# UPDATED PROJECT INFORMATION DOCUMENT (PID)

*Last Submitted to InfoShop on: March 26, 2007*

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<thead>
<tr>
<th>Project Name</th>
<th>CROATIA - RIJEKA GATEWAY PROJECT</th>
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<tbody>
<tr>
<td>Region</td>
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<tr>
<td>Sector</td>
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<td>Theme</td>
<td>Export development and competitiveness (P); Infrastructure services for private sector development (P); Social risk reduction (S); Other public sector governance (S)</td>
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<td>Project P043195</td>
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<tr>
<td>Borrower(s)</td>
<td>PRA, HC, HAC</td>
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<tr>
<td>Implementing Agency(ies)</td>
<td>Port of Rijeka Authority (PRA)</td>
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<td>Date PID Prepared</td>
<td>March 19, 2007</td>
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<td>May 17, 2003 (original project)</td>
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## 1. Country and Sector Background

(Original version from March 26, 2003-Additions in *Italic Bold*)

Croatia has achieved a great deal in the transport sector since independence: war damage has been repaired, a body of law generally suitable to govern the transport sector of a sovereign State has been created, and a number transport enterprises have been privatized. Sector issues were assessed by the Bank in *Republic of Croatia - Policy Directions for Transport* (Report No. 19447-hr, June 15, 1999), and as part a comprehensive diagnosis of strategic development and sector policy issues and recommendations prepared for the new Government (*A Policy Agenda for Reform and Growth*, February 14, 2000). The main sector issues and Government strategy are summarized below:
**Economic Role of Rijeka Port:** Transport plays an important role in international trade and in reestablishing potentially profitable transit traffic. The Government has recognized the key role of Rijeka Port by declaring that Rijeka and Ploce are the two strategic ports of Croatia (the latter primarily serves Bosnia and Herzegovina, BiH). Rijeka Port’s physically protected position and natural depth of 25 meters makes it the only port in the North Eastern Adriatic Range (NEAR) capable of handling the largest vessels. However, between 1980 and 1997, the Port of Rijeka lost almost 70 percent of its total throughput in general and bulk cargo. While the total Northern Adriatic market (Rijeka, Koper, Trieste excluding liquid bulk traffic) increased from about 16 million tons in 1990 to 23 million tons in 2001, Rijeka’s share of the market declined from 35% to 12%. The main reasons for the decline in traffic through Rijeka were the wars in Croatia and BiH which resulted in high insurance rates for using the port, the loss of traffics to/from the (then) former Republic of Yugoslavia, restructuring of the economies of the region resulting in a decline of bulk traffic, inefficient operations at Rijeka, and poor land connections. Since 2002, traffic has experienced sustained growth particularly in terms of container transport with an increase in container traffic from 15,215 TEU in 2002 to 94,400 TEU in 2006.

Several considerations support the reestablishment of the port of Rijeka as the natural gateway for Croatia and Central Europe: (i) peace and political stability within the Balkans, reinforced by the signing in 2001 of a memorandum of understanding on Trade Liberalization and Facilitation by eight heads of State under the Stability Pact; (ii) Rijeka’s competitive advantage as a major deep water port in the northern Adriatic which gives it a significant cost advantage for bulk and other volume traffics; (iii) Rijeka’s historical role as the primary gateway for Hungary, reinforced by Hungarian policy statements and investments in Rijeka; (iv) the resumption of traffic to/from Serbia; (v) increasing involvement of the private sector in port operations; (vi) the improvement in land connections, i.e. the construction of motorways financed by the EBRD, improvements in railway efficiency supported under the ongoing Railway Modernization and Restructuring Project (RMRP) and customs improvements supported by the Bank under the Trade and Transport Facilitation in Southeast Europe (TTSFE) Project, and (vii) rationalization of the Croatian port system by concentrating international traffic through Rijeka and Ploce. Finally, it is worth underlining that the Rijeka Gateway project will improve one of the main Trans-European corridor (Corridor Vb), which is critical for both Serbia and Bosnia-Herzegovina for which Rijeka constitutes a natural access to the Adriatic Sea.

**Increased Private Participation in Port Operations:** The Government has taken a number of steps to reform port operations, including adopting a new port law, creating a port authority in Rijeka, and initiating port concessions. The Government granted Luka Rijeka (LR, port operating company) a global 12 year priority concession to operate the port in 2000. LR, directly through the priority concession or indirectly through its concession for the Container Terminal and in other potential projects, controls most of Rijeka’s port operations. LR managed to move from significant losses in 2002-2003 to financial profits over the past three years, although its financial capacity remains limited. The Ministry of Sea, Transport, Tourism and Development (MSTTD) is pursuing a strategy of increased private sector involvement in the port sector, following modifications to the Law on Seaport (December 2006), which facilitate private ownership of port handling equipment on the Maritime Domain and concession extensions when significant private investments justify such extensions.

**Redundant Port Staff:** The labor restructuring strategy was to work out all the details of involuntary departure with the union prior to announcing a well publicized voluntary program under a limited time offer (two months) with an incentive of 1,000 Kuna per year of service to a maximum of 25 years for eligible workers. Voluntary departures were targeted to two groups,
the large group of workers who are often absent due to illness, who are on the protected list and who therefore cannot be made redundant under labor legislation and to surplus white-collar workers. Workers considered vital to the continuing operation of LR, workers who were eligible to retire, and workers who were eligible for pre-retirement departure were not be eligible for departure with enhanced severance. The LR business plan calculations for staffing levels in Successor Companies and the Masterplan suggested a surplus of staff in the range of 687 and 776 workers. LR Management accepted a staff surplus in the range between 550 and 650. The LR Social Program mitigated the negative impact of the severance program, which led to the departure of over 500 staff as of the end of 2006.

Urban Redevelopment at Rijeka Port: The Port of Rijeka is an old industrial facility which stretches for several kilometers along the waterfront in the middle of the city, creating a barrier to the Adriatic. Rijeka is also constrained on the inland side by mountains. Port traffic passes through city streets, contributing to traffic congestion and increasing the cost of urban transport. Urban planning is also more difficult because port property is maritime domain, i.e. administered by PRA for the central Government. Much of this prime potential waterfront area is currently occupied by dilapidated multi-story warehouses which are not suitable for port operations and have little historical interest, and PRA desires to locate some bulk operations to other locations, e.g. Bakar Bay. The Municipality and the Port are aware that other cities (e.g. Baltimore, New Orleans, Savannah, Bilbao) have redeveloped old port areas as attractive and profitable retail, office and public space on a public-private partnership (PPP) basis, and requested assistance under the project to help with a similar transformation.

The proposed project component consists in preparing for the redevelopment of about 17 hectares of land presently occupied by warehouses and parking lots, including constructing a ferry terminal building, and constructing a road connecting the port to the Rijeka Bypass. The waterfront area to be redeveloped is immediately adjacent to the central business district (CBD) and has a high commercial and residential potential. After redevelopment, the site will provide the only access to the sea from the downtown area and will constitute a unique recreation facility for city inhabitants and tourists. As a first step, the City of Rijeka, PRA and LR signed a cooperation agreement on March 15, 2002. A study financed under the PPF determined: (i) the type of agency that will need to be created to design, manage and implement the scheme, (ii) the best use of the area under current market conditions to achieve a self financing scheme, (iii) the preliminary costs and revenues of the scheme and (iv) the type of contracts and leases which would be the most practical and financially favorable to PRA and the Municipality to develop the site using private funds. The project will finance the clearing of the site, the construction of the ferry terminal, and the extension of the primary infrastructure on site and if necessary off site. The project will also finance a section of the Rijeka Bypass and port connector road (D404) to improve the flow of traffic within the city and to/from the port, with a large reduction of the air pollution and noise from large diesel trucks.

Motorway Program: Croatia has about 593 km of high level tolled roads and motorways. The Government in power until 2000 initiated a program to construct an additional 1,530 km of motorways by the year 2013 at an estimated cost of US$6.5 billion. The Government desired to unify the country, improve international land connections, generate business for domestic contractors and catch up with Western Europe. However, construction of some of these motorways appeared premature since few roads carried more than 15,000 vpd at that time. The financing model often involved a foreign consortium that would arrange financing in return for the construction contract (and sometimes an operating contract). Decisions were taken in a non-transparent way and there was little competition. Construction prices were typically around 40% higher than in Western Europe. In addition, the previous Government took out expensive short
term loans to cover its equity contributions since funding was not provided in the budget. The previous Government also provided traffic or revenue guarantees to the concessionaires, increasing their contingent liabilities.

Based in part on the Bank’s sector dialogue, the new Government elected in 2000 recognized that the motorway program was not sustainable. The Bank financed an advisor who helped define a reduced program, taking into account that some contracts were already signed. Parliament subsequently approved a ‘Program for Construction and Maintenance of Public Roads for the Years 2001-2004’, under which the Government planned to expand the network of high level tolled roads from 593 km to 1,330 km over a 10-15 year period. The initial 2001-2004 program was funded from a combination of tolls, extra-budgetary revenues from the fuel tax (HRK 0.4/liter) and the budget. Parliament also approved a reorganization of the road sector whereby Croatian Motorways (HAC) was created and placed under the responsibility of the Ministry of Public Works (MPW) and other main roads were made the responsibility of Croatian Roads (HC) under the (then) Ministry of Maritime Affairs, Transport and Communication (MMATC). HC’s 2001-2004 program was similarly defined and funded. Both organizations were permitted to borrow and required to service their own debts. Responsibility for county and locals roads was assigned to the County Roads Administration (ZUC) with clearly defined budget plans for the period 2005 – 2008.

The new motorway program is a significant improvement over the former one, although some issues remain. The construction of some committed motorways appears premature, the aggregate level of motorway expenditure appears too high, motorway construction is partly financed off budget, and the administrative separation of roads and motorways under two Ministries makes road planning more difficult. The pace of actual motorway construction will in all likelihood be limited by available financing, although HAC planned to complete the motorway network by 2005. In order to continue the Bank’s dialogue on motorway construction, the project finances technical assistance to HAC to improve its organizational efficiency and obtain an ISO 9002 certificate. The project finances the rehabilitation of the Krk Bridge (under the responsibility of HAC), and the construction of the western section of the Rijeka bypass and port connector road (both under the responsibility of HC).

_Road Maintenance Finance:_ Road maintenance was under funded from the war until 2001. Funds were initially diverted to the war itself and then to the repair of war damage. The Highway Sector Project (Loan 3869-HR) contributed to a more than two-fold increase in maintenance expenditures from 1995 to 1998, but expenditures fell again in 1999 and 2000 due to the diversion of funds to the motorway program. The more disciplined Program approved by the new government, discussed above, provided on average US$140 million per annum for road maintenance (or about 25% of the total road expenditures) financed from extra-budgetary revenues from fuel tax (HRK0.6/liter), extra-budgetary vehicle registration fees and the budget. The 2001 maintenance budget was almost in line with the Bank’s previously recommended US$170 million p.a. needed to catch up with the backlog over six years. _In 2005, US$345 million were allocated to road maintenance, largely above earlier commitment, indicating that the issue of under-funding is being addressed._

_Road Safety Improvements:_ Road accident rates are high in Croatia (about 7 fatalities/10,000 vehicles compared to 2 fatalities/10,000 vehicles in Western Europe). This has an adverse impact on the Croatian economy and society, including international road transport. The Road Safety Study prepared under the Highway Sector Project recommended a number of actions that are currently being implemented under the Government’s National Road Traffic Safety Program. The Ministry of Interior (MoI) leads a working group consisting of representatives of the MoI,
MMATC, Ministry of Health, Ministry of Education, HC, HAC, Automotive Club, Institute of Traffic Medicine and Psychology, and Croatian Insurance Bureau. The traffic police together with MMATC identified 147 so called black spots’, or locations with high incidence of traffic accidents. These black spots can be eliminated through (i) traffic management improvements; (ii) design improvement, or through (iii) combined civil engineering-traffic measures. The government has already eliminated 28 of the black spots and other 20 will be included in the betterment program under the ongoing EIB project. The proposed loan will finance improvement of 30 out of the remaining 107 black spots.

2. Objectives
The overall objective of the project is to increase Croatia’s trade competitiveness by improving the international transport chain through the Rijeka Gateway for both freight and passenger traffic by modernizing the port and road network connections, and increasing private participation in port operations. Specific objectives include: (i) increasing efficiency and improving financial, social and environmental conditions at Rijeka Port, rehabilitating infrastructure and replacing equipment; (ii) preparing to redevelop part of Rijeka Port for urban purposes; and (iii) improving selected international road connections linked to the Rijeka gateway, and the administration of the road sector.

3. Rationale for Bank’s Involvement
The Government has requested the involvement of the Bank, considering the complexity inherent to a project including large civil works, concession arrangements and multiple implementing agencies. The project requires an integrated approach taking into account these dimensions. The Bank will draw on relevant lessons learned working in the Southeast European region in port development (Ploce, Durres), railway modernization (Croatia, Romania, Macedonia, Bulgaria), and trade and transport facilitation (all Southeast Europe).

4. Description
Project cost and components. The total project cost is estimated at US$317.3 million, with US$202.9 million from the World Bank (original loan US$156.5 million, proposed additional loan US$46.4 million). The project includes three components: (i) Port Restructuring and Modernization, (ii) Port/City Interface Redevelopment, and (iii) International Road Improvements.

The proposed additional loan would help finance the cost associated with: (i) cost overrun in the construction of the main port component, the Zagrebacko Terminal; and (ii) financing gap in technical services to prepare the concession arrangements for the Zagrebacko Terminal. The project design, components, development objectives and expected outcomes remain the same as originally stated.

Component 1: (total cost with contingencies - US$127.8 million). The Port Restructuring and Modernization component includes the following subcomponents: (i) infrastructure in the Western part of the port and superstructure rehabilitation works; (ii) rehabilitation of the Vienna berth and repaving and rehabilitation of utility networks; (iii) construction of the Zagrebacko container terminal with a minimum length of 250 m to allow vessels of 15 m draft and more to service the port of Rijeka; (iv) backlog rehabilitation works required in various part of the port to complement the above works; (v) Vessel Traffic Management System (VTMS) to identify and monitor ship movements and improve safety; (vi) environment protection equipment; (vii) new heavy mobile cranes and equipment; (viii) business and transaction advisory services to help prepare and implement a business plan for LR; (ix) management modernization consultants; (x)
consultant services to prepare designs for civil works contracts, including for the construction of the D 403 connector road; (xi) consultant services to assist in preparing a BOT contract for further expansion of Zagrebacko terminal; (xii) consultant services to supervise civil works under the project; (xiii) an Electronic Data Interchange (EDI) system connecting the port administration and port users; (xiv) a severance program for LR; (xv) a financial management system; (xvi) training in accounting, financial management and procurement; and (xvii) auditing services for the project and the entity financial statements.

Component 2: (total cost with contingencies - US$43.2 million). The Port/City Interface Redevelopment component includes the following subcomponents: (i) construction of a passenger terminal along the breakwater to develop a waterfront area open to business and commercial activities; (ii) preparation works at the Delta and Porto Barros areas; and (iii) construction of the 4 km long Draga-Brajdic (D404) connector road linking the Bypass to the port of Rijeka reducing heavy truck traffic through the congested center of the city.

Component 3: (total cost with contingencies - US$144.8 million). The International Road Improvements component includes the following subcomponents: (i) support to HC management capacity improvement, such as technical services and training; (ii) small equipment, and pavement/bridge management system upgrade; (iii) preparation of an axle load study to develop a strategy for enforcement and eventual adoption of the EU standard; (iv) pilot fixed scale installation; (v) technical services for HAC to obtain an ISO certificate; (vi) construction of the western section of the Rijeka Bypass (Orehovica – Sv. Kuzam; 6.5 km; 4 lanes); (vii) improvement of selected accident 'black spots'; and (viii) rehabilitation of the Krk Bridge.

Component 4: (total cost - US$1.5 million). The Project preparation facility reimbursement included the following five preparatory studies for the port component have been financed under the PPF: (i) preparation of detailed engineering and project design; (ii) study on port/urban redevelopment; (iii) environmental assessment summary (for the entire project); (iv) business plan for LR; and (v) preparation of social plan for LR.  Training of the PRA PIU staff has been financed under the PPF.

5. Financing (including original loan and additional loan)

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<th>Source (Total (US$m))</th>
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<td>INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT</td>
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<td>Total</td>
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6. Implementation

Legal Structure of the Loan Agreements

The World Bank and the Government agreed in principle on the legal structure of the loan agreements, with PRA, HC, and HC responsible for the implementation of their respective parts of the project. A subsidiary loan agreement was concluded between PRA and LR for the financing of the redundancy component, as well as the acquisition of heavy cargo handling equipment, procurement of a financial management system and technical assistance during the privatization process. The subsidiary loan agreement is complemented with a Project Agreement between the Bank and LR. As agreed earlier during the preparation of the project, the three loans have been guaranteed by the Government. An additional loan is being processed to support cost overrun faced by PRA in the construction of the Zagreb terminal.
Project Management
Each executing agency - PRA, HC, and HAC implements its respective component. HC and HAC are staffed by trained professionals with adequate capacity to implement the project. PRA staff has implemented over 30 contracts as of the mid-term review. To address the complex foreseen and on-going civil works, PRA is strengthening its expertise in management of large civil works contracts. The Port/urban interface redevelopment component is implemented on the basis of a memorandum of understanding between PRA, LR and the Municipality of Rijeka. The three organizations received some training (in the use of the financial management system and in procurement) and consultant assistance (for preparation of designs, supervision of works, and drafting of technical specifications) under the PPF and during project implementation. HC, HAC and PRA have financial management systems acceptable to the Bank.

7. Sustainability
The project will seek sustainability through:

• increased efficiency in port operation by greater involvement of the private sector;
• improved port financial performance leading to reduced Government contribution in the longer term
• improved management of motorways and national roads; and
• secured funding mechanisms for road maintenance

8. Lessons learned from past operations in the country/sector
There are several lessons learned from the Bank’s past experience in implementing this type of projects. Those have been incorporated into the design and preparation of the Rijeka Gateway project:

(i) There are lessons which can be learned from reforming HZ under the RMRP (Section 2) which in many ways parallels the effort to reform Rijeka Port. First, the RMRP emphasized the importance of obtaining an early reform commitment from the Government. This was, in fact, not fully realized until two years after the project was approved when a new Government took office. A second related point is that reform-oriented managers, in particular middle managers, are necessary for success. Third, the new Government required that an adequate social program be put in place before involuntary staff separations began (the initial phase of voluntary staff separations was implemented without difficulty). Fourth, Early involvement of labor unions and development of healthy partnership with labor unions in the process of labor restructuring. Fifth, HZ’s financial results are to a significant degree determined by Government decisions which are not under the control of the implementing agency (levels of investment, public service obligation payments, tariff policy).

(ii) Additional lessons from the recently completed Highway Sector Project and Emergency Transport and Mine Clearing Project include (i) the importance of simple project design, (ii) commercialization/privatization reduces costs, and (iii) significant institutional improvements can occur when working in a new field (mine clearing).

(iii) We have also learned from working in other countries in the region that the possibility of EU accession is a powerful motivator for institutional reforms deemed necessary to compete in the EU, and for international transport improvements.

These lessons have been taken into account in the design of the project.
9. Environment Aspects (including any public consultation)

**Port.** The modernization of the Rijeka Port including preparation for urban redevelopment would not lead to any dredging or major works in the water. The only activities which raise environmental concern are: (a) the demolition of old ware houses, which has used asbestos in the roofing and side wall material, and possibly also asbestos as an insulation material around pipes and inside ventilation ducts; (b) the use of PCB in a transformer within the Zagrebacko terminal area; and (c) reclamation of land along the Zagrebacko terminal for creation of larger area for handling of cargo and bulky goods. PCB as well as PCB contaminated soil around the transformer will be separated and handled as hazardous waste and transported to a certain facility collecting and storing the PCB contaminated material for further management in accordance with the Croatian legislation. The debris from the demolition activity, after separation of the asbestos material, asphalt, and oil contaminated soil, will be dumped in the harbor, within the area along the Zagrebacko terminal to be reclaimed under the Project, if the analysis of the debris (see below) would show an acceptable level of potential contaminants. Analysis of soil was carried out around all the warehouses to be demolished, and the results show that only a limited amount of soil would be regarded as contaminated with oil and heavy metals, particularly chrome (Cr) and lead (Pb). The concentration of hydro carbons (oil) and heavy metals in the material to be used for land reclamation is one the same level as material and soil used for agricultural purposes or below or on the same level as background values for soil and rocks. This amount regarded as contaminated will be separated from the soil and debris to be disposed in the sea, and it will be handled as hazardous waste and be disposed in accordance with Croatian regulations. The asbestos material will likewise be disposed at a safe place in accordance with Croatian regulations. In order to make sure that no contaminated material by accident would be included in the material used for land reclamation, additional analysis will be carried out by the contractor, which activity is regulated in the Environmental Management Plan (EMP).

**Roads.** Environmental Assessments (EAs) for the Rijeka Bypass road (part of road D-8) and the port connector road (road D-404) were prepared in 1996 and are in conformity with the Croatian legislation. These EIAs were reviewed once more, as part of the overall EA for the Project, and the consultants confirm that proposed mitigation measures are adequate to secure that the planned road constructions would not lead to any adverse impacts on water resources, and people’s standard of living, and that no additional mitigation measures are required. Along the roads separate and closed systems for collection of run-off water and eventual spillages due to accidents will be constructed. Collected water will be diverted to a treatment plant before its discharge to the sea. Reduction of increased noise levels, where found necessary, will be mitigated by construction of barriers and planting of green screens.

It should be mentioned that both the Rijeka Bypass and the port connector road will result in considerable environmental benefits for Rijeka inhabitants. A large part of the current traffic through Rijeka will be diverted to the bypass/connector road, while heavy trucks to/from the container terminal to the Bypass road will to a large extent go underground in a tunnel, instead of through already congested streets in the Rijeka City center, which is currently is the only way for the heavy traffic from the port.

These changes will result in a large reduction of the air pollution from exhaust gases from vehicles and a reduced noise level. In addition it is also expected that the number of accidents and injures will be reduced. Land needed for the construction of the roads is acquired for the western part of the road D-8 (between Orehoivica and Draga), while the land acquisition for the western part of road D-8 (between Draga and Sv. Kuzam) is ongoing in accordance with the
stringent procedures described in the Croatian legislation. The Executive Summary of the project Environmental Assessment is attached as Annex 12 to the PAD.

**Works under Additional Financing.** The existing Environmental Assessment and corresponding EMPs, developed under the original project, are applicable to the works that are considered for the Additional Financing. The modification of the design and of the expected construction methods do not create new environmental issues significantly deviating from the original caisson and rubble mound, or the previously considered pile structure design. While the newly planned soil improvement method by gravel compaction piles does involve the introduction of large quantities of materials into the ground, these will be natural gravel or crushed natural rock derived from quarries. They will be installed in fine grained soils of very low permeability and after completion be covered by a rubble mound. Their contact to seawater and any potential interaction will be virtually nil.

This technological approach has been included in previous design options (though in lesser quantities) and regarded in the existing EMP; appropriate mitigation and monitoring measures have been defined. Soil consolidation methods with a higher potential for environmentally negative impacts, such as dredging and replacement of material, have been dropped from further consideration due to environmental concerns and the foreseen difficulties in obtaining modified environmental permits. Only a minor enlargement is foreseen for the required pier structure due to the additional soil consolidation. All of the soil improvement area lies within the existing port basin.

The original conclusion from the EMP, that potential environmental impacts on the marine ecosystems and water quality of the sea in the project area will be moderate and manageable are still valid for the new design and construction method of the pier and its foundations and as such it was determined that the Integrated Safeguard Data Sheet does not require to be updated. The proposed monitoring and mitigation measures from the EMP continue to be applicable and will cover all environmental measures relating to the avoidance of any additional pollution of the sea during the construction phase.

**Resettlement.** In addition, the implementation of the Project required the resettlement of 10 families within the port area, where the road D-404 starts, and of two families at the Sv. Kuzam junction. The negotiations with the 10 families living in two buildings within the port area took place, and the families were provided similar or better apartments in Rijeka, and agreements to resettle the two families at the Sv. Kuzam junction was reached. Annex 13 to the PAD (Land Acquisition and Resettlement Plan) outlines in more detail all issues related to land acquisition and resettlement.

**Black Spots.** The project will also include the elimination of selected “black spots”, in order to improve road safety. This result will be achieved through managerial measures, such as improving visibility, imposing speed reductions, and setting up traffic light for regulation of traffic in some intersections. These activities would not lead to any environmental issues or need for land acquisition.

**Krk Bridge.** Finally, the project will include the rehabilitation of the Krk bridge. In this case there are no disturbances for the waterway, as all bridge foundations are located on land, and there are no bridge support in the water. For ongoing rehabilitation activities of the large arch, a brief EMP is being prepared by the Borrower to include specific provisions in the bidding documents to monitor and mitigate any possible environmental impact during civil works.

It should be mentioned that the current handling of grains and cereals in the Port, leads to emission of particulate matters when the products are transported to and unloaded from the
existing silos. The Rijeka Port Authority has already procured air control equipment in order to eliminate the emission of particulate matters from the silos, and the Project will finance covered conveyer belts for transport the grains between the ships and the silos. In addition, the Project will finance equipment for facilitating separation of different waste generated in the Port and from ships arriving to Rijeka, as well as equipment for abating eventual oil spillage in the harbor.

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Note: This is information on an evolving project. Certain components may not be necessarily included in the final project.