



# Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 21-Apr-2020 | Report No: PIDA29156



**BASIC INFORMATION**

**A. Basic Project Data**

Country North Macedonia	Project ID P173916	Project Name North Macedonia Emergency COVID-19 Response Project	Parent Project ID (if any)
Region EUROPE AND CENTRAL ASIA	Estimated Appraisal Date 23-Apr-2020	Estimated Board Date 01-May-2020	Practice Area (Lead) Health, Nutrition & Population
Financing Instrument Investment Project Financing	Borrower(s) Republic of North Macedonia	Implementing Agency Ministry of Labor and Social Policy, Ministry of Health	

Proposed Development Objective(s)

To prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness in North Macedonia.

Components

Emergency COVID-19 Response  
Household Support to Enable Social Distancing  
Project Implementation, Communications, Community Engagement, and Monitoring

**PROJECT FINANCING DATA (US\$, Millions)**

**SUMMARY**

<b>Total Project Cost</b>	98.50
<b>Total Financing</b>	98.50
<b>of which IBRD/IDA</b>	98.50
<b>Financing Gap</b>	0.00

**DETAILS**

**World Bank Group Financing**



International Bank for Reconstruction and Development (IBRD)

98.50

Environmental and Social Risk Classification

Substantial

Decision

The review did authorize the team to appraise and negotiate

Estimate Appraisal date is on April 20, 2020

## B. Introduction and Context

Sectoral and Institutional Context

- 1. Health outcomes in North Macedonia continue to be challenging and non-communicable diseases (NCDs) are an important risk factor.** Maternal mortality continues to be a challenge and since 2011, gains achieved in infant mortality have been reversed, with infant deaths rising from 9.0 to 10.7 per 1,000 births between 2011 and 2016 but decreasing to 8.7 in 2018. A large drop in vaccination rates has also been observed in North Macedonia in recent years. These trends are generally thought to be due to the fragmented primary health care system and a shortage of patronage nurses who do immunizations and outreach such as post-natal care. North Macedonia' life expectancy<sup>1</sup> is 4.2 years higher for women (77.6 years) than for men (73.6 years), mainly as a result of the growing incidence of NCDs, in particular cardiovascular diseases, due to poor diet, smoking, alcohol consumption, and sedentary lifestyles. These are more than 3 years lower than the WHO EURO average for women and 0.7 years for men.
- 2. The population of North Macedonia is aging, with implications for health system organization and costs.** The projected population growth is nearly zero, and estimates based on census data from destination countries (mostly Western European countries and North America) suggest that more than 500,000 citizens reside abroad, one of the largest diasporas in the world as a percentage of the total population. Considering the small size of the workforce and low birth rates, the loss of even a small number of workers affects the overall pool of skills in the economy. It is estimated that more than 1 in 3 Macedonians are expected to be over 60 years old by 2050 (UNDP). Consequently, the NCDs burden is increasing: NCDs account for 95.3 percent of all deaths and cerebrovascular diseases were the first cause of disability-adjusted life years (DALYs) in the country in 2016 (IHME). Premature mortality from NCDs also tends to be higher in North Macedonia than among comparators. Overall, above average rates of amenable and preventable sickness and death may translate into large losses of productive life years. Moreover, many NCD co-morbidities exacerbate the severity of COVID-19 infections, leading to poorer health outcomes.
- 3. Health care delivery is skewed towards hospital care with an underdeveloped primary care system.** North Macedonia lacks a strong primary care system that will be necessary to address the health challenges

<sup>1</sup> <https://databank.worldbank.org/source/world-development-indicators#>



associated with aging and a growing NCD burden in a cost-effective manner. North Macedonia has an extensive network of hospitals (3.2 per 100,000 people on average), with 4.5 hospital beds per 1,000 population.<sup>2</sup> Discrepancies exist in the internal efficiency of hospitals, with significant variation in the average length of stay and unit costs for similar treatments across the country.

4. **Critical care and emergency services capacities have limitations.** The estimated number of ventilators in the country is around 120, with 70 of them located in private facilities which nevertheless can be accessed by the general population under the national health insurance scheme. Most ventilators are located in facilities in Skopje, with less than 10 are located in facilities in 3 other cities. The ventilators from the University Clinic for Anesthesiology, Reanimation and Intensive Care<sup>3</sup> are borrowed by other facilities to meet the needs for COVID-19 treatment. A recent World Bank assessment of the Emergency Medical Services (EMS) system<sup>4</sup> found that compared to other countries with established EMS systems (e.g., in Europe and North America), North Macedonia has more ambulances, and fewer calls per capita. Actual calls represent about 60 percent of the expected calls in the country as a whole, reflecting either a lack of trust in, or knowledge of the EMS system. There are also issues regarding the overall control of the EMS system, the lack of communication and dispatch systems, and the age of vehicles and equipment, although the quantity and level of training of staff appears to be good.

5. **In general, North Macedonia is not sufficiently prepared to prevent, detect, and respond to epidemics on the scale of COVID-19.** North Macedonia's score on the Global Health Security Index is 39.1, ranking 90 out of 195 countries<sup>5</sup>. Capacity for detection and reporting (which encompasses laboratory systems, real-time surveillance and reporting, the epidemiological workforce, and data integration across human/animal/environmental health sectors) is considered moderate, with North Macedonia scoring just below average (41.7 vs average of 41.9). This is a substantial vulnerability and raises questions as to the reliability of information on the current extent of the COVID-19 outbreak. Unfortunately, the country's capacity for rapid response is considered quite weak; North Macedonia scores 33.1 against an average of 38.4, with a ranking of 112. North Macedonia completed a Joint External Evaluation of the implementation of International Health Regulations (2005)<sup>6</sup> in March 2019 and it found a number of areas that required further attention, including biosafety and biosecurity, information systems, health workforce, multisectoral collaboration and national coordination.

6. **However, there has been significant progress in improving information systems over the past year, with enhancements to the national digital health and electronic health record system (MojTermin).** To facilitate protective measures against COVID-19 by physicians and patients in need of health care, as well as easy recording and analysis of data on patients with COVID-19, the MojTermin team in the MOH has developed a new Module for the prevention and monitoring of patients with COVID-19, consisting of a COVID-19 screening submodule, as well as a submodule for monitoring home treatment patients with COVID-19. These submodules

<sup>2</sup> Analysis of Secondary and Tertiary Health Care System Effectiveness, European Union, April 2019, pp. 16, 22.

<sup>3</sup> This one of 28 university clinics that have been the first pillar of tertiary care in the country, with their establishment in the late 1940s. Initially established as part of the University Clinical Centre, the clinics have been transformed into separate legal entities while cooperation between them is regulated by an inter-clinic referral system. They are affiliated with the Faculty of Medicine in Skopje and serve as training institutions for students and health professionals at postgraduate level.

<sup>4</sup> North Macedonia Emergency Medical Services Rapid Assessment Report, The World Bank, April 30, 2019.

<sup>5</sup> <https://www.ghsindex.org/wp-content/uploads/2019/10/2019-Global-Health-Security-Index.pdf>

<sup>6</sup> <https://www.who.int/ihr/procedures/joint-external-evaluations/en/>



were developed according to the guidelines and measures adopted by the Ministry of Health (MoH) and the Government. In addition to this, regular data is entered in MojTermin for COVID-19 patients as for any other condition (all checkups, results from diagnostic examinations, medication etc.), creating a unique resource for monitoring and analyzing data on COVID-19 patients once the system is rolled out country-wide.

7. **As the COVID-19 pandemic in North Macedonia finishes its eighth week, confirmed cases are increasing rapidly.** The first confirmed COVID-19 case in North Macedonia was identified on February 26, 2020. On April 15, 2020, the number of confirmed cases had topped 1,000, with 1,086 total cases, an increase of 117 over the previous day (11.0 percent), with a further increase of 36 cases to 1,117 on April 17, 2020. Of the total cases, 49 have died and 139 people have recovered. Out of all confirmed cases, 194 (17.4 percent) were health workers, suggesting severe shortages of PPE equipment and supplies.

8. **The Government of North Macedonia has been very proactive in taking action to control the pandemic and issued a formal declaration of emergency on March 18, 2020 to combat the spread of COVID-19.** The government has not hesitated to take strong action when it felt it was needed. On March 18, 2020, when there were just 35 cases, a nationwide state of emergency was declared. All borders and the airport are closed. An all-of-government action has been mobilized to fight the coronavirus, including scaling up emergency response mechanisms in all sectors. There has been a positive society response and compliance as well as more trust in the government protective measures and instructions for social distancing. The MoH has started a vigorous risk communication campaign in social media, on TV and other media, benefiting from strong support from other international agencies, including the WHO. On the health front, the country is working hard now to ensure its hospitalization surge capacity with the necessary personnel are in place in case of larger community-based transmission. Recent emergency actions by the Government have included: the temporary suspension of personal and corporate income tax payments, temporary changes to the Budget Law to allow the distribution of budget allocations, a reduced interest rate on tax arrears, and changes to repayments of loan obligations. In addition, the government has taken a set of actions to strengthen the public health sector preparedness and social safety net response to the crisis. The country is still under imposed curfew in an effort to limit the spread of COVID-19. The movement of all citizens is restricted across the country from 4 pm to 5 am. In addition, people over 67 are only allowed to leave their homes from 10 am to noon, while people under 18 years of age are allowed to leave their homes between 1 pm and 3 pm. The curfew for all citizens on weekends starts from 4 pm on Friday until 5 am on Monday.

9. **The MoH has taken a number of actions with respect to COVID-19 prevention, case detection and care.** A national COVID-19 response plans has been developed focusing on 8 main pillars: (1) strengthen the coordination mechanism by activating multi-sectoral, multi-agency coordination mechanisms to support preparedness and response actions; (2) improve risk-communication and community engagement activities through a robust and comprehensive risk communication plan; (3) enhance existing surveillance systems, contact tracing and monitoring to COVID-19 to enable monitoring of COVID-19 transmission; (4) monitor readiness and response measures at points of entry; (5) strengthen the capacity of the National COVID-19 reference laboratory; (6) improve infection prevention and control capacity at all levels of healthcare system, including public, private, traditional practices and pharmacies; (7) improve the capacity of designated hospital in case management for COVID 19; and (8) map available resources in all sectors and establish a centralized procurement and supply mechanism.

10. **Different development partners have been involved in different parts of this response plan.** For



example, UNICEF and UNDP have taken the lead in risk communication and community engagement, while WHO is the lead agency on issues related to the health components of emergency response, and UNFPA/UN Women are focusing on women and gender issues related to the response. However, many of the gaps are related to the supply of essential equipment and materials needed for the response, including in the areas of testing and case detection, PPE availability and care and treatment. Over a million pieces of PPE have been donated to date and donors such as the EU, the U.S. Government, the Czech Republic, as well as private donors have made some donations, but the current “consolidated list of need” is costed at almost \$55 million equivalent, and it is less than 10 percent subscribed (this includes 30 of the 150 ventilators the MOH feels it needs). However, it is unlikely that other major donors are going to fill this need in the short to medium term, which is why this was a major focus of the Government’s request to the Bank.

11. **In addition to strengthening surge capacity, mitigation measures including social distancing are key in the response to the pandemic.** The health system of North Macedonia needs to be strengthened for an increased demand for hospitalization and critical care of COVID-19 patients while remaining able to provide at least basic services for the non-COVID-19 patients. Evidence suggest that in order for countries to flatten the curve and not overwhelm the health system all at once, implementation of mitigation measures, including social distancing, is essential to reduce community transmission and the number of people infected. An assessment of social distancing measures from China revealed that non pharmaceutical interventions such as, community social distancing and lockdowns reduced transmissibility of COVID-19, and the first wave of COVID-19 outside Hubei province was abated because of the aggressive implementation of these measures. As a result, the Case Fatality Rate outside of Hubei was nearly five times lower and correlated with the reduction in mobility.<sup>7</sup> Modeling revealed that relaxation of the social distancing when the epidemic size was still small would have pushed COVID-19 prevalence back to baseline.

12. **In enforcing social distancing measures in North Macedonia, it would be important to enhance mechanisms to support the most disadvantaged groups to ensure compliance.** Poor, vulnerable, and marginalized groups are bearing disproportionate costs of lockdowns because their members are more likely to have lost their (formal or informal) jobs. They may not have a stable home or shelter, nor access to food, health care, and other basic services. The disadvantaged are also less likely to be able to observe basic public health measures, including handwashing, due to the lack of proper water and sanitation facilities, which expose them more at risk of the spread of infection. Strategies to ensure such groups are not further pushed into poverty and marginalization due to social distancing policies should be put in place. In North Macedonia, boosting social protection interventions would allow the disadvantaged to be able to observe the social distance measures and support the health response.

13. **The impact of COVID-19 on the population of North Macedonia extends well beyond direct health effects and the crisis may cause substantial economic hardship.** Despite the significant reduction in poverty over the past years, a large share of the non-poor population remains vulnerable and at risk of falling into poverty if negatively affected by a shock. Moreover, as previously noted, unemployment is stubbornly high in North Macedonia, particularly among young people. A large share of the unemployed have looked for a job for more than a year. Low labor force participation, as well as high unemployment and informal work have resulted in a significant waste of working years. It is estimated that the average Macedonian worker loses about 25 years

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<sup>7</sup> Leung, K., Wu, J. T., Liu, D., & Leung, G. M. (2020). First-wave COVID-19 transmissibility and severity in China outside Hubei after control measures, and second-wave scenario planning: a modelling impact assessment. *The Lancet*.



of productive employment during the average worker lifecycle. Economic impacts of COVID-19 are expected to create further vulnerability and may push many more into poverty. The most affected are among the following groups of the population: informal workers, the self-employed, working poor, those with modest incomes working in sectors such as manufacturing, construction, tourism and services, and other particularly vulnerable groups (the Roma population, the elderly, the young, and women). The Ministry of Labor and Social Policy (MLSP) has estimated that more than 15,000 new households would seek social assistance and an additional 45,000 individuals would apply to the unemployment insurance scheme in the immediate aftermath of the COVID-19 outbreak.

14. **The social protection system in North Macedonia has the potential to adapt and mitigate the adverse impacts of shocks and build resilience among the population.** North Macedonia has very effective social protection programs and institutions that could address the most immediate needs of the population. The Government and MLSP, in particular, have defined rapid response measures, such as increasing social assistance coverage and providing emergency packages of food and hygienic products. North Macedonia also has in place a well-regulated unemployment insurance policy that will be adapted to provide a significant source of income support during the crisis. Provision of this emergency support would rely on the existing social assistance and unemployment insurance schemes and their delivery mechanisms.

15. **The Bank has a long history of engagement in the social sectors in North Macedonia.** The Bank has made substantial investments in the social protection systems in North Macedonia with current projects related to social insurance administration and social services improvement. Previous projects have played a leading role in the development of a mature social protection system. While there has not been a Bank-financed health project in North Macedonia for some time, the Bank began re-engaging in this sector several years ago with analytical work and technical assistance, including a Public Finance Review (2018), assessments of the primary health care, emergency medical services and digital health systems (2019) and engagement related to the Primary Health Care Performance Initiative (PHCPI , 2019-2020). In early 2020, the MoH agreed to explore the development of a new Bank-financed health project which would focus on improving the primary health care system.<sup>8</sup> Capacity built through this emergency response project should help strengthen the health system overall and facilitate the preparation and implementation of an eventual PHC project.

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<sup>8</sup> This complements EU-financed activities aimed at improving the secondary and tertiary care systems.



#### D. Project Description

16. The project development objective (PDO) is to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness in North Macedonia.

17. **PDO level indicators:** The PDO will be monitored through the following PDO level outcome indicators:

- (i) Number of people tested for COVID-19 identification per MoH approved protocol;
- (ii) Recovery rate from COVID-19;
- (iii) Number of beneficiaries receiving financial support to enable social distancing

#### Project Components

18. **The Project will support the government to curb the spread of COVID-19 pandemic and strengthen health system to detect and treat cases, and to mitigate some of the social consequences of the pandemic.** The Project will provide support to increase capacity for case detection, contact tracing, reporting and monitoring; strengthen the capacity of the health system to handle safely a surge in severe cases by bolstering the human and technical capacity of hospitals and intensive care units (ICUs); improve the critical care capacity and infrastructure of the Clinic for Infectious Diseases; support the costs of health services; and support social assistance efforts to mitigate the effect of containment measures on the poor.

19. **This project was selected for COVID-19 financing at the request of the Government of North Macedonia, on the basis of the country's financing gap and technical capacity constraints.** The objectives, scope and components of this Project are aligned with the COVID-19 Fast Track Facility. Activities have been carefully selected in discussion with the MoH, based on their own needs assessment and informed by advice of WHO (as well as other development partners, drawing on the list of eligible activities outlined in the COVID-19 Board Paper and the designs of other COVID-19 projects within the ECA region and beyond).

#### Component 1: Emergency COVID-19 Response (EUR 33.98 million, US\$ 37.18 million equivalent)

20. This component would provide immediate support to the Republic of North Macedonia to limit the local transmission of COVID-19 through containment strategies. It would support enhancement of case detection capacities through the provision of technical expertise, laboratory equipment and systems to ensure prompt case finding and contact tracing, consistent with WHO guidelines in the Strategic Response Plan. It would enable North Macedonia to mobilize surge response capacity through financing the salaries of trained and well-equipped frontline health workers who were not envisioned in the state budget. Support will also be provided for limited renovations if needed to operationalize additional ICU beds, and for medical waste management and disposal systems. It is important to note that the operational and financial landscape of the response is subject to rapid change; therefore, the planned interventions will be continually assessed against ongoing and emerging needs and adjustments will be made as required to best support the country in achieving the best outcomes.

21. Subcomponent 1.1 Enhancing Case Detection, Confirmation, Contact Tracing, Reporting and Monitoring (EUR 5.4 million, US\$ 5.91 million equivalent). This subcomponent with help to strengthen the disease surveillance systems and public health laboratories through the procurement of diagnostic kits, reagents, consumables, PPE, and training on relevant protocols. It will facilitate combining the detection of new cases with active contact tracing, by enhancing the surveillance and contact tracing modules of the health system's current information system (MojTermin) and linking





primary care providers to it. It will also support support epidemiological investigation and monitoring by training public health workers to undertake contact tracing, monitoring of home-isolated cases, and home treated cases. Finally, it will help to providing on-time and real-time data and information to guide decision-making and response and mitigation activities, by enhancing systems and protocols and building capacity for data reporting, data analysis and information dissemination. The focus on training and systems, as well as immediate needs for equipment and supplies, should help build long-term surveillance and response capacity, while effectively dealing with the current situation.

22. Subcomponent 1.2 Strengthening the Borrower's Health System (EUR 17.94 million, US\$ 19.63 million equivalent). This subcomponent will focus on a number of areas that are critical for strengthening the health system to allow it to effectively respond to the health needs of COVID-19 patients and to allow health workers to provide the best level of high quality and safe care. It will include the procurement of medical supplies, devices and equipment necessary for evaluation, treatment and monitoring, including ventilators and other equipment necessary for oxygen therapy (oxygen concentrators, pulse oximeters, etc.), infusion pumps, defibrillators, monitors, suction equipment, etc.; the procurement and distribution of PPE, according to WHO guidelines; which given current rates of COVID-19 infections among health workers are urgently needed.

23. This subcomponent will also support efforts to repurpose existing health care facilities to meet the expected surge in demand for hospital beds, especially isolation and intensive care beds; to establish specialized units in a limited number of selected hospitals (focusing primarily on Infectious Diseases Clinic (IDC), the Clinic for Children's Diseases, the Clinic for Neurosurgery, and the Center for Anesthesiology, Resuscitation and Intensive Care (KARIL)), bearing in mind the longer-term needs of the country. It will also facilitate the development of health care, and potentially isolation, facilities in non-traditional sites to help address temporary surge needs. Since it is the premier facility for the treatment of infectious diseases in North Macedonia, special attention will be focused on developing the clinical care and infrastructure capacity of the IDC, including reconditioning space and providing the installations and utilities needed to accommodate new ICU beds. It will also provide equipment and supplies to set up new ICU beds, based on evaluated needs, including mechanical ventilators, cardiac defibrillators, mobile x-rays and other. At the same time, it will build long term capacity in the IDC for critical care provision through the introduction of protocols, criteria, and information systems, and will support clinical care capacity building by providing technical assistance, guidelines development, and training of health care workers on identifying and treating COVID-19 and the appropriate use of PPE and prevention of the spread of respiratory infections within healthcare facilities. It will also strengthening medical waste management and disposal systems in healthcare facilities where COVID -19 patients are treated. In order to ensure that adequate human resources are available to treat COVID-19 patients, this subcomponent will also financing surge staffing due to increased patient load (additional staff who will be hired on a short-term basis to deal with expected high numbers of COVID-19 patients).

24. Subcomponent 1.3 Financing of Health Insurance Premia for GMI Beneficiaries and Unemployment Insurance Beneficiaries (EUR 10.64 million, US\$ 11.64 million equivalent). Under the Law on Health Insurance, is required to pay premiums on behalf of those on social assistance and unemployment insurance. The expansion of support to these groups to facilitate social distancing planned under Component 2 would represent an increased cost which has not been previously budgeted. This subcomponent would help to cover these costs. This could potentially affect the access to health services for some 55,500 households, comprising up to 200,000 individuals). In order to ensure continuity of coverage, this subcomponent will finance the health insurance contributions for the unemployed for a period of twelve months.

25. In addition to ensuring continued coverage, this funding will also contribute to the continued financial viability



of the HIF during this period, which is essential since this is the primary source of income for health care providers. This additional income will help to cover the operating costs of health services and enhance their ability to continue to provide essential health services, including COVID-19 services. As such, it will help protect the financial viability of the HIF as the key financing mechanism for the health system.

## **Component 2. Household Support to Enable Social Distancing (EUR 54 million, US\$ 59.1 million equivalent)**

26. This component will finance temporary income support to eligible individuals and households to enable them to comply with the social distancing measures the government has introduced to contain the COVID-19 pandemic. The component will finance the provision of temporary social assistance support through: (a) the financing of cash transfers to vulnerable households adversely affected by the economic consequences of COVID-19; and (b) the provision of food and basic supplies to quarantined populations and COVID-19 affected households. Additionally, it will finance the temporary unemployment insurance support through the provision of a cash benefit for those who have lost their jobs due to the crisis.

27. Subcomponent 2.1 Temporary social assistance support (EUR 27.4 million, US\$ 29.55 million equivalent). This subcomponent will support the financing of the GMI program to reduce the financial burden caused by the COVID-19 pandemic on the less well-off and enable them to observe social distancing and support the overall health response. The financing will ensure maintenance and expansion of GMI benefits for existing and new beneficiaries for a period of six to nine months. The coverage will be expanded to those who did not receive social transfers before the pandemic, but who have become eligible for the GMI support since the crisis hit. These are primarily persons whose employment was terminated by their employer but who are not eligible for unemployment benefits; individuals and households who previously engaged in the informal economy; and other vulnerable groups at risk of falling into poverty.

28. The GMI program expansion will include the elimination of eligibility criteria that apply in normal circumstances that are not relevant in an emergency for all new applicants (e.g. a 12-month ban for applying and awarding of GMI, vehicle possession, and real estate property; relaxation of the 3-month rule for income assessment). The program's income eligibility thresholds will remain the same.

29. In-kind support (e.g. packages of basic food and hygienic products) will be provided to beneficiaries of means-tested programs<sup>9</sup> shortly after the loan effectiveness. The MLSP will validate the capacity of possible delivery mechanisms prior to launching this activity (see Annex 3 for the description of a donor supported Community Works Program). Delivery of basic packages is expected to further reinforce social distancing measures so that the beneficiaries would not need to leave the house to search for necessity goods. Using the beneficiary information from the Cash Benefit Management Information System (CBMIS), the project will conduct several rounds of phone surveys with social assistance beneficiaries to assess the impact of the COVID-19 pandemic on vulnerable households and on their needs. This would help tailor future policy interventions on building household resilience and monitor the project's overall impact. Additionally, the project may facilitate citizen engagement activities using the same tool.

30. The GMI cash transfers will be implemented using the treasury system and existing CBMIS platform under the MLSP to ensure efficient response and fast disbursements. Registration requirements for new beneficiaries of the temporary cash assistance will be simplified in order to accelerate beneficiary in-take to the program. To comply with

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<sup>9</sup> Social Assistance means-tested programs are the GMI program, Child Allowances, Educational Allowances, and the non-contributory elderly benefit/assistance.



the social distancing measures that are in effect, on-line applications will be made possible. Payments will be executed directly to beneficiaries’ bank accounts (as in the case of regular transfers). Annex 3 provides a summary of the current GMI program and its delivery method.

31. Subcomponent 2.2 Temporary unemployment insurance support (EUR 27 million, US\$ 29.55 million equivalent). This subcomponent will finance additional income support to workers by easing conditions to receive benefits, increasing the duration of benefits, and simplifying benefit processes. New beneficiaries will become those workers who have been deregistered by their employers in the records held by the Employment Agency (EA) and who access unemployment insurance benefits. The government measure is to provide a cash benefit to those who have lost their jobs due to the crisis in an amount equal to 50 percent of their average salary in the last twelve months for a period of six months, proportional to the number of years in employment. The project is expected to cover these costs for a period of four months out of the six. The number of applications or changes in the unemployment insurance financing needs may change the timeline of support.

32. The capacity of the unemployment insurance scheme managed by the EA of the Republic of North Macedonia will be strengthened to respond to surge demand for their services, including the notification of unemployment status and processing of payments. Any waiting periods will be lifted, deregistration process will be facilitated by remote channels to enable social distancing, and procedures will be streamlined to reduce the waiting times.

**Component 3. Project Implementation, Communications, Community Engagement, and Monitoring (EUR 1.8 million, US\$ 1.97 million equivalent)**

33. This component will support the administrative and human resources needed to implement the project and monitor and evaluate progress. It will finance staff, consultant costs, and operating costs associated with project implementation, coordination and management, including support for procurement, financial management, environmental and social safeguards, outreach activities, communication campaigns, monitoring and evaluation, reporting and stakeholder engagement; information system maintenance; operating and administrative costs; technical assistance to strengthen the Project’s emergency response (e.g. development of testing, treatment, referral and discharge protocols, streamlining of the EA procedures); and longer-term capacity-building for pandemic response and preparedness. This component will also finance performance audits focusing on key project activities, which will be carried out by an external auditor. The project will implement a feedback mechanism on the COVID response (temporary cash and in-kind benefits and health activities) including a grievance redress mechanism (GRM). To ensure that communities are engaged while social distancing policies are being implemented, the component will support the development of an online platform for all stages of community feedback.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No



Summary of Assessment of Environmental and Social Risks and Impacts

34. **Overall, the risk rating is assessed as Substantial both for Environmental and Social risks. The project will have long-term positive impacts as it should improve COVID-19 surveillance, monitoring and containment.** It can also cause substantial environment, health and safety risks due to the dangerous nature of the pathogen (COVID-19) and reagents and other materials to be used in the project-supported Intensive Care Units (ICUs) and participating laboratories. The main environmental risks include: (i) environmental and community health related risks from inadequate storage, transportation and disposal of infected medical waste; (ii) occupational health and safety issues related to the availability and supply of PPE for healthcare workers and the logistical challenges in transporting PPE across the country in a timely manner; and (iii) community health and safety risks given close social contact and limited sanitary and hygiene services (clean water, soap, disinfectants) and isolation capabilities across the country. Infections due to inadequate adherence to occupational health and safety standards can cause the virus to spread to medical staff, laboratory staff and population at large in due course of detection, transportation of patients/tests/chemicals and reagents, and treatment stages. Also, this can lead to illness and death among health workers. Furthermore, the ICUs and laboratories involved in COVID-19 diagnostic testing and treatment will generate medical waste and other hazardous biproducts which, in the case of inadequate management during their collection, transportation and disposal, also may cause additional health risks. While risks on safety of workers and the community are relevant and significant, they are considered temporary, predictable, and readily managed through the project design features and mitigation measures. No major civil works are expected under this project. All small works under the health component are expected on existing facilities, hospitals and clinical centers, to establish, upgrade or adapt ICUs within existing government facilities/grounds and no new land will be acquired or accessed. Key social risk is the potential for inequitable access to project supported facilities and services particularly for vulnerable and high-risk social groups (poor, disabled, elderly) and exclusion from the social protection measures. This is partly mitigated through the Project being implemented by an experienced PMU.

35. **To manage the risks specified above, the MLSP and MoH will prepare an Environmental and Social Management Framework (ESMF), with an annex covering Labor Management Procedures (LMP), and a Stakeholder Engagement Plan (SEP).** The ESMF will include a template for the Infection Prevention and Control and Waste Management Plan (IPCWMP) to be adopted and implemented by all ICUs and laboratories to be supported by the project. The ESMF document will also provide the detailed procedures, based on WHO guidance, for treating patients and environmental health and safety guidelines for staff in ICUs and laboratories, including the necessary PPE. Furthermore, the document will provide requirements for adequate medical waste management, including proper disposal of sharp objects. All these provisions will then be used for preparing the IPCWMP, which will provide best international practices in COVID-19 diagnostic, testing and COVID-19 response and treatment activities, based on the relevant WB Environmental Health, and Safety (EHS) Guidelines, Good International Industry Practice (GIIP), and COVID-19 Quarantine Guideline and WHO COVID-19 bio-safety guidelines. The SEP will serve the following purposes: (i) stakeholder identification and analysis; (ii) planning engagement modalities viz., effective communication tool for consultations and disclosure; and (iii) enabling platforms for influencing decisions; (iv) defining roles and responsibilities of different actors in implementing the SEP; and (iv) a grievance redress mechanism (GRM) building on existing social protection operations in North Macedonia. The ESMF and SEP will be prepared to a standard acceptable to the IBRD and disclosed both in-country on the MoH website and on the World Bank website within 30 days after the Effectiveness Date.



## E. Implementation

### Institutional and Implementation Arrangements

36. **The project will be implemented over a period of up to two years, with the MoH and MLSP as the key implementing agencies.** The MoH and MLSP will be accountable for the execution of Project activities and implementation would rely on their existing structures, with the additional support of an existing Project Management Unit (PMU) established under the MLSP. The PMU has successfully implemented the World Bank financed Conditional Cash Transfer Project (CCTP), which closed in 2018. The PMU is currently managing the Social Services Improvement Project (SSIP) and the Social Insurance Administration Project (SIAP). The PMU's lines of reporting to MOH and MLSP will be established upon Project's launch and will be detailed in the Project Operational Manual (POM). For Component 1 activities, decisions will be made by the MoH in coordination with the Institute and Centers of Public Health and other institutions involved in COVID related activities. For Component 2 activities, decisions will be made by the MLSP and the Employment Agency in coordination with their local offices (Centers for Social Work and Employment Agency offices). Detailed roles and responsibilities of the agencies involved in the Project implementation will be described in the POM.

37. **Project Management. The PMU will report to the MoH and MLSP and will be responsible for day-to-day project implementation, overall project coordination, monitoring activities, safeguards and fiduciary functions, and reporting.** The PMU will be housed in the MLSP and headed by a project manager. Additional key PMU functions include two coordinators—one each for Component 1 and Component 2 of the project, safeguards experts (environmental and social safeguards issues), fiduciary staff (procurement specialist, financial management specialist, and financial management assistant), two IT officers, an M&E specialist. Some of the existing SSIP PMU staff will assume the listed functions. An additional health specialist will be hired or appointed within 30 days of the loan effectiveness.

38. **Project timeline.** Given the emergency nature of the current situation, the planned response and the activities to be undertaken, most activities are planned to be completed in the first 12 months of project implementation, including the social protection measures. However, some of the health measures may take longer to implement, particularly those pertaining to the strengthening of the health system to respond to future pandemics, including readiness to deal with a second wave of COVID-19 cases that is likely to occur. As a result, a two-year timeline has been established for the project.

### Result Monitoring and Evaluation Arrangements

1. **The PMU will be responsible for monitoring and evaluation (M&E) activities, assuring progress related to project activities, outcomes and results.** Through the PMU, the MoH will be responsible for (a) collecting and consolidating all data related to their specific suite of indicators; (b) evaluating results; (c) providing the relevant performance information to the respective Deputy Ministers; and (d) reporting results to the World Bank immediately prior to each semi-annual implementation support visit. Each MoH Department engaged in project activities and PMU will perform their project-related functions in accordance with the methodology prescribed in the POM. Each such MoH department will also appoint a focal point to ensure timely provision of project monitoring data. Through the PMU, the MLSP will be responsible for data collection and monitoring of the social protection data and activities supported by the Project.



## Sustainability

2. The project includes the necessary implementation arrangements, technical assistance and institutional capacity building activities to achieve project objectives and sustain the gains beyond the project period. The project will strengthen the health system's capacity to effectively respond to any future pandemic, and to address current challenges in outbreaks of other infectious and vaccine-preventable diseases.

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