



Modernization and restructuring of the road sector (P155842)

EUROPE AND CENTRAL ASIA | Croatia | Transport & ICT Global Practice |
IBRD/IDA | Investment Project Financing | FY 2017 | Seq No: 1 | ARCHIVED on 27-Jun-2017 | ISR28301 |

Implementing Agencies: Ministry of Sea, Transport and Infrastructure (MSTI), Ministry of Finance

Key Dates

Key Project Dates

Bank Approval Date:28-Apr-2017

Effectiveness Date:--

Planned Mid Term Review Date:11-Jun-2019

Actual Mid-Term Review Date:--

Original Closing Date:31-Dec-2021

Revised Closing Date:31-Dec-2021

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The objective of the Project is to strengthen the institutional effectiveness, enhance the operational efficiency and increase the debt service capacity of Croatia's road sector.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

Components

Name

Component A: Institutional strengthening and Sector Reforms:(Cost \$7.09 M)

Component B: Operational Restructuring of Road Sector Companies:(Cost \$16.23 M)

Component C: Support to the Sector debt and financial restructuring:(Cost \$795.00 M)

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	--	● Satisfactory
Overall Implementation Progress (IP)	--	● Moderately Satisfactory
Overall Risk Rating	--	● Substantial

Implementation Status and Key Decisions



Actions needed for the ratification of the loan have started.

The government is pursuing the implementation of the letter of sector policy approved as part of the project preparation.

Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	● Substantial	--	● Substantial
Macroeconomic	● Substantial	--	● Substantial
Sector Strategies and Policies	● Substantial	--	● Substantial
Technical Design of Project or Program	● Substantial	--	● Substantial
Institutional Capacity for Implementation and Sustainability	● Moderate	--	● Moderate
Fiduciary	● Moderate	--	● Moderate
Environment and Social	● Substantial	--	● Substantial
Stakeholders	● Substantial	--	● Substantial
Other	--	--	--
Overall	● Substantial	--	● Substantial

Results

Project Development Objective Indicators

► Ability of MSTI to plan road sector investments (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Inexistent sector-wide planning coordination	--	inexistent sector-wide planning coordination	Motorway and road networks managed under rolling investment plans
Date	31-Dec-2016	--	26-Jun-2017	31-Dec-2021

► Ability of MSTI to monitor and enforce performance of motorway and road companies using Key Performance Indicators (KPIs) and standardized accounting measures (Text, Custom)



	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Inadequate performance monitoring system	--	inadequate performance monitoring system	Integrated monitoring system in place
Date	31-Dec-2016	--	26-Jun-2017	31-Dec-2021

► Operating Expense Ratio (Total Operating Expenses / Total Operating Revenue) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	HAC: 0.38 ARZ: 0.32 HC: 0.28	--	HAC: 0.38 ARZ: 0.32 HC: 0.28	HAC+ARZ: <0.27 HC: <0.27
Date	31-Dec-2016	--	31-Dec-2016	31-Dec-2021

► Operating Expenditures per kilometer of road network (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	HAC: 0.69 ARZ: 1.04 HC: 0.08	--	HAC: 0.69 ARZ: 1.04 HC: 0.08	HAC+ARZ: <0.60 HC: <0.07
Date	31-Dec-2016	--	31-Dec-2016	31-Dec-2021

► Debt Service Coverage Ratio (DSCR) (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	HAC: 0.27x ARZ: 0.57x HC: 0.57x	--	HAC: 0.27x ARZ: 0.57x HC: 0.57x	HAC: 1.0x ARZ: 1.0x HC: 1.0x
Date	31-Dec-2016	--	31-Dec-2016	31-Dec-2021

► Loan Life Coverage Ratio (LLCR) 10 Year (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	HAC: 0.7x ARZ: 0.7x HC: 1.0x	--	HAC: 0.7x ARZ: 0.7x HC: 1.0x	HAC: 1.0x ARZ: 1.0x HC: 1.0x



Date	31-Dec-2016	--	31-Dec-2016	31-Dec-2021
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► Debt to CFADS Ratio (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	HAC: 15.8x ARZ: 15.0x HC: 9.7x	--	HAC: 15.8x ARZ: 15.0x HC: 9.7x	HAC: 10.0x ARZ: 10.0x HC: 7.3x
Date	31-Dec-2016	--	31-Dec-2016	31-Dec-2021

Overall Comments

values of all financial situation and operational situation related indicators need to be measured at end of calendar year.

Intermediate Results Indicators

► Status of implementation of new financing strategy for HAC, ARZ and HC as implemented under the coordination of the National Government [A.1] (Text, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Contract with advisor signed	--	strategy presented to the government and approved by MOF and MSTI	Debt restructuring transactions contemplated in Financing Strategy are executed
Date	31-Dec-2016	--	26-Jun-2017	31-Dec-2021



► Operational status of Planning Department established within MSTI [A.2] (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Inexistent planning and coordination functions within MSTI	--	organization of the MSTI still being discussed - no change	Department is fully operational
Date	31-Dec-2016	--	26-Jun-2017	31-Dec-2021

► Status of implementation of improved and harmonized accounting standards [A.3] (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Non-harmonized accounting standards	--	No change yet - procurement for support still ongoing	Improved accounting standards applied
Date	31-Dec-2016	--	26-Jun-2017	31-Dec-2018

► Weighted Average toll revenue per Vehicle-Km travelled [B.4] (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	HAC: 0.59 ARZ: 0.63	--	HAC: 0.59 ARZ: 0.63	HAC: >0.67 ARZ: >0.67
Date	31-Dec-2016	--	15-Jun-2017	30-Jun-2021

Comments

Change in toll tariff has just started to take effect and effect will be felt later during the year

► Status of implementation of new tolling revenue enhancement measures (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Existing mixed toll system	--	no change	New automated tolling system fully implemented
Date	31-Dec-2016	--	26-Jun-2017	31-Dec-2021



► Ancillary revenue as a percentage of total revenue (income from service areas) [B.5] (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	HAC: 3.4% ARZ: 6.1%	--	HAC: 3.4% ARZ: 6.1%	HAC+ARZ: >5%
Date	31-Dec-2016	--	31-Dec-2016	30-Jun-2021

► Status of implementation of new tolling revenue enhancement measures [B.4] (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Existing mixed toll system	--	no change	New automated tolling system completely implemented
Date	31-Dec-2016	--	26-Jun-2017	31-Dec-2021

► Percent Reduction in Operating Cost of Motorways relative to baseline: HAC and ARZ [B.3] (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	HAC+ARZ: 830 mn HRK annual	--	HAC+ARZ: 830 mn HRK annual	-30%
Date	31-Dec-2016	--	31-Dec-2016	31-Dec-2021

► Percent Reduction in Operating Cost for State Roads relative to baseline: HC [B.6] (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	HC: 543 mn HRK annual	--	HC: 543 mn HRK annual	HC: 515 mn HRK annual
Date	31-Dec-2016	--	31-Dec-2016	31-Dec-2021



► Staff per Kilometer of road under operation (motorways) [B.3] (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	HAC: 2.7 ARZ: 3.3	--	HAC: 2.7 ARZ: 3.3	HAC + ARZ: < 2.2
Date	31-Dec-2016	--	31-Dec-2016	31-Dec-2021

► Status of implementation of end-performance road maintenance standards [B.1] (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Standards without end-performance requirements	--	no change	Service standards incorporated in rolling plan
Date	31-Dec-2016	--	26-Jun-2017	31-Dec-2021

► Status of Implementation of Road Asset Management System (RAMS) development and incorporation in planning [B.2] (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	Road sector agencies and companies do not have integrated RAMS	--	no change	RAMS inputs incorporated in rolling plan
Date	31-Dec-2016	--	26-Jun-2017	31-Dec-2021

► Percent of HC network where county agencies (ZUC) participate in joint procurement committee (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	100.00
Date	31-Dec-2016	--	26-Jun-2017	31-Dec-2021



► Percentage of TEN-T road network for which road safety audit or inspection as per EU Directive 2008/96 has been carried out [B.7] (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	100.00
Date	31-Dec-2016	--	26-Jun-2017	31-Dec-2021

► Citizen engagement - Maintain full responsiveness rate to comments and grievances from citizens (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	100.00	--	100.00	100.00
Date	31-Dec-2016	--	31-Dec-2016	31-Dec-2021

► Gender balancing - Ratio of women in the motorway sector after retrenchment (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.19	--	0.19	0.25
Date	31-Dec-2016	--	31-Dec-2016	31-Dec-2021

► Debt Refinanced / Rescheduled (Amount) (Amount(USD), Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	900.00
Date	31-Dec-2016	--	26-Jun-2017	31-Dec-2021



▶ Weighted average maturity of road sector companies' debt (Text, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	3.5 years	--	3.5 years	7.8 years
Date	31-Dec-2016	--	31-Dec-2016	31-Dec-2021

Overall Comments

Data on Financial Performance**Disbursements (by loan)**

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P155842	IBRD-87490	Not Effective	USD	23.33	23.33	0.00	0.00	23.33	0%
P155842	IBRD-G2480	Not Effective	USD	370.70	370.70	0.00	0.00	382.83	0%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P155842	IBRD-87490	Not Effective	28-Apr-2017	--	--	31-Dec-2021	31-Dec-2021
P155842	IBRD-G2480	Not Effective	28-Apr-2017	--	--	31-Dec-2021	31-Dec-2021

Restructuring History

There has been no restructuring to date.

Related Project(s)



P163833-Modernization and Restructuring of the Road Sector
