Early Warning System

WB-P513182

Improving Public Expenditure, Accountability and Tax Administration in North Macedonia (IMPACT)

Quick Facts

Countries	North Macedonia
Financial Institutions	World Bank (WB)
Status	Approved
Bank Risk Rating	C
Voting Date	2026-09-10
Borrower	Government of North Macedonia - Ministry of Finance
Sectors	Finance, Law and Government
Investment Type(s)	Loan
Investment Amount (USD)	$ 28.50 million
Project Cost (USD)	$ 34.20 million

Project Description

According to the Bank’s website, the objective of this project is to improve transparency and efficiency of public spending and effectiveness of tax administration.

The proposed Program-for-Results (PforR) operation aims to support North Macedonia's public financial management (PFM), tax administration, and state aid reforms. It is the first PforR in the country and is designed to improve public spending efficiency, transparency, and revenue administration effectiveness. North Macedonia has made progress in PFM reforms but faces challenges due to the pandemic, energy crisis, and fiscal pressures. The fiscal deficit and the public debt increased, with persistent expenditure arrears and weak fiscal discipline. Changes in climate pose significant risks, requiring large-scale adaptation investments. The government adopted a new Organic Budget Law (OBL) in 2022 to address systemic weaknesses in budgeting, accounting, and investment management.

The PforR will support key institutional reforms included in the Public Financial Management Reform Plan, the Public Revenue Office Reform Plan and reforms to consolidate and streamline state aid processes.

Early Warning System Project Analysis

No civil works are planned under the IPF component thus, the environmental risk is rated **low**. However, some adverse downstream effects are possible (including generation of larger quantities of e-waste, some OHS for installation and energy efficiency of IT equipment) that could also qualify for the application of the Associated Facility. The ESSA identified several gaps, including limited enforcement of e-waste management regulations, despite national legislation being harmonized with EU directives; capacity constraints within the State Environmental Inspectorate and local inspectorates, where human and technical resources restrict comprehensive execution of inspection activities; and the absence of specific operational guidelines for IT-related environmental management.

Socially, the Project will strengthen fiscal transparency and public accountability through consulting, advisory, and capacity-building activities. No land acquisition or displacement is expected. ESS2 applies to direct workers (PIU) and contracted workers (consulting firms), with low SEA/SH risks due to the nature of the work.

Investment Description

- World Bank (WB)

Total Project Cost: US$ 34.20 million

Loan (IBRD Commitment): US$ 28.50 million

National Government: US$ 10.49 million

Contact Information

CONTACT POINT - World Bank

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ACCESS TO INFORMATION

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Bank Documents

- Appraisal Environmental and Social Review Summary (ESRS) - Improving Public expenditure Accountabili
- Appraisal Environmental and Social Review Summary (ESRS) - Improving Public expenditure Accountabili
- Appraisal Program Information Document (PID)
- Concept Environmental and Social Review Summary (ESRS) - Improving Public expenditure Accountability
- Environmental and Social Commitment Plan (ESCP) - Improving Public expenditure Accountability and Ta
- Environmental and Social Commitment Plan (ESCP) - Improving Public expenditure Accountability and Ta
- Final Environmental and Social Systems Assessment (ESSA) - Improving Public Expenditure Accountabili
- North Macedonia - Improving Public Expenditure, Accountability and Tax Administration in North Maced
- P513182 - Draft Environmental and Social Systems Assessment (ESSA) - Improving Public expenditure Ac
- Record of Approval on an Absence of Objection Basis on September 10, 2026 (English)
- Stakeholder Engagement Plan (SEP) - Improving Public expenditure Accountability and Tax administrati
- Stakeholder Engagement Plan (SEP) - Improving Public expenditure Accountability and Tax administrati