



*The Royal Netherlands  
Embassy in Zagreb  
Mr. Joost Geijer  
Tel. 4642 232  
Fax 4642 231  
[jma.geijer@minbuza.nl](mailto:jma.geijer@minbuza.nl)  
[www.netherlandsembassy.hr](http://www.netherlandsembassy.hr)*



*Ministry of Finance  
The Republic of Croatia  
Mrs. Sanja Bach  
(00385 1) 4591 198  
(00385 1) 4922 583  
[sanja.bach@mfin.hr](mailto:sanja.bach@mfin.hr)  
[www.mfin.hr](http://www.mfin.hr)*



*The World Bank  
Croatia Office  
Ms. Mirjana Milic  
(00385 1) 235 72 74  
(00385) 235 72 00  
[mmilic@worldbank.org](mailto:mmilic@worldbank.org)  
[www.worldbank.hr](http://www.worldbank.hr)*

## **World Bank Supports the Rehabilitation of the Environmental Infrastructure in the Coastal Area**

**Zagreb, January 17, 2005** – Finance Minister of the Republic of Croatia, H.E. Ivan Šuker, and Mr. Hermann A. von Gersdorff, World Bank's Sector Manager on behalf of H.E. Anand K. Seth, the World Bank's Country Director for Croatia, Bulgaria and Romania have signed today 1,940 million euro (US\$2,461,674) Grant Agreement. The World Bank as administrator of grant funds provided by the Netherlands Minister for Development Cooperation will supervise the technical assistance to support the implementation of the Coastal Cities Pollution Control Project. The implementing agency and the main beneficiary of the grant is the Croatian Waters Company (Hrvatske vode – Jadranski projekt). The purpose of this Grant is to assist in implementation of CCPC Project and improve wastewater management and monitoring efficiency in the coastal area, through technical assistance and consultancy services. Under the Grant the development of preparation documentation will be financed (Environmental Impact Studies, Feasibility Studies, and Social Impact Assessments), as well as engineering designs up to the level of the project design for approximately 10 cities and municipalities in Dalmatia and a dozen cities and municipalities in Istria and Northern Adriatic, including the islands. Rehabilitation of environmental infrastructure will enhance prospects for the tourism growth and enhance private sector investments which are expected to accompany the recovery in the tourism sector.

„The Project goal is ensuring an environmentally sustainable economic development, improving operations of municipal companies, and instigating development of municipal wastewater collection, sanitation, treatment, and discharge services in the coastal area, as well as water quality control“, said H.E. **Ivan Šuker**, Minister of Finance

“The lack of adequate wastewater treatment facilities at the municipal level in Croatia has a deleterious impact on both the competitiveness of the tourism sector and on Croatia's EU accession aspirations. As the tourism sector represents a key source of potential economic growth and foreign exchange for the country, improving the quality of Croatia's coastal bathing waters will be critical to growth in the sector, said **Mr. Hermann A. von Gersdorff, World Bank's Sector Manager**

“Since 2002 there is a memorandum of understanding between Croatia and the Netherlands for cooperation in the field of water management. The funding of the Croatia Coastal Cities Pollution Control project is a logical follow-up“, H.E. **Lionel Veer, Ambassador**, The Royal Netherlands Embassy.

“We would like to thank the Royal Netherlands and the World Bank for the US\$ 2,400,000 grant which will help us implement the Coastal Cities Pollution Protection Project (the Adriatic Project), whose implementation has a big environmental and economic impact on the Republic of Croatia,“ said Mr. **Slavko Rajnović**, Director General of Croatian Waters Company.

“The Adriatic Project - the Coastal Cities Pollution Protection Project, which will provide for the construction of wastewater treatment facilities along the Adriatic coast, is invaluable for the Republic of Croatia. The Grant will provide technical assistance and capacity building of municipal companies and the Hrvatske vode Jadranski projekt company, which will facilitate successful implementation of the Project”, said Mr. **Zdravko Krmek**, State Secretary of the Ministry of Agriculture, Forestry, and Water Management.

The World Bank and the Croatian Waters Company formally started the Coastal Cities Pollution Control Project on December 17, 2004. The overall objective of the EUR 80 million valuable Project is to improve the quality of Croatia’s coastal waters in line with both the European Union environmental standards and the National Environmental Action Plan. The project is designed to address the problem of water pollution along the Adriatic Sea coastline and remove its negative effect on ecology, public health and development potentials of Croatia’s tourist sector.

The project started in Opatija, Rijeka, Zadar, Sv. Filip Jakov, Pakoštane and Biograd and will also include large and small municipalities, which are important for tourist development and do not have own resources to invest in infrastructure.

In the first phase, approximately 150,000 permanent residents in the participating towns and municipalities, as well as more than 300,000 seasonal tourists in the region benefited from improved water management services and sanitary conditions. In **Opatija**, three pumping stations have already been built, whereas the works on the construction of 10 new pumping stations are underway, and works on the construction of wastewater mains are continuing. Opatija is the coastal city with the huge tourism potential and one of the main resorts on what is called the Opatija Riviera a 25 km long coastal strip along the eastern coast of Istria. Tourism in Opatija started in 1844. In **Zadar** and **Biograd** activities on the construction of submarine outfalls have commenced.

#### **Tourism industry growth, natural resources preservation, environmental protection**

- The Project will have **substantial environmental benefits with a direct impact on the populations of the Croatian coastal area**, which counts approximately 300,000 permanent residents in the coastal region (in the participating municipalities) as well as seasonal tourists which increases population to 850,000 in the summer months.
- The Project **will preserve the country’s natural resources** which are even more significant in light of Croatia’s increasing potential for growth in the tourism industry and is widely seen as a key to national growth in the medium term. *Tourist accommodation facilities in Croatia registered some 51.1 million overnight stays in the first 11 months of 2005, up by 3.6 million overnight stays, according to statistics published by the Croatian Statistics Bureau. Overnight stays of foreign tourists totaled 45.8 million, an increase of 8.0 percent on the year, while the number of domestic tourist overnight stays went up by 3.0 percent year-on-year to 5.3 million.*
- By the time the program is completed, up to 50 coastal towns and municipalities will benefit from **improved wastewater treatment**, discharge infrastructure and sanitary conditions.

Since Croatia joined the World Bank in 1993, the Bank has been active in providing financial and technical assistance, policy advice and analytical services to the country. So far, the Bank has supported 29 projects totaling US\$1.67 billion, and has provided over 41 grants totaling US\$43.2 million. All completed projects to date have satisfactory ratings. Overall portfolio performance in recent years is also above the regional average, and disbursement rates are high.

*For more information about the World Bank's work in Croatia, visit*  
[www.worldbank.hr](http://www.worldbank.hr)

