



MUNICIPAL SERVICES IMPROVEMENT PROJECT

- Lessons Learned -



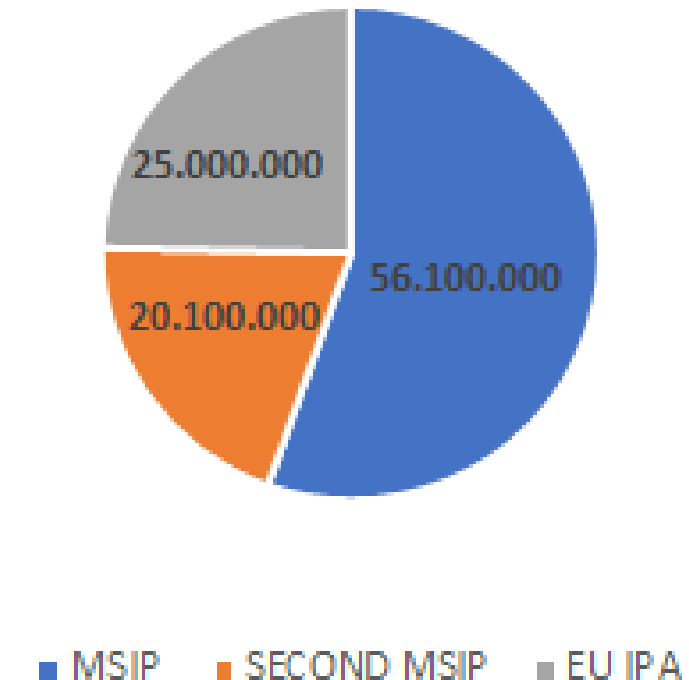
April 11, 2019, North Macedonia

Project Goal and Financing Structure

Main Goal

To improve transparency, financial sustainability and inclusive delivery of targeted municipal services in the participating municipalities.

Financing structure



STRUCTURE

➤ COMPONENTS

- Municipal Investment sub-loans (65%)
- Municipal Investment Grants (10%)
- Capacity Building, Institutional Reforms and Project Management (5%)
- EU IPA window (20%)

➤ ENTRANCE CRITERIA

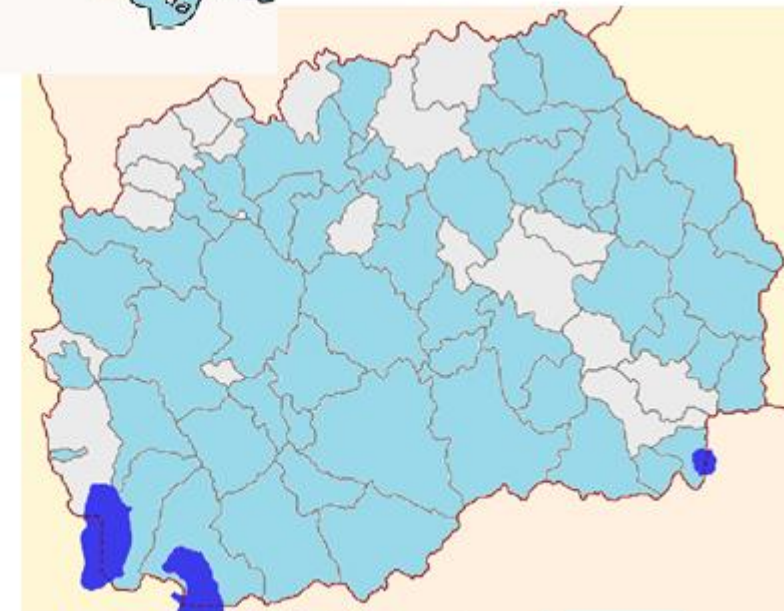
- **2nd phase of decentralization**
- **Available borrowing capacity**

➤ ELIGIBILITY CONDITIONS

- Revenue generating or cost savings potential of the sub-project
- Published Municipal Financial Information on website
- Established feedback mechanism
- CSE is ADKOM member and participates in the IBNET program
- Public hearing and Council approval

INVESTMENT RESULTS SO FAR

- 85 sub-loan agreements with 60 municipalities
- 45 municipalities completed their projects (extension of water supply systems, streets reconstruction, street lighting, procurement of vehicles for CSEs, energy efficiency in the public buildings, bridges, storm water systems, construction of public facilities, etc.)
- 15 municipalities in final stage of project implementation
- 80% of the funds committed



MSIP accomplishments to date

- More than 16,300 households benefited from construction or rehabilitation of the water supply systems;

Piped household water connections that are benefiting from rehabilitation works undertaken by the project (Number, Core)

Value	Baseline	Actual (Previous)	Actual (Current)	End Target																
	0	12946	16308	15000	H2 2011	H1 2012	H2 2012	H1 2013	H2 2013	H1 2014	H2 2014	H1 2015	H2 2015	H1 2016	H2 2016	H1 2017	H2 2017	H1 2018	H2 2018	
Kocani	3.872																			
Kvoda pintya									449		150									
Kicevo st									173											
Vasilevo									160											
Veles											1.224									
Krushevo														252						
Caska											176									
Rosoman													911							
Resen IPA																	53			
Krushevo IPA																	122			
Shuto Orizari and City of Skopje																			5255	
Gazi Baba IPA																			150	
Kichevo IPA																				1123
Plasnica IPA																				1153
Chesinovo Obleshevo																				996
Maedonski Brod																				90
	3.872	3.872	3.872	3.872	4.654	4.654	6.203	6.203	7.114	7.366	7366	7366	7541	12946	16308					

MSIP accomplishments to date

- More than 500,000 people are provided with access to regular solid waste collection

Number of people in urban areas provided with access to regular solid waste collection under the project (Number, Core)

Value	Baseline	Actual (Previous)	Actual (Current)	End Target																
	0	524516	524516	240000	H2 2011	H1 2012	H2 2012	H1 2013	H2 2013	H1 2014	H2 2014	H1 2015	H2 2015	H1 2016	H2 2016	H1 2017	H2 2017	H1 2018	H2 2018	
Skopje			408000																	
Pehcevo	5400																			
Vevcani			2600																	
Krusevo			5330																	
Kicevo			22456																	
Gradsko				2374																
Vinica					16011															
Dojran												4764								
Ohrid															53184					
Debrca																4397				
	5400	443786	446160	462171	462171	462171	462171	462171	462171	466935	466935	466935	520119	524516	524516	524516	524516	524516	524516	524516

MSIP accomplishments to date

- More than 414,000 people benefited from improved local road infrastructure

Length of improved local road infrastructure as a result of constructed or reconstructed local roads structure under the Project (Meter(m))

#	Baseline	Actual (Current)	Actual (Current)	Actual (Current)	Actual (Current)	End Target
Value	0	156.483				209.000
Date		H2 2018	H1 2019	H2 2019	H1 2020	

Number of people benefited from improved local road infrastructure under the Project (Number)

#	Baseline	Actual (Current)	Actual (Current)	Actual (Current)	Actual (Current)	End Target
Value	0	414.078				492.000
Date		H2 2018	H1 2019	H2 2019	H1 2020	

IPA GRANT			MSIP SUB-LOAN			PERFORMANCE GRANT					
#	Municipality	local road length in meters	No. of beneficiaries	#	Municipality	local road length in meters	No. of beneficiaries	#	Municipality	local road length in meters	No. of beneficiaries
1	Kratovo	2096	7144	1	Kichevo	797	27067	1	Kochani	437	480
2	Berovo	830	480	2	Dolneni	3616	11583	2	Pehchevo	171	3237
3	Resen	1192	235	3	Gjorche Petrov	9271	6317	3	Vevchani	160	2433
4	Bogovinje	2630	10100	4	Bosilovo	2478	4500	4	Vasilevo	395	270
5	Ilinden	3853	7000	5	Prilep	1864	76768	5	Krushevo	218	46
6	Centar Zupa	3217	1266	6	Vasilevo	666	300	6	Bosilovo	290	1550
9	Radovish	588	102	7	Berovo	2149	1260	7	Gradsko	125	569
10	Negotino	1838	1000	8	Mavrovo Rostushe	1890	3750	8	Prilep	377	2000
11	Makedonska Kamenica	4607	1600	9	Vinica	512	279	15	Berovo	554	200
12	Krushevo	1175	122	10	Kriva Palanka	2664	880	16	Chashka	800	198
14	Bosilovo	800	1570	11	Rankovce	1574	460	17	Probishtip	133	90
15	Vevchani	237	2433	12	Chashka	4301	784				
16	Gradsko	1095	3760	13	Probishtip	1214	16193				
17	Tearce	3311	9739	14	Pehchevo	1121	468				
18	Kriva Palanka	2121	2069	15	Ohrid	5286	55749				
19	Kumanovo	93	3000	16	Karposh	1313	3654				
20	Zrnovci	354	2221	17	Zelino	632	894				
21	Demir Hisar	5669	2594	18	Kochani	4276	28544				
22	Studenichani	2343	3200	19	Sveti Nikole	1606	13746				
23	Probishtip	250	8045	20	Grad Skopje	2200	19246				
24	Plasnica	1683	3432	21	Radovish	6342	7993				
25	Veles	2071	631	22	Krivogashani	2334	922				
26	Rosoman	3800	603	23	Sopishte	8799	2012				
27	Debar	1751	234	24	Demir Kapija	2246	2500				
28	Vrapchishte	1230	2000	25	Makedonski Brod	8510	2140				
29	Karbinci	642	905								
31	Jegunovce	5673	2150								
32	Shuto Orizari	1424	600								
34	Kavadarci	3543	29188								
35	Sopishte	968	745								
36	Kochani	743	550								
37	Buteh	2056	1000								
39	Dolneni	3421	1000								
41	Lozovo	2385	1802								
42	Shtip	1141	100								
45	Ohrid	2200	876								
48	Gjorche Petrov	2130	1500								
TOTAL		75.159	114.996			77.663	288.009			3.661	11.073

MSIP initiatives to improve municipal operations

Enhanced transparency

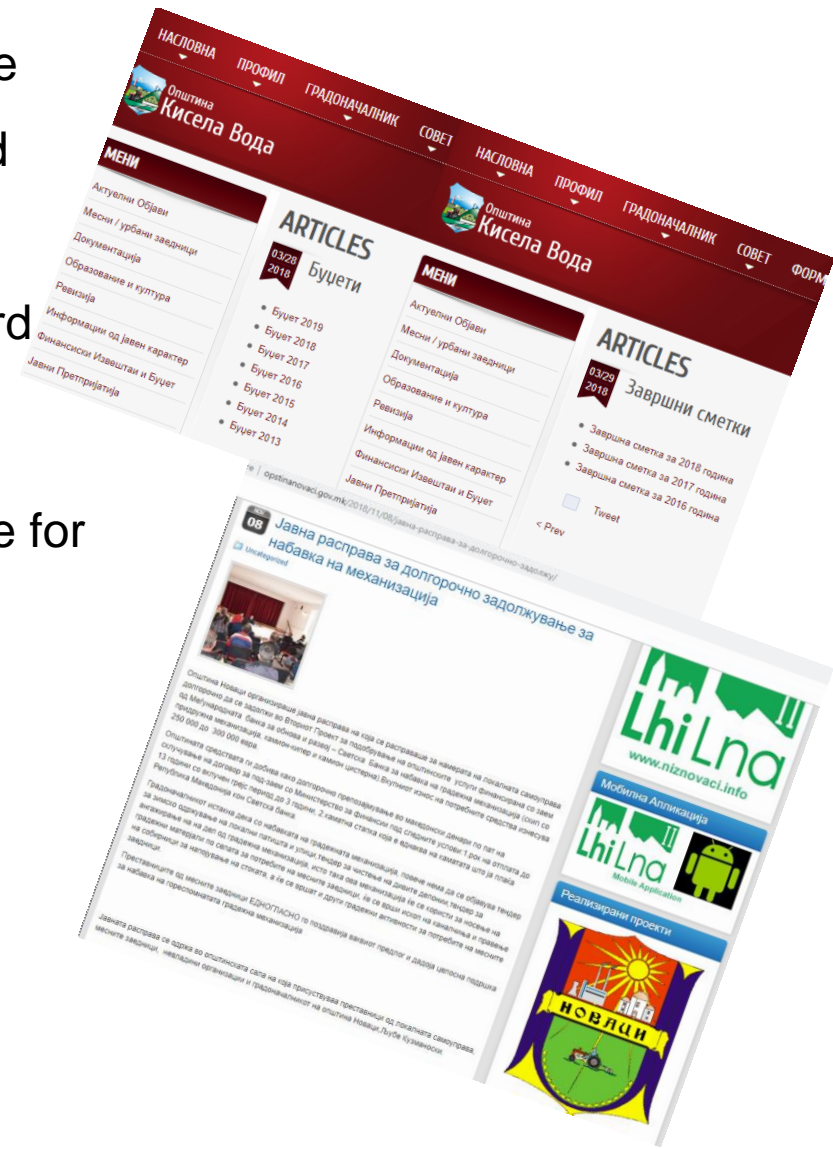
- All municipalities regularly publish their main municipal documents on website
- 72 municipal PCEs continuously disclose their annual working programs and financial statements on website
- Main project information are presented on municipal website and public board

Promoted proactive citizens engagement

- An open dialog with all relevant stakeholders through a public hearing is done for all projects
- Complement and complaint mechanisms for all projects were established

Strengthened municipal financial accountability

- All municipalities regularly service their debts
- Prioritization of projects in line with the financial resources available



Lessons Learned

Positive

Municipalities started to receive investments according to their needs

Access to affordable funds to borrow (sub-loans)

No limitations with regard to sectors to be financed

Increasing municipal capacity to conduct procurement procedures

Strengthening capacity of municipalities to monitor works project implementation according to the international standards

Learning by Municipal staff and Contractors on ESHS standards and relevant implementation practices

Grant component is very important as it stimulates municipalities to do reforms

It is good that municipalities started to disclose more information than previously and become more transparent. It is still not perfect, but already value added and making a difference

Lessons Learned

Negative

Limited prioritization in project identification (top – down approach)

Local projects are dominant. Idea to think about regional projects, so that to finance bigger projects that would cover several municipalities

Changes in the national construction legislation and regulations are difficult for municipalities to follow and properly reflect

Quality of the technical documentation varies. This is connected with the quality of procurement and financial capacity of the municipalities

How to ensure quality of technical supervision (construction supervision)?

How to ensure holistic integration of sustainable development aspects in municipal sub-projects.

Urban municipalities are dominant and absorb a lot of funds

Different donors/organizations also have programs in Macedonia. How to harmonize with the on-going and new activities