

62857 v1

Document of
The World Bank

Report No:

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
SECOND TRADE AND TRANSPORT FACILITATION PROJECT
LOAN

MAY 29, 2007

TO THE
MACEDONIA FORMER YUGOSLAV REPUBLIC OF

June 23, 2011

ABBREVIATIONS AND ACRONYMS

ASR	Agency for State Roads
BCP	Border Crossing Point
MOF	Ministry of Finance
MOTC	Ministry of Transport and Communications
MCA	Macedonian Customs Administration
MZ	Macedonian Railways
MR-I	Public Enterprise Macedonian Railways Infrastructure
PP	Project Paper
TA	Technical Assistance
TTFSE	Trade and Transport Facilitation in Southeast Europe

Regional Vice President:	Philippe Le Houerou
Country Director:	Jane Armitage
Sector Director:	Peter D. Thomson
Sector Manager:	Henry G. R. Kerali
Task Team Leader:	Liljana Sekerinska

MACEDONIA, FORMER YUGOSLAV REPUBLIC OF — SECOND TRADE AND
TRANSPORT FACILITATION PROJECT

P091723

{LOAN 48590-MK}

Restructuring Paper

1. The Government has requested an extension of the closing date for the **Second Trade and Transport Facilitation Project** (IBRD Loan 48590-MK), from September 30, 2011 until March 31, 2012. The proposed extension is necessary to allow additional time for civil works to be completed under one of the project components.

2. The project objectives continue to be achievable, with noteworthy results and positive outcomes already achieved. The Project has been rated Satisfactory and Moderately Satisfactory for the last 12 months for progress towards achieving the Development Objective and for Implementation Progress, respectively. Overall, project implementation is progressing well under all components, with the exception of the physical investment under Component 2, related to the modernization of the Blace border crossing for passengers, which is behind the original schedule. As of June 23, 2011, about 65 percent of project funds have been disbursed. Financial management performance is satisfactory, and there are no overdue audits. Financial covenants have been complied with.

3. As of end May 2011, physical progress with the civil works at the Blace border crossing is only at about 34 percent completion. This is attributed to the accumulated delays from the beginning of the construction, and also to the impact of adverse weather conditions, which not only halted the earthworks construction several times, but also required some of the earthworks to be reconstructed. In consultation with the Bank, the Customs Administration has prioritized a list of key actions that need to be completed to maintain timely progress. With respect to the remaining activities related to the implementation of software packages for the Customs Administration, the extension will provide additional time to ensure quality of delivery.

4. This will be the first extension of the project. A revised implementation plan has been agreed with the Customs Administration. It is planned that civil works will now be completed by end December ahead of the proposed new closing date in March 2012.