



The World Bank in Croatia

Trade and Transport Integration Project (TTI - Croatia)

PROJECT DATA SHEET

Key development issue - supporting EU Accession

The main objective of the Bank's assistance to Croatia is to support the Government growth strategy embedded into the European Union (EU) accession process, through supporting projects that would generate economic benefit and foster trade and transport in the region.

The TTI project will potentially support three elements of the EU Accession agenda:

- Integrated Border Management Program
- railway track access
- Motorway of the Seas Policy

Implementing Agency

Port of Ploče Authority
Croatia

Background

The Trade and Transport Integration Project (TTI – Croatia) came as a response to a significant increase in traffic, which, in turn, came as a result of industrial restructuring in Bosnia and Herzegovina. In recent years, traffic increased from 1,1 million tons in 2002 to 2,8 million tons in 2005. The Corridor Vc generates significant, year-round profit for Southern Dalmatia. As the final destination of more than 80% of the said Port's cargo is outside of Croatia, the Project is of great significance for the Region. Through this project, the Bank is continuing its support in promoting competitiveness and regional cooperation concept, initiated in Trade and Transport Facilitation in SEE (TTFSE).

Project Objective

The overall development objective is to improve the corridor Vc capacity, efficiency and quality of services to meet projected traffic demand with particular focus on the Ploče Port and support regional development.

Project Activities

- Building phase I of the multi-purpose and containers terminal
- Building of bulk cargo terminal
- Building and reconstruction of other port infrastructure and superstructure
- Implementation of the port community system which will improve the service delivery to all users of this traffic route

Since July 2005, a wide range of preparation activities took place:

- Ministry of Sea, Tourism, Transport and Development (MSTTD) and the World Bank secured a US\$250,000 Grant to define suitable public private partnership arrangements, prepare a master plan and carry out a preliminary economic and financial analysis of the project
- EBRD secured an additional US\$50,000 Grant for the corresponding feasibility studies

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- **The Port of Ploče Authority (PPA) received a US\$1.75 million Project Preparation Facility from the World Bank** to advance project preparation and used part of this financing to finance contracts for: (i) geo-mechanical investigation; (ii) audit services; (iii) advisory technical services regarding the proposed terminals. Remaining funds will be committed to complete the technical preparation of the project. This Facility enabled PPA to accelerate project preparation
- **Consultants selected for MSTTD and PPA prepared draft Traffic Studies, Masterplan and Feasibility Studies.** Business Plans for Luka Ploče and the Port of Ploče Authority are in final stage of preparation
- **The Environmental Impact Assessments for the proposed terminals has been made public** and public consultation has taken place
- **A working group including all Port stakeholders was set up to guide the development of a Port Community System** optimizing information flows within the port. This working group launched the bidding process for the design of such a system
- **A working group for Bosnia and Herzegovina and Croatia was set up** to improve rail transport from the port to its main clients. After four bilateral meetings, this working group developed a draft action plan to increase rail capacity over the next 18 months
- **Legal aspects limiting private investments in equipment were identified** by consultants hired for MSTTD and a solution was defined to address this issue
- **The World Bank and EBRD teams worked closely together to allow for common procurement rules** (following World Bank rules) and simultaneous project processing

Next Step

Based on the outcome of this mission, the World Bank will conduct its Decision Meeting in early April in order to review the project readiness for the approval.

Learning from Other Projects Prepared by the World Bank and Croatian Government

- **Rijeka Gateway Project** – Port of Rijeka is a major traffic route and gateway to Europe connecting seaways with European road and railway corridors. The Port generates around 40% of its cargo traffic with Hungary, Austria, Slovakia and the Czech Republic. Traffic growth should make Rijeka one of the main ports in the Central and Eastern Europe.
- **Trade and Transport Facilitation in SEE** - launched in 2001 the TTFSE represents a regional approach to reducing economic distances and improving the flow of trade between and through Albania, Bosnia and Herzegovina, Bulgaria, Croatia, FYR Macedonia, Moldova, Romania, and Serbia and Montenegro. The results of such efforts are noticeable. For example in 2004 cost saving resulting from waiting time reduction at 30 border crossings and inland terminals amounted to about US\$64 million.

Contact point

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