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# The World Bank

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**Report No.** P-6480-HR

MEMORANDUM AND RECOMMENDATION

OF THE

PRESIDENT OF THE

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

TO THE

EXECUTIVE DIRECTORS

ON A

PROPOSED LOAN

IN AN AMOUNT EQUIVALENT TO US$40.0 MILLION

TO

REPUBLIC OF CROATIA

FOR A

HEALTH PROJECT

JANUARY 26, 1995

## CURRENCY EQUIVALENTS
(as of September 1994)

| | | |
|---|---|---|
| Currency Unit | = | Kunas (KN) |
| 1 | = | US$0.17 |
| US$1 | = | KN 5.85 |

## AVERAGE EXCHANGE RATES
per US$1

| June 1994 | July 1994 | August 1994 |
|---|---|---|
| KN 6.07 | KN 5.80 | KN 5.85 |

## WEIGHTS AND MEASURES
Metric System

## ABBREVIATIONS AND ACRONYMS

| | |
|---|---|
| CAS | Country Assistance Strategy |
| EBRD | European Bank for Reconstruction and Development |
| EFSAL | Enterprise and Financial Adjustment Loan |
| GDP | Gross Domestic Product |
| HIF | Health Insurance Fund |
| HII | Health Insurance Institute |
| ICB | International Competitive Bidding |
| IBRD | International Bank for Reconstruction and Development |
| IMF | International Monetary Fund |
| MOF | Ministry of Finance |
| MOH | Ministry of Health |
| NIPH | National Institute of Public Health |
| PCR | Project Completion Report |
| PIO | Project Implementation Officer |
| PPF | Project Preparation Facility |
| SFRY | Socialist Federal Republic of Yugoslavia |
| UNPA | United Nations Protected Area |
| WHO | World Health Organization |

## FISCAL YEAR

January 1 - December 31

# REPUBLIC OF CROATIA
# HEALTH PROJECT

## Loan and Project Summary

| | |
|---|---|
| Borrower: | Republic of Croatia |
| Beneficiary: | Ministry of Health, Health Insurance Institute, primary health care centers, and selected hospitals |
| Amount: | US$40.0 million equivalent |
| Terms: | Seventeen years, including a five-year grace period at the Bank's standard variable interest rate |
| Onlending Terms: | Government will onlend to the Health Insurance Institute on the same terms as the Bank's loan to the Government. The Health Insurance Institute will bear the foreign exchange risk. |

Financing Plan:

| | Local | Foreign | Total |
|---|---|---|---|
| | -----US$ Million---- | | |
| Health Insurance Institute | 14.0 | 0.0 | 14.0 |
| IBRD | 5.0 | 35.0 | 40.0 |
| **TOTAL** | **19.0** | **35.0** | **54.0** |

| | |
|---|---|
| Economic Rate of Return: | Not applicable |
| Poverty Category: | Program of Targeted Interventions |
| Staff Appraisal Report: | Report No. 13717 HR |
| Map: | IBRD No. 26529 |

**MEMORANDUM AND RECOMMENDATION OF THE PRESIDENT OF THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT TO THE EXECUTIVE DIRECTORS ON A PROPOSED LOAN TO THE REPUBLIC OF CROATIA FOR A HEALTH PROJECT**

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1. I submit for your approval the following memorandum and recommendation on a proposed loan to the Republic of Croatia for the equivalent of US$40.0 million to help finance a Health Project. The loan would be at the Bank's standard variable interest rate, with a maturity of 17 years, including a grace period of five years.

## Part I - Recent Country Developments

2. Introduction. Over the last three years, Croatia has successfully adjusted to its newly independent status, tackled many problems associated with the heavy toll of the recent war and the loss of traditional markets, and embarked upon an ambitious economic reform program. The Republic of Croatia became a member of the International Monetary Fund as of December 1992, and The World Bank as of February 25, 1993. The difficult situation in the region has meant that the Bank's approach in assisting Croatia has necessarily been cautious. Although a macroeconomic dialogue was established and a project to assist in reconstruction of war-related damage was defined with the Government soon after independence, our dialogue was interrupted for about one year due to security concerns. Following normalization of relations, primarily due to the Washington Agreements of March 1994, signed between the Bosnian and Croatian authorities, the Emergency Reconstruction Project (Ln. 3670-HR) was approved in June 1994. The Bank plans to assist Croatia in meeting its economic challenges with a broad-based strategy, building on the excellent dialogue that has already been established on the economic front and in several major sectors. A Country Assistance Strategy (CAS) is currently being discussed with the Government, and is designed to assist Croatia in bringing the economic reform program to fruition, and establishing itself as a small, but relatively prosperous part of the European economy, and a contributor to stability in the region. The CAS is currently scheduled to be presented to the Board in April 1995, together with the recently negotiated Highways Sector Project. The project proposed today addresses urgent needs in the health sector and supports Croatia in the implementation of a far reaching sector reform program, which is already well-advanced.

3. Political Developments. Croatia declared its independence from the former Socialist Federal Republic of Yugoslavia (SFRY) in June 1991. Hostilities erupted over the control of portions of Croatia which had large Serb populations, and lasted until the end of the year. Although they were designated as United Nations Protected Areas (UNPAs) in January 1992, limited hostilities nonetheless took place around these occupied territories within Croatia for some time thereafter. In March 1994, a cease-fire was agreed with the Croatian Serb leaders in these areas, ending hostilities within Croatia itself. The areas are still in contention and include nearly one-fourth of the two million hectares normally under cultivation, some major gas and oil fields, and large sections of major highways and railways. Also in March, the "Washington Agreement" effectively ended hostilities between Croatian and Bosnian forces, and provided for a federation of Croatian and Muslim Bosnians within the Republic of Bosnia and Herzegovina.

4. Despite these improvements, serious tensions persist within Croatia and within the region. A permanent solution to Croatia's territorial problems has yet to be reached, and there is continuing political pressure to regain control and resettle residents displaced from the occupied areas during the war. An agreement signed in December 1994 allowed for the re-commissioning of some

infrastructure in the UNPAs, and the continuation of negotiations on several issues, including the return of refugees and displaced persons. While Croatia has shown considerable restraint and prudence over the UNPAs issue, trying to reach a negotiated solution with the Croatian Serbs, the Croatian Government, supported by all other political forces in the country on this issue, has made it clear that full control over the territories within Croatia's internationally recognized borders remains the country's first priority. The political environment inside Croatia is evolving. The development of a fully stable and democratic society is made more difficult by the regional environment and the unsettled issue of Croatia's territorial integrity.

5. Economic Developments. Croatia is the second richest of the former Yugoslav republics, with a 1994 per capita income of US$2,500, down from US$3,350 before independence. Notwithstanding its good geographical location, rich endowment and well-developed manufacturing and tourism industry, its economic performance mirrored that of Yugoslavia as a whole in the 1980s. The decade saw economic stagnation and inflation, with a dramatic deterioration towards the end of the decade, when monthly inflation accelerated to two-digit levels. At independence, Croatia faced significant inherited inflation, a sharp recession, an increasing current account deficit and a mounting public expenditure burden, and no access to foreign exchange. In addition, Croatia inherited its share of the former SFRY's foreign debt (US$4 billion equivalent). Crisis management after independence focussed on rebuilding foreign exchange reserves and combatting hyperinflation. The Government suspended servicing its debt (except with the Bank), thereby freeing foreign exchange for essential imports and building up of reserves, and was remarkably successful in containing the fiscal accounts through tight cash management. However, the successful balancing of fiscal accounts has meant that important expenditure items, such as health, education, infrastructure investments, and bank and enterprise rehabilitation were reduced or deferred, and these underlying needs will need to be provided for over the coming years.

6. All this occurred against a backdrop of major sector difficulties. The war severely affected the economy, imposing additional costs related to defence and refugees, and causing the volume of trade among the former republics to fall abruptly. Considerable damage was also inflicted on the country's infrastructure. As a result, Croatia experienced a decline of about 31% in GDP between 1991 and 1993. The authorities embarked on a comprehensive stabilization program in early October 1993. To eradicate inflationary expectations, the program introduced a foreign exchange nominal anchor, and was supported by tight incomes, fiscal and monetary policies. The stabilization strategy proved very effective. Inflation was curbed over a one-month period and the price level actually *declined* between November 1993 and September 1994 (minus 1.9% cumulative). Following the successful stabilization program, Croatia introduced a new currency, the kuna, on May 30, 1994. Croatia was also able to agree with the IMF on a Stand-by Agreement and a purchase under the Structural Transformation Facility covering a period of eighteen months, which was approved on October 14, 1994.

7. Although the stabilization program has been successful in the short-term, the main potential source of inflation -- the problem of the banking and enterprise sectors -- has not yet been dealt with. Indeed, the stabilization-induced recovery in money demand and the remonetization that ensued allowed the banking system to continue financing enterprise losses in a way that will not be sustainable in the future. Enterprise and banking system reform is therefore a central element of the Government's agenda. The Bank is working closely with the Government and plans to provide assistance through an Enterprise and Financial Sector Adjustment Loan (EFSAL).

8. The Government strategy also calls for public expenditure reduction, where feasible, in order to make room for the outlays needed for restructuring and investment. Progress has already

been made, particularly in reducing subsidies and transfers, and initiating reforms in public sector enterprises. Overall transfer expenditures have been reduced by about 40% in real terms in 1991-93, while a well-targeted 'social safety net' system, in the form of cash and in-kind support to those below the poverty line, has been established. A main contributor to the decrease was health expenditure, as a result of a stringent and very successful reform program launched in 1993. The proposed project would support the continuation of the Government's program in the health sector.

## Part II - The Project

9. Sector Background. Croatia has a population of 4.8 million and its overall epidemiological conditions are characteristic of an aging population, with high adult mortality, especially among males, dominated by lifestyle-related non-communicable disease. In 1991, life expectancies were 67 for men and 75.5 years for women. The main causes of death are circulatory diseases (55%), neoplasms (22%) and injury and poisoning (15%). The infant mortality rate is 12.8 per 1,000 live births. While there is good access to primary care and preventive programs, interventions are limited mainly to referral services and elementary prescription and public health services focus mainly on "traditional" approaches such as hygiene and sanitation rather than to the prevention of non-communicable disease. The system has been inefficient and overly-reliant on hospital services, with no built-in incentives for cost control. The stock of equipment and infrastructure has deteriorated to a point where some radiological equipment is reported to present risks for staff and patients (over 80% is more than 20 years old).

10. In the early 1990s, the health sector was in a state of crisis. Government revenues were lagging far behind expenditures, costs were rapidly escalating, and there were no systems in place for effective management. The revenues of the Health Insurance Fund (HIF), the extra budgetary fund through which most health expenditures are financed, dropped from 7.7% to 5.5% of GDP between 1991 and 1992, while expenditure increased from 7.9% to 8.1% of GDP, a high level by international standards. Recognizing that the existing system was no longer sustainable, the Ministry of Health initiated reforms in the health sector. The reform strategy had two immediate objectives: (a) to end the state of chronic financial deficit; and (b) to increase the efficiency of health services by moving from an over-reliance on curative and secondary clinical care to primary and preventive care. The reform called for: (a) a reduction in the role of the state; (b) a different allocation of responsibility between central and local governments; (c) a re-definition of basic health services and improvement in quality of these services; and (d) a revamping of health financing.

11. To meet these objectives, the Government took tough decisions and followed up with actions that few countries have been willing to undertake. In August 1993, the Government passed two important laws. The Health Care Act established primary care as the foundation of the health care system, transferred ownership of most health facilities from the central Government to the districts, defined a new management structure for all health institutions (including a Management Board with representation from the local government, the Health Insurance Institute (HII), health practitioners, and a Chief Executive Officer who reports to a Management Board), authorized private practice, and mandated the MOH to define a national network of health institutions that would be eligible for financing under the health insurance system. The Health Insurance Act established the HII with considerable authority to enforce collection of contributions, negotiate and sign contracts with health providers, and supervise and control business transactions of health facilities and private practitioners. Together, these two acts have instilled the discipline essential to the success of the Government's reform strategy in the health sector and to control costs in the future.

12. Following passage of the Health Care Act and the Health Insurance Act, the MOH defined standards for coverage for primary care services as well as acute, highly specialized and chronic care beds, taking into consideration the current financial capability within the system. Regional maps of epidemiological status have been prepared on the basis of which health insurance contracts have been drawn up. The HII has implemented a point system with "caps" on overall expenditures for reimbursing hospital costs and a capitation system for primary care physicians. Other measures to control costs, including limits on the number of prescriptions and referrals, have also been introduced and are closely monitored. These measures resulted in a decline in expenditure to about 6% of GDP in 1994 and, combined with strenuous efforts to collect unpaid contributions, nearly eliminated deficits. A program of debt negotiations, including partial write-offs, debt-equity swaps and subsidized payments from the national budget, have resulted in a reduction in health sector debts from US$210 million in 1990 to US$8.9 million in mid-1994. It is noteworthy that this restructuring of health sector finances has occurred in the midst of the stresses of wartime and refugee burdens on the health system. Through the efforts of the Ministry of Health and the strong commitment of the Government, the implementation of reform is off to a successful start and could provide a useful model for other Eastern European countries.

13. Rationale for Bank Involvement. The policy changes introduced in the health sector have been effective in reducing the financial deficit and in shifting resources from curative to primary and preventive care. The reform, therefore, provides a sound basis for new investments and should be supported by the international community. To sustain the reform, investment resources are badly needed. A Bank operation would provide the needed support and would be consistent with our overall social sector objectives and with the recommendations of the draft "Croatia Social Sectors and Social Expenditures Review". The Country Assistance Strategy identifies the health sector as a priority for public investment.

14. Project Objectives. The primary goal of the Health Project is to support and sustain the Government's health care reform program. To achieve this goal, the specific objectives of the Project are to: (a) improve the operational and financial management systems of the Health Insurance system; (b) improve the quality of the health care delivery system; and (c) improve the health status of the population. Specific project outcomes to measure the success of meeting these objectives are included in the Project Implementation Plan.

15. Project Description. The Project would provide, over four years, financing for computer hardware and software, medical equipment, fellowships, study tours, training, technical assistance, and public education materials. The Project consists of the following components:

(a) Health Insurance Administration (estimated base cost US$13.9 million). This component will improve health insurance administration by developing the information technology network linking central, district and branch offices of the HII; and by introducing "credit card" style health insurance identification cards.

(b) Primary Care and Health Promotion Services (estimated base cost US$14.9 million). This component will improve the quality and availability of basic diagnostic services for the primary care network through the provision of standard diagnostic equipment (standard and specialized x-rays and simple laboratories) as well as the required training for medical, nursing, and paramedical personnel. It is anticipated that roughly ten percent of the equipment will be allocated to health facilities which serve the refugee population from the Republic of Bosnia-Herzegovina. This component will also intensify programs to promote healthier lifestyles among the population through the

training and support of community health promotion teams, primary care providers, and school teachers, and through mass media education programs.

(c) Essential Hospital and Emergency Services (estimated base cost US$19.3 million). This component will upgrade essential acute care services through the provision of basic equipment for the emergency medical system, intensive care units, and perinatal care units in selected hospitals, as well as related training for medical, nursing, and paramedical personnel.

16. Facilities receiving equipment through the Project will be required to repay the cost of the equipment through a leasing scheme from the HII over a period equal to the estimated economic life of the equipment (e.g., eight years for x-ray equipment). This will introduce private sector business practices into the public health sector without adding to the public sector debt burden.

17. Project Implementation and Sustainability. The Project will be implemented over a four-year period by the HII. Retroactive financing of US$4.0 million (of which US$1.8 million in contracts has already been awarded) has been provided to ensure timely implementation of the Project. In view of HII's strong implementation capacity, which has been demonstrated during project preparation, a separate project implementation unit is not envisaged. Nevertheless, a full-time Project Implementation Officer (PIO) has been appointed within the HII to coordinate the day-to-day project activities. The Assistant Minister for Economics and Planning, MOH, has been designated as Project Coordinator. In this capacity, the Assistant Minister will provide linkage between the MOH, whose primary function is that of policy-maker, and the HII whose function is to carry out MOH policy. The HII will recover full debt service costs through the provider reimbursement formula and will create a reserve fund for future investments in equipment. Project support for HII information and monitoring systems will improve financial control sector-wide and ensure continued fiscal sustainability.

18. Agreed Actions. During negotiations, assurances were provided that: (i) facilities receiving equipment under the Project will repay the cost of equipment to the HII; (ii) a full-time Project Implementation Officer (PIO) will be maintained within HII during the execution of the Project; and (iii) the Project Advisory Committee (responsible for providing policy advice and guidance) will be maintained within MOH during the execution of the Project. As a condition of effectiveness, a subsidiary Loan Agreement would be signed between the Government and the HII.

19. Environmental Aspects. This is a Category C Project: "No appreciable environmental impact". Replacement of old equipment (such as x-rays and labs) that presents a health risk will contribute to improving environmental safety. Although waste disposal is not a significant problem, updated protocols for dealing with waste management will be introduced.

20. Program Objective Categories. The Project supports the Government's policy of improving health and increasing the effectiveness and efficiency of the health service delivery system. With a focus on upgrading primary care and essential hospital and emergency services, the Project is expected to contribute indirectly to poverty alleviation and the role of women in development. The Project falls into one category: Poverty Reduction and Human Resource Development (100%).

21. Participatory Approach. The Project was prepared largely by the Government agencies - MOH, HII and National Institute of Public Health (NIPH) - who will be involved in project execution. During the preparation phase these agencies, represented by six working groups, developed the individual components through dialogue with project beneficiaries and stakeholders,

including staff of primary health care centers, hospitals, medical universities and HII local offices. These working groups have now evolved into the Project Advisory Committee, with responsibility for overseeing policy guidance on implementation aspects of the project. In addition, there was close collaboration during the preparation process with the World Health Organization (WHO) which will also be involved in project implementation activities.

22. Project Benefits. Health promotion activities, together with increased early screening for chronic disease, will contribute in the long run to a reduction in premature mortality, particularly concerning cardiovascular disease and cancer. Primary care and essential hospital and emergency equipment to be provided under the Project will be installed selectively in areas where the infrastructure is most outdated or insufficient and in certain areas where there is a large population of refugees from Bosnia-Herzegovina. (Currently, the Republic of Croatia pays approximately 93% of the total cost of US$296 million per year for displaced persons and refugees. Approximately 15% [US$46 million] of this total is spent on health care and other social sector expenditures.) This will improve the quality and acceptability of care, as well as value for money of services and will make a substantial contribution to health gains through a reduction in mortality and morbidity from accidents, acute medical emergencies and perinatal complications. Increased cost- effectiveness will be achieved by shifting part of the care from the secondary and tertiary levels to the primary levels. Improvements in health insurance administration will facilitate financial control and help monitor the effects of financial controls on health outcomes. Tangible improvements in care will strengthen the credibility of the on-going reform efforts.

23. Risks. The Project itself does not face many project-specific risks. The reform policy for the health sector is being implemented by a team which commands respect on all sides of the political spectrum. Preparation for implementation and procurement is far advanced, which should lead to good disbursement performance. The main risk remains, unfortunately, a country risk stemming from the unresolved status of the zones currently not controlled by the Croatian Government. This situation creates ongoing tension which could erupt in renewed hostilities, and would no doubt delay the successful implementation of this Project. While most observers consider the risk of major hostilities on Croatian territory to be small, it is not insignificant. On the other hand, the Croatian authorities have repeatedly committed themselves to a negotiated settlement, and over the last two years, have shown great interest and willingness to cooperate with the international community. They have also honored all their obligations to the Bretton-Woods institutions and have embarked on an active program of cooperation with the IMF, the IBRD and the EBRD which has already made two important loans, paralleling our own efforts. The substantial economic gains achieved through the stabilization and reform program are in fact strengthening the long-term prospects for a lasting peace.

24. Recommendation. I am satisfied that the proposed loan will comply with the Articles of Agreement of the Bank and recommend that the Executive Directors approve the proposed loan.

Lewis T. Preston
President

Attachments: Schedules A - D
Washington, D.C.
January 26, 1995

Schedule A

**REPUBLIC OF CROATIA**
**HEALTH PROJECT**

Estimated Costs and Financing Plan[1/]

| | Local | Foreign (US$ Million) | Total |
|---|---|---|---|
| 1. Health Insurance Administration | 8.2 | 5.7 | 13.9 |
| 2. Primary Health Care Services | 5.3 | 9.6 | 14.9 |
| 3. Essential Hospital Services | 3.7 | 15.6 | 19.3 |
| TOTAL BASE COSTS | 17.2 | 30.9 | 48.1 |
| Physical Contingencies | 0.8 | 2.9 | 3.7 |
| Price Contingencies | 1.0 | 1.2 | 2.2 |
| TOTAL PROJECT COSTS[1/] | 19.0 | 35.0 | 54.0 |
| Financing Plan: | | | |
| Health Insurance Institute | 14.0 | 0.0 | 14.0 |
| IBRD | 5.0 | 35.0 | 40.0 |
| TOTAL | 19.0 | 35.0 | 54.0 |

1/ Including taxes and duties equivalent to US$0.8 million. Most imported items financed by international agreements are exempt from duties and taxes. Detailed numbers may not add to totals due to rounding.

Schedule B
Page 1 of 2

**REPUBLIC OF CROATIA**
**HEALTH PROJECT**

Summary of Proposed Procurement Arrangements [a/]
(US$ Million)

| Category of Expenditure | ICB | OTHER | Non Bank Financed | TOTAL |
|---|---|---|---|---|
| Technical Assistance (Policy Development) | -- | 0.3 [b/] (0.3) | -- | 0.3 (0.3) |
| Technical Assistance (Project Implementation) | -- | 0.5 [b/] (0.4) | -- | 0.5 (0.4) |
| Technical Assistance (Capacity Building) | -- | 3.3 [b] (3.0) | -- | 3.3 (3.0) |
| Training, Fellowships and Study Tours | -- | 6.6 (2.9) | -- | 6.6 (2.9) |
| Equipment and Materials | 31.3 (31.3) | 2.0 [c/] (1.7) | 4.2 (0.0) | 37.5 (33.0) |
| Miscellaneous (PPF) [d/] | -- | 0.4 (0.4) | -- -- | 0.4 (0.4) |
| Civil Works | -- | -- | 0.3 (0.0) | 0.3 (0.0) |
| Operations & Maintenance | -- | -- | 5.1 (0.0) | 5.1 (0.0) |
| Total Financing Requirements | 31.3 (31.3) | 13.1 ( 8.7) | 9.6 (0.0) | 54.0 (40.0) |

NOTES: Numbers may not add up due to rounding.

a/ Figures in parentheses are the respective amounts financed by the Bank Loan.

b/ Procurement according to Bank Guidelines for Use of Consultants.

c/ Prudent local shopping/off-the-shelf purchases (aggregate-US$0.1 million) of less than US$50,000 per contract; direct contracting for about US$1.4 million for books and intellectual property; and international shopping (aggregate US$0.6 million) of less than US$ 300,000 per contract.

d/ PPF advance of US$350,000.

**REPUBLIC OF CROATIA**
**HEALTH PROJECT**

Proposed Disbursement Categories

| Category | Amount of Loan (expressed in Dollar Equivalent) | % of Expenditures to be Financed |
|---|---|---|
| 1. Goods | 29,700,000 | 100% of foreign expenditures; 100% of local expenditures (ex-factory cost); and 15% of local expenditures for other items procured locally. |
| 2. Consultant's services and training | 3,570,000 | 100% |
| 3. Local training | 2,380,000 | 40% |
| 4. Refunding of Project Preparation Advance | 350,000 | Amounts due pursuant to Section 2.02 (c) of Loan Agreement. |
| 5. Unallocated | 4,000,000 | |
| TOTAL | 40,000,000 | |

Estimated Disbursements: (US$40.0 million)

| Calendar Year | 1995 | 1996 (US$ Million) | 1997 | 1998 |
|---|---|---|---|---|
| Annual | 7.7 | 18.1 | 14.0 | 0.2 |
| Cumulative | 7.7 | 25.8 | 39.8 | 40.0 |
| Cumulative % of Total | 19% | 69% | 99% | 100% |

Schedule C

**REPUBLIC OF CROATIA**
**HEALTH PROJECT**

Timetable of Key Project Processing Events

| | | |
|---|---|---|
| (a) | Time taken to prepare the project: | 3 months, July 1994 -Sept 1994 |
| (b) | Prepared by: | Government with Bank Assistance |
| (c) | First Bank mission: | July 1994 |
| (d) | Appraisal mission departure: | September 1994 (pre-appraisal) |
| (e) | Negotiations: | December 1994 |
| (f) | Planned date of effectiveness: | April 1995 |
| (g) | List of relevant PCRs and PPARs: | None |

The project was prepared by:

Brad Herbert (Task Manager), EC1/2HR
Teresa Ho (Senior Economist), EC2HU
Virginia Jackson (Operations Officer), EC1/2HR
Craig Neal (Information System Specialist), EMTDR

Division Management:
Andrew Rogerson, Manager, Central European Services, EC2HU
Ralph Harbison, Division Chief, EC1/2HR

SCHEDULE D

STATUS OF BANK GROUP OPERATIONS IN CROATIA

A. STATEMENT OF BANK LOANS [a/]

(As of January 15,1995)

| Loan No. | Fiscal Year | Borrower | Project | US$ Million (Less Cancellations) Loan | Undisbursed |
|---|---|---|---|---|---|
| Fully disbursed loans benefitting entities located in Croatia [b/] | | | | 359.0 | |
| Of Which: SALs, SECALs and Program Loans | | | | | |
| Loans Under Disbursement: | | | | | |
| 3069-0 | 1989 | Istarski Vod. Buzet | Istria Water Supply Project | 28.0 | 17.2 |
| 3760-0 | 1994 | Republic of Croatia | Emergency Reconstruction Loan | 128.0 | 125.1 |
| | | | Total | 515.0 | |
| | | | Of Which: Repaid | 296.7 | |
| | | | Total Now Held by the Bank | 218.3 | |
| | | | Total Amount Sold | 0.1 | |
| | | | Of Which: Repaid | 0.1 | |
| | | | Total Undisbursed | | 142.3 |

B. STATEMENT OF IFC INVESTMENTS

(As of January 15,1995)

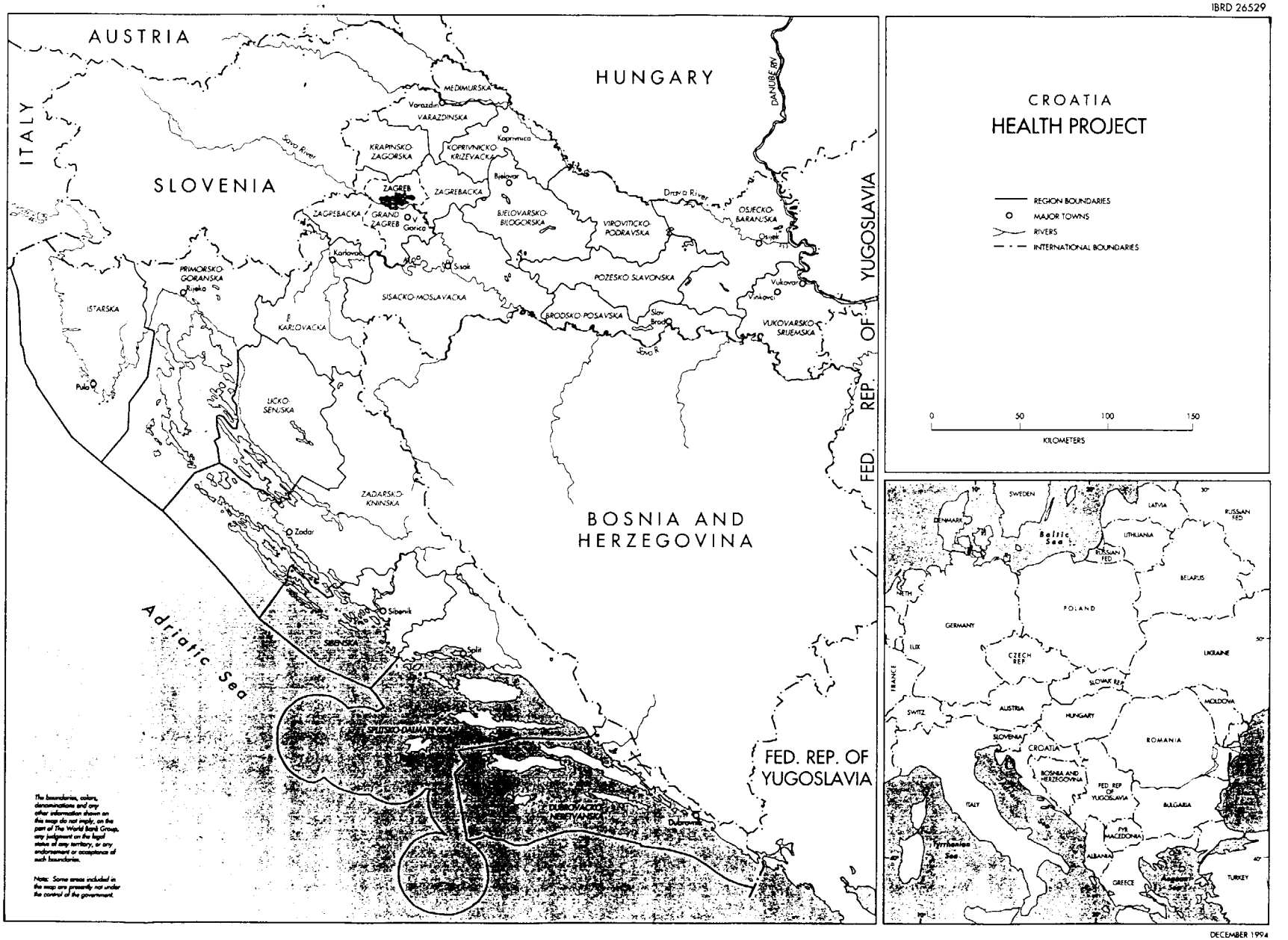
There are no outstanding IFC commitments

January 19, 1995

a/ The status of these projects is described in a separate report on all Bank/IDA financed projects in execution, which is updated twice yearly and circulated to the Executive Directors on April 30 and October 31.

b/ Represents Croatia's portion of loans made to the former Yugoslavia which were not fully repaid as of December 31, 1992.

IBRD 26529




CROATIA

# HEALTH PROJECT

REGION BOUNDARIES
MAJOR TOWNS
RIVERS
INTERNATIONAL BOUNDARIES

0 50 100 150
KILOMETERS




DECEMBER 1994