



# **WORKING TOGETHER FOR A BETTER FUTURE**

How to raise the competitiveness of the Croatian economy?

How to improve the quality of life for all Croatians?

How to protect the environment now and safeguard it for future generations?

The World Bank team and the Croatian authorities are working together on many projects which are responding to these important questions. Questions which are of major relevance for the whole Croatian society, especially in today's changing and challenging global environment.

*'It's good to share assistance because in the future we'll be judged by the manner in which we shared wealth, how we took care of the poor, the sick and those whose voice is rarely heard.'* – quote from the documentary 'Putting People First' on World Bank-financed projects, produced by the Croatian Television for the Good Morning Croatia show in July 2009.

## RAISING THE COMPETITIVENESS OF THE CROATIAN ECONOMY

### MAKING THE PORT OF RIJEKA AND THE CITY OF RIJEKA MORE COMPETITIVE:

To remain competitive, a city port needs to attract a continuous inflow of talent, ideas and capital. For port cities like Rijeka, it is vital to combine port development, the improvement of road connections to the main international transport corridors and the redevelopment of part of the prime waterfront port estate into a vibrant new urban neighborhood. Since 2003, to help Rijeka increase its competitiveness and develop into a modern, urban tourism-oriented city, the World Bank has been investing in the Port of Rijeka and its surroundings through the Rijeka Gateway Program. Major improvements are already seen. The port has been modernized, business processes are better organized making port operations more efficient, and there is better road access to the port, decreasing the congestion in the city center.

- Tenfold increase in container traffic between 2002-2008
- Significant improvement in the financial situation of the port authority
- The Bečko berth has been rehabilitated

- The Orehovica-Sveti Kuzam section of the Rijeka Bypass has been opened
- Part of the Eastern connecting road, D404, has been opened, with the full road to be opened soon
- The small arch of the Krk bridge has been rehabilitated, and the rehabilitation of the large arch is underway
- A new passenger terminal with modern facilities has been constructed and opened for passenger boats
- The port breakwater has been reconstructed and inhabitants of Rijeka can now enjoy walks along a large portion of the breakwater
- Design guidelines have been prepared for the redevelopment of the Port of Baross and the Delta into an urban area.



View of the Rijeka Port



The future Zagreb Terminal in Rijeka Port

Through all these investments city life in Rijeka will be much improved, as citizens will have access to the most attractive part of the city at the waterfront.

By 2014, Rijeka should no longer give the impression of an industrial city but an urban, modern port city with much more to offer to businesses and its inhabitants.

### MAKING CROATIA A MORE ATTRACTIVE TRADING ROUTE:

Another port which is experiencing a revival is the Port of Ploče, situated on a key trading route. Why is the modernization of

the Port of Ploče important for Croatia's competitiveness? The Port is the entry-point to a major trade route – Corridor Vc which links heavy industries in Bosnia and Herzegovina and beyond to supplies shipped by sea, and links Croatia to the EU markets. In a very short amount of time cargo traffic reached 5.1 million tons in 2008, an increase of over 180% compared to 2005. In 2008, the transport cost for containers through Ploče was estimated to be at less than 50% of the cost for alternative routes for the main markets. The port has purchased new handling equipment and can now handle 700 tons of bulk per hour as compared to less than 170 tons per hour before the new equipment was bought. The new port concession agreement for the bulk terminal is expected to bring over € 75 million investments for the port.

## PROMOTING INNOVATION, R&D AND COMPETITIVENESS OF SMEs:

To release Croatia's innovative potential and increase its competitiveness, Croatia is focusing increasingly on the commercialization of public research, creating more science-based companies (spin-offs) and increasing the collaboration between public research institutes and the business sector. Technology transfer offices have been established in the Rudjer Bošković Institute, the University of Zagreb and the University of Rijeka to promote commercialization of public research.

- Rudjer Innovations, a technology transfer office of the Rudjer Bošković Institute, has already three patents granted; it has filed more than 50 patent applications, concluded 11 license agreements, and established two joint ventures and one spin-off company with equity.
- Brodarski Institute's share of revenues from the private sector, mainly SMEs, is at 35%, compared to 22% in 2005. The value of its new contracts with the industry is € 3.6 million, compared to € 0.3 million in 2006.



Initium Futuri – an innovations company supported by Rudjer Innovations

BICRO has become the driving force of the national innovation system. It successfully supports knowledge-based companies and stimulates demand for R&D and innovation from businesses. BICRO's clients are mainly SMEs, supported through different programs:

- RAZUM has provided financing to some 50 knowledge-based companies, supporting R&D activities in the final stages of development (close to commercialization);
- To encourage SMEs to invest in R&D, promote cooperation between R&D institutes and universities, the IRCRO program has so far provided matching grant schemes to 12 SMEs;
- The technology centers program, TEHCRO, currently provides support to five research/technology centers and science-parks. These help with the commercialization of R&D and the growth of technology-based businesses.

## INVESTING IN YOUNG SCIENTISTS AND RESEARCHERS, AND REVERSING THE BRAIN DRAIN:

Croatia's scientific diaspora, which is much larger than the European average, is an invaluable human capital needed to boost the national economy. To use this potential, the Unity Through Knowledge Fund (UKF) Program provides financing to Croatian scientists and professionals at home and abroad, for cooperation on joint scientific and technology projects. In less than three years, the UKF has been successful in attracting 55 excellent R&D projects to Croatian companies and institutions, through collaboration with the diaspora:

- Currently, over 80 science and research institutes, and more than 200 researchers, from Croatia and abroad are working on joint projects;
- The business sector participates in 16 R&D projects, and has contributed additional funds to the projects, as they aim to create new values for the Croatian economy;
- The UKF has been specifically oriented to support young researchers, who account for more than 60% of the awarded UKF projects.

## MAKING IT EASIER FOR FIRMS AND INDIVIDUALS TO BUY AND REGISTER PROPERTY:

Land is a fundamental economic asset in every society. Where property systems are poorly administered or property rights are poorly defined, this can prevent land from being turned into productive capital and have a negative impact on an economy's competitiveness. Making property registration simple, fast and cheap allows entrepreneurs to focus on their business. Easy access to information in the property registry helps reduce the time spent on lengthy and costly checks to verify ownership and collect other required documentation. Allowing online access to information is an effective way to reduce the time

# IMPROVING THE QUALITY OF LIFE

## REBUILDING LIVES AND LIVELIHOODS IN UNDERDEVELOPED AND WAR-AFFECTED AREAS:

Still today, underdeveloped and war-affected areas are struggling to catch up with the more developed parts of Croatia. In particular, war-affected areas are still suffering from destroyed and underdeveloped infrastructure, loss of traditional markets, lack of business support services, insufficient access to information and lack of needed products and services. Employment opportunities are slim and people, especially young are looking for employment opportunities in big cities such as Zagreb. Returnees are in need of making a living and reintegrating into their communities. Large parts of the war-affected areas are still contaminated with landmines, hindering possible economic activity. Since 2005, under the Social and Economic Recovery Project, the government has been finding ways to strengthen social and economic cohesion, and promote the healing process and build trust among different groups through activities that foster social inclusion, improvements in small community infrastructure, demining, and the revitalization of economic activity and creation of employment in the depressed areas.

- Close to 900 new jobs have been created in the areas of special state concern through project activities;
- The 66,000 direct project beneficiaries, thus far, include war-affected groups as well as vulnerable members of the society, such as youth, children, elderly, unemployed and people with disability, whose lives have improved through these activities;
- Some 8 square kilometers of mine contaminated land has been cleared, and the demining of another 4 square kilometers is underway. Now people can safely use their land without fearing for their lives or property.

## IMPROVING LIVES OF VULNERABLE GROUPS:

Children and youth without proper parental care or those with disabilities, elderly or sick, unemployed or unable to work, they all deserve the best quality service and assistance a social welfare system can offer. Much work has been done on improving the quality and delivery of social services to the most vulnerable. New modern tools have been developed, equipping social workers with the skills and providing them with the time to support their clients while spending less time doing administrative work. In 20 residential institutions living conditions have been improved, while another 25 are being renovated. Two social welfare centers (Osijek and Koprivnica)



and cost to obtain documents. Transferring property records from paper to a digital system speeds up processing and increases registrations. Since 2003, the Ministry of Justice in cooperation with municipal courts through 109 land registries and the State Geodetic Administration, supported by the World Bank loan, EU grants and the state budget, have been working with much success towards building an efficient land administration and cadastre system to modernize and regulate the real property registration in Croatia, both to the benefit of entrepreneurs and of course the citizens of Croatia.

- The backlog of cases in the land registry has been reduced by more than 70% since 2004;
- 60% of the Land Registry Offices have no backlogs and one third of them process requests for registration in 7 days or less;
- Mortgages are registered within 6 days nationwide;
- Moved from primarily working on paper in 2003 to having 100% of the land registry data digitized and close to 70% verified.
- The cadastre system has also been modernized, and the cadastre maps for 100% of cadastre municipalities have been vectorized, with 78% already entered into the centralized cadastral database.
- A computerized system is now keeping track of all property in Croatia and people can find out online the status of a property of interest.
- Just in three quarters of 2009, 5.5 million web queries were reported for cadastre information and 14.5 million for land registry information.

have been built as models for a one-stop office while 12 social welfare centers across the country are undergoing reconstruction or construction.



**Together through Live – Center for Inclusion Pula – learning how to cook**

Innovative models of social services have been put into practice through the Innovation and Learning Program. Thirty-four community based projects that help prevent the institutionalization of socially-deprived persons, and assist in their deinstitutionalization and reintegration into society are implemented by non-governmental organizations or state-run institutions in partnership with local authorities. Projects' activities have directly impacted the lives of over 3,400 beneficiaries (1850 elderly, 700 mentally and physically disabled persons, 350 children and juveniles at risk, 450 families at risk and 75 mentally ill persons). Now many disabled children can stay with their families instead of being confined to an institution, and elderly can postpone or fully avoid entering into residential care.

*'All people are happy when their children are happy, I am grateful that organizations exist which operate on a principle that our children, and all those with specific difficulties get to learn about the true real life.'* – mother of a beneficiary of the Center for Inclusion in Pula.



## ENHANCING THE QUALITY OF EDUCATION:

The “Matura”, a standardized external assessment of students' knowledge and skills which is now under preparation, will give equal opportunities to all students to demonstrate their level of skills and knowledge, as well as compare the quality of education provided in different schools. The renovation and construction of schools throughout Croatia, 73 of which under the World Bank-financed project will help eliminate all three-shift schools and improve the quality of education. Over 600 primary and secondary schools all around Croatia have received didactic equipment (laboratory equipment, musical instruments, sports equipment, audio-visual equipment and furniture), making learning more effective and fun. Vocational schools have been equipped with various tools and equipment.

## PROTECTING THE ENVIRONMENT AND PROMOTING CLEANER ENERGY

### PROTECTING THE ADRIATIC SEA:

The Adriatic coastline is one of Croatia's most valuable economic and environmental assets. The disposal of untreated wastewater has a large impact on the quality of the seawater, development of tourism, livelihoods of local communities and marine life. Environmental protection of the coast is a



key element in the government's tourism strategy to position Croatia as 'the Mediterranean as it once was'. With World Bank support, Croatian Waters and relevant ministries have been working together in constructing wastewater collection, treatment and disposal systems in coastal cities along the Adriatic. This area covers 1 million residents with the number increasing markedly during the summer months of the tourist season.

Some noteworthy results:

- In Zadar, a biological wastewater treatment plant has been constructed, treating 73% of the wastewater and serving some 100,000 people.
- In Makarska, a mechanical wastewater treatment plant is operational, treating 95% of the wastewater and serving some 50,000 people.

## SAFEGUARDING THE ENVIRONMENT AND REDUCING ENERGY COSTS:

Investments in energy efficiency projects reduce energy consumption and the emission of greenhouse gases. A new company HEP ESCO was established to support the private sector to start energy efficiency projects. From a team of five in 2004, HEP ESCO has grown into a company of international recognition. It has been selected by the European Energy Service Initiative as the best European company providing services for energy efficiency projects. HEP ESCO has completed projects in the areas of public lighting, buildings such as schools, hospitals, universities, and hotels, as well as industry and energy supply systems:

- More than 50 schools across the country have introduced energy efficiency measures through i.e. improving lighting, modernizing heating systems or reinforcing thermal insulation.
- Energy efficient public lighting has been introduced in six towns: Novigrad, Rovinj, Varaždin, Karlovac, Jastrebarsko and Zagreb with savings in energy costs from HRK 120,000 to more than HRK 500,000. In Zagreb, the electricity savings are as high as 47%.
- The reduction in greenhouse gas emission amounts to some 5,000 tons of carbon-dioxide.

*Novigrad, a town of some 2,300 people, was among the first to recognize the benefits of investment in energy efficiency. The HRK 2 million project of energy efficiency*



Replacement of wasteful light bulbs with new economical high-quality bulbs in a school in Karlovac

*measures in public lighting covered the whole city. The modernization included replacement of obsolete mercury light bulbs and lamps with modern sodium light bulbs of less power and improved characteristics. Dimming controls were installed to reduce consumption in late night hours when traffic is low. The immediate impact is a reduction of the town's electricity cost by HRK 70,000 per year. The lighting fixtures also reduce light pollution, providing an environmentally friendly solution.*

## PROVIDING ENERGY EFFICIENT HEATING:

In Zagreb and Osijek, HEP Toplinarstvo, in cooperation with the World Bank, has embarked on an extensive rehabilitation of the district heating network, replacing old transmission and distribution pipes that have been generating large energy and water losses of about 15-25%.

- In Zagreb, over 90% of the main pipelines have been replaced;
- In Osijek, more than half of the main pipelines have been replaced.



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