



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 26-Jul-2021 | Report No: PIDA26972



BASIC INFORMATION

A. Basic Project Data

Country Croatia	Project ID P170178	Project Name Croatia: Towards Sustainable, Equitable and Efficient Education Project	Parent Project ID (if any)
Region EUROPE AND CENTRAL ASIA	Estimated Appraisal Date 16-Jul-2021	Estimated Board Date 16-Nov-2021	Practice Area (Lead) Education
Financing Instrument Investment Project Financing	Borrower(s) Republic of Croatia	Implementing Agency Ministry of Science and Education	

Proposed Development Objective(s)

To improve the learning environment for equity and quality in selected schools and to increase the institutional capacity of the Ministry of Science and Education through the design and implementation of the Whole Day School reform.

Components

- Component 1: Ensure that more hours translate into more learning
- Component 2: Design and demonstrate infrastructure solutions for Whole Day School
- Component 3: Strengthen Ministry’s capacity to implement reforms

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	30.14
Total Financing	30.14
of which IBRD/IDA	30.14
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	30.14
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Environmental and Social Risk Classification

Moderate

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **A severe economic recession in 2020 triggered by the COVID-19 pandemic reversed income gains, poverty reduction, and fiscal sustainability that Croatia achieved during the past five years.** A strong reliance on tourism, which bore the brunt of the health crisis impact, has made Croatia highly vulnerable to adverse external shocks, such as the current pandemic. In addition, the country also suffered from two devastating earthquakes, in March and December 2020. As a result, gross domestic product (GDP) contraction in 2020, estimated at -8.3 percent, was one of the largest in the EU. Fiscal support measures mitigated the economic and social impact of the pandemic, but, together with a decline in economic activity, led to a strong deterioration of public finances and a surge in public debt. Poverty is also estimated to have increased, with low-wage earners being more affected by the crisis (as revealed in a World Bank Rapid Household Assessment conducted in December 2020). A relatively sluggish recovery that started in the second half of 2020 is expected to accelerate in 2021. This is, however, surrounded by a high level of uncertainty due to delays in vaccine delivery in the EU and its effectiveness with respect to possible new variants of the virus. Therefore, risks to economic recovery are still a factor.
2. **Without a significant increase in productivity, Croatia will not be able to reach growth rates that would allow the country to converge towards the income levels of its peers in the region, let alone advanced economies in Western Europe, at a sufficient pace.** Total factor productivity made a negative contribution to growth during 2005–14 and only a small positive contribution during 2015–19.¹ This may partly mirror the excessive allocation of resources towards less productive sectors (for example, tourism, retail, and construction), low levels of research and development spending, comparably lower quality of human capital, a cumbersome business environment, and institutional and regulatory weaknesses. Croatia's public sector performance lags its EU peers across most governance indicators, and inefficiencies in the justice sector are substantial. Changes in government are accompanied by changes in technical staff, which hampers the consistent implementation of policies. In addition, insufficient coordination and cooperation among agencies and levels of government impair policy coherence. The public sector is particularly weak at the local and regional level, where high fragmentation raises costs and reduces the quality, effectiveness, and sustainability of service delivery.

¹ European Commission estimates 2020.



3. **Croatia is also exposed to a range of natural hazards, including floods, droughts, wildfires, and earthquakes, which can result in significant disruption of economic and social functions.** Between 1996 and 2017, there were 26 recorded disasters in Croatia. Disaster risks in Croatia are growing due to increasing urbanization and climate change, as well as to land degradation caused by deforestation and overgrazing. 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 EUR 340 billion in damage. In 2020 alone, Croatia was struck by two major earthquakes resulting in fatalities, severe structural damage, and interruption in schooling.

Sectoral and Institutional Context

4. **A child born in Croatia today will be 71 percent as productive when she grows up as she could be if she enjoyed complete education and full health.** According to the Human Capital Index (HCI),² Croatia places 31st out of 174 countries, higher than average for the Europe and Central Asia region and its income group. Croatia does well in terms of enrolling children in school and keeping them in school; on average, a child can expect to complete 13.4 years of preprimary, primary, and secondary school by age 18, on par with the EU average. A key reason behind Croatia's score is the very low rate of early school leaving. Croatia has one of the lowest shares of early leavers from education and training in the EU, and a relatively small percentage of grade repeaters. In 2019, the early school leaving rate was 3 percent of the population aged 18–24 in Croatia, compared with 10.2 percent on average in the EU.³ However, what drags down Croatia's performance on the overall HCI is the quality of the education provided during those years of schooling. When years of schooling are adjusted for quality of learning, the result is equivalent to only 10.4 years of education, a learning gap of three years.⁴
5. **The need to increase the productivity of Croatian workers, and of equipping and re-equipping Croatian children, youth, and adults with the right competencies to lead highly productive lives, is becoming central to the country's development.** With population numbers continuing to plummet, high youth unemployment rates, and an outflow of talent, the urgency to deliver graduates with stronger skills has never been greater. Primarily due to falling fertility rates, the school-age cohorts have been shrinking for several decades. In 2020, the number of basic education⁵ students in Croatia declined by 15 percent since 2007.⁶ However, the overall decline in the student-age population is more than 40 percent since 2007. Youth unemployment (those 15–24 years of age) was 21.5 percent in 2020, and, on average, Croatia reported a negative net migration of more than 10,000 people during 2010–19.⁷ These trends have an impact on educational planning and the management of school resources, such as the teacher workforce, school infrastructure, and continuity of different programs, especially in the upper grades of basic

² The Human Capital Index quantifies the contribution of health and education to the productivity of the next generation of workers (<https://www.worldbank.org/en/publication/human-capital>).

³ Eurostat 2018.

⁴ For details on how quality-adjusted years of schooling is calculated, see Filmer et al. 2018.

⁵ In Croatia, basic education lasts eight years (grades 1–8) and is compulsory for all children aged 6–15. Basic education is often translated as “primary education,” although from the perspective of the International Standard Classification of Education, the first eight grades clearly cover both “primary” and “lower secondary education.” To avoid this confusion, this PAD uses only the term “basic education” (referring to grades 1–8).

⁶ The number of secondary school students dropped by 12 percent during the same period (Croatian Bureau of Statistics 2017b, 487; and UN Population estimates).

⁷ Based on Eurostat data on immigration (Eurostat: migr_imm8) and emigration (Eurostat: migr_emi2).



education (grades 5–8).

Quality challenges

6. **Despite adequate spending, the performance of the education sector leaves room for improvement.** In 2018, Croatia spent 5.3 percent of its GDP on education (EU-27 4.6 percent); the share of total general government expenditure (11.5 percent) was also above the EU-27 average (9.9 percent). From 2017 to 2018, public spending on education rose by 1.5 percent, with the largest increase going to preprimary and primary education (4.2 percent),⁸ most likely reflecting the implementation of the pilot phase of the curricular reform supported by EU resources. However, key challenges and institutional issues remain at different levels of education in Croatia, particularly in the areas of equity and efficiency.
7. **The COVID-19 pandemic is estimated to have generated substantial learning losses, especially for students from poorer households.** According to World Bank estimates, Croatia’s reading scores as measured by the Programme for International Student Assessment (PISA) have likely fallen by 8 PISA points as a result of the school closures. More disconcertingly, these learning losses are likely to have affected the poorest students the most. In particular, parents of poorer students were probably less likely to step in and provide the support and help students would normally receive in school. As such, the World Bank estimates that the learning gap between rich and poor students has widened further (to 77 points, or nearly two academic years of schooling).⁹ To mitigate these losses and prevent potential future learning losses, it is extremely important to secure adequate amounts of learning time for students, efficient distance and blended learning models, and modern and flexible school spaces where students can maximize their learning potential.
8. **At the heart of Croatia’s poor performance is the fact that it has the lowest number of instruction hours and shortest duration of compulsory general education in Europe.** Compulsory education lasts only eight years (the shortest in the EU) and, during those years, the number of instruction hours is also very low. At the level of basic education, the European average is 4,062 hours, while the number of instruction hours for Croatia is 1,890.¹⁰ Furthermore, Croatia is lagging behind the European average in terms of number of instruction hours by subject, even in subjects that account for the greatest share of the curriculum (for example, reading, writing and literature, and mathematics). The low instructional hours limit the impact schooling has on learning, especially for the most vulnerable students.
9. **The newly rolled out curriculum is an important step in the right direction, but schools and teachers need longer school days to make the most of the new curriculum.** Recognizing the challenges with equity and quality, the government has introduced a new curriculum called “School for Life,” which involves increased focus on modern teaching practices and building problem-solving skills in students. The new curriculum was rolled out to all schools in the 2019/20 school year, after a year of piloting (and more than a decade of discussion). The newly introduced curriculum emphasizes the right skills, but for teachers and students to be able to fully use them they will need more instruction hours and time on task.

⁸ European Commission 2020.

⁹ These estimates are presented in more detail in World Bank (2020a). The estimates are based on several assumptions, including that a student gains 40 PISA points of learning in a year, that schools have been closed for around four months on average during the pandemic, and that remote teaching in the country is half as effective as face-to-face teaching.

¹⁰ Eurydice 2019.



10. **Although the low number of instructional hours is a key problem for the sector, increasing instructional hours is a complex reform.** In all countries, increasing instructional hours is challenging because it involves difficult discussions around changing the curriculum and teacher remuneration for those additional hours. This is especially the case in Croatia, where more than half of students are enrolled in double-shift schools (making expanding hours very expensive). The problem of low instructional hours—and the challenges related to double shifts—have been widely recognized for at least a decade in Croatia. What has been missing is a reform plan to simultaneously expand instructional hours while identifying cost-effective ways of moving away from double-shift schools. It is the confluence of the Bank’s support to help design a detailed and costed reform and investment plan and the availability of more than EUR 600 million in EU resources that, for the first time, provides Croatia with an opportunity to address this challenge.

Equity challenges

11. **Poorer students are falling behind with weaker academic performance at age 15.** A child from a poor household is nearly two academic years behind their richer peer at age 15. Nearly 29 percent of pupils from the lowest socioeconomic quartile fail to achieve the basic level of proficiency in reading, compared to only 10 percent from the top quartile. Low attendance in Early Childhood Education and Care (ECEC) among poor households is a contributing factor that explains why poorer students are falling behind.
12. **Time spent in school is unequal across income groups.** Children from the poorest households, on average, spend fewer hours in school than their richer peers. Up to 27.3 percent of children aged 6–14 from households with the lowest income quintile attend less than five hours of school per day, as they often do not participate in extracurricular activities and extended stay offered by their school (which can incur additional costs to their families). By comparison, only 12.3 percent of children from the richest household spend less than five hours per day in school. Student learning time is a key educational resource that countries use in different ways to enrich learning avenues. Evidence suggests that both the quality of instruction and time available for learning can have a positive effect on student achievement, and this effect is much more pronounced for vulnerable students, who receive the extra support they need through additional time on task.¹¹
13. **Although early school leaving is, on average, very low in Croatia, vulnerable students—particularly those from the bottom 40 percent of the income distribution and Roma—are still very much at risk.** Students from poor families, students whose parents have limited educational experience, and students from ethnic minorities and immigrant families are frequently left behind, with far-reaching effects on the economy and society. Most troubling, the Roma are much less likely to complete school than others due to social marginalization, poverty, language difficulties, and cultural differences. Furthermore, Roma girls are more likely to have poor lower secondary education completion rates, and their upper secondary completion rate is a mere 6 percent compared to 24 percent of Roma males.¹²
14. **In addition to the low instructional hours, the sector faces five key institutional challenges that are obstacles to a more efficient and equitable education service delivery, as described in detail below.**

¹¹ Brown and Saks 1986; Cotton and Wikelund 1990; Grissmer et al. 2000, as cited in OECD 2012; Gromada and Shewbridge 2016; Llach, Adrogué, and Gigaglia 2009; Mazzarella 1984; Patall et al. 2010; Silva 2007.

¹² World Bank 2019b.



- i. **Poor incentives to focus on efficiency and accountability.** The education system is still highly centralized, with the Ministry of Science and Education (MSE) heavily involved in the day-to-day operations of basic education provided across more than 2,000 locations. Schools, cities, and municipalities must follow central norms that even specify the number of technical personnel to be hired per school, which impede local solutions that may be more appropriate and cost-effective. As part of the implementation plan for introducing whole day school (WDS), the MSE wants to introduce more autonomy and accountability for local governments and school founders¹³ in making decisions around efficient class sizes and planning of their local school networks.
- ii. **Insufficient capacity of key actors in planning and management.** There is evidence of insufficient capacity within several layers of the system in relation to planning, execution, and management. First, the MSE has limited capacity to implement educational reforms. Second, as a result of being disempowered through current legislation, which awards most decision-making power to the MSE, school founders and principals currently have little experience and training to manage their schools. Similarly, the teacher workforce is aging and is accustomed to the outdated curriculum—the last reform of the curriculum was implemented several decades ago—and to the inefficient school delivery model (that is, a large network of schools operating in double shifts). As a result of the ongoing curriculum reform, and the government’s intention to introduce longer instructional hours, teachers face a period of major changes. Therefore, it is imperative to raise teacher capacity, empower them with more autonomy, and offer them greater support.
- iii. **Coordination challenges.** In Croatia, there is an overall lack of coordination among different levels of government. First, there is insufficient coordination and cooperation between agencies and levels of government, which impairs policy coherence. Second, a lack of coordination has been identified between the MSE and school founders, which often do not cooperate with each other at satisfactory levels or engage in efficient management practices, or through the use of data and information that could guide professional conversations and decision-making processes among administrators.
- iv. **Weak community participation.** There are very few mechanisms for community participation in the education sector. Community participation in school management has great potential for removing mistrust between schools and the surrounding communities by nurturing transparency of information and a culture of mutual respect, as well as by jointly pursuing improvement of schools by sharing vision, processes, and results. However, when community participation is implemented in a top-down manner without wider consultation on its aims, processes, and expected results, the consequences can lead to conflicts among actors, inertia, an unwillingness to participate, resistance to educational change, and disparity in the degree and results of community participation among communities. In Croatia, where the administrative structures are rather weak, integrating a shared (top-down/bottom-up) approach to expand community participation to lead to greater educational opportunity and quality learning may represent a better option.
- v. **Lack of evidence-based information.** The education system is lacking key information to drive evidence-based decision making. Croatia conducts standardized student assessments only at the end of secondary education (the Matura exam). While formative student assessments of specific subjects

¹³ School founders refers to the founders of primary schools (grades 1–8) in Croatia, which are all 21 counties and some cities with a special mandate.



(in selected grades) have been carried out in recent years, these efforts do not constitute a systematic effort to document and understand what competencies students have acquired at key stages of the education cycle. Without consistent data about student and system performance across time, policymakers and teachers miss the opportunity to correct course in a timely manner and assure the quality of the system.

15. **Taking advantage of the possibility of mobilizing the unprecedented amount of EU resources, with the help of the World Bank, the government has put forth an ambitious reform and investment plan for the education sector.** Specifically, the Croatian government will be able to make use of large amounts of EU funds as part of the EU’s multiannual financial framework for 2021–27 and the Recovery and Resilience Facility (RRF). Under the RRF, Croatia has EUR 6.3 billion in grants at its disposal, plus an additional EUR 3.6 billion in potential loans. At the request of the government and the European Commission, the World Bank has been playing a critical role in supporting Croatia in translating its strategic priorities into credible, time-bound reform and investment plans. One of the most ambitious reform and investment plans is in the education sector where, with the help of the World bank, Croatia has put forth detailed plans to implement structural reforms across all education levels—preprimary, primary, secondary, and higher education.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

The Project Development Objective (PDO) is to improve the learning environment for equity and quality in selected schools and to increase the institutional capacity of the Ministry of Science and Education through the design and implementation of the Whole Day School reform.

Key Results

1. Number of students benefiting from WDS (Number)
 - a. Number of students from low-SES benefiting from WDS (Number)
2. Number of principals and teachers with enhanced capacity to implement the WDS (Number)
3. Number of WDS demonstration schools with improved learning environments (Number)
4. Increased capacity of Ministry of Science and Education, local governments and school founders to implement reform (Text)
 - a. Enhanced capacity of the Ministry of Science and Education to use data and monitor implementation of complex reforms (Text)



D. Project Description

16. The proposed project will consist of three components with a total cost of EUR 25 million (equivalent to US\$30.14 million). Below is a detailed description of each component and associated costs.

Component 1: Ensure that more hours translate into more learning

17. To ensure that more hours translate into more learning, this component will finance activities that will help the MSE implement the WDS model while learning from the rollout.

Subcomponent 1.1: Develop the WDS model and refine the model following experience during initial years of reform

18. The objective of this subcomponent is to support the MSE in the iterative process of (i) designing the WDS model, which entails operational and pedagogical aspects for basic education (grades 1–8); and (ii) refining the model in the following years based on the indicators and feedback from stakeholders (teachers, parents, school principals, and others). This subcomponent is key to complementing the ongoing efforts to support the implementation of the new curriculum (including adopting resilience and climate change terminology in the new curriculum), while increasing learning time for all students and incorporating additional extracurricular activities, all of which will especially benefit students from the bottom 40 percent and Roma. The WDS model will be rolled out in grades 1–8 simultaneously in all 50 demonstration schools. This subcomponent will also support the further development of counselors from the Education and Teaching Training Agency, which has branches in different regions across the country.¹⁴ These consultants will be experts in teaching and learning available centrally to support teachers, schools, and school founders in their school and system improvement efforts. Consultants/mentors will be recruited from the education sector and, after a period of time, return to their respective institutions. These activities will have a strong emphasis on equity as students from vulnerable backgrounds will be the ones expanding and benefiting (in terms of learning) more from the access to longer instruction time, extracurricular activities, and better-trained teachers. Therefore, a central—albeit intangible—outcome of this subcomponent will be the lessons learned by the MSE and its partners, about what works and what needs improvement in the WDS reform, which will be reflected in revised approaches and tools for next phases of the reform and which will help guarantee its success.

Subcomponent 1.2: Help utilize the administrative and student performance data and establish a “peer-mentoring” program

19. The project will support the deployment of an advanced education data set, currently planned by the MSE. In particular, the project will tap into key areas of the education data policies that will be used by all education stakeholders, including teachers, parents, principals, and students. In parallel, the Croatian National Centre for External Evaluation of Education will implement national external evaluation exams that will be well integrated into the usage of data.
20. Finally, this subcomponent will support establishing an equity-focused “peer-mentoring program.”¹⁵ The program will pair school principals from schools with poor academic performance with principals from top-performing schools and provide a small grant to both. As an incentive for active participation, a second disbursement of the grant will be provided to both schools, conditional on the subsequent improvement of the low-performing school in standardized exams.



Component 2: Design and demonstrate infrastructure solutions for Whole Day School

21. This component will support the design of new infrastructure standards for Croatian schools, which will address climate vulnerabilities, incorporate seismic resilience into building upgrades, and encompass best practice OECD-EU climate, environment, and energy-efficient standards, significantly contributing to the European Green Deal agenda. The component will also finance minor infrastructure investments in a select group of schools (approximately 50 schools) that will pioneer the implementation of WDS and serve as demonstration schools for the reform. No new schools will be built under this project.

Subcomponent 2.1: Prepare new infrastructure standards for schools

22. This subcomponent will support developing standard designs for new modern, resilient, and energy-efficient (green) schools that could be funded under EU and Bank funds (especially where school demolition is the recommended solution or where new school buildings are needed to reduce double-shift schooling). The new standard designs will also include, for example, outdoor green spaces, proposed green transport solutions, efficient solutions for kitchen and dining spaces, and adjustments for students with special needs. Furthermore, the subcomponent will support developing terms of reference to accelerate preparation of technical documentation for infrastructure modernization and guidelines supporting national and subnational authorities in procurement, permitting, and supervision. Developing high-quality data on school infrastructure to inform prioritization of capital investments and funding implementation of initial analytical studies, such as technical surveys and energy audits, will also be financed. Finally, financing and guidance to local governments to help them prepare project documentation for school infrastructure as well as mechanisms to exchange best practices and foster peer-to-peer learning around novel ways of using learning spaces will be supported.

Subcomponent 2.2: Creating “demonstration schools”

23. This subcomponent will finance (i) preparing and launching a call for proposals for “demonstration schools, through which the eligible schools (those meeting the criteria outlined in the call) will apply to receive resources for implementation of the WDS”; (ii) supporting infrastructure investments (for example, minor rehabilitation and refurbishment of learning environments, informal learning spaces, dining facilities) that will allow an initial group of schools to adopt the WDS model; and (iii) necessary school furniture and equipment. The “demonstration schools” (approximately 50 schools) will implement WDS in year 1 of the project and serve to inform future design and implementation of the reform across the country. The demonstration schools will be selected by the MSE through a competitive “open call” process. The selection criteria will be based on their ability to meet the preconditions necessary to quickly and more easily implement the WDS model (for example, already operate in a single shift and have the infrastructure to accommodate the activities of the longer school day with minimum enhancements, and have adequate outdoor spaces for break time/play), as well as equity criteria (targeting a certain percentage of schools in high poverty areas). Given the monetary incentives provided to schools through the project it is expected that a satisfactory number of eligible schools will apply

¹⁴ This program draws inspiration from Croatia’s own experience hiring mentors to support teachers during the initial years of implementing the curriculum reform, and from Denmark’s program of hiring “learning consultants” as part of a recent reform of the basic education system (including extending instructional hours) (VIVE Education and Danish Ministry of Education 2019).

¹⁵ The program is based on successful models from the UK that spread to many countries around the world (see Hill and Matthews 2010).



to become demonstration schools. The extensions and conversions of existing schools will incorporate energy efficiency and integrate safety into education infrastructure, and the project will promote school-based disaster management in a way that reduces the greatest amount of risk while applying principles of investment efficiency. Detailed criteria will be outlined in the Operations Manual.

Component 3: Strengthen Ministry’s capacity to implement reforms

- 24. Component 3 will strengthen the MSE’s capacity and provide direct support to key aspects of implementing the reform, such as establishing a Reform Working Group within the Ministry, project management, monitoring and evaluation, and communications. Technical assistance and capacity-building are at the center of this component’s activities, which aim to strengthen the Croatian institutions responsible for leading the design and implementation of the WDS reform.

Subcomponent 3.1: Support establishment of the Reform Working Group to facilitate delivery, including communications

- 25. This subcomponent will finance establishing a Reform Working Group, which will serve as the Project Implementation Unit within the MSE; and the hiring of a core group of experts to support WDS reform implementation, which will include: project director, coordinators for each of the main reform activities Education experts for each of the main reform areas, financial management/procurement expert, community outreach/consultations expert, infrastructure expert, environmental and Social specialist.
- 26. This unit will also support (i) the design and implementation of other strategic reform initiatives of the MSE, thereby strengthening the internal capacities of the MSE; (ii) development of an effective communication and outreach strategy to inform and engage with all stakeholders and the community at large about the comprehensive WDS reform (the project will finance technical assistance and the production and distribution of communications materials associated with WDS and an advisory panel formed of members of the Reform Working Group, school founders/boards, teacher association, and parent associations, to help refine or “test” communication strategies, trouble shoot, and craft the right messages and ways to communicate them to the different audiences).

Subcomponent 3.2: Update costing of the reform, revise national regulations on students with special needs, and prepare local school network plans

- 27. This subcomponent will support analyzing and revising national regulations on students with special needs, as the number of students with special needs allowed per classroom is an important consideration in the process of optimization of class size. I Also, it will support revising the costing of the WDS reform, considering the revised approach to special needs students. This subcomponent will also finance the needs assessments of school founders, engage school founders in doing more detailed analysis of their school networks, conduct regional workshops on school management, offer an option to each school founder to conduct founder-level analyses and simulations, build ownership of the WDS model implemented in their schools and strengthen the quality of teaching and learning, and prepare local school network plans.

Subcomponent 3.3: Support the design of other educational strategic reform initiatives

- 28. The objective of this subcomponent is to support the MSE in designing comprehensive educational reforms



beyond the WDS, outlined in the National Resilience and Recovery Plan (NRRP). In addition to designing and implementing WDS, this project will provide technical and advisory services to help the Croatian government design a select number of reforms related to some of the other reform areas mentioned in the NRRP (for example, Early Childhood Education and Care), and preschool education (for example, a new financing model for early childhood development, and building capacity and competences of preschool teachers), general and vocational secondary education (for example, optimizing the secondary school network and improving general secondary education—including raising participation rates in general education), and effective and relevant higher education (for example, restructuring the financing model for higher education and science, including performance-based agreements, and raising digital competencies of tertiary education professors).

Subcomponent 3.4: Fund a research program to allow for adaptive implementation and document results

- 29. The objective of this subcomponent is to establish a research program to monitor and analyze the impact of the WDS reform, to inform future reform activities in a timely and evidence-based manner, and to leverage the expertise of other Croatian institutions for the benefit of students and teachers. The project will finance an impact evaluation comparing outcomes in the “demonstration schools” supported by this project, with an appropriately selected group of “control schools” to compare the within and between-school differences of quality (all students) and equity (low-socioeconomic status students). An impact evaluation in selected “demonstration schools” and “control group” schools will be implemented for various grades throughout the project to assess its effects.
- 30. Finally, this subcomponent will support the MSE in adjusting the legislation required for the scaling up of the WDS reform and further optimization of the school network, including research on principal, teacher, and other staff norms, regulations on different types of activities to be offered during the extended school day (for example, elective subjects and extracurricular activities), and legislation giving more autonomy to school founders and other local officials.

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

- 31. .
- 32. The project environmental risk is moderate and is predominately linked to rehabilitation and refurbishing of existing schools envisaged under subcomponent 2.2. In exceptional cases, the Project will support construction of smaller annexes (1-2 classrooms), under the same sub-component. Construction of new schools (or other facilities) will not be financed from the Project. Given that the planned works are



general and small-scale construction activities, the potential risks and adverse impacts on human populations and/or the environment are not likely to be significant. This is because the Project activities are not complex or large, are planned predominantly in urbanized areas, do not involve activities that have a high potential for harming people or the environment, and are mostly located away from environmentally or socially sensitive areas. While schools may be located in the developed and populated parts of Natura 2000 areas, given that the activities will mostly be confined to the existing ecological footprint (or minimally expanded, in the case of annexes), no significant risks or impacts to biodiversity and health of habitats is expected. Due to limited intervention scope, the potential risks and impacts are (i) predictable and expected to be temporary and/or reversible; (ii) low in magnitude; (iii) site-specific, without likelihood of impacts beyond the actual footprint of the Project; and (iv) have a low probability of serious adverse effects to human health and/or the environment. The Project's risks and impacts can be easily mitigated in a predictable manner.

33. Social risk is rated as moderate. The expected civil works are minimal and only limited to rehabilitation and adapting and equipping of schools whose location, neighboring disposition, and geographic spread are not yet known. However, any potential negative social impacts are likely to be site-specific, without the likelihood of impacts beyond the project footprint, low in magnitude, and can be identified and mitigated. Currently, no land acquisition is expected. Given the small nature of the civil works under this project, labor influx is minimal. The use of security forces is not expected. The project will not undertake activities that expose the community to hazardous materials. Rehabilitation works will not disrupt learning, and construction areas will be fenced and signaled to mitigate accidents, noise, and other disturbances. COVID-19 prevention and management measures following national guidelines and consistent with World Health Organization recommended guidelines will be put in place to manage the risks of COVID-19 at the project sites and surrounding communities. However, challenges may present in terms of appropriate inclusive methods for stakeholder engagement, considering that students—who are a significant portion of the beneficiaries of this project—are children, including some with special needs and some from marginalized Roma populations. The project also seeks to engage a diverse range of stakeholders to build consensus for the reforms, against challenges including (i) lack of adequate coordination among key actors, such as the MSE and school founders, in using evidence and data to inform administrative decision making; (ii) the sector is highly centralized with few mechanisms for community participation, so it lacks wider consultation and over-relies on legislation to implement changes. Thus, stakeholder engagement will need to mitigate conflicts among key actors; (iii) inertia and unwillingness to participate in the WDS; (iv) resistance to educational change; and (v) disparity in the degree and results of community participation. These risks are further exacerbated with the challenges and limitations posed by the pandemic, limiting consultations mostly to virtual interactions.
34. The risk of gender-based violence, Sexual Exploitation and Abuse and Sexual Harassment (SEA/SH) has been screened using the SEA/SH screening tool and is low.
35. The Project builds on the Bank's previous and current engagement in the education sector in Croatia. The implementing MSE will lead and coordinate project activities and will be responsible for the overall implementation of Environmental and Social Standards (ESS). A full-time experienced environmental



specialist and a full-time social development specialist will be hired by the MSE, for the period of project implementation.

36. Given that location of schools (and consequently precise works) are not known so far, MoSE has prepared an Environmental and Social Management Framework (ESMF) to guide the preparation of site-specific Environmental and Social Management Plans (ESMPs) and ESMP Checklists, and Cultural Heritage Management Plans (CHMPs) and also provided a template for preparation of these documents.
37. Though unlikely, works may take place in cultural heritage protected buildings. For these subprojects, a CHMP will be prepared, whether as a stand-alone document or as part of the ESMP/ESMP Checklist. These site-specific documents will constitute an integral part of bidding documents for contractors. ESMF will also include detail procedures for consultations with stakeholders, project affected parties and general public both for ESMF as well as Environmental and Social (E&S) documents for sub-projects (ESMPs/ESMP Checklists). PIU Environmental Specialist and Social Specialist will prepare and submit regular monitoring reports on the environmental, social, health and safety performance of the Project, including implementation of the ESCP, and any E&S due diligence document prepared or to be prepared and implemented (ESMP, ESMP Checklist and CHMP; depending of the type of the subproject), stakeholder engagement activities, and functioning of the grievance mechanism(s) for the Project.

E. Implementation

Institutional and Implementation Arrangements

38. The proposed project will be implemented over a five-year period by the MSE who has implemented various World Bank projects over the past 15 years. Within MSE, State Secretary (Project Director) will have overall responsibility for project coordination and implementation. The State Secretary and the management team will form a Committee for strategic planning and implementation of the National Recovery and Resilience Plan, appointed by the Minister. In support to the State Secretary and the Committee, a Reform Working Group will be created within the MSE. Capacity enhancement of the MSE will be financed by the Borrower to maintain, throughout project implementation, qualified staff in sufficient numbers, as well as adequate funds, facilities, services, and other resources for project implementation, all acceptable to the Bank. The Reform Working Group will consist of coordinators for each of the main activities of the reform; MSE fiduciary staff and thematic staff, who will coordinate activities with other agencies. The Reform Working Group will also support the design and implementation of other strategic reform initiatives of the MSE, thus strengthening the MSE's internal capacities, and provide support to MSE staff from three units: the Directorate for Support and Improvement of the Education System, the Directorate for Education, and the General Secretariat.
39. The Reform Working Group will implement all activities related to project management, flow of funds, procurement, and monitoring and operational support, in cooperation with other responsible units of the Ministry.
40. A Project Operations Manual will be prepared by the MSE and reviewed by the Bank. The Project Operations Manual will outline roles; reporting lines; communication procedures; and all fiduciary, monitoring, and environmental and social responsibilities. The Operations Manual will be updated



periodically to reflect lessons learned from project implementation.

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