCR reports that client surveys and consultations show that WBG knowledge services were seen as of good quality and being well aligned with the country program, and the CPSCR also found that most of the analytic work was closely related to lending, including that Competitiveness Assessments provided the analytical foundation for the competitiveness DPLs.

18. During the CPS period, IFC implemented three Advisory Service (AS) projects for \$3.5 million in total committed funds - two Public Private Partnership (PPP) projects, Macedonia Health and the Macedonia Corridor 8 Road Concession, with total funds of \$440,000 and \$1.53 million, respectively, and a Sustainable Business Advisory (SBA) for \$1.52 million in total funds in support of a hydropower project. For one of the PPP projects, IFC was not able to complete its work to reach financial closure. IFC's advisory engagement was unilaterally terminated by the government after IFC had completed all the preparatory work for the public tender. Five previously approved AS projects were active during the CPS period comprised \$3.15 million in funds for PPP, investment climate, and sustainable business advisory (SBA) business lines. Of these, IEG validated one SBA project and confirmed that the project had succeeded in raising awareness on the International Standards and Technical Regulations (ISTR) and helped some Macedonian companies implement ISTR.

Partnerships and Development Partner Coordination

19. The CPS program was designed to leverage coordinated Group support with deeper cooperation with the EU. The CPSCR states that coordination with development partners was continuous and effective, with a relatively small number of active development partners and with most bilateral donors cutting back on their presence over time, and that the alignment of the CPS strategic goals with the EU regional strategy provided a basis for positive interactions. The CPS did not include plans for Bank-IFC cooperation in the FYR Macedonia or any indications of areas where such cooperation could be important. While the CPSCR indicated that the Bank and IFC coordinated their activities in the Trade Logistic advisory program, no specific evidence of cooperation is provided.

Safeguards and Fiduciary Issues

20. The CASCR does not flag any fiduciary or safeguards issues. The Integrity Vice Presidency (INT) informs that while there were some incoming complaints during the CPS period, INT did not substantiate any cases related to Bank-financed projects during this period.

Overview of Achievement by Objective:

21. There were three pillars: Priority 1: Faster Growth: Competitiveness. Priority 2: More Inclusive Growth: Priority 3: Greener Growth: Environmental Sustainability and Climate Action. The discussion below uses the PR version of the results matrix.

Pillar I: Priority 1: Faster Growth: Competitiveness:

22. There were a large number of objectives with indicators under this pillar, all of them of relevance for the overall objectives of the pillar (faster growth and competitiveness), but none seeking to address these two objectives directly – for instance there was no indicator for GDP (growth) or from the Doing Business exercise (competitiveness).

Maintain macroeconomic stability through management of fiscal conditions: **Achieved**, in spite of increasing arrears in the public health sector:

- General government debt maintained below roughly 40 percent of GDP. Achieved. The debt increased rapidly from a baseline of 23.8 percent in 2009 to (estimated) 35.5 percent in 2013, with much of the growth in 2011 and 2012. The central government budgetary balance turned from a surplus in 2010 to a deficit from 2011 onwards, but this has remained manageable with a high of 3.9 percent of GDP, and is projected by IMF now to decline gradually.
- Arrears in the public health sector maintained at or below 0.2 percent of GDP. Not Achieved. Arrears were at or above the 2009 baseline of 0.3 percent, with 0.5 percent as of August 2013.
- Spending on pensions maintained at or below 9 percent of GDP up to 2012. Achieved.



Baseline was 8.5 percent in 2011, and pension spending in 2012 was 8.9 percent.

- GDP growth was modest over the CPS period – average annual growth 2009-2013 was 2.1 percent. The CPS document had reported growth 2007 and 2008 of 6.1 and 5 percent, respectively. In spite of an estimated small decline in 2009 the CPS projected rapid growth thereafter – 2 percent in 2010, 4 percent in 2011, 4.5 percent in 2012 and 5 percent in 2013. While macroeconomic stability was thus maintained over the CPS period, actual growth was far below projections and also lower than before the crisis.

Strengthen the transparency of corporate financial reporting in line with EU standards. **Achieved:**

- Progress to be noted in Annual Progress Report of European Commission (EC). Achieved. Satisfactory progress noted in the 2014 Annual Progress Report in the area of corporate and financial reporting.
- Macedonian professional body to be admitted to the International Federation of Accountants (IFAC). Achieved. CPSCR confirms that the Macedonian professional association of accountants has been admitted to the International Federation. The IFAC website confirms that this took place in 2013.

The institutional framework for foreign direct investment (FDI) attraction and export promotion to be enhanced and small and medium enterprise (SME) development programs to be consolidated. **Achieved:**

- A one-stop shop service for issuing licenses, construction permits, state aid and aftercare to be established for enterprises at the Technology Industrial Development Zones. Also, a Strategy for Export Promotion and Action Plan has been adopted, and the first generation of programs to support exporters is under implementation. The SME support programs at the Ministry of Economy have been consolidated on the basis of a functional review.

Increase the capacity to design and implement technology and innovation programs through the development of a more effective institutional framework and regulations. **Achieved:**

- The government adopted the Innovation Strategy and conducted a functional review leading to a reform of innovation-related institutions.

Improve the efficiency and transparency of land administration. **Mostly Achieved**, but with a decline in measured customer satisfaction:

- Land and real estate transactions to increase from 93,240 (2009) to 120,000 (2014). Achieved. In 2012, 138,000 real estate transactions were registered.
- Number of registered mortgages using property as collateral to increase from baseline (2009) of 6,261 to 7,513 (20 percent increase) by mid-2015. Achieved. There was a 64 percent increase in registered mortgages using property as collateral between 2009 and 2012.
- Customer satisfaction with the efficiency of land administration to increase from 2009 baseline of 3.7 (rating on a five-point scale) to 2 in 2013. Not Achieved. Satisfaction declined modestly to 3.6 (2012).
- Milestone: Cadaster maps digitized and posted online – 50 percent of territory by 2014 and 70 percent by 2015. Achieved. Cadaster maps digitized and used for delivery of routine services at 22 percent of the country's territory (2013). The CPSCR reports the project on target to achieve 70 percent by mid-2015.

Improve the efficiency and services of the judiciary: **Mostly Achieved**, although expected measuring was not available:

- Share of firms reporting the judiciary as a problem for doing business to decline from 2008 baseline of 50 percent to 43 percent by 2011, by BEEPS (Business Environment and Enterprise Performance Survey). CPSCR reports that BEEPS report is not available (not explaining why), but that the Doing Business exercise reports that the number of days to enforce a contract has been reduced from 370 to 60 days, that one third of the court houses have been modernized, ICT case management system introduced, and a new Criminal Court

built in the capital city.

Enhance access of SMEs to financing in key growth sectors. **Not Achieved**, for lack of information:

- Milestone: Financing provided to commercial bank programs supporting SMEs, particularly in agribusiness, health and construction. The CPSCR (Table 1) states that this was achieved and that such financing was provided, but gives no specifics whatsoever, and no assessment of how this may actually have enhanced SMEs' access to financing.

Strengthen the sustainability of higher education system and quality assurance in line with EU standards. **Not Achieved:**

- Milestone: Reforms to the quality assurance system implemented and the higher education financing model defined – no baselines or dates given. The CASCR states that the legislative framework on quality assurance in the higher education system was amended to align with the EU standards, but that the envisaged reforms will be implemented through the Bank's Skills and Innovation Project (FY14, with expected closing FY19).

Simplify the process of obtaining visa, residence and work permits. **Mostly Achieved:**

- Process to simplify visas and work permits from (undated) baseline of 45 days by at least ten percent by 2014. This modest target was exceeded for the issuing of work permits with the required time shortened to 30 days, and there were various simplifications of process and requirements for work and residency permits. No information re visas is available in the CPSCR, but the country team has explained that obtaining visas for potential employees has by implication of the other reforms become simpler since long-stay visas are issued on the basis of work permits..

Improve the quality of the local and regional road network. **Partly Achieved :**

- Quality improvement to be measured by a decline in vehicle operation costs on rehabilitated roads by ten percent by 2013 (baseline 2008). Not Achieved, for lack of information. The CPSCR states that the measurement of vehicle operation costs will commence following the completion of road rehabilitation work.
- Milestone: Target of 280 km of regional and 420 km of local roads to be rehabilitated by 2013, of which 48 km had been rehabilitated in 2010. Mostly Achieved. By 2013 284 km of regional and 322 km of local roads had been rehabilitated.

Facilitate regional trade by removing bottlenecks at border crossings. **Achieved:**

- Waiting times for cars and buses at border crossing with Kosovo to be reduced by 2012 from baseline of ten minutes waiting time at entrance and twelve minutes waiting time at exit – no specific reduction target given. . By end 2012 average waiting time at entrance was 2.5 minutes and at exit 2 minutes.

Strengthen FYR Macedonia's energy security. **Partly Achieved:**

- Reduction of number and duration of energy interruptions by 80 percent (baseline 1,480 minutes in 2005). Partly Achieved. The CPSCR states that energy interruptions have been reduced, but that the full effect will be achieved after completion of interconnections expected by November 2015.
- Reduction of substation operating and maintenance costs by 25 percent for the unbundled stations by 2014 (baseline not stated). Achieved. The CPSCR states that the rehabilitation of 21 110 kV substations resulted in "around" 25 percent reduction of operation and management costs.
- Improve the transparency and quality of municipal services. Achieved: Increase in targeted municipalities participating in public benchmarking exercises (baseline 0 percent in 2010, target 100 percent in 2014): Achieved. All targeted communal enterprises (presumably no difference between communal and municipal enterprises) now participate in benchmarking exercises.
- Increase in targeted municipalities reporting improvements in delivery of baseline services



(baseline 0 percent in 2010, target 20 percent by 2014): Achieved. The CPSCR now mentions another target – 75 percent of participating municipalities to report improvements in the delivery of services by 2017, and that 73 percent reported improvements by December 2013. However, the actual numbers are small as per the CPSCR Table 1 – the 2017 target is for eight municipalities – a number difficult to reconcile with a total number given of 30 participating municipalities.

- Increase in targeted municipalities achieving increased revenue or cost savings (baseline 0 percent in 2010, target 15 percent by 2014): Achieved. The CPSCR mentions new targets also here – for 60 percent by 2017, and that by June 2013 46 percent of participating municipalities had achieved increased revenue or cost savings (no information given on how substantial these may have been).

23. The CPSCR lists a number of Bank group activities that contributed to these outcomes. For the macroeconomic stability it mentions the FY11 DPL2 (Development Policy Lending) and the FY12 Policy Based Guarantee, but not the FY13 guarantee operation. For other aspects under this pillar most references are to operations started in the previous CPS period (including additional financings), the FY12 Competitiveness DPL, and some technical assistance activities. The rating of this objective is difficult, with too many objectives without any clear prioritization. The text of the PR makes clear that economic stabilization was the key objective, although this was not reflected in the stated objectives or from the results framework. From the latter, it could be argued that the stated objective of this pillar (faster growth) was clearly not achieved as the growth rate declined compared to the previous period, and was also significantly lower than the CPS projections. Addressing substance rather than form, this Review finds that the crucial objective for economic stabilization was achieved, and that on this basis the Pillar I objective was **Achieved**, in spite of some variability in findings for the many other objectives, and IEG rates this pillar as **Satisfactory**.

Pillar II: More Inclusive Growth: Employability and Social Protection

24. There were just two expected outcomes for this objective:

Lower the cost of (for) businesses to employ workers. Partly Achieved:

- Decrease in Social Insurance Contributions. Baseline 28.4 percent of gross wages in 2009, target 22.5 percent by 2014: Social Insurance Contributions were just reduced modestly to 27 percent of gross wages – a level significantly above target, although the CPSCR nevertheless considers this a considerable achievement given the EU economic crisis, mentioning also that the financial sustainability of the social funds was maintained and that some other reforms were introduced including a broadening of the tax base.

Strengthen the targeting and coverage of FYR Macedonia's social services: Partly Achieved:

- Increase in the targeting accuracy of the overall safety net (baseline 50 percent in 2010, target 65 percent by 2014): Not Achieved, due to problems with survey data.
- Increase in households in the poorest quintile enrolled in the government's conditional cash transfer (CCT) program. Baseline 0 percent in 2010, target 40 percent for 2014: Achieved. The CCT program covers 86 percent of eligible households. The data on the poorest quintile is not available, so the indicator for the CCT project was modified to take into account that households for the CCT program are chosen from those receiving social financial assistance.

25. The CPSCR lists several earlier projects as contributors (FY04 Social Protection, FY09 Conditional Cash Transfers) plus the FY11 DPL2. The relative lack of achievements is surprising for activities of such longer vintage. Overall, this objective was **Partly Achieved** and IEG rates this Pillar as **Moderately Unsatisfactory**.

Pillar III: Greener Growth: Environmental Sustainability and Climate Action:

26. A number of the expected outcomes under this pillar focused on Bank outputs or process steps more than outcomes on the ground:

Enhance government knowledge for policymaking in green growth and climate action. **Not**

Appropriate:

- This was an “outcome” that was exclusively an output: Policy notes meant to enhance government knowledge of approaches to manage the green growth agenda. The CPSCR treats this as Achieved, with various policy notes presented to and discussed with the government. However, such Bank outputs should not be considered outcomes on the ground.

Increase in catastrophe insurance penetration to 5 percent by 2014 (baseline 2 percent in 2011): **Not**

Achieved, although progress made:

- The Europa Re reinsurance facility has been launched, and the CPSCR expects for the target to be reached during 2014.

Strengthen FYR Macedonia’s energy security by upgrading select domestic and regional transmission infrastructure: **Partly Achieved:**

- Milestone: Select electrical transmission lines completed. The two lines identified in the results matrix (Skopje-Tetovo and Stip-Serbian border) have not yet been completed (delays due to land acquisition issues), although the project team informs that construction is now under way. Other transmission lines have been completed, as has the rehabilitation of 21 110kV substations (mentioned under Pillar I).

Increase the share of the national energy supplies derived from “new” renewable energy sources.

Achieved:

- Share of the national energy supplies attributable to renewable sources to increase from 0 in 2010 to 40 MW by 2013. 111.3 MW renewable energy by September 2013.

Improve the efficiency of FYR Macedonia energy use: **Achieved:**

- Increase in energy saved (lifetime basis) attributable to new energy efficiency projects from 0 in 2013 to 100 GWh by 2014 112 GWh in lifetime savings achieved from the retrofitting of public sector buildings to higher energy efficiency savings.

Strengthen management of water resources, particularly for agriculture. **Achieved:**

- Improved cost recovery in new “Water Economies”, with baseline of varied rates (11-90 percent) of collecting user fees in 2010; 60 percent user collection rate to be achieved by 2012. 2012 collection rate for all Water Economies was 80 percent or higher.

Strengthen agriculture systems to comply with EU requirements. **Achieved:**

- EU IPARD ([Instrument for Pre-Accession Assistance in Rural Development](#)) assistance paid to farmers in compliance with EU standards. Baseline: Initial IPARD funding proposals being reviewed in 2010; targets: IPARD payments processed in compliance with standards by 2011. **Achieved** – but CPSCR does not explain how subventions to farmers can be considered a measurement for the strengthening of the agriculture sector. The CPSCR also states that farm registry and land parcel identification system are fully established, and quarterly reports published on key agriculture data.

Improved management of state-owned agricultural land. **Not Achieved**, for lack of information:

- Target was to achieve a 20 percent higher rate of collection of lease payments on state-owned land by 2013, compared to baseline of 4.2 million euros in 2011. The data for 2013 is not yet available. However, for 2012 there was a seven percent increase over 2011.

Stimulate productive agricultural investments. **Achieved:**

- The share of total subsidies allocated to structural measures to be increased from 10 percent (baseline in 2011) to 25 percent by 2013. The CPSCR states that the share surpassed the targeted 25 percent in the 2013 national agriculture support envelope, but it is not clear from the document whether these subsidies have resulted or will result in productive agricultural investments.



27. The CPSCR lists a number of previous projects as contributing to these outcomes, together with ESW during the COPS period, such as the FY12 Green Growth and Climate Change Analytical Study. For this Pillar there is limited evidence of results on the ground, although institutional progress was achieved in some areas. Overall, this objective was **Partly Achieved** and IEG rates this Pillar as **Moderately Satisfactory**.

Objectives	CASCR/CPSCR Rating	IEG Rating
Pillar I: Faster Growth: Competitiveness	Satisfactory	Satisfactory
<i>Objective 1: Maintain macroeconomic stability through management of fiscal conditions.</i>	<i>Mostly Achieved</i>	<i>Achieved</i>
<i>Objective 2: Strengthen the transparency of corporate financial reporting in line with EU standards.</i>	<i>Achieved</i>	<i>Achieved</i>
<i>Objective 3: The institutional framework for foreign direct investment (FDI) attraction and export promotion to be enhanced and small and medium enterprise (SME) development programs to be consolidated.</i>	<i>Achieved</i>	<i>Achieved</i>
<i>Objective 4: Increase the capacity to design and implement technology and innovation programs through the development of a more effective institutional framework and regulations.</i>	<i>Achieved</i>	<i>Achieved</i>
<i>Objective 5: Improve the efficiency and transparency of land administration.</i>	<i>Achieved</i>	<i>Mostly Achieved.</i>
<i>Objective 6: Improve the efficiency and services of the judiciary.</i>	<i>Achieved</i>	<i>Mostly Achieved</i>
<i>Objective 7: Enhance access of SMEs to financing in key growth sectors.</i>	<i>Achieved</i>	<i>Not Achieved</i>
<i>Objective 8: Strengthen the sustainability of higher education system and quality assurance in line with EU standards.</i>	<i>Mostly Achieved</i>	<i>Not Achieved</i>
<i>Objective 9: Simplify the process of obtaining visa, residence and work permits.</i>	<i>Achieved</i>	<i>Mostly Achieved</i>
<i>Objective 10: Improve the quality of the local and regional road network.</i>	<i>Mostly Achieved</i>	<i>Partly Achieved</i>
<i>Objective 11: Facilitate regional trade by removing bottlenecks at border crossings.</i>	<i>Achieved</i>	<i>Achieved</i>
<i>Objective 12: Strengthen FYR Macedonia's energy security.</i>	<i>Partially Achieved</i>	<i>Partly Achieved</i>
<i>Objective 13: Improve the transparency and quality of municipal services.</i>	<i>Achieved</i>	<i>Achieved</i>
Pillar II: More Inclusive Growth: Employability and Social Protection	Moderately Unsatisfactory	<i>Moderately Unsatisfactory</i>
<i>Objective 1: Lower the cost of (for) businesses to employ workers</i>	<i>Mostly Achieved</i>	<i>Partly Achieved</i>
<i>Objective 2: Strengthen the targeting and coverage of FYR Macedonia's social services</i>	<i>Partly Achieved</i>	<i>Partly Achieved</i>
Pillar III: Greener Growth: Environmental Sustainability and Climate Action	Satisfactory	<i>Moderately Satisfactory</i>
<i>Objective 1: Enhance government knowledge for policymaking in green growth and climate action.</i>	<i>Achieved</i>	<i>Not Appropriate</i>



Objective 2: Increase in catastrophe insurance penetration to 5 percent by 2014.	Mostly Achieved	Not Achieved,
Objective 3: Strengthen FYR Macedonia's energy security by upgrading select domestic and regional transmission infrastructure.	Achieved	Partly Achieved
Objective 4: Increase the share of the national energy supplies derived from "new" renewable energy sources.	Achieved	Achieved
Objective 5: Improve the efficiency of FYR Macedonia's energy use.	Achieved	Achieved
Objective 6: Strengthen management of water resources, particularly for agriculture.	Achieved	Achieved
Objective 7: Strengthen agriculture systems to comply with EU requirements.	Achieved	Achieved
Objective 8: Improved management of state-owned agricultural land.	Mostly Achieved	Not Achieved
Objective 9: Stimulate productive agricultural investments.	Achieved	Achieved

4. Overall IEG Assessment

	CASCR Rating	IEG Rating
Overall Outcome:	Moderately Satisfactory	Moderately Satisfactory
IBRD/IDA Performance:	Good	Fair
IFC Performance:	NA	Good
MIGA Performance:	NA	N A

Overall outcome:

28. IEG rates the overall outcome of WBG support as *Moderately Satisfactory*, based on a rating of Satisfactory for the most important Pillar 1, while Pillar 2 is rated *Moderately Unsatisfactory*, and Pillar 3 *Moderately Satisfactory*.

- vi. The most important achievement under the FY11-14 CPS was the support that the Bank provided to FYR Macedonia under Pillar I in economic stabilization and to maintain modest economic growth under adverse external circumstances, most importantly the prolonged crisis in the Eurozone. The Bank also showed progress in a number of diverse areas under Pillar I, such as in land administration, with emphasis on institutional reforms in most areas, and evidence of results on the ground was limited. The relative lack of achievements under Pillar II on employability and social protection is surprising for activities of such longer vintage, with some achievements noted in the coverage for social services. In Pillar III progress was achieved in energy efficiency, strengthening of agricultural systems and management of water resources, with limited results in energy transmission and catastrophic insurance penetration.

IBRD/IDA Performance:

29. IEG rates the WBG performance as Fair. The program as designed was relevant, and the program objectives were well aligned with the country development priorities. The focus on more selectivity and close cooperation with the EU was appropriate given FYR Macedonia's strong interest in moving towards EU membership. The CPS design was also appropriately flexible, and the Bank made good use of this flexibility in the PR course correction. There were however only modest indications of integration across WBG institutions, and the extraneous risks from the international crises – in particular the Euro-crisis – could have been better reflected already in the CPS. Program

implementation was able to respond to the growing understanding of the severity of the Euro-crisis through a more than doubling of the lending program with quick-disbursing instruments including guarantees, and the CPSCR refers to results of a client survey and consultations that reflect appreciation for the quality of WBG knowledge services. However, the results framework was excessively detailed (including with process and institutional items), with a lack of prioritization. It was not adequately adjusted in the PR, leading to a clear divergence between stated and real objectives. The risk discussion in the CPS had weaknesses (the extraneous risks could have been given more attention already then), and in the PR this discussion should have been updated in light of growing external risks and a huge increase in the Bank's lending volume (including the use of guarantee instruments).

IFC Performance:

30. IEG rates IFC's performance as Good. The CASCR concluded that IFC's trade logistic AS program, which was provided to seven countries in Southeast Europe including FYR Macedonia, helped to reduce trade constraints, harmonize border clearance and facilitate trade; however, it is not possible to validate these claims in the absence of evidence. IFC's AS project led to improvements in knowledge management among medium and large Macedonian companies, through the adoption of international regulations and standards. While the CASCR states that the project led to an increase in corporate sales revenues of \$15 million, IEG's validation of this AS concluded that the reported numbers showed a significant discrepancy that could not be validated due to inconclusive documentation. Another AS project assisted the government to improve its regulatory framework and helped to build municipal capacity in waste management. The PCR indicates that the project has led to regulatory improvements, with five new legislative actions approved by the government. As indicated in the PCR, the project met or exceeded 11 of 13 (85%) of its intended targets. IFC's long-term loans to a private utility company had a favorable demonstration effect for privatizations within FYR Macedonia.

31. With regard to MIGA's program, there is no evaluative evidence from which to make a determination of its progress to date.

5. *Assessment of CAS/CPS Completion Report*

32. The CPSCR is clear, concise and well organized, with few superfluous words. It addresses many of the important issues and is appropriately critical of the results framework and the inadequate use of the opportunity of the PR. It lacks however in places discussions of important or interesting aspects, and could have given more attention to (a) the country's macroeconomic development and the contribution of the Bank's program to the maintenance of economic stability and modest growth; (b) the reasons for and benefits of the use of the guarantee instruments rather than e.g. policy-based lending; (c) the lessons from the use of policy-based lending; (d) the role of investment lending in a portfolio dominated by guarantees and policy-based lending; (e) the uses of additional financing; and (f) the role and importance of regional activities.

6. *Findings and Lessons*

33. The CPSCR presents a number of lessons with which IEG agrees, including on the importance of (i) close alignment with the government objectives, and those of key partners; (ii) government commitment and flexibility; (iii) a high-level policy dialogue; (iv) of a strategic focus on inclusion and sharing the fruits of economic growth; and (v) strong intra-WBG coordination for projects in the renewable energy sector. IEG finds three important additional lessons: The importance of (a) WBG flexibility and responsiveness when countries are faced with extraneous challenges; (b) Having appropriate and clearly focused results frameworks linked to key overall objectives; and (c) Adjusting such frameworks when warranted, in particular at the time of any PRs.

Annex Table 1: Summary Achievements of CAS/CPS Objectives

Annex Table 2: IBRD/IDA Lending: Actual vs. Planned

Annex Table 3: Grants and Trust Funds Active in FY11-14 (USD million)

Annex Table 4: Analytical and Advisory Work for Macedonia (FY11-FY14)

Annex Table 5: IEG Project Ratings for Macedonia, FY11-FY14

Annex Table 6: IEG Project Ratings for Macedonia and Comparators (FY11-FY14)

Annex Table 7: Portfolio Status Indicators for Macedonia and Comparators, FY11-14

Annex Table 8: Disbursements Ratio for Macedonia and Comparators, FY11-14 (US\$ Million)

Annex Table 9: List of IFC Investments in Macedonia

Annex Table 10: List of IFC Advisory Services in Macedonia

Annex Table 11: IFC Net Commitment Activity for Macedonia (US\$, '000)

Annex Table 12: Active MIGA Activities in Macedonia (US\$, millions)

Annex Table 13: Total Net Official Development Assistance and Official Aid for Macedonia

Annex Table 14: Economic and Social Indicators for Macedonia, 2011-2014

Annex Table 15: Macedonia: Millennium Development Goals

Annex Table 1: Summary of Achievements of CPS Objectives

	CPS FY11-FY14: Pillar I – Faster Growth: Competitiveness	Actual Results (as of current month/year)	Comments
	Country Development Goal: Promote fiscal, macroeconomic, and financial sector stability		
	1. CPS Objective: Maintain macroeconomic stability through sound management of fiscal conditions		
Major Outcome Measures	Indicator: General government debt as a percentage of GDP <u>Baseline:</u> 24% 2009 <u>Target:</u> ≤ 40%	According to the Government data, central Government debt as % of GDP was: 2010: 24.6 % 2011: 28.2 % 2012: 34.3 % 2013: 35.5 % (estimate) (Note: general Government debt includes central and municipal Government debts. According to GoM, municipal Government debt is about 0.2% of GDP).	Source: CPSCR. Target updated in the CPSPR
	Indicator: Arrears in the public health sector as a percentage of GDP <u>Baseline:</u> 0.3% (2009) <u>Target:</u> < 0.2 %	According to information from the Health Insurance Fund (HIF) arrears in public health (HIF and health care institutions) were: 2010: 1.3 billion (or 0.3% of GDP) 2011: 1.4 billion (or 0.3 % of GDP) 2012: 2.1 billion (or 0.5 % of GDP) 2013: as of end August 2.3 billion (or 0.5 % of the estimated GDP). The arrears come almost exclusively from hospitals. However, the expected result in the FY12 PBG was that arrears in the public health will not exceed MKD 1.7 billion (or 0.4 % of GDP) in 2011. This target was achieved thanks to the health sector reforms which rationalized spending by healthcare institutions and improved their efficiency, such as the introduction of centralized international procurement and adoption of a methodology for setting reference prices for registered drugs.	Source: CPSCR. Baseline and target updated in the CPSPR
	Indicator: Spending on pensions as percentage of GDP maintained at or below 9% of GDP <u>Baseline:</u> 8.5% in 2011 <u>Target:</u> ≤ 9%	As of 2012, spending on pensions was 8.9 percent of GPD. Instituted pension reforms, including parametric changes to the First Pillar of the Pension Fund, incurred overall cost savings which contributed to maintaining pensions spending below 9 percent. In addition,	Source: CPSCR and information provided by the Macedonia Team. The baseline was not provided in CPS



	CPS FY11-FY14: Pillar I – Faster Growth: Competitiveness	Actual Results (as of current month/year)	Comments
		further changes to the Pension and Disability Insurance Law were adopted to improve the fiscal sustainability of the pension system.	or in the CPSPR. According to Macedonia team, the baseline was established immediately after the CPSPR.
	2. CPS Objective: Strengthen supervision of the financial sector focusing on non-bank financial institutions.		
	Indicator: Supervisory Committee established to harmonize regulation and practices in financial sector supervision <u>Baseline:</u> No <u>Target:</u> Yes	Indicator dropped at CPSPR stage.	Source: CPSCR. Indicator dropped at CPSPR stage.
	3. CPS Objective: Strengthen the transparency of corporate financial reporting in line with EU standards		
	Indicator: Progress noted in Annual Progress Report of EC Professional body admitted to International Federation of Accountants (IFAC) <u>Baseline:</u> No <u>Target:</u> Yes	The 2014 EC Annual Progress Report noted satisfactory progress in the area of corporate and financial reporting. Macedonian professional association of accountants was admitted to the International Federation of Accountants, which will help ensure reporting in line with EU standards.	Source: CPSCR.
Country Development Goal: Strengthen the competitiveness and business environment, focusing on investment in enterprise development, FDI and exports, land administration, judicial services, access to finance, land, and skills development			
	4. CPS Objective: The institutional framework for FDI attraction and export promotion to be enhanced and small and medium enterprise (SME) development programs to be consolidated		
	Indicator: Institutional framework for FDI attraction and export promotion enhanced and SME development programs consolidated <u>Baseline:</u> No <u>Target:</u> Yes	A one-stop shop service for issuing licenses, construction permits, state aid and aftercare has been established for enterprises at the Technology Industrial Development Zones. A Strategy for Export Promotion and Action Plan has been adopted, and the first generation of programs to support exporters is under implementation. The SME support programs at the Ministry of Economy have been consolidated on the basis of a functional review.	Source: CPSCR. Objective and indicator introduced in the CPSPR.
	5. CPS Objective: Increase the capacity to design and implement technology and innovation programs through the development of a more effective institutional framework and regulations		
	Indicator: Increase the capacity to design and implement technology and innovation programs through the development of a more effective	The Government adopted the Innovation Strategy and conducted a functional review leading to a reform of innovation-related institutions.	Source: CPSCR. Objective and indicator introduced



CPS FY11-FY14: Pillar I – Faster Growth: Competitiveness	Actual Results (as of current month/year)	Comments
<p>institutional framework and regulations</p> <p><u>Baseline:</u> No</p> <p><u>Target:</u> Yes</p>		<p>in the CPSPR.</p>
6. CPS Objective: Improve the efficiency and transparency of land administration		
<p>Indicator: Land and real estate transactions</p> <p><u>Baseline:</u> 93,240 in 2009</p> <p><u>Target:</u> 120,000 in 2014</p>	<p>In 2012, 138,000 real estate transactions were registered.</p>	<p>Source: CPSCR.</p> <p>Target introduced in the CPSPR.</p>
<p>Indicator: 20% increase in registered mortgages using property as collateral by mid-2015</p> <p><u>Baseline:</u> 6,261 registered mortgages using property as collateral in 2009</p> <p><u>Target:</u> 7,513 registered mortgages using property as collateral (20% increase) by mid-2015</p>	<p>There has been a 64% increase in registered mortgages using property as collateral between 2009 and 2012.</p>	<p>Source: CPSCR and information provided by the Macedonia team.</p> <p>Note that this indicator was introduced in the CPSCR. The baseline for the indicator was provided in the CPSCR.</p>
<p>Indicator: Customer satisfaction with the efficiency of land administration</p> <p><u>Baseline:</u> 3.7 rating on a 5-point scale (2009)</p> <p><u>Target:</u> 4 rating on a 5-point scale (2013)</p>	<p>Customer satisfaction decreased from 3.7 in 2009 to 3.6 in 2012.</p>	<p>Source: CPSCR.</p>
<p>Indicator: Cadaster maps digitized and posted online</p> <p><u>Baseline:</u> Maps covering 10% of territory in 2010</p> <p><u>Target:</u> Maps covering 50% of territory digitized and posted online by 2014 and 70% by mid-2015</p>	<p>Cadaster maps digitized and used for delivery of routine services at 22% of the country's territory. Project on target to achieve 70% by mid-2015.</p>	<p>Source: CPSCR.</p> <p>Note that this indicator was introduced in the CPSCR.</p>
7. CPS Objective: Improve the efficiency and services of the judiciary		
<p>Indicator: Share of firms reporting the judiciary as a problem for doing business</p> <p><u>Baseline:</u> 50% in 2008 Business Environment and Enterprise Performance Survey</p> <p><u>Target:</u> 43% in 2011 (Business</p>	<p>Business Environment and Enterprise Performance Survey (BEEPS) report is not available, but the number of days to enforce a contract has been reduced from 370 to 60 days as evidenced in Doing Business report. In addition, one third of court houses in the country have been modernized and a new Criminal Court has been built in the</p>	<p>Source: CPSCR.</p>



CPS FY11-FY14: Pillar I – Faster Growth: Competitiveness	Actual Results (as of current month/year)	Comments
Environment and Enterprise Performance Survey)	capital city.	
8. CPS Objective: Enhance access of SMEs to financing in key growth sectors		
<p>Indicator: Financing provided to commercial bank programs supporting SMEs, particularly in agribusiness, health, and construction</p> <p><u>Baseline:</u> No</p> <p><u>Target:</u> Yes</p>	Financing provided to commercial bank programs supporting SMEs, particularly in agribusiness, health, and construction.	Source: CPSCR.
<p>Indicator: Action Plan for use of the country procurement system in World Bank operations adopted and implemented by the Public Procurement Bureau</p> <p><u>Baseline:</u> No</p> <p><u>Target:</u> Yes</p>	Dropped at CPSCR stage	Source: CPSCR. Dropped at CPSCR stage
9. CPS Objective: Strengthen the sustainability of the higher education system and quality assurance in line with EU standards.		
<p>Indicator: Reforms to the higher education financing model and quality assurance system implemented.</p> <p><u>Baseline:</u> No</p> <p><u>Target:</u> Yes</p>	The legislative framework on quality assurance in higher education system was amended to align it with EU standards, but the envisaged reforms will be implemented through Skills and Innovation Project. Higher education funding model has been defined and will be implemented through the Skills and Innovation Project, too.	Source: CPSCR.
10. CPS Objective: Simplify the process of obtaining visa, residence and work permits		
<p>Indicator: Number of days required to obtain a visa and work permit</p> <p><u>Baseline:</u> 45 days</p> <p><u>Target:</u> Reduction of at least 10%(to 40 days by 2014)</p>	<p>Amendments to the Law on Foreigners and the Law on Employment and Work of Foreigners of July 2012, January 2013 and October 2013 simplified the process of granting residence and work permits to foreign employees of foreign-owned companies. The time for the issuance of work permit was shortened to 30 days.</p> <p>Obtaining of residence permits for long-term foreign workers has been also facilitated by the provision to grant temporary residence permits to citizens of EU and OECD countries who own property of at least 40,000 EUR value in Macedonia.</p>	Source: CPSCR. Objective and indicator introduced in the CPSCR.
Country Development Goal: Improve infrastructure to catalyze economic growth, particularly in transport		
11. CPS Objective: Improve the quality of the local and regional road network		



CPS FY11-FY14: Pillar I – Faster Growth: Competitiveness	Actual Results (as of current month/year)	Comments
<p>Indicator: Vehicle operational costs on rehabilitated roads</p> <p><u>Baseline:</u> 100% in 2008</p> <p><u>Target:</u> 10% decrease by 2013</p>	<p>Selected local and regional roads rehabilitated (baseline: 48 km of regional roads rehabilitated in 2010; targets: 280km of regional and 420 km of local roads rehabilitated; achieved: 284km of regional and 322km of local roads).</p> <p>The measurement of vehicle operation costs reduction will commence following the completion of rehabilitation work.</p>	<p>Source: CPSCR.</p> <p>Baseline provided in the CPSCR.</p>
12. CPS Objective: Facilitate regional trade by removing bottlenecks at border crossings		
<p>Indicator: Waiting time for cars and buses at the border crossing point with Kosovo</p> <p><u>Baseline:</u> entrance - 6 vehicles per hour exit - 5 vehicles per hour</p> <p><u>Target:</u> decrease in waiting time compared to the baseline by end 2012</p>	<p>Entrance: average waiting time per vehicle 2.5 minutes. Exit: average just under 2 minutes per vehicle.</p>	<p>Source: CPSCR.</p> <p>Baseline and target provided in the CPSCR.</p>
13. CPS Objective: Strengthen FYR Macedonia's energy security		
<p>Indicator: Number and amount of energy interruption</p> <p><u>Baseline:</u> 1480 minutes (2005)</p> <p><u>Target:</u> Reduce by 80%</p>	<p>Energy interruptions have been reduced through upgrading of Skopje 5 substations and construction of Greece interconnection. The full effect of interruption reduction will be achieved after the completion of Skopje – Tetovo and Bitola 3-4 lines by November 2015 (i.e. reduction of 80% to be achieved after completion of both lines by November 2015).</p>	<p>Source: CPSCR.</p> <p>Indicator introduced in the CPSCR. Date for the baseline introduced in the CPSCR.</p>
<p>Indicator: Substation operating and maintenance cost for unbundled stations.</p> <p><u>Baseline:</u> No</p> <p><u>Target:</u> Reduced by 25% (2014)</p>	<p>The rehabilitation of twenty-one 110kV substations resulted in around 25% reduction of operation and management costs.</p>	<p>Source: CPSCR.</p> <p>Indicator introduced in the CPSCR. The indicator lacked baseline.</p>
Country Development Goal: Strengthen municipal services and infrastructure		
14. CPS Objective: Improve the transparency and quality of municipal services		
<p>Indicator: Targeted municipalities participating in public benchmarking exercises</p> <p><u>Baseline:</u> 0% (2010)</p> <p><u>Target:</u> 100% (2014)</p>	<p>All targeted communal enterprises participate in benchmarking exercises.</p>	<p>Source: CPSCR.</p>
<p>Indicator: Percentage of targeted municipalities reporting improvements in delivery of urban services</p>	<p>Achieved and ahead of schedule to achieve 2017 goal. 73% of participating municipalities reported improvements</p>	<p>Source: CPSCR.</p> <p>Target revised and</p>



	CPS FY11-FY14: Pillar I – Faster Growth: Competitiveness	Actual Results (as of current month/year)	Comments
	<p><u>Baseline</u>: 0% (0 municipalities) (2010)</p> <p><u>Target</u>: 75% (2017)</p>	as of December 2013.	brought down from 40% (CPS) to 20% (CPSPR). Note that the target was again reformulated in the CPSCR (i.e. 75 % of municipalities).
	<p>Indicator: Number of targeted municipalities achieving increased revenue or costs savings</p> <p><u>Baseline</u>: 0 in 2010</p> <p><u>Target</u>: 20% in 2013; 30% in 2014; and 60% by 2017</p>	As of June 2013, 46% of participating municipalities achieved increased revenue or cost savings.	Source: CPSCR. Indicator introduced in the CPSPR.
	CPS FY11-FY14: Pillar II – More Inclusive Growth: Employability and Social Protection	Actual Results (as of current month/year)	Comments
Major Outcome Measures	Country Development Goal: Increase employment, particularly among vulnerable groups		
	15. CPS Objective: Lower the cost of businesses to employ workers		
	<p>Indicator: Social Insurance Contributions as a percentage of labor tax wedge</p> <p><u>Baseline</u>: 28.4% of the gross wage in 2009</p> <p><u>Target</u>: 22.5% of the gross wag by 2014</p>	The second stage of the GoM's payroll tax reform was implemented. To preserve the financial sustainability of the social funds at the time of EU economics crises, SICs have been lowered since 2009, but maintained at a higher level than the target, at 27% of the gross wage. Although the reform was stalled, the tax base was broadened, the income bases for SICs have been harmonized and the gross wage was introduced as the basis for calculating SICs in 2009.	Source: CPSCR.
	Country Development Goal: Strengthen the efficiency of the social safety net, including improved targeting of cash benefits		
	16. CPS Objective: Strengthen the targeting and coverage of FYR Macedonia's social services		
	<p>Indicator: Targeting accuracy of the overall safety net</p> <p><u>Baseline</u>: 50% in 2010</p> <p><u>Target</u>: 65% by 2014</p>	Non-observable as survey data has not been reliable. The overall accuracy of safety nets targeting has been difficult to measure due to inconsistencies in data coming from the Household Budget Survey (HBS). The Statistical Office will provide the data to measure this with the SILC (2011 and 2012 data expected by the end of 2014) and the team will then assess the appropriateness of this indicator.	Source: CPSCR. Target introduced in the CPSPR.
	<p>Indicator: Percentage of households in the poorest quintile enrolled in the Government's CCT program</p>	The current percentage of the CCT program coverage is 86% of eligible households.	Source: CPSCR.



	CPS FY11-FY14: Pillar II – More Inclusive Growth: Employability and Social Protection	Actual Results (as of current month/year)	Comments
	<u>Baseline:</u> 0% in 2010 <u>Target:</u> 40% in 2014	Eligible households are households with children aged 15-18 or older in full-time secondary education receiving social financial assistance (SFA). Due to the unavailability of data on the poorest quintile, the indicator for Conditional Cash Transfer Project was modified after CPSPR to take into account the fact that households for CCT program were chosen from households receiving SFA.	
	CPS FY11-FY14: Pillar III – Greener Growth: Environmental Sustainability and Climate Action	Actual Results (as of current month/year)	Comments
	Country Development Goal: Strengthen knowledge base for policymaking in green growth and climate action		
	17. CPS Objective: Enhance government knowledge of approaches to manage the green growth agenda, particularly by adapting sectors to evolving constraints and opportunities		
<u>Major Outcome Measures</u>	Indicator: Policy Notes assessing green growth and climate change challenges in diverse sectors developed and presented to the Government <u>Baseline:</u> No <u>Target:</u> Yes	Policy Notes assessing green growth and climate change challenges in energy supply, energy efficiency, transport, urban, social dimensions, water, agriculture, air pollution, infrastructure adaptation, and public investment and macroeconomic growth developed and presented to and discussed with the Government during multiple meetings of the high-level National Council for Sustainable Development (NCSD). Senior adviser to NCSD was provided to assist in the development of an action plan for implementation of the National Strategy for Sustainable Development in the Secretariat for the NCSD and to support institutional strengthening of NCSD-related inter-ministerial coordination processes and key sector agencies. Government is to revise and approve a new Action Plan for Sustainable Development that will set priorities and guide investments and policies.	Source: CPSCR.
	18. CPS Objective: Increase in catastrophe insurance penetration Indicator: Percentage of catastrophe insurance penetration <u>Baseline:</u> : 2% in 2011	Longer than expected time is needed for capitalization and establishment of Europa Re reinsurance facility. It is expected that the target will be	Source: CPSCR. Objective and indicator introduced in



CPS FY11-FY14: Pillar III – Greener Growth: Environmental Sustainability and Climate Action	Actual Results (as of current month/year)	Comments
Target: 5% by 2014	achieved in the course of 2014.	the CPSPR.
Country Development Goal: Improve the efficiency of the energy sector and environmental sustainability, particularly by exploiting renewable energy and energy efficiency sources		
19. CPS Objective: Strengthen FYR Macedonia's energy security by upgrading select domestic and regional transmission infrastructure		
<p>Indicator: Electrical transmission line completed between (i) Skopje and Tetovo; and (ii) Stip and Serbian border.</p> <p><u>Baseline:</u> No</p> <p><u>Target:</u> Yes</p>	Original project targets have been met, and FY11 Additional Financing targets are expected to be met by November 2015. Electrical transmission line between Bitola and Greece has been completed. After delays due to land acquisition issues, the project is on track to complete the lines (i) Skopje - Tetovo, and (ii) Stip - Serbian border on time.	<p>Source: CPSCR.</p> <p>Indicator introduced in the CPSPR.</p>
<p>Indicator: Rehabilitation of twenty one 110kV substations completed</p> <p><u>Baseline:</u> No</p> <p><u>Target:</u> Yes</p>	Twenty-one 110kV substations were rehabilitated.	This indicator was proposed in the CPS and CPSPR.
20. CPS Objective: Increase the share of the national energy supplies derived from "new" renewable energy sources		
<p>Indicator: Share of the national energy supplies derived from "new" renewable energy sources</p> <p><u>Baseline:</u> 0 in 2010</p> <p><u>Target:</u> 6 MW by 2011 and 40M W by 2013</p>	111.3 MW renewable energy by September 2013. Regulatory framework updated to facilitate renewable energy projects, including feed-in tariffs and rules on interconnection.	<p>Source: CPSCR.</p> <p>Target updated in the CPSPR</p>
21. CPS Objective: Improve the efficiency of FYR Macedonia's energy use		
<p>Indicator: Energy saved (lifetime basis) attributable to new energy efficiency projects, primarily in the public sector</p> <p><u>Baseline:</u> 0 (2013)</p> <p><u>Target:</u> 100 GWh (2014)</p>	Achieved. Public sector buildings have been retrofitted to higher energy efficiency standards. 112 GWh in lifetime savings achieved.	<p>Source: CPSCR.</p> <p>Baseline and target revised and updated in the CPSPR (target was brought down from 220 GWh in the CPS to 100 GWh in the CPSPR)</p>
Country Development Goal: Strengthen management of water resources in line with EU directives		
22. CPS Objective: Strengthen management of water resources, particularly in agriculture		
<p>Indicator: Cost-recovery in new "Water Economies"(baseline: varied rates (11-90%) of collecting user fees in 2010; 70% user collection rate in 2011)</p> <p><u>Baseline:</u> varied rates 11-90% of collecting user fees in 2010</p>	For 2012 the collection rate for all Water Economies was 80% or higher. The expectation for 2013 is between 80 and 90%.	<p>Source: CPSCR.</p> <p>Target revised in the CPSPR (target was brought down from 70% in the CPS to 60% in the CPSPR)</p>



CPS FY11-FY14: Pillar III – Greener Growth: Environmental Sustainability and Climate Action	Actual Results (as of current month/year)	Comments
<p>Target: 60% user collection rate in 2011</p>		
<p>Country Development Goal: Strengthen the competitiveness of the agriculture sector, including improvements in the agricultural subsidies and land market and adapting practices to climate change and EU requirements</p>		
<p>23. CPS Objective: Strengthen agriculture systems to comply with EU requirements</p>		
<p>Indicator: EU IPARD assistance paid to farmers in compliance with EU standards</p> <p>Baseline: Initial IPARD funding proposals being reviewed in 2010</p> <p>Target: IPARD payments processed in compliance with standards by 2011</p>	<p>IPARD accredited Paying Agency is fully functional. Farm registry and land parcel identification system fully established, and quarterly reports published on key agricultural data.</p> <p>While being used for administering budget subsidy funds for farmers, the established Paying Agency fully benefits from using a more efficient, effective and accountable way of transferring subsidies set up to satisfy the EU pre-accession criteria.</p>	<p>Source: CPSCR.</p>
<p>24. CPS Objective: Improved management of state-owned agricultural land (target: 20% higher rate of collection of lease payments on state-owned land by 2013)</p>		
<p>Indicator: Percentage of lease payments collected on state-owned land</p> <p>Baseline: 4.2 million euros (2011)</p> <p>Target: 20% higher rate of collection of lease payments on state-owned land (2013)</p>	<p>The data for 2013 is not yet available as payment deadline has been extended to June 2014. The outcome cannot therefore be assessed by the proposed indicator.</p> <p>4,492,653.35€ was collected in 2012 and thus the DPL1 target of 4.4 million € was exceeded. This constitutes about 7 percent growth relative to the baseline of 2011. Even though the baseline number turned out to be rather high due to successful collection of arrears from large lease holders, there is a tendency of lease payments to grow, and we expect this trend to be sustained. Other significant improvements in the management of state-owned agricultural lands include the adoption of a centralized digital lease contracts register and the enactment of the Law on the Sale of Agricultural Land in State Ownership. The government's commitment to privatization is an exceptional development outcome. Privatization is a superior policy to improved lease collection for putting the 30 percent of country's arable land resources</p>	<p>Source: CPSCR.</p> <p>Objective and indicator introduced in the CPSPR. The baseline for the indicator was provided by the Macedonia team.</p>

CPS FY11-FY14: Pillar III – Greener Growth: Environmental Sustainability and Climate Action	Actual Results (as of current month/year)	Comments
	currently owned by the state to their best use.	
25. CPS Objective: Stimulate productive agriculture investments by increasing the share of total subsidies allocated to structural measures from 10% (baseline in 2011) to 25% by 2013		
Indicator: Share of total subsidies allocated to structural measures <u>Baseline:</u> 10% (2011) <u>Target:</u> 25% (2013)	Multiannual Agricultural Support Program incorporating technical inputs from the Bank's agriculture competitiveness team was adopted by the Government; the share of the structural funds surpassed the targeted 25% in the 2013 national agricultural support envelope.	Source: CPSCR. Objective and indicator introduced in the CPSCR.

Annex Table 2: IBRD / IDA Lending: Planned and Actual Lending (FY11 - FY14)

Project ID	Project Name	Proposed FY	Approval FY	Exit FY	Proposed Amount USD (M)	Approved Amount USD (M)	Outcome Rating *
Project Planned Under CPS / CPSPR							
P096217	Energy Infrastructure Improvement Project (ADDITIONAL FINANCING)	2011	2011	2016	19.0	19.0	..
P120838	Macedonia Development Policy Loan 2 (DROPPED)	2011	Dropped	Dropped	30.0	..	..
P110910	Disaster Management CRIF **	2011	2011	2016	5.0	5.0	LIR: MS
Sub-Total programmed projects CAS FY11					54.0	24.0	
P129996	Municipal Services Improvement Project (ADDITIONAL FINANCING)	2013	2012	2018	..	50.0	..
P125837	FYR Macedonia Policy Based Guarantee (Guarantee)	2012	2012	..	130.0	134.9	LIR: S
	Hydro Power Project	2012	Dropped	Dropped	50.0		..
Sub-Total programmed projects CAS FY12					180.00	184.90	
P126038	Competitiveness DPL	2013	2013	2013	50.0	50.0	LIR: S
P130837	Macedonia Public Expenditure DPL (DROPPED)	2013	Dropped	Dropped	50.0	..	..
P133791	Macedonia Public Expenditure PBG (Guarantee)	2013	2013	..	200.0	201.5	LIR: N/A
Sub-Total programmed projects CAS FY13					300.00	251.50	
P128378	Skills Development & Innovation Support	2014	2014	2019	24.0	24.0	LIR: S
P130847	Competitiveness DPL 2	2014	2014	2015	50.0	50.0	LIR: N/A
	Lukovo Pole Project	2014	Delayed	Delayed	70.0	..	
Sub-Total programmed projects CAS FY14					144.00	74.00	



Project ID	Project Name	Proposed FY	Approval FY	Exit FY	Proposed Amount USD (M)	Approved Amount USD (M)	Outcome Rating *
Total programmed projects CAS FY11-14					678.0	534.4	

On-going			Approval FY	Closing FY		Approved Amount	
P066157	Education Modernization Project	2011	2004	2011		5.0	IEG: MS
P074358	Social Protection Project	2011	2004	2011		9.8	IEG: MS
P086670	Health Sector Management Project	2011	2004	2011		10.0	IEG: MS
P079552	Business Environment Reform & Institution Strengthening Project	2011	2005	2011		11.3	IEG: MS
P083126	Real Estate Cadastre & Registration Project	2015	2005	2015		14.0	LIR: MS
P083499	Railways Reform	2011	2006	2011		19.4	IEG: MS
P089859	Legal & Judicial Implementation & Institutional Support Project	2012	2006	2012		12.4	IEG: MU
P082337	ECSEE APL #3	2016	2006	2016		25.0	LIR: MS
P091723	Second Trade and Transport Facilitation Project	2012	2007	2012		20.0	IEG: S
P101216	Agriculture Strengthening and Accession Project	2013	2007	2013		20.0	IEG: MS
P107840	Regional and Local Roads Program Support Project	2016	2008	2016		105.2	LIR: MS
P103974	Conditional Cash Transfers Project	2016	2009	2016		25.0	LIR: MS
P096481	Municipal Services Improvement	2018	2009	2018		25.0	LIR: S
P116984	Macedonia DPL 1	2011	2010	2011		30.0	IEG: S
P119688	Real Estate Cadastre & Registration Project (ADDITIONAL FINANCING)	2010	2010	2010		12.1	..
Total Ongoing Projects						344.2	

Source: Macedonia CPS, CPSPR and WB Business Warehouse Table 2a.1, 2a.4 and 2a.7 as of 05/15/2014

*LIR: Latest internal rating. MU: Moderately Unsatisfactory. MS: Moderately Satisfactory. S: Satisfactory. HS: Highly Satisfactory.

** Regional Project



Annex Table 3: Grants and Trust Funds Active in FY11-14 (USD million)

Project ID	Project Name	TF ID	Approval FY	Closing FY	Approved Amount
P066157	Education Modernization Project	TF 52855	2004	2011	12.2
P089656	Sustainable Energy GEF Project	TF 57107	2007	2013	5.5
P104870	Capacity Building in FYR Macedonia's Public Sector Accounting	TF 58158	2008	2011	0.2
P144659	Public Accounting Certification Training	TF 15604	2014	2015	0.2
P096960	Green Growth & Climate Change	TF099754	2012	2014	1.0
P128111	Distributional Impact of Benefits Package and Financing Reforms	TF 012707	2013	2016	0.1
P128111	Employability in FYR Macedonia: Constraints and Policy Optio	TF013236	2013	2016	0.1
P130502	FYR Macedonia: #10234 Crisis Preparedness	TF011715	2013	2013	0.1
P129143	Liberalizing MTPL Insurance Market	TF10874	2012	2013	0.3
P126038	Enhancing Competitiveness	TF011809	2012	2014	0.1
P126038	Promoting Trade Finance in ECA	TF013680	2013	2014	0.1
P150863	Municipal Energy Efficiency Promotion	TF017385	2014	2016	0.3
P148023	Assessing the Impact on Poverty Reduction and Social Inclusion	TF017463	2014	2015	0.1
P130847	Competitive Industries & Innovation Program	TF014914	2013	2015	1.6
	Total				21.7

Annex Table 4: Analytical and Advisory Work for Macedonia (FY11 - FY14)

Proj ID	Economic and Sector Work	Fiscal year	Output Type
P116042	Comprehensive Water Sector Assessment	FY12	Report
P123048	Green Growth & Climate Change ESW (EFO)	FY14	Report
P125935	Modular Competitiveness Assessment	FY12	Policy Note
P133003	Labor Market Assessment	FY13	Policy Note
P143694	Infrastructure Review	FY14	EW/Not assigned
Proj ID	Technical Assistance	Fiscal year	Output Type
P096960	Green Growth and Climate Change TA	FY14	TA/IAR
P122452	Higher Education	FY12	TA/IAR
P127757	Agriculture and Rural Development PER	FY13	TA/IAR
P129143	Macedonia #10024 Liber MTPL Insur Mrkt	FY13	TA/IAR
P130502	Macedonia: #10243 Crisis Preparedness	FY13	TA/IAR
P133737	Strategic ARD Sector Support Engagement	FY14	TA/IAR
P143994	ECU IPA-2 Co-financing Preparation	FY14	TA/IAR
P147029	Macedonia ICT TA	FY14	TA/IAR

Annex Table 5: IEG Project Ratings for Macedonia, FY11-FY14

Exit FY	Proj ID	Project name	Total Evaluated (US\$ million)	IEG Outcome	IEG Risk to DO
2011	P066157	Education Modernization Project	5.0	MODERATELY SATISFACTORY	MODERATE
2011	P074358	Social Protection Project	9.4	MODERATELY SATISFACTORY	MODERATE
2011	P086670	Health Sector Management Project	9.6	MODERATELY SATISFACTORY	MODERATE
2011	P079552	Business Environment Reform & Institution Strengthening Project	8.0	MODERATELY SATISFACTORY	MODERATE
2011	P083499	Railways Reform	21.1	MODERATELY SATISFACTORY	MODERATE
2011	P116984	Macedonia DPL 1	30.0	SATISFACTORY	MODERATE
2012	P089859	Legal & Judicial Implementation & Institutional Support Project	13.0	MODERATELY UNSATISFACTORY	SIGNIFICANT
2012	P091723	Second Trade and Transport Facilitation Project	20.1	SATISFACTORY	NEGLIGIBLE TO LOW
2013	P101216	Agriculture Strengthening and Accession Project	20.9	MODERATELY SATISFACTORY	MODERATE
Total			137.1		

Source: BW Table 4.a.6 as of 05/15/2014

Annex Table 6: IEG Project Ratings for Macedonia and Comparators (Exit FY11-FY14)

Region	Total Evaluated (\$M)	Total Evaluated (No)	Outcome % Sat (\$)	Outcome % Sat (No)	RDO % Moderate or Lower Sat (\$) *	RDO % Moderate or Lower Sat (No) *
Macedonia	137.1	9.0	90.5	88.9	90.5	88.9
ECA	9,257.2	114.0	91.8	81.3	68.6	64.0
World	46,740.2	587.0	80.7	71.6	62.9	52.8

Source: BW Table 4.a.5 as of 05/15/2014

* With IEG new methodology for evaluating projects, institutional development impact and sustainability are no longer rated separately.

Annex Table 7: Portfolio Status Indicators for Macedonia and Comparators, FY11-14

Fiscal year	2011	2012	2013	2014	Average FY11-FY14
Macedonia					
# Proj	9	7	6	8	7.5
# Proj At Risk	0	3	2	0	1.3
% Proj At Risk	0.0%	42.9%	33.3%	0.0%	19.0%
Net Comm Amt (US\$ million)	282.4	300.0	274.7	348.7	301.4
Comm At Risk (US\$ million)	-	89.3	149.3	-	59.6
% Commit at Risk	0.0%	29.8%	54.4%	0.0%	21.0%
ECA					
# Proj	290	256	246	262	263.5
# Proj At Risk	40	47	47	41	43.8
% Proj At Risk	13.8%	18.4%	19.1%	15.6%	16.7%
Net Comm Amt (US\$ million)	22,649.7	23,091.9	24,699.7	25,560.1	24,000.3
Comm At Risk (US\$ million)	2,116.9	2,668.4	3,844.0	2,372.6	2,750.5
% Commit at Risk	9.3%	11.6%	15.6%	9.3%	11.4%
World					
# Proj	2,059	2,029	1,965	2,056	2,027.3
# Proj At Risk	382	387	414	430	403.3
% Proj At Risk	18.6%	19.1%	21.1%	20.9%	19.9%
Net Comm Amt (US\$ million)	171,755	173,706	176,207	190,297	177,991.4
Comm At Risk (US\$ million)	23,850	24,465	40,806	40,940	32,515.1
% Commit at Risk	13.9%	14.1%	23.2%	21.5%	18.2%

Source: WB Business Warehouse Table 3.a.4 as of 05/15/2014

Annex Table 8: Disbursement Ratio* for Macedonia and Comparators, FY11-14 (US\$ Million)

Fiscal Year	FY2011	FY2012	FY2013	FY2014	Average FY09-13
Macedonia					
Disbursement Ratio (%)	30.5	26.1	10.9	24.1	22.9
Inv Disb in FY (US\$ million)	63.5	40.5	17.6	34.5	39.0
Inv Tot Undisb Begin FY (US\$ million)	208.2	155.2	161.7	143.0	167.0
ECA					
Disbursement Ratio (%)	20.5	25.9	24.2	19.7	22.6
Inv Disb in FY (US\$ million)	2,806.4	3,498.2	2,925.1	2,258.4	2,872.0
Inv Tot Undisb Begin FY (US\$ million)	13,682.5	13,492.1	12,110.4	11,472.2	12,689.3
World					
Disbursement Ratio (%)	22.4	20.8	20.6	16.9	20.2
Inv Disb in FY (US\$ million)	20,933.5	21,048.5	20,508.3	16,836.2	19,831.6
Inv Tot Undisb Begin FY (US\$ million)	93,511.5	101,230.5	99,574.0	99,875.0	98,547.8

* Calculated as IBRD/IDA Disbursements in FY / Opening Undisbursed Amount at FY. Restricted to Lending Instrument Type = Investment.

Source: WB Business Warehouse Table 3.a.12 as of 05/15/2014

Annex 9: List of IFC Investments in Macedonia

Investments Committed in FY11-FY14 (US\$, '000)

Project ID	Trade Finance	Cmt FY	Project Status	Primary Sector Name	Greenfield Code	Project Size	Original Loan	Original Equity	Original CMT	Loan Cancel	Equity Cancel	Net Loan	Net Equity	Net Comm
29256		2012	Active	Finance & Insurance	E	26,883	13,442	-	13,442	-	-	13,442	-	13,400
31573		2012	Active	Electric Power	E	9,056	4,612	-	4,612	-	-	4,612	-	4,612
28665	Yes	2013	Active	Finance & Insurance	E	1,000	416	-	416	-	-	416	-	416
30600	Yes	2013	Active	Finance & Insurance	E	2,000	6,727	-	6,727	-	-	6,727	-	6,727
33647	Yes	2013	Active	Finance & Insurance	E	5,000	5,000	-	5,000	-	-	5,000	-	5,000
				Sub-Total		43,939	30,197	-	30,197	-	-	30,197	-	30,155

Investments Committed pre-FY11 but active during FY11-14 (US\$, '000)

Project ID	Trade Finance	CMT FY	Project Status Name	Primary Sector Name	Greenfield Code	Project Size	Original Loan	Original Equity	Original CMT	Loan Cancel	Equity Cancel	Net Loan	Net Equity	Net Comm
8173		1998	Active	Industrial & Consumer Products	E	1,757	802	-	802	-	-	802	-	802
8972		1998	Active	Information	E	50,000	25,000	-	25,000	-	-	25,000	-	25,000
26093		2008	Active	Electric Power	G	158,270	55,326	-	55,326	-	-	55,326	-	55,326
28115	Yes	2009	Active	Finance & Insurance	E	-	5,161	-	5,161	-	-	5,161	-	5,161
29104		2010	Active	Finance & Insurance	G	34,910	33,966	-	33,966	-	-	33,966	-	33,966
				Sub-Total		244,937	120,255		120,255			120,255		120,255
				Total		288,876	150,452		150,452			150,452		150,411

Source: MIS Extract as of end March 2014

Annex 10: List of IFC Advisory Services for Macedonia

Advisory Services Approved in FY11-14 (US\$ 000)

Project ID	Project Name	Impl Start FY	Impl End FY	Project Status	Primary Business Line	Total Funds, US\$
29737	Macedonia Health	2011	2014	CLOSED	PPP	440,195
575587	Renewable Energy Macedonia Small Hydro Power	2012	2016	ACTIVE	SBA	1,522,580
599403	Macedonia Corridor 8 Road Concession	2013	2015	ACTIVE	PPP	1,532,256
572687	Western Balkans Trade Logistics Advisory	2012	2015	ACTIVE	IC	2,721,924
	Sub-Total					3,495,031

Advisory Services Approved pre-FY11 but active during FY11-14 (US\$, '000)

Project ID	Project Name	Start FY	End FY	Project Status	Primary Business Line	Total Funds, US\$
29202	HPP Cebren	2010	2015	ACTIVE	PPP	1,111,599
563667	ADR Macedonia Phase II	2009	2012	CLOSED	IC	490,979
564809	Integrated Solid Waste Management-Macedonia	2009	2012	CLOSED	SBA	608,656
565427	ISTR MK Extensio	2009	2012	CLOSED	SBA	494,122
567047	CorpGovMAC-II	2009	2012	CLOSED	SBA	450,168
	Sub-Total					3,155,524
	TOTAL					6,650,555

Source: IFC AS Data as of April 30, 2014

Annex 11: IFC Net Commitment Activity for Macedonia (US\$, '000)

	2011	2012	2013	2014	Total
Financial Markets	-	12,580,500	(30,250)	-	12,550,250
Trade Finance (TF)	-	233,863	6,767,178	5,595,012	12,596,053
Funds	(429,191)	-	-	-	(429,191)
Infrastructure	279,680	4,704,525	-	-	4,984,205
Total	(149,511)	17,518,888	6,736,928	5,595,012	29,701,317

Source: IFC MIS Cude as of 05/21/14

Annex 12: Active MIGA Activities in Macedonia (US\$, millions)

ID	Contract Enterprise	FY	Project Status	Sector	Investor	Max Gross Issuance
12212	National Bank of Greece S.A.	2014	Active	Banking	Greece	143.9
9195	ProCredit Holding	2011	Active	Banking	Germany	12.5
	TOTAL					156.4

Source: MIGA

Annex Table 13: Total Net Disbursements of Official Development Assistance and Official Aid for Macedonia

Development Partners	2009	2010	2011	2012	2013*	2014*
Australia	..	..	0.01	0.01	..	..
Austria	5.39	2.75	2.25	2.84	..	..
Belgium	0.01	0.05	0.08	..	..	..
Canada	..	..	..	..	..	..
Czech Republic	0.39	0.19	0.22	0.19	..	..
Denmark	0.01	0.03	0.01	0.01	..	..
Finland	0.19	0.24	0.16	0.11	..	..
France	3.02	2.91	3.18	2.71	..	..
Germany	18.77	14.08	23.25	33.79	..	..
Greece	1.97	0.89	0.57	0.45	..	..
Iceland	..	..	..	..	..	..
Ireland	0.08	..	0.01	..	..	..
Italy	0.25	2.12	..	-0.35	..	..
Japan	24.15	23.05	3.75	1.9	..	..
Korea	..	..	..	0.01	..	..
Luxembourg	..	..	..	..	..	..
Netherlands	18.26	2.32	1.56	0.04	..	..
New Zealand	..	..	..	..	..	..
Norway	6.95	7.52	7.02	4.87	..	..
Poland	0.1	0.04	0.05	0.04	..	..
Portugal	0.01	0.01	0.02	0.03	..	..
Slovak Republic	0.05	0.43	0.21	0.23	..	..
Slovenia	1.33	1.27	1.75	2.95	..	..
Spain	1.75	0.35	0.05	..	..	..
Sweden	9.68	6.59	3.57	3.35	..	..
Switzerland	11	10.49	7.65	6.82	..	..
United Kingdom	1.95	1.15	0.99	2.18	..	..
United States	29.89	20.44	19.82	16.82	..	..
DAC Countries, Total	135.20	96.92	76.18	79.00	0.00	0.00
AfDB	..	..	..	..	..	..
AfDF	..	..	..	..	..	..
Arab Fund (AFESD)	..	..	..	..	..	..

Development Partners	2009	2010	2011	2012	2013*	2014*
AsDB Special Funds	..	..	..	..	..	..
BADEA	..	..	..	..	..	..
CarDB	..	..	..	..	..	..
EBRD	..	..	..	..	..	..
EU Institutions	53.15	55.09	100.99	54.45	..	..
GAVI	..	..	..	..	..	..
GEF	..	0.41	2.35	2.48	..	..
Global Fund	1.55	1.92	5.78	1.38	..	..
IAEA	0.54	0.21	0.28	0.23	..	..
IBRD	..	..	..	..	..	..
IDA	-7.01	-8.22	-9.02	-11.41	..	..
IDB Sp.Fund	..	..	..	..	..	..
IFAD	-0.29	-0.28	-0.63	-0.6	..	..
IFC	..	..	..	..	..	..
IMF (Concessional Trust Funds)	..	..	..	..	..	..
Isl.Dev Bank	..	0.63	..	..	..	..
Montreal Protocol	..	..	..	..	..	..
Nordic Dev.Fund	..	..	..	..	..	..
OFID	..	..	..	..	..	..
OSCE	..	9.75	8.85	7.78	..	..
UNAIDS	0.04	..	..	..	..	..
UNDP	0.82	0.69	0.48	0.53	..	..
UNECE	..	..	..	..	..	..
UNFPA	0.25	0.25	0.22	0.22	..	..
UNHCR	1.29	0.5	0.56	1.87	..	..
UNICEF	0.86	0.74	1.32	0.61	..	..
UNPBF	..	..	..	..	..	..
UNRWA	..	..	..	..	..	..
UNTA	..	..	..	..	..	..
WFP	..	..	..	..	..	..
WHO	..	..	0.37	0.05	..	..
Other Multilaterals	..	..	..	..	..	..
Multilateral, Total	51.20	61.69	111.55	57.59	0.00	0.00
Bulgaria	..	..	..	0.03	..	..
Chinese Taipei	..	..	..	..	..	..
Cyprus	..	..	..	..	..	..
Estonia	..	0.01	0.02	..	..	..
Hungary	0.01	0.02	0.02	0.03	..	..
Israel	0.02	0.02	0.05	0.21	..	..
Kuwait (KFAED)	..	..	..	..	..	..
Latvia	..	..	..	..	..	..
Liechtenstein	..	..	..	..	..	..
Lithuania	..	..	0.01	..	..	..
Malta	..	..	..	..	..	..
Romania	..	0.23	0.37	..	..	..
Russia	..	..	..	..	..	..
Saudi Arabia	..	..	..	..	..	..
Thailand	..	..	..	..	..	..
Turkey	6	28.28	6.76	12.08	..	..
United Arab Emirates	0.04	..	0.01	..	..	..
Other donor countries	..	..	..	..	..	..
Non-DAC Countries, Total	6.07	28.56	7.24	12.35	0.00	0.00
All Development Partners, Total*	192.47	187.17	194.97	148.94	0.00	0.00

* Data not available

Source: Data Extracted on 16 May 2014 18:50 UTC (GMT) from OECD.Staff

Annex Table 14: Economic and Social Indicators for Macedonia, 2011 - 2014

Series Name	2010	2011	2012	2013	2014	Macedonia	ECA (Developing Only)	World
						Average 2010-2014		
Growth and Inflation								
GDP growth (annual %)	2.9	2.8	-0.3	2.0	3.1 **	2.1	4.7	3.1
GDP per capita growth (annual %)	2.8	2.8	-0.3	..	..	1.7	3.9	1.9
GNI per capita, PPP (current international \$)	11,220.0	11,550.0	11,540.0	..	..	11,436.7	12,463.9	13,129.0
GNI per capita, Atlas method (current US\$)	4,580.0	4,710.0	4,620.0	..	..	4,636.7	6,352.2	9,698.0
Inflation, consumer prices (annual %)	1.5	3.9	3.3	2.8	..	2.9	5.3	3.7
Compositon of GDP (%)								
Agriculture, value added (% of GDP)	11.5	11.0	11.5	..	..	11.3	8.9	3.1
Industry, value added (% of GDP)	28.0	27.9	26.0	..	..	27.3	31.1	26.7
Services, etc., value added (% of GDP)	60.6	61.1	62.6	..	..	61.4	60.0	70.2
Gross fixed capital formation (% of GDP)	19.1	20.5	21.2	..	..	20.3	21.7	21.1
Gross domestic savings (% of GDP)	6.8	7.6	6.2	..	..	6.9	18.4	21.7
External Accounts								
Exports of goods and services (% of GDP)	46.6	54.5	53.2	..	..	51.4	38.7	29.9
Imports of goods and services (% of GDP)	65.3	74.1	75.5	..	..	71.6	42.8	29.9
Current account balance (% of GDP)	-2.1	-2.5	-3.1	..	..	-2.6	..	..
External debt stocks (% of GNI)	58.0	61.4	70.0	..	..	63.1	63.7	..
Total debt service (% of GNI)	6.9	9.2	7.3	..	..	7.8	15.5	..
Total reserves in months of imports	4.7	4.3	5.0	..	..	4.7	5.2	13.5
Fiscal Accounts **								
General government revenue (% of GDP)	29.6	28.8	28.9	28.5	28.6	28.9	..	..
General government total expenditure (% of GDP)	32.0	31.3	32.8	32.1	31.1	31.8	..	..
General government net lending/borrowing (% of GDP)	-2.4	-2.5	-3.8	-3.6	-2.5	-3.0	..	..
General government gross debt (% of GDP)	24.4	28.2	33.3	34.3	33.4	30.7	..	..
Health								
Life expectancy at birth, total (years)	74.7	74.9	75.0	..	..	74.9	72.0	70.6
Immunization, DPT (% of children ages 12-23 months)	95.0	96.0	96.0	..	..	95.7	91.1	83.3
Improved sanitation facilities (% of population with access)	91.1	..	91.4	..	..	91.2	94.0	63.3
Improved water source (% of population with access)	99.4	..	99.4	..	..	99.4	94.8	88.9
Mortality rate, infant (per 1,000 live births)	8.7	7.5	6.5	..	..	7.6	19.8	36.0
Education								
School enrollment, preprimary (% gross)	24.6	25.7	..	..	..	25.1	44.2	49.3
School enrollment, primary (% gross)	90.1	..	..	..	..	90.1	100.8	106.9
School enrollment, secondary (% gross)	81.9	..	..	..	..	81.9	92.0	70.5
Population								
Population, total (millions)	2.1	2.1	2.1	..	..	2.1	268.9	6,965.2
Population growth (annual %)	0.1	0.1	0.1	..	..	0.1	0.7	1.2
Urban population (% of total)	59.2	59.3	59.4	..	..	59.3	59.8	52.1

Source: WDI as of May 15, 2014

* Data not available for 2014

** International Monetary Fund, World Economic Outlook Database, April 2013 (Estimates Start After 2011)

Annex Table 15 - Macedonia: Millennium Development Goals

Millennium Development Goals	1990	1995	2000	2005	2010	2011	2012
Goal 1: Eradicate extreme poverty and hunger							
Employment to population ratio, 15+, total (%)	..	37.1	36.2	33.2	37.8	38.0	38.0
Employment to population ratio, ages 15-24, total (%)	..	20.9	15.4	12.1	15.4	14.4	15.5
GDP per person employed (constant 1990 PPP \$)	16,502.0	12,342.0	13,734.0	15,499.0	15,540.0	15,818.0	15,882.0
Income share held by lowest 20%	..	..	6.5	5.8	4.9	..	..
Malnutrition prevalence, weight for age (% of children under 5)	..	..	..	1.8	..	2.1	..
Poverty gap at \$1.25 a day (PPP) (%)	..	..	0.9	0.0	0.0	..	..
Poverty headcount ratio at \$1.25 a day (PPP) (% of population)	..	..	4.3	0.3	0.6	..	..
Vulnerable employment, total (% of total employment)	..	..	21.4	22.4	23.1	22.5	22.1
Goal 2: Achieve universal primary education							
Literacy rate, youth female (% of females ages 15-24)	..	..	..	..	..	98.5	..
Literacy rate, youth male (% of males ages 15-24)	..	..	..	..	..	98.8	..
Persistence to last grade of primary, total (% of cohort)	..	94.6	96.6	94.4	..	..	..
Primary completion rate, total (% of relevant age group)	..	96.2	95.4	91.7	..	..	..
Adjusted net enrollment rate, primary (% of primary school age children)	..	40.1	121.9	108.8	89.0	91.6	..
Goal 3: Promote gender equality and empower women							
Proportion of seats held by women in national parliaments (%)	..	..	6.7	19.2	32.5	30.9	32.5
Ratio of female to male primary enrollment (%)	..	99.4	99.0	99.2	100.1	..	..
Ratio of female to male secondary enrollment (%)	..	97.6	96.5	97.5	98.0	..	..
Ratio of female to male tertiary enrollment (%)	100.4	122.6	130.8	137.7	116.8	119.3	..
Share of women employed in the nonagricultural sector (% of total nonagricultural employment)	38.3	38.5	41.6	42.6	42.2	42.4	..
Goal 4: Reduce child mortality							
Immunization, measles (% of children ages 12-23 months)	..	97.0	97.0	96.0	98.0	97.0	97.0
Mortality rate, infant (per 1,000 live births)	33.1	22.0	14.2	12.1	8.7	7.5	6.5
Mortality rate, under-5 (per 1,000 live births)	36.7	24.5	16.0	13.7	9.9	8.6	7.4
Goal 5: Improve maternal health							
Adolescent fertility rate (births per 1,000 women ages 15-19)	41.1	36.2	29.4	24.1	19.9	19.1	..
Births attended by skilled health staff (% of total)	88.9	94.1	97.7	98.1	..	..	..
Contraceptive prevalence (% of women ages 15-49)	..	..	..	13.5	..	..	..
Maternal mortality ratio (modeled estimate, per 100,000 live births)	16.0	14.0	15.0	10.0	10.0	..	..
Pregnant women receiving prenatal care (%)	..	..	81.0	..	..	..	..
Unmet need for contraception (% of married women ages 15-49)	..	..	..	..	..	..	..
Goal 6: Combat HIV/AIDS, malaria, and other diseases							
Children with fever receiving antimalarial drugs (% of children under age 5 with fever)	..	..	..	..	..	..	..
Condom use, population ages 15-24, female (% of females ages 15-24)	..	..	..	..	..	..	..
Condom use, population ages 15-24, male (% of males ages 15-24)	..	..	..	..	..	..	..

Millennium Development Goals							
	1990	1995	2000	2005	2010	2011	2012
Incidence of tuberculosis (per 100,000 people)	81.0	58.0	41.0	30.0	21.0	20.0	18.0
Prevalence of HIV, female (% ages 15-24)	..	..	..	..	..	..	..
Prevalence of HIV, male (% ages 15-24)	..	..	..	..	..	..	..
Prevalence of HIV, total (% of population ages 15-49)	..	..	..	..	..	..	..
Tuberculosis case detection rate (% , all forms)	..	69.0	75.0	97.0	87.0	81.0	89.0
Goal 7: Ensure environmental sustainability							
CO2 emissions (kg per PPP \$ of GDP)	..	1.1	1.0	0.7	0.5	..	..
CO2 emissions (metric tons per capita)	..	5.5	5.9	5.4	5.2	..	..
Forest area (% of land area)	35.9	36.8	37.7	38.3	39.6	39.8	..
Improved sanitation facilities (% of population with access)	..	..	89.9	90.1	91.1	91.3	..
Improved water source (% of population with access)	99.2	99.2	99.2	99.3	99.5	99.6	..
Marine protected areas (% of territorial waters)	..	..	0.0	..	3.8	..	3.8
Net ODA received per capita (current US\$)	..	40.1	121.9	108.8	89.0	91.6	..
Goal 8: Develop a global partnership for development							
Debt service (PPG and IMF only, % of exports of goods, services and primary income)	..	..	4.6	6.1	4.1	3.8	..
Internet users (per 100 people)	0.0	0.0	2.5	26.5	51.9	56.7	63.1
Mobile cellular subscriptions (per 100 people)	0.0	0.0	5.8	55.5	104.5	107.2	108.2
Telephone lines (per 100 people)	15.0	17.9	25.3	26.2	20.0	20.4	19.7
Fertility rate, total (births per woman)	2.2	2.0	1.7	1.5	1.5	1.4	..
Other							
GNI per capita, Atlas method (current US\$)	..	1,710.0	1,800.0	2,830.0	4,580.0	4,710.0	4,620.0
GNI, Atlas method (current US\$ millions)	..	3,366.3	3,683.9	5,906.7	9,624.5	9,917.9	9,732.0
Gross capital formation (% of GDP)	18.7	20.8	22.3	21.3	25.5	27.2	28.6
Life expectancy at birth, total (years)	71.1	72.1	73.2	74.1	74.7	74.9	..
Literacy rate, adult total (% of people ages 15 and above)	..	..	..	..	..	97.4	..
Population, total	2.0	2.0	2.1	2.1	2.1	2.1	2.1
Trade (% of GDP)	61.7	75.8	112.2	105.3	111.8	128.6	128.7

Source: World Development Indicators as of May 2014