



1. Project Data:		Date Posted : 04/05/2004	
PROJ ID: P066221		Appraisal	Actual
Project Name: Social Support	Project Costs (US\$M)	11.56	11.54
Country: Macedonia	Loan/Credit (US\$M)	10.00	9.92
Sector(s): Board: SP - Other social services (96%), Central government administration (4%)	Cofinancing (US\$M)	0	0
L/C Number: C3268			
	Board Approval (FY)		99
Partners involved : none	Closing Date	07/31/2002	07/31/2003
Prepared by :	Reviewed by :	Group Manager :	Group:
Pierre M. De Raet	Alice C. Galenson	Kyle Peters	OEDCR
2. Project Objectives and Components			
a. Objectives			
To help mitigate the negative social and economic impact of the restructuring of state -owned enterprises (SOE) and the economic disruption caused by the conflict in Kosovo .			
b. Components			
There were four components:			
1) Labor restructuring included: (i) payments to workers displaced by the bankruptcy and restructuring of SOEs; (ii) technical assistance (TA) to help carry out monitoring activities to determine the social impact on the displaced workers and to identify and ensure that the most vulnerable receive social services; and (iii) TA and equipment to continue the development of employment services .			
2) Labor redeployment included: (i) TA to develop an administrative framework to enable the Agency for Transformation of Enterprises with Social Capital (AP - the privatization agency) to make available resources to SOEs and selected local organizations for the provision of redeployment of services; (ii) redeployment services to workers displaced as a result of the Kosovo conflict and the divestiture of SOEs and to long -term unemployed and first-time job seekers; and (iii) TA to carry out an evaluation of the impact of redeployment services .			
3) Social benefits: TA to: (i) improve the targeting efficiency of social assistance programs; and (ii) develop the capacity of the Ministry of Labor and Social Protection (MOLSP) to evaluate and improve social protection and labor market programs.			
4) Project and management support to the Project Coordination Unit (PCU) in project coordination and implementation.			
c. Comments on Project Cost, Financing and Dates			
The closing date was postponed by one year because of delays in bankruptcy procedures .			
3. Achievement of Relevant Objectives:			
The objectives were largely achieved :			
1) Labor restructuring: (i) severance payments were made to virtually all employees of 5 out of 12 originally targeted SOEs (7 SOEs were dropped because the State either sold its shares to existing shareholders or sold the company to private parties; in both cases, no dismissals were involved); (ii) sample surveys were conducted to monitor the social impact on workers having received severance payments and to identify the most vulnerable eligible for social services - the surveys confirmed that 96 % of respondents spent their severance payments to clear their debts and for living (less than 1 % started a business); and (iii) TA and equipment were provided to strengthen entities responsible for developing social support programs .			
2) Labor redeployment: (i) a framework was established within AP linking all local employment bureaus allowing the National Employment Bureau to collect and analyze employment data; (ii) redeployment services were provided under 593 projects to 35,000 unemployed (compared to 20,000 anticipated at appraisal); (iii) an evaluation study			

confirmed that recipients of services had benefited in terms of employment and income .

3) Social benefits: (i) the legislation governing the targeting of social assistance programs was amended with a view to promoting work incentives by limiting the benefits granted, strengthening control over the programs, and removing loopholes; (ii) staff from different ministries were trained to conduct household surveys and carry out quantitative analyses; and (iii) a Policy Evaluation Unit responsible for the M&E of social programs was established and made operational within MOLSP.

4) Project Coordination Unit: assistance to project coordination and management was satisfactory .

4. Significant Outcomes/Impacts:

1) The major outcome was that the project permitted the GOM to effectively provide social support to displaced workers in application of the bankruptcy law adopted in November 1997 and thereby carry out successfully its divestiture program of SOEs.

2) Severance payments were made to 4,500 workers.

3) Redeployment services were provided to 35,000 workers throughout the country, leading to 14,000 formal permanent jobs.

4) The ministries and agencies responsible for social protection raised their capacity to formulate, implement, and monitor social and employment generation programs.

5) There was high interest in the retraining programs despite the relatively high user fee charged .

5. Significant Shortcomings (including non-compliance with safeguard policies):

None

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Satisfactory	Satisfactory	
Institutional Dev .:	Substantial	Substantial	
Sustainability :	Highly Likely	Likely	There is a continued risk of political instability in Kosovo with a potential negative impact on the economic situation in Macedonia. Also, the viability of social protection programs is dependent on the country's ability to maintain and raise the share of public expenditures in favor of the social sectors.
Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Highly Satisfactory	Highly Satisfactory	
Quality of ICR :		Satisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

1) In this case, ownership and commitment of the authorities at the political and administrative levels played a key role in ensuring the success of the program .

2) Severance schemes by themselves are not sufficient to generate business activities .

3) Careful design of retraining programs can be very successful in redeploying displaced workers; for instance, user fees can be a powerful incentive for participants to select carefully the type of training most likely to increase their employability.

4) Active information campaigns through the media or employment bureaus are useful in broadening awareness and understanding of the new opportunities offered by the different social support programs .

8. Assessment Recommended? Yes No

9. Comments on Quality of ICR:

The ICR should have been reviewed by an editor .