



# Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 21-May-2020 | Report No: PIDA29251



**BASIC INFORMATION**

**A. Basic Project Data**

Country Croatia	Project ID P173998	Project Name Earthquake Recovery and Public Health Preparedness Project	Parent Project ID (if any)
Region EUROPE AND CENTRAL ASIA	Estimated Appraisal Date 11-May-2020	Estimated Board Date 18-Jun-2020	Practice Area (Lead) Urban, Resilience and Land
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance	Implementing Agency Ministry of Construction and Physical Planning, Ministry of Health	

Proposed Development Objective(s)

The Project Development Objective (PDO) is to assist Croatia with earthquake reconstruction efforts in Zagreb and the surrounding areas, improve institutional capacity for reconstruction, and to strengthen national systems for public health preparedness.

Components

Earthquake Recovery and Reconstruction  
Public Health Surveillance and Preparedness  
Project Management

The processing of this project is applying the policy requirements exceptions for situations of urgent need of assistance or capacity constraints that are outlined in OP 10.00, paragraph 12.

Yes

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

**SUMMARY**

<b>Total Project Cost</b>	200.00
<b>Total Financing</b>	200.00
<b>of which IBRD/IDA</b>	200.00
<b>Financing Gap</b>	0.00



DETAILS

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	200.00
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Environmental and Social Risk Classification

Substantial

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

A. Country Context

1. **On March 22, 2020, the city of Zagreb was struck by the strongest earthquake since 1880, which severely damaged public buildings, hindering the effective delivery of health and education services and directly affecting the economy of the city and country.** Zagreb is Croatia’s largest city; it is home to 800,000 inhabitants, or 20 percent of Croatia’s population, and is the economic, political, and cultural center of the country, generating about 30 percent of gross domestic product (GDP). Within Zagreb, the old town is an important economic asset, serving as a key tourist attraction in a country for which tourism represents about 20 percent of GDP. The old town was particularly affected by the earthquake, given that most of its buildings were constructed before seismic provisions were included in the country’s building code.

2. **The Government is grappling with the need to conduct immediate repair works to protect public safety.** Based on the number of property inspection requests received to date, approximately 45,000 people could be living in potentially damaged buildings, and about 827 buildings are considered severely damaged and deemed unusable. Estimates of the cost of reconstruction vary widely, with official projections in the range of €5 billion, and efforts are underway to better quantify the total impact. Due to the prevalence of relatively obsolete heating systems, approximately 30,000 people and businesses were left without hot water and heating. In addition, damage to exterior elements of a number of buildings, especially chimneys, has created a high risk of falling debris, endangering both lives and the resumption of economic activities.

3. **The earthquake has affected the delivery of critical health services by causing significant damage to public health capabilities and hospitals critical to both managing the current COVID-19 crisis and the health system overall.** According to an assessment by the University of Zagreb, 137 health facilities were damaged by the earthquake. Several hospitals that previously had high occupancy rates suffered substantial structural damage, forcing the evacuation of patients. Restoring health system capacity for pandemic preparedness and response is a critical priority for the country. The rehabilitation of damaged buildings is important to ensure that the health system capacity is restored, and that Croatia is prepared to meet its national healthcare needs, including for future pandemics and natural disasters. For example, the Croatian Institute of Public Health, which provides critical public health capabilities – including for managing pandemic events like the current COVID-19



outbreak or any future waves of the same, was damaged by the earthquake, causing a temporary disruption in its services.

4. **Similarly, the earthquake has had a significant impact on the delivery of education services.** According to an assessment by the University of Zagreb, 232 education facilities were damaged. Fortunately, when the earthquake hit, all institutions were closed, and as a result no students were injured. Nonetheless, the event rendered many buildings unsafe for future use. As the MoSE is gradually reopens education facilities following their closure in March, the impact of the earthquake will not allow all facilities to reopen. Approximately 10,000 of students (7 percent of all students in Zagreb and the affected surrounding areas) will not able to return school due to damage to education facilities from the March 22 earthquake.

5. **The earthquake took place 11 days after the World Health Organization (WHO) declared COVID-19 to be a pandemic, a crisis that has both stressed the health system and public finances, hindering earthquake recovery.** Following the WHO declaration, the Government put increasingly aggressive measures in place that culminated in a nationwide lockdown on March 18, 2020, four days before the earthquake struck. While the Government was proactive in response to the COVID-19 outbreak, sustained attention and effort are required to ensure that the country can manage resurgent waves of the epidemic. Maintaining vigilance against later waves of COVID-19 will require additional financial resources and technical expertise to develop and maintain a robust monitoring and detection system. But these measures depend on a functional health system with fully equipped and operational facilities which requires rapid and efficient post-earthquake recovery and reconstruction.

6. **In confronting its multifaceted emergencies, Croatia is likely to experience a prolonged recession in 2020.** COVID-19 mitigation measures to reduce the spread of the virus have dramatically slowed economic activity, disrupting domestic and global supply chains and tourism activities and significantly reducing local employment and output. These vulnerabilities have been compounded by the earthquake. Initial World Bank estimates indicate that the pandemic may reduce Croatia's GDP by 9.3 percent this year. In response to the economic downturn, the Government has prepared an intervention package worth almost 15 percent of GDP. The package includes, *inter alia*, forgiveness and deferral of tax payments, job protection measures in the form of wage subsidies, and a moratorium on repayment of loans to development and commercial banks. Together with the effects of the sharp drop in economic activity, the intervention package is likely to result in a fiscal deficit of 8 percent of GDP and a reversal of the public debt trajectory, which could reach 84 percent of GDP by the end of 2020. The dual emergency, in the context of Croatia's dependency on tourism, has made it challenging to shoulder the cost of post-disaster recovery and reconstruction.

7. **The current situation poses a risk to the country's recent institutional and development gains, achieved in no small part due to its fiscal prudence of the last four years.** Croatia finds itself with greater challenges towards achieving the rapid institutional transformation it needs, jeopardizing the path toward IBRD graduation envisaged in the FY19–FY24 Country Partnership Framework (CPF). The two shocks have also revealed that further work is needed around strengthening the institutions needed for resilience and response to future shocks. While this operation aims to support the city's reconstruction to rapidly restore essential public services, equally importantly, it aims to strengthen the institutional capacity of the national authorities to respond to



future events; the March earthquake exposed the need to develop institutional and policy platform for stakeholder coordination across line ministries and jurisdictions to address the complex nature of reconstruction.

## B. Sectoral and Institutional Context

### Disaster Risk Management and Resilience

8. **Croatia is exposed to a range of natural hazards, including earthquakes, floods, droughts, and wildfires, which can result in significant disruption of economic and social functions.** Between 1996 and 2017, there were 26 recorded disasters in Croatia.<sup>1</sup> Disaster risks in Croatia are growing due to increasing urbanization and climate change, as well as land degradation caused by deforestation and overgrazing. The country, and the region, face seismic risk; for example, the 1979 Dubrovnik earthquake affected about 1,000 buildings. Prior to that, the 1880 Great Zagreb Earthquake caused the destruction of 13 percent of buildings and affected virtually every building in Zagreb. Floods, extreme heat, droughts, and fires also occur frequently in Croatia, which are expected to be exacerbated by climate change impacts. The most recent major event took place in March 2014, when excess rainfall led to widespread flooding in Croatia, Bosnia and Herzegovina, and Serbia, causing total damages of €340 billion.

9. **While Croatia has taken significant steps to build resilience to floods by investing in forecasting, early warning, and flood protection, earthquakes have received considerably less attention, and the Government has put in place relatively few institutional and technical systems to manage seismic risks.** While comparatively rare, earthquakes pose a considerable risk to Croatia, especially given the number of buildings in the country that were constructed prior to modern building codes. Before 1964, buildings were constructed with little consideration for seismic shaking – and about one-third of the existing building stock dates from this period. Despite introducing a seismic code in 1964 and upgrading it over the next 40 years until it reached the modern Eurocode 8 (EC8) standard,<sup>2</sup> Croatia has fallen short in comprehensively implementing and enforce the codes. The share of existing buildings that were constructed to code is unclear, and the upgrading of older buildings generally does not adhere to any code. Despite the high level of risk posed by these older buildings, far greater effort is needed to meaningfully reduce risk, including building greater technical capacity to follow EC8 for new construction. Standards and guidelines for incorporating seismic resilience into building upgrades (rather than new construction) are nonexistent, and there is a need to strengthen institutional capacity to enforce code compliance.

10. **The Government has undertaken a multipronged approach to the earthquake, beginning with the prioritization of efforts to address urgent needs (debris removal and public safety measures) and assess the scope of damages.** Immediately following the earthquake, the Government prioritized urgent life-safety measures and initiated a Rapid Damage and Needs Assessment (RDNA). The Government has allocated approximately US\$ 20 million for the removal of elements of damaged buildings that could endanger human life or health, including the repair and replacement of chimneys, gable walls, and elevators. Furthermore, with

<sup>1</sup> EM-DAT: The Emergency Events Database, Université Catholique de Louvain (UCL)–CRED, D. Guha-Sapir, Brussels, Belgium, [www.em-dat.be](http://www.em-dat.be).

<sup>2</sup> M. Novak, J. Atalic, M. Uros, S. Prevolnik, and M. Nastev, “Seismic Risk Reduction in Croatia: Mitigating the Challenges and Grasping the Opportunities,” paper presented at Scientific Symposium Future Trends in Civil Engineering, Zagreb, Croatia, October 17, 2019.



support from the World Bank, the Government is conducting a RDNA to quantify the financial impact of the earthquake. This assessment aims to establish the evidence base to set priorities for a national reconstruction program. While the national reconstruction program is being developed, the Government has prioritized the rehabilitation and reconstruction of damaged health and education facilities (hospitals, health centers, research labs, kindergartens, and primary and secondary schools) to ensure the affected population regains access to critical health and education services and critical activities related to public health preparedness can resume as quick as possible. The proposed Project constitutes a small but catalytic element of the broader effort to address damaged service delivery infrastructure, while broader efforts to re-open businesses and address damage to cultural heritage buildings continue in parallel.

11. **While the Government responded quickly and decisively immediately after the earthquake, the challenges of reconstruction require a robust institutional response.** Despite a well-defined institutional and legislative framework for disaster risk management (DRM)<sup>3</sup>, the earthquake has revealed the need to put in place mechanisms and policies to allow for a coordinated and effective reconstruction approach across Government agencies. The existing legislative framework does not allow a whole-of-government response in the aftermath of disasters, based on the activation of a pre-agreed set of protocols and policies for decision-making and execution of recovery and reconstruction activities. The multi-sectoral nature of the damages requires a level of coordination and delegation of functional responsibilities, specifically tailored to a post-disaster situation.

12. **To complement the urgent efforts at assessing the damage, reducing imminent risk to human life, and prioritizing service continuity in the most critical sectors, the Government is putting in place an institutional framework for the reconstruction effort, beginning with a legal instrument to support coordination across agencies.** The Government has tasked the Ministry of Construction and Physical Planning (MoCPP) as the agency to lead the multi-stakeholder reconstruction process. They have done so, in part, through the preparation of a Law on Reconstruction of Damaged Buildings in Zagreb and the Surrounding Area which aims to improve institutional coordination and enhance financial and accountability measures. To improve accountability, the Government intends to launch an online portal to transparently monitor reconstruction activities in real time, monitoring both costs and physical progress. The proposed Bank Project is consistent with the provisions of the draft Law. The provisions in the draft Law will be limited to the reconstruction of infrastructure damaged by the March 22 earthquake, and thus broader reforms are needed to develop adequate institutional preparedness.

13. **To catalyze adequate funding for reconstruction, the Government is focused on the mobilization of external funds, which would complement the proposed Project and likely leverage the mechanisms for institutional coordination being supported by the operation.** The ongoing RDNA will serve as the reconstruction roadmap and the basis of raising additional funds from development partners. The Bank is committed to working closely with the Government to catalyze the necessary additional financial support and, as funds are identified, they will be informed by the work under the Project and the needs assessment carried out with the support of the Bank. To encourage development partner participation, the Bank is providing technical and operational

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<sup>3</sup> The Protection and Rescue Law was adopted in 2004 and amended in 2007 and 2009. It was in force until 2015 when it was abolished and superseded by the Law on the Civil Protection System (adopted in 2015, amended in 2018, with latest amendment in 2020, which became effective in March 2020. The Civil Protection Headquarters is an operational body activated after disasters; its composition depends on the type of incident. Depending on the needs, civil protection headquarters can be formed at national, regional and local level. This setup has enabled the country to move quickly and provide a well-coordinated response to Covid-19 pandemic.



support to the Government's coordination efforts, which will demonstrate transparency while delivering early results and proving strong monitoring capabilities. The Government will rely on limited resources provided by the European Union Solidarity Fund (EUSF) to cover early recovery financing gaps caused by major disasters<sup>4</sup>.

## Health

14. **The 2019 Global Health Security Index<sup>5</sup> highlighted that investments are needed to strengthen Croatia's institutional capacity for emergency preparedness.** Croatia's overall rating was favorable, ranking 38 out of 195 countries. However, the overall index score of 53.3, out of 100, indicates that much more can be done to prepare for future infectious disease outbreaks. For example, while the detection score was high, the earthquake has damaged the Croatian Public Health Institute and disrupted its functionality. In addition, emergency response capacity was assessed as being lower than average, with weaker scores in links between public health and security authorities (0 out of 100), exercising response plans (0 out of 100), and emergency response operation (33.3 out of 100). Overall, while Croatia has a strong foundation in key areas – and this, in part, helps explain Croatia's deft management of the first wave of the 2019-20 COVID-19 outbreak, these scores also point towards areas that can be improved.

15. **While the 2019-2020 outbreak of COVID-19 in Croatia has highlighted the importance of investing in public health preparedness for future outbreaks and building the institutional capacity of health agencies.** On March 11, 2020, the World Health Organization (WHO) declared a global pandemic due to the spread of COVID-19, which was first identified in Wuhan, China, in November 2019. Croatia's first COVID-19 patient was registered on February 25, 2020. As early as January 23, 2020, the Government began implementing a series of measures to address the health impact of the virus including: the publication and dissemination of multilingual public health materials, the closure of education facilities, prohibitions on large gatherings, the deferral of elective health care, and sheltering of at-risk populations, such as the elderly. On February 25, 2020, an emergency response unit was established at the Civil Protection Headquarters, under the chairmanship of the prime minister, to bring together all relevant authorities and coordinate the cross-ministry response. As of May 11<sup>th</sup>, Croatia had 2119 confirmed COVID-19 cases and, unfortunately, 85 fatalities. While the outbreak has been contained in the short-term, the risk posed by infectious diseases has yet not been mitigated.

16. **A focus on public health preparedness is rooted in the Government's recognition that there is a need to prepare for a new-normal, where health agencies will need to play a greater role in adaptive emergency response.** Despite Croatia's proximity to several epicenters in the European outbreak, its experience of COVID-19 has been less acute. Nevertheless, the WHO and other epidemiological experts anticipate continued transmission and waves of the virus in the next 12–18 months. The peaks are likely to be driven by winter pressures on health systems, the loosening of social distancing measures, and the return of tourists to the country in the summer of 2020. Restoring and strengthening the physical and functional capacity of core public health

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<sup>4</sup> The need for resources is compounded by the absence of a comprehensive strategy for disaster risk financing in Croatia, including risk transfer (insurance) instruments. The absence of a robust disaster risk financing and disaster insurance market has made more critical the need for development partners to support Croatia's response; limited post-disaster budget reserves, a lack of access to significant contingent lines of credit, and few options for catastrophic insurance in the Croatian market are important policy areas to be considered in the medium-term.

<sup>5</sup> Global Health Security Index, "2019 GHS Index Country Profile for Croatia," <https://www.ghsindex.org/country/croatia/>.



institutions and the wider health system is critical for ensuring that that future waves of infectious disease can be well managed. Relevant health agencies include the Ministry of Health, the Croatian Institute of Emergency Medicine and the Croatian Institute of Public Health. In addition, other agencies such as the Croatian Health Insurance Fund and regional public health institutes and facilities also have a role to play in the improved detection and management of public health outbreaks. Mitigating the number of lives lost and being well positioned to restart economic activity depend on a reduction in disease transmission, strong health systems, and adequate public health capacity, particularly when the emergency period is not short-term or definitive.

17. **In addition, the World Bank stands to play a critical role in the provision of medium-term preparedness support and this focus is aligned and complementary to the actions of other development partners, who are focused on immediate response.** The Government has received a range of support from bilateral and multilateral organizations. For example, approximately €47 million of Operational Program Competitiveness and Cohesion funds were used to procure medical equipment for the immediate COVID-19 response. The Council of Europe Development Bank also plans to provide fast-track, flexible, budget support for COVID-19; this will focus on immediate needs in pharmaceutical procurement, protective equipment, and routine care costs. In parallel, other partners such as UNICEF and Norway are supporting Croatia through grants on a bilateral basis for limited targeted interventions. Nevertheless, needs outweigh available support and this Project focuses on a specific, complementary gap: medium-term public health preparedness.

## Education

18. **COVID-19 has had a profound impact on the education sector.** On March 16, all education institutions in the country were closed, and students at all levels were asked to learn from home. As a result of recent investments in digitizing the sector, which focused in part on improving students' and teachers' digital competence and on equipping education facilities, the Ministry of Science and Education (MoSE) was able to successfully launch distance learning for primary and secondary students in only two weeks, and was also able to support efforts by higher education institutions to move their lectures online.

19. **Distance learning was slated to end gradually, with students in grades 1–4 returning to education facilities in Zagreb on May 11, but the earthquake has had a significant impact on plans to reopen Zagreb schools.** According to an assessment by the University of Zagreb, 232 education and research facilities were damaged within the City of Zagreb, Zagreb County, and Krapinsko-Zagorska County (which have a total of 361 elementary and 102 secondary schools). In terms of the biggest disruptions, 4 schools were totally destroyed, and another 17 need major structural repairs to be usable again. Fortunately, when the earthquake hit all institutions were closed, and as a result no students were injured. Nonetheless, the event rendered many buildings unsafe for future use. MoSE's plan to gradually reopen education facilities in May has been derailed by the impact of the earthquake, and not all schools will be able to reopen. Overall, there are 142,000 primary and secondary students enrolled in schools in the three counties that suffered earthquake damage. Approximately 10,000 of these students are enrolled in the 21 schools that have been either totally destroyed or significantly damaged by the earthquake.



20. **In addition to elementary and secondary schools, a large number of other education facilities, including kindergartens, tertiary education institutions, and public research institutes, suffered damage.** It is particularly worrisome that the earthquake damaged 28 kindergartens, four of them severely, given that Croatia has low rates of kindergarten attendance, in large part due to the lack of available spaces in such institutions. According to European Commission's Education and Training Monitor (2019), in 2017 82,8 percent of children between the age of 4 and compulsory education participated in early childhood and care, compared to the EU average of 95.4 percent. Higher education and research sectors were also profoundly impacted by the earthquake: 50 higher education buildings and 23 research institutes were damaged. The University of Zagreb, which is among the most severely impacted institutions, has over 60,000 students, and many of them have been directly affected by the earthquake.

21. **Capital investments in the damaged education facilities are needed to allow students to return from distance learning, but investment choices must be made carefully to avoid rebuilding facilities that may no longer be needed, given smaller student populations.** The total cost of repairing the 232 educational facilities is still being estimated, but a first estimate suggests that simply focusing on the 21 most damaged education facilities could cost as much as €50 million. One complication in estimating rehabilitation and reconstruction costs is that some of the facilities may not need to be rebuilt to their current size, given dwindling student numbers. Croatia has an oversized school network, with low average class sizes and many unused classrooms. Thus, any new investments in the sector should take into consideration whether certain facilities would need to be merged with other facilities.

### C. Proposed Development Objective(s)

#### Development Objective(s) (From PAD)

22. The Project Development Objective (PDO) is to assist Croatia with earthquake reconstruction efforts in Zagreb and the surrounding areas, improve institutional capacity for reconstruction, and to strengthen national systems for public health preparedness.

#### Key Results

23. The key indicators for tracking progress toward the PDO can be found below. Targets will be monitored for their realism during implementation and suitably adjusted as needed.

- Buildings which have benefitted from debris removal and/or repair (number)
- Rehabilitated or reconstructed health and education buildings with restored operational capacity and higher seismic performance (percentage)
- Croatia has access to information and capacity to develop a financial support program for housing reconstruction
- Reported suspected cases of a selected health condition<sup>6</sup> reported and investigated per approved

<sup>6</sup> Assessing surveillance systems is challenging given the breadth of health conditions they can cover. Given the current global context, COVID-19 has been identified as suitable tracer condition.



protocol, disaggregated by gender (percentage)

#### D. Project Description

##### Component 1: Earthquake Recovery and Reconstruction, \$180 million

24. **Subcomponent 1.1: Immediate Public Safety Interventions.** Immediate recovery activities are targeted to increase public safety by making urgent repairs to damaged buildings, focused largely on removing debris and reducing the likelihood of debris falling on pedestrians and city dwellers. Interventions include debris removal and removal of damaged roofs and chimneys, along with minor repairs to nonstructural elements of communal parts of buildings. While these interventions will ensure life safety and the use of damaged buildings in the short term, they are not geared at improving the structural integrity of damaged buildings. Any buildings that require immediate repairs but that are additionally determined to be at risk of partial or total collapse due to structural damage will be excluded from this subcomponent.

25. **Subcomponent 1.2: Rehabilitation and Reconstruction of Health and Education Facilities.** This subcomponent will finance a detailed engineering assessment of selected damaged health and education buildings, followed by the rehabilitation and reconstruction<sup>7</sup> of priority buildings to restore the country's ability to provide critical public health and education services.

26. Physical interventions will include rehabilitation of structures, demolition of unsafe buildings, and the *in-situ* reconstruction of new buildings to replace damaged buildings. The interventions will be in accordance with EC8 requirements for new construction and, for rehabilitation works, with safety provisions under the Law on Reconstruction of Damaged Buildings in Zagreb and the Surrounding Area. Combined, these standards will enhance the current functional safety performance of these buildings. The works will be complemented by functional upgrades and climate-resilient designs, including improved insulation to cope with extreme temperature and energy efficiency in order to address also climate-related risks. Functional upgrades will be gender-informed, including adequate considerations for personal safety and hygiene, and support those with disabilities to ensure universal accessibility, taking into consideration feedback from public consultations. Energy efficiency measures, such as proper insulation, energy efficient windows, LED lights, white roofs, solar panels, etc., will help to reduce the climate footprint of health and education facilities and reduce operating costs for the Government. Project interventions will also include equipment replacement and upgrades when necessary.

27. An initial assessment of damaged health and education facilities undertaken by the University of Zagreb, Faculty of Civil Engineering, identified over 247 damaged facilities, of which 43 suffered moderate to severe damage. Of these, the Project will finance selected investments – likely around two to four hospitals and clinics and five to seven education facilities. The selection will be based on eligibility and prioritization criteria aimed to ensure that the most critical infrastructure is supported under the Project, and that facilities financed by the Project are consistent with the health and education sectoral priorities and any future investment plans to improve seismic performance. Key eligibility and prioritization criteria include (i) damage levels, to ensure that

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<sup>7</sup> Rehabilitation” is defined as structural strengthening of existing buildings to meet a higher seismic performance; “reconstruction” is defined as demolition of existing building and subsequent construction new buildings in replacement.



structures made most vulnerable by the earthquake are prioritized to ensure life safety; (ii) sectoral relevance, to focus investments on sector outcome objectives and service delivery needs; (iii) technical and financial eligibility, to ensure that repair and rehabilitation of partially damaged buildings, as opposed to new construction, are duly considered; and (iv) environmental and social risks, to ensure that investments do not cause significant unforeseen environmental or social impacts. Detailed selection criteria will be included in the Project Operations Manual (POM).

28. **Health sector investments.** The proposed Project will support investments to respond to critical preparedness needs while considering the importance of improving the efficiency and quality of health care services. To balance these immediate and longer-term strategic needs, investment selection will be guided by the criteria in Table 3. The Project will not seek to create excess secondary and tertiary capacity, such as by increasing the number of permanent acute beds. Rather, it will seek to support the restoration of critical services through the financing of the reconstruction of investments that benefit health outcomes and improve service delivery, in accordance with sector priorities.

**Table 3: Criteria to Guide Reconstruction Priorities in the Health Sector**

<b>Criterion</b>	<b>Description</b>
<b>Improving health outcomes</b>	The proposed investment has the capacity to improve patient experience and/or health outcomes
<b>Improving service delivery and organization</b>	The proposed investment considers the efficient organization of service delivery, and design elements include measures to improve access and/or reduce costs
<b>Easing health financing challenges</b>	The proposed investment does not permanently add new acute care beds beyond previous levels of activity.

29. **Education sector investments.** This Project will support investments to ensure continuity of education services provided at primary and secondary levels through the reconstruction of earthquake-damaged buildings. Additionally, the Project will consider supporting the rehabilitation of some pre-primary and higher education institutions that are of strategic importance to the education sector as well the country and the health sector (e.g., University of Zagreb’s Medical School). To balance immediate and longer-term strategic needs, investment selection will be guided by the criteria in Table 4.



Table 4: Criteria to Guide Reconstruction Priorities in the Education Sector

Criterion	Description
<b>Criticality of restoring building to resume education services</b>	The proposed investment considers the role of the education facility in the overall network and the proximity of nearby facilities to accommodate additional students.
<b>Alignment with sector efforts to downsize the education facility network</b>	The proposed investment takes into account sector priorities as it relates to the overall strategic trajectory of the sector which includes some downsizing. Given smaller current and projected student numbers, some of the facilities may not be needed to be restored.

30. **Subcomponent 1.3: Program Design for Housing Reconstruction Support.** This subcomponent aims to design a financial support program for reconstruction of private housing. The objective is to support the establishment of a medium-term housing resilience program that uses a matching grant system and loan-based financial mechanism to provide direct support to households. Options for eligibility criteria, funds flow, and a governance scheme, as well as social and environmental safeguards, will be considered. The options to be considered will be grounded in existing national laws and policies, the Bank’s Environmental and Social Framework (ESF) and will include, but not be limited to, considerations related to gender, citizen engagement, vulnerable groups, and financial sustainability, while drawing on international good practice. This subcomponent will also provide resources to raise awareness among partners and concessional lenders in order to attract external financing to leverage the impact of the program – an aspect that is just as important as the design and mechanics of the financial support program. While the Project itself will not provide financing for this mechanism directly, the aim is to create a vehicle that will attract future funding from both public and commercial lenders, including, potentially, the International Finance Corporation (IFC).

**Component 2: Public Health Surveillance and Preparedness, \$15 million**

31. **Subcomponent 2.1: Case Management and Surveillance.**<sup>8</sup> While the Croatian authorities have managed the current pandemic well, there is a clear recognition of the need to strengthen the Government’s overall preparedness for future events. This subcomponent will focus on case detection and confirmation, contact tracing, recording and reporting capabilities, and surveillance to strengthen the Government’s capacity to promptly and proactively manage future outbreaks, with a focus on the Croatian Institute of Public Health. This subcomponent would (i) strengthen disease surveillance systems and equipment, public health laboratories, and epidemiological capacity for early detection and confirmation of cases; (ii) support the repair, rehabilitation, and reconstruction of public health laboratories; (iii) support the development of systems for active contact tracing and reporting of new cases; and (iv) support epidemiological and laboratory investigation of selected health conditions.

32. **Subcomponent 2.2: Public Health Preparedness.** This subcomponent will support the health care system for preparedness planning to provide optimal medical care, maintain essential community services, and minimize

<sup>8</sup> These activities will need to consider the General Data Protection Regulation 2016/679 on data protection and privacy.



risks for patients and health personnel, in part by training health facilities’ staff and front-line workers on risk mitigation measures and providing them with supplies and equipment for future emergencies. This subcomponent will include: (i) providing emergency medical vehicles (with negative pressure equipment), medical and laboratory equipment and supplies, medicines, and technical assistance and training to public health officials and health care workers to strengthen the health system’s capacity to respond to public health outbreaks; (ii) providing personal protective equipment (PPE) and gear for health workers public health rapid response personnel (such as epidemiologists, relevant medical specialists, biologists, veterinarians, entomologists); (iii) providing equipment and supplies for telemedicine to monitor and support patients and thus support the health system as needed; (iv) rehabilitating and equipping selected primary health care facilities and hospitals to deliver critical medical services and cope with increased demand for services caused by the public health outbreak; (v) delivering essential drugs and medical supplies to patients; and (vi) supporting institutional and organizational restructuring of facilities for the purposes of managing public health emergencies and training of health care staff accordingly, including sector-wide planning activities for medium- and long-term needs.<sup>9</sup>

**Component 3: Project Management, \$5 million**

33. This component will strengthen the Project implementing agencies’ technical and institutional capacity, including project management, procurement, financial management (FM) activities, technical audits, compliance monitoring of construction activities, oversight of compliance with social and environmental standards, oversight of compliance with social inclusion targets, M&E activities, and grievance redress mechanisms. This subcomponent would also finance consultancy services to build the technical capacity of MoCPP and other the key agencies involved, including the MoH.

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

**E. Implementation**

34. **Project Steering Committee.** A Project Steering Committee (PSC) will be chaired by the MoCPP State Secretary and comprise representatives from the Ministry of Finance (MoF), MoH, MoSE, MoI, the City of Zagreb, Zagrebacka county, and Krapina-Zagorje county. The PSC will have a core body and can extend invitations to other parties depending on the agenda of the meeting. The Ministry of Regional Development and EU Funds, Ministry of Culture, and other stakeholders may also be consulted and invited to selected meetings of the

<sup>9</sup> This could include a feasibility study to provide options for the location and organization of maternity and neonatal service lines prior to the reconstruction of the Petrova Hospital.



committee. The main responsibility of the PSC will be to review the annual project work plan, facilitate adequate multisectoral and cross-agency coordination, monitor the progress of Project implementation, and make recommendations to improve the Project implementation. The committee will meet at a minimum every six months. During the first year of the Project, it may meet more frequently, and organize additional meetings as required.

35. **Project implementation.** The main Project implementation unit (PIU) will be established within the MoCPP. The MoCPP PIU will be responsible for Component 1 and civil works under Component 2 and will be accountable for reporting to both the World Bank and the PSC on all Project activities and progress. A second PIU, the MoH PIU, will be established within MoH and will be responsible for Component 2. Each PIU will be responsible for overall implementation of their respective components, including functions such as financial management, procurement, technical inputs, progress monitoring, quality control, and social and environmental safeguards. The Project will be implemented and managed by a mix of civil servants from the respective line ministries and experienced external consultants. Component 3 will finance all operational functions of the PIUs including building staff capacity in technical, procurement, FM, M&E, environmental and social safeguards, and communication.

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