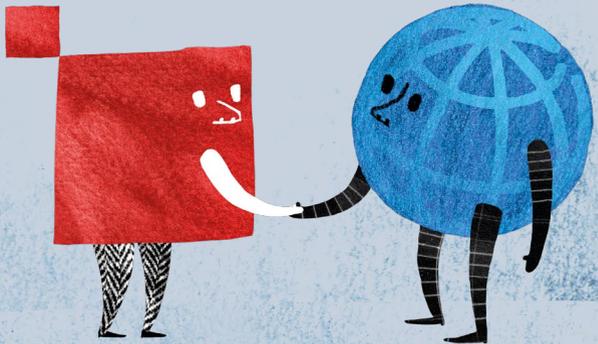




# 25 Years of Partnership with the Republic of Croatia





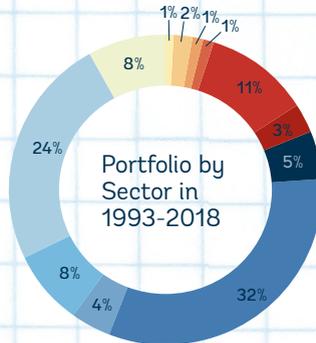
## Our Partnership

The partnership between Croatia and the World Bank Group began in 1993. Since then, we have worked together on **post-conflict reconstruction and social and economic revitalization, economic stability, and Croatia's preparation for European Union accession.**

We focused on **infrastructure reconstruction, strengthening public institutions, improving the provision of services to citizens, and better protection of vulnerable** members of society.

# Facts

The World Bank and the International Finance Corporation have supported over **80 projects worth EUR 4.8 billion and produced over 300 studies and technical assistance** to help strengthen institutions and support policymaking.



- Health System
- Macroeconomics, Trade and Investment
- Social Protection and Labor
- Sustainable Social, Rural and Urban Development
- Transport & Digital Development
- Water
- Agriculture
- Education
- Energy Efficiency
- Environment and Natural Resources
- Finance, Competitiveness and Innovation
- Governance

# Today

Our ongoing program focuses on:

- Making public roads and railway companies more competitive and less reliant on state subsidies.
- Supporting the innovation ecosystem and research and development projects of innovative companies and researchers, and connecting public research institutions with business.
- Improving the business environment by simplifying business registration processes and reducing requirements for practicing professions.
- Supporting new growth opportunities in Slavonia, Baranja and Srijem, helping with the preparation of the National Development Strategy, and supporting the Ministry of Agriculture in the formulation of rural and fisheries strategies.
- Modernizing health and land administration systems to provide better and quicker services to people.
- Working on improvements in the investment climate and providing investments in the financial sector, agribusiness, tourism, renewable energy, retail and manufacturing through the International Finance Corporation.

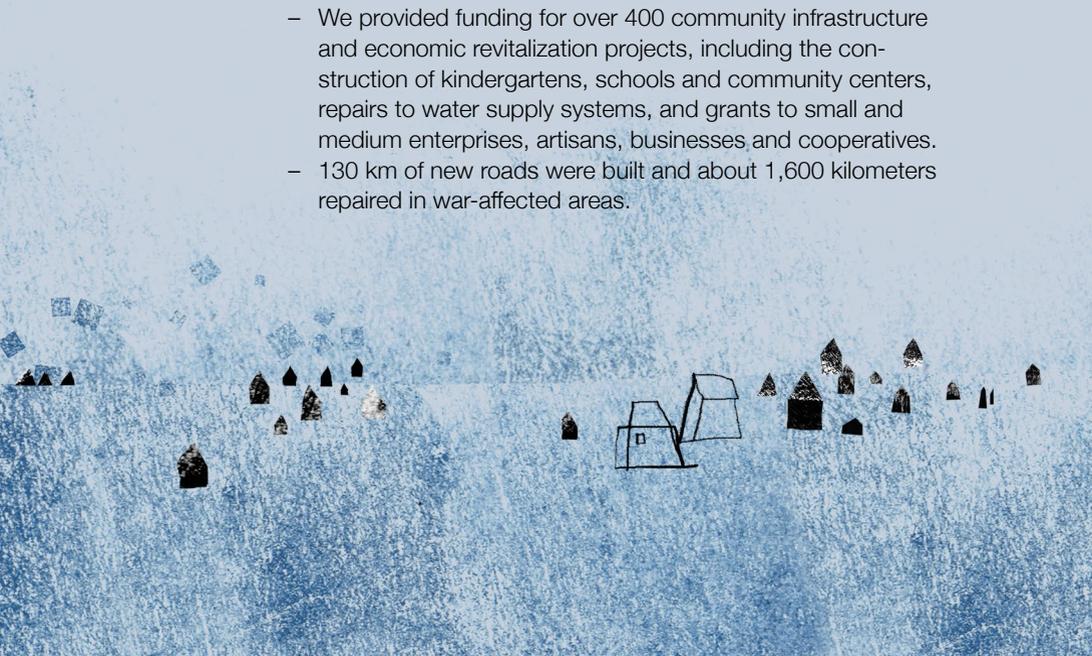


# Post-Conflict Reconstruction and Social and Economic Revitalization

The removal of landmines after the war, with the World Bank's help, allowed for the emergency reconstruction of bridges, roads and railway lines, the restoration of irrigation and flood protection systems in Eastern Slavonia, the revitalization of agricultural production, and the development of tourism in areas of special state concern, as well as for the safe return of displaced people to their land.

— Miljenko Vahtarić, former Assistant Director, Croatian Mine Action Center

- We provided funding for over 400 community infrastructure and economic revitalization projects, including the construction of kindergartens, schools and community centers, repairs to water supply systems, and grants to small and medium enterprises, artisans, businesses and cooperatives.
- 130 km of new roads were built and about 1,600 kilometers repaired in war-affected areas.



# Economic Stability and Public Sector Modernization

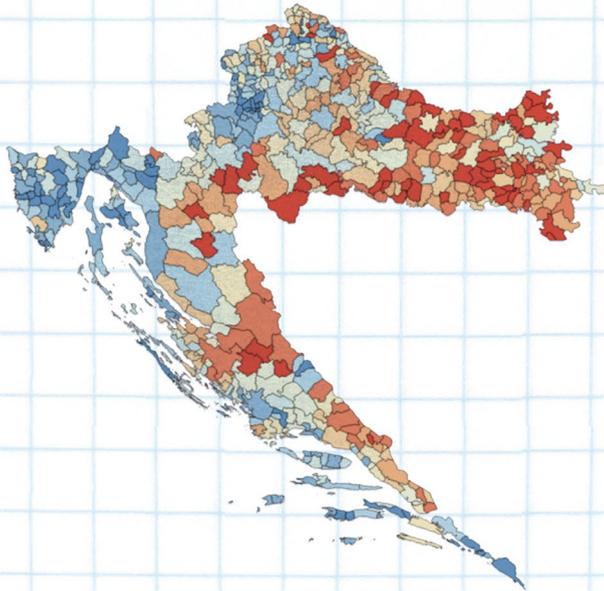
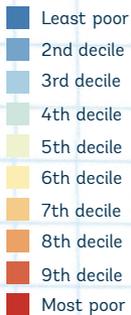
- We have provided policymaking advice and financing to support fiscal consolidation targets, the sustainability of public finances, and the reduction of public debt.
- We helped strengthen the role and independence of the Fiscal Board and carried out reviews of the expenditures of several ministries, contributing to Croatia's exit from the Excessive Deficit Procedure of the European Commission.
- Through Public Finance Reviews, we provided solutions to debt sustainability issues and avenues for fiscal adjustment while creating fiscal space for EU funds absorption.
- We supported upgrades of the tax administration system by improving business processes and introducing online services, reducing tax arrears, improving compliance and increasing transparency.
- We contributed to the reduction of the backlog of judicial cases through the introduction of an Integrated Case Management System in all courts across Croatia, allowing for the monitoring of performance and improved clearance rates for cases and disposition time. The automation of case processing has lowered the cost of doing business and is increasing transparency.



# Reducing Poverty and Social Exclusion

- We helped develop Income and Consumption-Based Poverty Maps at subnational levels, so policymakers can have better insight into the geographical distribution of poverty in Croatia. The maps provide estimates of poverty data at the county, city and municipality levels. Previously, this data was only available at the national level.
- With these maps, policymakers can better manage the limited resources available, better distribute funds among the

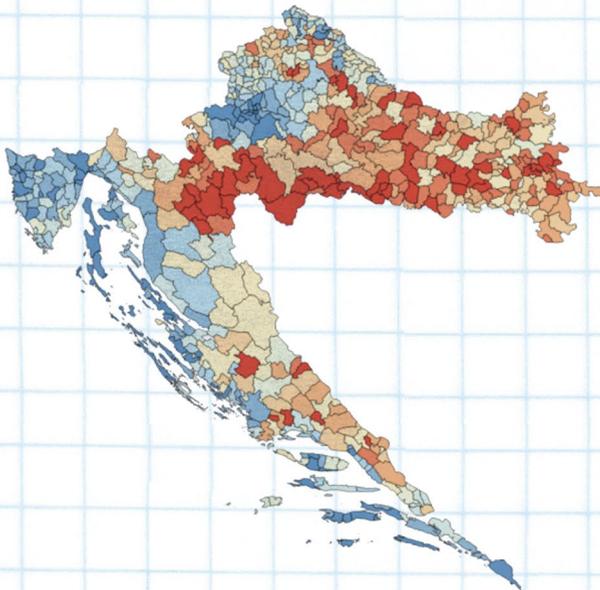
## Income poverty



population that needs assistance, and improve the targeting of social welfare benefits to reduce poverty.

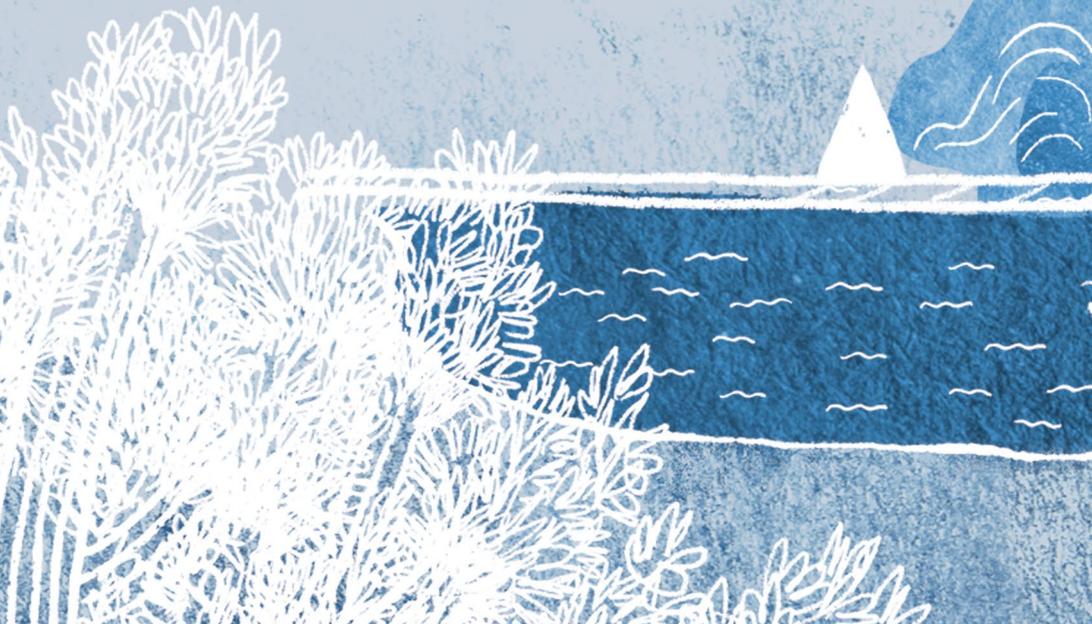
- The maps have helped the authorities select eight cities with distinct deprivation profiles to benefit from new EU-funded revitalization programs. The maps also provide the basis for the new NUTS2 statistical regions proposal to optimize the distribution of EU funds to the most vulnerable regions in the country.
- Based on the Social Impact of the Crisis and Building Resilience Study, the authorities increased the guaranteed minimum benefit for vulnerable households and individuals to help mitigate their precarious situation.

### Consumption poverty



# Protecting the Environment and Supporting Green Tourism

- Over 230,000 people in 23 coastal municipalities benefited from the improved provision of efficient and sustainable water services through the construction or upgrading of wastewater collection, treatment and disposal systems along the Adriatic coast, successfully reducing the amount of wastewater pollution entering Croatia's coastal waters.
- The European Union Natura 2000 Integration Project has helped the country comply with the EU Habitats and Birds Directives, and build capacity in national and nature parks to better protect wildlife. New equipment and management tools will allow park authorities to preserve the biodiversity in the Natura 2000 network, which covers 36.5% of Croatia's land area and a significant part of its marine area. The upgrades in visitor infrastructure and interpretation material have raised awareness of sites' unique habitats and species, and support for their preservation.





Along with impressive results in upgrades to visitor infrastructure in national and nature parks, we have prepared new project proposals to be ready to apply for EU funds. This approach has ensured the sustainability of project results and the continuation of investments in the natural resources of the Republic of Croatia, which in terms of its biodiversity is at the very top of the EU.

— Igor Kreitmeyer,  
EU Natura 2000 Integration  
Project Coordinator

# Investing in Human Capital and Improving Lives

- We supported the development of innovative programs for community-based provision of social services preventing institutionalization, while at the same time mobilizing support from communities and civil society organizations to deliver services to adults and children with disabilities.



Differences in organizational and equipment standards, disparities in emergency criteria, insufficient training, and differences in the quality of and access to emergency medical services are now a thing of the past in Croatia. With World Bank support, we now have a unified emergency medical system, prescribed standards for equipment and vehicles, and our medical students can specialize in emergency medicine.

– Maja Grba-Bujević, Director of the Croatian Institute for Emergency Medicine

- We helped introduce the State Matura, a standardized external assessment of secondary school students' knowledge and skills, and supported major school construction and rehabilitation programs that reduced the number of pupils attending three-shift schools and increased the number of pupils attending single-shift schools.





# Supporting Transport for Developing Trade

- We have helped transform Croatia's two largest international seaports at Rijeka and Ploče into gateways to European corridors by introducing long-term concessions by private investors and expanding current terminals and building new ones, and integrating them into existing and new transport corridors.
- We are involved in the modernization and restructuring of indebted state-owned roads companies, to lower their reliance on financing from the state budget and improve their performance, planning processes, and efficiency. We helped the government refinance more than EUR 3 billion out of EUR 5.2 billion of state owned roads companies' debt, freeing up resources to invest in other important areas for Croatia's development.
- We are supporting the development of railway transport by improving the operational efficiency and financial sustainability of three state-owned railway companies.

The World Bank and the Port of Rijeka Authority have been cooperating on the Rijeka Gateway Project for more than fifteen years. The construction of the new Zagreb Deep Sea container terminal is its most important investment, and it has launched a series of related projects that will, in a short period, turn the Port of Rijeka into a core intermodal center of the northern Adriatic. Without the Rijeka Gateway Project, the Rijeka port system would not have developed or survived on the port market.

— Denis Vukorepa, Executive Director, Port of Rijeka Authority



# Promoting the Private Sector and Innovation

- We provided financial support to companies during the recent economic crisis. As a result, the level of exports of supported companies increased by 19% through improved access to finance during the economic slump, while financed companies increased their exports by EUR 225 million.
- Over 100 innovative companies and 40 research groups were awarded R&D financing to improve their products and services, increase their presence on the market, and find new niches.
- 222 projects from the private sector and academia were financed under the Proof of Concept R&D program, helping them to bridge the gap from research to commercialization in the absence of sponsors or venture capital funds, build product prototypes, and launch new products on the market.

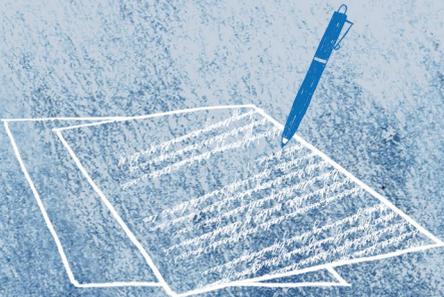
The technology development project had a huge impact on creating a start-up scene in the Republic of Croatia. It launched a whole host of instruments and competencies that were not available before, and created the conditions for developing ideas for a product or service. It finally connected the science community with industry in a new way of financing projects.

— Dalibor Marijanović, former CEO of BICRO



# Preparation for European Union Accession and Successful Membership

- We assisted the country in meeting EU requirements and supported Croatia on its journey to join the European Union and close EU negotiations. In agriculture, the institutions and systems have been established to comply with the Common Agricultural Policy and specialized agencies have been aligned with rural development requirements.
- An institutional overhaul of the judiciary sector was supported, which improved the independence, accountability and professionalization of the judiciary, which was a key area for Croatia's EU accession.
- Modernization of the land administration system brought about a major reduction in case backlogs and reduced the transaction time for mortgages from 46 days to 12 days in Land Registry Offices, and from 30 to 8 days in Cadaster Offices.
- We contributed to improving the capacity for management and absorption of EU funds by building a project pipeline worth more than EUR 700 million and training public sector institutions. The impact on EU funds absorption is most evident in the areas of innovation and science, environmental and nature protection, water, ports and the judiciary. The projects have also helped meet EU ex-ante conditionalities in several areas, a prerequisite for the use of EU funds.



# The Future Partnership

Our goal for the future is to help Croatia continue to create a fair and inclusive society where businesses, communities and regions have the opportunity to prosper for the benefit of everyone.

This is our vision for the years to come. Investing in people will guide our strategy and projects.



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