



1. Project Data:		Date Posted : 08/09/2002	
PROJ ID: P044457		Appraisal	Actual
Project Name: Emg Trans/mine Clr	Project Costs (US\$M)	122.30	131.20
Country: Croatia	Loan/Credit (US\$M)	102.00	102.00
Sector(s): Board: TR - Central government administration (30%), Roads and highways (30%), Railways (22%), Ports waterways and shipping (18%)	Cofinancing (US\$M)		
L/C Number: L4104			
	Board Approval (FY)		97
Partners involved :	Closing Date	06/30/2000	12/31/2001
Prepared by :	Reviewed by :	Group Manager :	Group:
Adam L. Understein	Jorge Garcia-Garcia	Alain A. Barbu	OEDST
2. Project Objectives and Components			
a. Objectives			
The primary objectives of the project were to :			
<ul style="list-style-type: none"> (1) Repair and reconstruct the surface transport networks within Croatia and between Croatia and Bosnia and Herzegovina (2) Clear landmines in areas of high economic priority for reconstruction . 			
b. Components			
<ul style="list-style-type: none"> (i) Roads and Bridges: Repair and reconstruction of the parts of the Zupanja -Orasje bridge located in Croatia (the bridge crosses the Sava River into Bosnia and Herzegovina) , 130 kms of roads and about 30 road bridges primarily through Lika and Cordun in the former United Nations Protection Areas, and upgraded road access to Ploce Port. (ii) Railways: Reconstruction of the Lika line and the Novska -Sisak line. Investments on the Lika line were to consist of the Debeljak tunnel at Skabrnje, safety equipment at the Skabrnje station, 9 automated barriers at road crossings along the line, renewal of 45 kms of track, and spare parts for 15 locomotives. On the Novska-Sisak line, two rail bridges (over the Strug and Sava Rivers) were to be rebuilt. (iii) Ploce Port: Repairs and reconstruction of Pier 5 (main pier) and Pier 3, the pier ladder and fendering system, the roll-on-roll-off terminal, container handling equipment, and various war damages to equipment, piers and buildings. (iv) Mine Clearing: Clearing of mines in areas of high priority for economic reconstruction (with first priority to Project areas), quality assurance of cleared areas, initial screening based on mine maps, surveys to estimate the probability of areas being contaminated by mines, and technical assistance, including training for mine clearers, instructors, and possibly dogs, where such dogs are trained to identify the location of mines . 			
c. Comments on Project Cost, Financing and Dates			
Total project costs grew from \$ 122.30 at appraisal to \$ 131.20 at completion, with the \$9 million increase financed fully by the Croatian Government. The closing date was extended twice, first from June 2000 to June 2001 and a second time to December 2001, because of slow disbursements for the landmine clearing component .			
3. Achievement of Relevant Objectives:			

The Project objectives were largely achieved, as summarized below :

- (1) Repair and reconstruct the surface transport networks within Croatia and between Croatia and Bosnia and Herzegovina
 - Components i, ii, and iii (listed above), which includes roads and bridges, railways, and the Ploce Port were achieved (with the exception of the access road for the port). Moreover, 173 km of main roads were rehabilitated, exceeding the appraisal estimate of 130 km.
- (2) Clear landmines in areas of high economic priority for reconstruction .
 - The lack of existing capacity at the beginning of the Project made it difficult to perform demining tasks ahead of the reconstruction operations . Nevertheless, the Project financed mine clearing for 26 bridges, 150 km of railway tracks, 5 railway stations, and about 270 km of roads (totaling about 13 km²). An additional 5 km² were returned for safe use following CROMAC's technical survey . About 1,500 landmines and 3,200 UXOs (unexploded ordinance) were removed. The volume of landmine clearing steadily increased from 15 km² in 1998 to 23 km² in 1999, 35 km² in 2000, and 42 km² in 2001.

4. Significant Outcomes/Impacts:

The landmine clearing component had substantial institutional and economic benefits . At the outset, there was no established civilian organization in Croatia to handle what was the largest demining program ever financed by the Bank (which at the time had limited experience in this field): at the end of 1995 there were an estimated three million landmines in Croatia. Nevertheless, within one year, CROMAC, a 100% Croatian institution, took over the United Nation Mine Action Center responsibilities, making the Government fully responsible for landmine clearing . Its survey capacity reduced the size of suspected minefields from 6,000 km² in 1997 to 1,700 km² in 2001, which helped to speed up demining . CROMAC's supervision was high quality, and the demining bidding documents that were developed under the Project are now used worldwide . Furthermore, Croatia has committed to eradicate all landmines by 2010 and devotes significant funds to landmine clearance .

The demining contracting industry grew so rapidly that the Government decided to cancel the purchase of equipment for the state-owned demining firm and reallocate funds to finance additional works (\$10 million were transferred from the goods category to the works category in 1998). The growth of the industry (about 23 local demining firms are now operating on a fully commercial basis) contributed to prices dropping from 18 HRK per square meter at the beginning of the project to 11 HRK in 2001.

5. Significant Shortcomings (including non-compliance with safeguard policies):

Expectations during the preparation of the project were too high . The project team presupposed that it would be possible to carry out demining ahead of the reconstruction operations . However, there was no general survey, and no list of priorities available at appraisal, so in the early stage of implementation, the Borrower had difficulties gathering information about minefields and drafting the list of priorities for demining works . The lack of existing capacity at the beginning of the project, together with the lack of information on minefields and elaborate procurement arrangements made it difficult to perform demining tasks ahead of the reconstruction operations .

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Satisfactory	Satisfactory	
Institutional Dev .:	High	High	
Sustainability :	Likely	Highly Likely	The Government's commitment, in terms of legal obligations, funding, and sector priorities (particularly for demining) is high. CROMAC has proven a high technical capacity. Furthermore, the growth of the domestic demining industry, including the establishment of a union to lobby the government, has created a constituency for continued demining.
Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR :		Satisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

- Favorable conditions such as sustained funding, timely payments, well -drafted and enforceable contracts,

adequate regulatory capacity, and private sector access to debt financing may promote a rapid increase in the number of private sector contractors, as well as promote development of their quality and performance . In addition to promoting economic activity and job creation, governments may achieve substantial savings in costs, through efficiency gains as well as avoiding expenditures on equipment that the private sector may be able to finance on its own. In this Project, the mine clearing component serves an example of the speed with which private contractors may develop, once favorable conditions have been established .

- Discrete, though related, components result in different implementation speeds, and this needs to be coordinated both at the design stage and during implementation . Whereas transport components dealt with established institutions, landmine clearing was new, and institutions had to be developed, priorities defined and procedures established . As a result, there were significantly different implementation speeds .

8. Assessment Recommended? Yes No

9. Comments on Quality of ICR:

The quality of the ICR is satisfactory, although shortcomings include that there is no explanation why the Ploce Port access road was not completed (ICR p.5), and ex ante ERR is not provided for the Lika rail line (p.6). In addition, the Lessons Learned section (pp.13-14) could have been developed more clearly, and greater care could have been made to use more concise language throughout the document .