Appraisal Environmental and Social Review Summary

Appraisal Stage

(ESRS Appraisal Stage)

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BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Croatia	EUROPE AND CENTRAL ASIA	P173998	
Project Name	Earthquake Recovery and Public Health Preparedness Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Urban, Resilience and Land	Investment Project Financing	5/7/2020	6/9/2020
Borrower(s)	Implementing Agency(ies)		
Ministry of Finance	Ministry of Construction and Physical Planning, Ministry of Health		

Proposed Development Objective(s)

The Project Development Objective (PDO) is to assist Croatia with earthquake reconstruction efforts to restore health and education service delivery in Zagreb and the surrounding areas and to strengthen national systems for public health preparedness.

Financing (in USD Million)	Amount
Total Project Cost	200.00

B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

Yes

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

The project comprises three components: (1) Earthquake Recovery and Reconstruction, (2) Public Health Surveillance and Preparedness, and (3) Project Management.

Component 1: Earthquake Recovery and Reconstruction comprises three subcomponents. Subcomponent 1.1 – Immediate Public Safety Interventions will include urgent repairs to damaged buildings, focused largely on removing debris and reducing the likelihood of falling debris on pedestrians and city dwellers. Subcomponent 1.2 –

Rehabilitation and Reconstruction of Health and Education Facilities will finance a detailed engineering assessment of the damaged health and education facilities, followed by the rehabilitation and reconstruction of the facilities. The detailed eligibility criteria for 1.1. and 1.2 activities will be included in the Project Operations Manual. Subcomponent 1.3 – Program Design for Housing Reconstruction Support will finance technical assistance for the design of a financial support program for reconstruction of private housing program, considering aspects such as data collection, defining options for eligibility criteria, funds flow, and oversight structure, as well as social and environmental safeguards.

Component 2: Public Health Surveillance and Preparedness comprises two subcomponents. Subcomponent 2.1 – Case Management and Surveillance will (i) strengthens disease surveillance systems and equipment, public health laboratories, and epidemiological capacity for early detection and confirmation of cases; (ii) supports repair, rehabilitation, and reconstruction of public health laboratories; (iii) supports development of systems for active contact tracing and reporting of new cases; and (iv) supports epidemiological and laboratory investigation of selected health conditions. Subcomponent 2.2 – Public Health Preparedness will (i) provide emergency medical vehicles (with isolation capacity), medical and laboratory equipment and supplies, medicines, and technical assistance and training to public health officials and health care workers to strengthen the health system's capacity to respond to public health outbreaks; (ii) provide personal protective equipment (PPE) and gear for health workers and rapid response teams; (iii) provide equipment and supplies for telemedicine to monitor and support patients and thus support the health system as needed; (iv) rehabilitate and equip selected primary health care facilities and hospitals to deliver critical medical services and cope with increased demand for services caused by the public health outbreak; (v) deliver essential drugs and medical supplies for populations living; and (vi) support institutional and organizational restructuring of facilities for the purposes of managing public health outbreaks and training of health care staff.

Component 3: Project Management will strengthen the project implementing agencies' technical and institutional capacity, including project management, procurement, financial management activities, technical audits, compliance monitoring of construction activities, oversight of compliance with social and environmental standards, oversight of compliance with social inclusion targets, monitoring and evaluation activities, and grievance redress mechanisms. It will also finance technical assistance consultancy services to support institutional and technical capacity building of MoCPP and MoH.

D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

Croatia is located in the southeast Europe. It is a small yet highly geographically diverse crescent-shaped country, with an estimated population of approximately 4.1 million people (WDI, 2019). Croatia is exposed to a range of natural hazards, including earthquakes, floods, droughts, and wildfires, which can result in significant disruption of economic and social functions. Disaster risks in Croatia are growing due to increasing urbanization and climate change, as well as land degradation caused by deforestation and overgrazing. Croatia is rich in natural and cultural heritage; Natura 2000 network encompasses 36,73% of land and 15,42% marine territory. Its contribution to EU nature diversity is invaluable: approximately 60% of all known fish species in the Mediterranean and 288 species of birds, or 55% all birds in Europe, inhabit Croatia. There are a few nature-protected areas within the geographical scope of the project, the most significant being Nature Park Medvednica and Maksimir Park. Croatian physical cultural heritage includes

practically all historical periods and styles present in Western and Central Europe. Most of Zagreb city core buildings are protected as a part of a historical urban complex, while some also as historical buildings.

Croatia is in a unique situation, facing a multi-layered emergency due to an earthquake (measuring 5.4 on the Richter scale), COVID-19 outbreak, and the related economic and fiscal implications. On March 22, 2020, the city of Zagreb and surrounding areas were struck by an earthquake that damaged hundreds of buildings. Zagreb is home to 800,000 inhabitants, or 20 percent of Croatia's population. It is the economic, political, and cultural center of the country, generating 30 percent of GDP. The earthquake caused widespread damage to Zagreb's housing stock and critical infrastructure.

Furthermore, as of April 29, 2020, a total of 2026 people infected with and 67 deaths due to COVID-19, have so far been recorded in Croatia. Croatia's first COVID-19 patient was registered on February 25, 2020. Since January 23, 2020, the government has implemented a series of measures to address the health impact of the virus, including the publication and dissemination of multilingual public health materials, closure of schools, prohibitions on large gatherings, deferral of elective health care, and sheltering of at-risk populations, such as the elderly. The government's proactive response has stemmed the tide of the epidemic and the number of cases is gradually declining. Croatia's proximity to several epicenters in the European outbreak, the outbreak of COVID-19 has been less acute than that experienced in other parts of Europe. Nevertheless, WHO's scenario modelling anticipates that there will be continued transmission and waves of the outbreak in the next 12-18 months, with peaks expected during winter months. More in-depth social baseline data relevant to both the project components, will be collected as a basis of risk assessment and mitigation, when the ESMF is prepared.

The project comprises of two main components – Component 1 supporting the Earthquake Recovery and Reconstruction, and Component 2 supporting Public Health Surveillance and Preparedness.

Component 1 activities are limited to the city of Zagreb and surrounding areas (in Zagreb County and Krapina-Zagorje County), which were directly affected by the March 22, 2020 earthquake that damaged hundreds of buildings. As of April 20, 2020, the assessment indicates that some 682 buildings are severely damaged. This component will finance both immediate and medium-term rehabilitation and reconstruction of critical infrastructure damaged in the earthquake. Immediate recovery activities will include debris removal and removal of damaged roofs and chimneys, along with minor repairs to nonstructural elements of communal parts of buildings. Any buildings that require immediate repairs but that are additionally determined to be at risk of partial or total collapse due to structural damage will be excluded. Buildings to benefit from immediate repair works have not been identified yet. They will be identified subsequently based on eligibility criteria that are not defined yet but will be elaborated in the Project Operational Manual (POM) subsequently. The aim is to secure public and pedestrian safety and prevent them from further damage or collapse. Medium-term support will focus on rehabilitation and reconstruction of hospitals and schools to ensure the continuity of health and education services and to improve resilience to seismic events. Several hospitals suffered substantial structural damage during the earthquake, forcing the evacuation of patients. A range of primary and secondary schools, as well as higher-level education and research institutes, were affected, rendering many of them unsafe for students and staff. Damaged structures in hospitals and schools will be selected for rehabilitation and reconstruction based on the indicative list developed during project preparation. Interventions will include rehabilitation of structures, demolition of unsafe buildings, and the in-situ reconstruction of new buildings to replace damaged buildings. This will be complemented by functional upgrades, climate resilient designs and adoption of energy efficiency measures. Functional upgrades will be gender-informed and support those with disabilities to

ensure universal accessibility. Buildings that are under any type of cultural heritage protection will not be financed under this project. Environmental and social risks, to ensure that investments do not cause significant unforeseen environmental or social impacts, nor any need for land acquisition or involuntary resettlement will be one of the four key eligibility and prioritization criteria. The detailed eligibility criteria for both immediate and medium-term activities will be included in the POM and ESMF. This component will also provide technical assistance for the establishment of a housing reconstruction program (e.g. financial methodology for grant-matching mechanism). The activities under this Component will be implemented by a PIU under the Ministry of Construction and Physical Planning (MoCPP) in collaboration with the Ministry of Health and the Ministry of Education and Science.

Component 2 focuses on strengthening core public health preparedness and health system capabilities for the prevention and effective management of future infectious disease outbreaks. In doing so, the Project is expected to improve the country's ability to respond to future natural disasters and to reduce recently achieved development gains. This component will focus on case management and surveillance and health system strengthening. This would focus on case detection, confirmation, contact tracing, recording and reporting capabilities, as well as surveillance to strengthen the government's capacity to promptly and proactively manage the current and future outbreaks, with a focus on the Croatian Institute of Public Health. It will (i) strengthen disease surveillance systems and equipment, public health laboratories, and epidemiological capacity for early detection and confirmation of cases;(ii) support repair, rehabilitation and reconstruction of public health laboratories; (iii) support development of systems for active contact tracing and reporting of new cases; and (iv) support epidemiological and laboratory investigation of selected health conditions. It will also prioritize preparedness planning to provide optimal medical care, maintain essential community services, train health facilities staff and front-line workers and provide them with supplies and equipment for further outbreaks. Component 2 will also include (i) providing emergency medical vehicles, medical and laboratory equipment and supplies, medicines, and technical assistance and training to public health officials and health care workers to strengthen the health system's capacity to respond to public health outbreaks; (ii) providing personal protective equipment (PPE) and gear for health workers public health rapid response personnel; (iii) providing equipment and supplies for telemedicine to monitor and support patients; (iv) rehabilitating and equipping selected primary health care facilities and hospitals to deliver critical medical services and cope with increased demand for services caused by the public health outbreak; (v) delivering essential drugs and medical supplies to patients; and (vi) supporting institutional and organizational restructuring of facilities for the purposes of managing public health outbreaks and training of health care staff. These activities will be implemented by a separate PIU under the Ministry of Health (MoH).

The proposed project is subject to the World Bank's Environmental and Social Framework (ESF). Six Environmental and Social Standards (ESSs), namely ESS1 - Assessment and Management of Environmental and Social Risks and Impacts, ESS2 - Labor and Working Conditions, ESS3 - Resource Efficiency and Pollution Prevention and Management, ESS4 - Community Health and Safety, ESS6 - Biodiversity Conservation and Sustainable Management of Living Natural Resources and ESS10 - Stakeholder Engagement and Information Disclosure are relevant to the proposed project. The requirements of these ESSs are addressed through the ESF instruments, as described in the paragraphs below.

D. 2. Borrower's Institutional Capacity

The main Project implementation unit (PIU) will be established within the MoCPP. The MoCPP PIU will be responsible for Component 1 and civil works under Component 2 and will be accountable for reporting to both the World Bank and the PSC on all Project activities and progress. A second PIU, the MoH PIU, will be established within MoH and will be responsible for Component 2. Each PIU will be responsible for overall implementation of their respective

components, including functions such as financial management, procurement, technical inputs, progress monitoring, quality control, and social and environmental policies and standards.

MoCPP has no prior experience with the World Bank environmental and social policies/procedures, since this is their first World Bank-financed project. MoH has prior experience with implementing Bank projects. A Program-for-Results Operation "Improving Quality and Efficiency of Health Services in Croatia" (P183871), that was implemented by the MoH was recently closed. However, MoH, has no experience with the World Bank's Environment and Social Framework (ESF). Both Ministries have experience with implementing the national environment protection legislation and EU-funded projects. For their respective components, the PIUs will be responsible for overall project management, financial management, procurement, technical and quality control, social and environmental safeguards and M&E, as well as relations with and reporting to the World Bank on project activities and progress. The two PIUs will be have a mixture of both civil servants and consultants. There will be one environment and one social specialist in each PIU who will be together responsible for all environmental and social issues. A communications and external affairs team in each PIU will support the project's stakeholder engagement activities. These specialists will be recruited before the start of project activities. Component 3 will support both PIUs in building staff capacity in environmental and social policies and ESF standards.

MoCPP's lack of experience with the World Bank environmental and social policies/procedures, MoH's lack of knowledge of the ESF and the increased scale and expected speed of the works that will potentially stretch existing institutional capacities of both the PIUs and the technical working groups may affect the PIUs' ability to manage environmental and social risks properly. Further, the tight timelines due to the emergency nature of the current project and the absence of E&S counterparts have not allowed the Bank team to sensitize staff from the MoCPP and MoH on the World Bank's ESF so far. Once the PIUs are in place, the Bank's environmental and social safeguards specialists will provide training on ESF and relevant standards to build capacity of the relevant PIU staff and guide them in the preparation, implementation and supervision of all project E&S instruments. MoCPP and MoH will expedite the recruitment process of environment and social specialists. PIU staff, once hired, will be quickly trained and familiarized with ESF rules and procedures. Capacity building activities will continue on an ongoing basis throughout project implementation.

II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC) — Substantial

Environmental Risk Rating — Substantial

The environmental risk rating is substantial. Although the long-term impacts of the Project are likely to be positive, its activities carry several risks that stem from two separate aspects. The first aspect includes earthquake response civil works for rehabilitation and reconstruction of public buildings , debris removal and removal of damaged roofs, chimneys, and other nonstructural elements of public and private buildings that were damaged in the earthquake to increase public safety by significantly reducing the likelihood of falling debris on pedestrians and technical assistance (TA) for establishing a grant-mechanism methodology for future financial support of private housing. Planned interventions on public buildings include rehabilitation of structures, demolition of unsafe buildings and reconstruction the construction of new buildings, inclusive of functional upgrading and adoption of energy efficiency measures. Housing reconstruction entails immediate recovery activities such as debris removal. These activities carry

risks typical for construction works: operational health and safety and community safety risks, dust and noise emissions, traffic disruption, generation of large quantities of construction waste, exposure of workers and building occupants to hazard materials (e.g. asbestos containing materials, medical waste) before and during demolition and rehabilitation activities; unsafe working conditions; and poor occupational health and safety practices.

The second aspect entails efforts in curbing and minimizing effects of the COVID-19 outbreak. The main environmental risks relate to: (i) generation, management, storage, and disposal/treatment of medical waste, including infectious waste; (ii) occupational health and safety risks related to working in highly contagious environments, and to availability and use of protective equipment and hygiene materials; and (iii) civil works (rehabilitation, adaptation, and refurbishment) as a part of the establishment of specialized hospital units, laboratories, and other infrastructure. The envisaged small-scale retrofitting/repair civil works are expected to take place in existing facilities producing predictable, localized, limited, and temporary environmental impacts that are easily mitigated. Significant challenges also lie in ensuring contagion vectors are controlled. This will be accomplished through strict adherence to WHO recommendations, national regulation, and standard procedures for medical waste management and disposal; the use of appropriate protective and hygiene equipment by all health care workers. As buildings under any type of cultural heritage protection will not be eligible for financing, no impacts on cultural heritage are envisaged.

The above specified environmental and social risks will be managed through robust and well-implemented mitigation measures, which will be outlined in the Project's Environmental and Social Management Frameworks (ESMFs) – MoCPP will prepare an ESMF for Component 1, and MoH will prepare an ESMF for Component 2. These ESMFs will clearly set out the environmental and social assessment requirements of the two activities under the two components and provide guidance on the preparation of site-specific Environmental and Social Management Plans (ESMPs) and/or checklists, as well as an Infection Control and Medical Waste Management Plan (ICMWMP) and Contractors' Codes of Conduct. Component 1-ESMF will refer to activities that can be addressed with good engineering and construction practices; as well as by preparing and implementing adequate mitigation measures and applying best housekeeping practices. The national institutional and regulatory environmental framework, aligned with the EU Aquis, is also in place to tackle these risks. In the case of generation of construction waste, expected quantities will be significant, all these will be finally disposed at certified and licensed sites indicated by the City of Zagreb.

Social Risk Rating Substantial

Overall, the project is expected to mostly have positive social impacts as it will finance immediate needs for reconstruction of critical public infrastructure such as hospitals and schools and removal of debris, damaged roofs, chimneys, and other nonstructural elements of public and private buildings that were damaged in the earthquake as to increase public safety.

The key potential social risks associated with project activities under Component 1 that finance hospital/school reconstruction/rehabilitation, relate to community health and safety (e.g., impact of construction works on staff and patients at health facilities, who continue to occupy building rehabilitation sites); exposure of workers and building occupants to hazard materials (e.g., asbestos containing materials, medical waste) before and during demolition and rehabilitation activities; unsafe working conditions; and poor occupational health and safety practices, including those that do not prevent COVID-19. These potential social impacts can be managed through well-implemented mitigation measures, outlined in the ESMFs and site-specific ESMPs and/or Checklists as well as Contractors' Codes of Conducts.

Potential adverse social risks of Component 2 concern the potential exclusion of vulnerable groups and the risk of infection among local communities, which will be managed by ensuring access of services to vulnerable groups and preparing isk communications materials using a variety of mediums such as broadcast media (TV, radio), audio-visuals, toll-free call-in number, etc. Access to PPE, procedures around medical waste disposal, relevant occupational health and safety measures and clear communication of risks and prevention measures (e.g. social distancing, wearing PPE) within training and stakeholder engagement activities will be addressed through the project's ESMF, SEP and communication strategy, in order to protect the health of communities from infection with COVID-19. The provision of services and supplies will be based on the urgency of the need, in line with the latest data related to the prevalence of the cases.

No involuntary resettlement impacts are anticipated as all civil works will be carried out within their existing footprints and no resettlement, land acquisition, or permanent restrictions to access are expected. Any reconstruction activities that might cause land acquisition or involuntary resettlement will not be eligible for financing. There will be no temporary displacement during construction. Temporary displacement is not expected as patients in damaged hospital wards were transferred immediately and students will not return to damaged education facilities but attend undamaged education facilities in nearby areas. There will be no deployment of security forces in the implementation of any of the project activities. Labor related risks, typically associated with a large and diverse workforce, child labor, labor influx and gender-based violence (GBV) issues are minimal. All contractors and workers employed in construction activities are likely to be local. The ESMFs and ESMPs will include measures to mitigate these risks.

While most of the social risks discussed above are temporary and known, there are three main reasons why the social risk rating is Substantial - (i) Capacity and experience - MoCPP's lack of experience with the World Bank environmental and social policies/procedures; while MoH has prior experience with implementing Bank projects, it has no experience with the ESF; (ii) Emergency nature of project - The increased scale and expected speed of the rehabilitation works will stretch existing institutional capacities of both PIUs impacting their ability to manage environmental and social risks properly; and (iii) Immediate recovery activities - The eligibility criteria for including private buildings and the modalities of retroactive financing are not known yet, and this could lead to exclusion of the poor/vulnerable.

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

This standard is relevant for both Project components. The Project will have overall positive environmental and social impacts as it will (i) strengthen core public health preparedness and health system capabilities for the prevention and effective management of future infectious disease outbreaks; improve medical waste management, and laboratory and health service; as well as (ii) improve structural safety and availability of impacted public buildings and private housing (mainly related to debris removal and removal of damaged roofs, chimneys, and other nonstructural elements) damaged in the March 2020 earthquake. Nonetheless, due to the dangerous nature of the pathogen and response activities that include management of chemicals, contaminated waste, and planned civil works under all

components, there are wide-ranging environmental and social risks and impacts that will need to be assessed and managed through a risk-based approach. To mitigate these risks and their related impacts, the two PIUs in MoCPP and MoH, in coordination with national and international partners, will develop and implement two major instruments - ESMFs and SEP. Based on these instruments, tailored risk management plans and communications strategies to promote the Project objectives will be prepared, primarily site-specific ESMPs, ESMP Checklists and an Infection Control and Medical Waste Management Plans (ICMWMPs). The primary risks are:

(i) Occupational Health and Safety (OHS) issues. Workers in healthcare facilities, quarantine centers and laboratories are particularly vulnerable to contagions like COVID-19. Healthcare associated infections due to inadequate adherence to occupational health and safety standards can lead to illness and death among healthcare and laboratory workers. Infections associated with healthcare due to inadequate application of OHS standards can result in illness, including fatalities, as well as further spread of the disease in the community. A part of the virus spread risk is management of medical waste generated in laboratories, intensive care, testing units and other facilities. If not adequately handled and treated, the waste can also become a vector in the spread of COVID-19. To tackle these risks, the Component 2 ESMF will include a template for ICMWMP that will contain detailed procedures for protocols necessary for treating patients and handling medical waste as well as environmental health and safety guidelines for staff, including the necessary personal protective equipment (PPE) based on WHO guidance as well as international best practices in COVID-19 diagnostic testing and response. Preparation of the ICMWMP will build on existing national regulation and medical waste management system. The ESMF will further include conditions in the form of an exclusion list for laboratory and other facilities (e.g. intensive care units) ensuring adequate infrastructure and capacity is in place for implementation of sensitive Project activities. The OHS institutional and regulatory framework is well elaborated and EU Acquis aligned. ESMFs will ensure its full application through strict supervision requirements and procedures.

(ii) Environmental and community health related risks. All project activities ranging from the operation of laboratories to community engagement activities present a risk of transmission in the community. Waste management, the operation of laboratories and health centers have a high potency of infecting the community at large if they are not properly managed and controlled. The project's ESMF will outline procedures for each project activity commensurate to the risk. Generation of significant quantities of construction waste includes a risk of illegal dumping. This risk is, however, significantly reduced as Croatian waste management regulation is in line with the EU Acquis and the system in place is fit to successfully manage waste streams from earthquake rehabilitation and reconstruction, and removal of debris and nonstructural elements. In addition, waste streams are easily trackable under the system, further supported by the fact that Zagreb City owned utility company (Cistoca) is the sole licensed collector of construction waste in Zagreb. The collected waste will be disposed to the certified and licensed landfills designated by the City of Zagreb and the counties' authorities.

(iii) Risks relating to civil works for rehabilitation and adaptation of hospital units and laboratories as well as works on earthquake recovery. For these works ESMFs will include templates for site-specific ESMPs and ESMP Checklists as well as screening, preparation, review and consultation procedures with clearly defined responsibilities. The envisaged works will range from new construction to small-scale civil works (rehabilitation, adaptation, refurbishing) on interior to accommodate new units and/or equipment. Expected impacts from these activities will be typical for construction works, therefore mostly predictable and readily mitigated, localized, impacts that include, but are not limited to: emission or dust, emission of noise, waste water, construction waste and small quantities of hazardous waste and risks to workers (OHS) and users of facilities. As asbestos is widely spread material in Western Balkans, the ESMF will include related mitigation measures in the case of civil works as well as exclusion criteria for establishing medical units in asbestos-risk environments. Low to moderate impacts are possible to nature protected and Natura

2000 areas; however, as works will be limited to existing constructions and dimensions at urbanized locations and financed waste management control will be included in the eligibility criteria, risks are expected mostly at the low end of the risk spectrum.

The key potential social risks associated with project activities relate mainly to community health and safety; exposure of workers and building occupants to hazard materials (e.g. asbestos containing materials, medical waste) before and during demolition and rehabilitation activities; unsafe working conditions; and poor occupational health and safety practices. These potential social impacts of project activities will be managed through robust and well-implemented mitigation measures, which will be outlined in the two respective ESMFs which will clearly set out the E&S assessment requirements of each component and provide guidance on the preparation of site-specific Environmental and Social Management Plans (ESMPs) and/or checklists, as well as ICMWMPs and Contractors' Codes of Conduct.

All construction activities will be within footprints of existing buildings. The planned civil works activities would have minor and temporary negative impacts such as dust and noise pollution, disturbance on existing traffic flows, safety, and access to public buildings.

No major adverse social impacts are expected under Component 2 Public Health Surveillance and Preparedness as adequate measures will be taken to ensure access of services to vulnerable groups and prepare risk communications materials focusing on behavioral and sociocultural risks and COVID-19 preventive measures using a variety of mediums such as broadcast media (TV, radio), audio-visuals, toll-free call-in number, etc. In addition, the MoH will put in place adequate measures to ensure that the medical isolation of individuals does not increase their vulnerability, especially to gender based violence and sexual exploitation and abuse. The MoH will use the Stakeholder Engagement Plan (SEP) which outlines a structured approach to engagement with stakeholders that is based upon meaningful consultation and disclosure of appropriate information, considering the specific challenges associated with COVID-19 and the need for improved hygiene and social distancing. In cases of the most vulnerable – the elderly and those with compromised immune systems due to preexisting conditions- stakeholder engagement would minimize close contact and follow the recommended hygiene procedures.

No involuntary resettlement impacts are anticipated as all civil works will be carried out within their existing footprints and no resettlement, land acquisition, or permanent restrictions to access are expected. Any reconstruction activities that might cause land acquisition or involuntary resettlement will not be eligible for financing. There will be no temporary displacement during construction. Temporary displacement is not expected as patients in damaged hospital wards were transferred immediately and students will not return to damaged education facilities but instead attend undamaged education facilities in nearby areas. There will be no deployment of security forces in the implementation of any of the project activities. Labor related risks, typically associated with a large and diverse workforce, child labor, labor influx and gender-based violence (GBV) issues are minimal. All contractors and workers employed in construction activities are likely to be local. The ESMFs and subsequent site-specific ESMPs/checklists will include measures to mitigate these risks.

ESS10 Stakeholder Engagement and Information Disclosure

The SEP was disclosed on the MoCPP website on May 6, 2020. It will also be disclosed on the World Bank's external website as soon as possible but at the latest by the Project Decision Meeting. The direct beneficiaries of the project include the earthquake-affected population in Zagreb city and the surrounding areas. This population includes residents benefiting from access to rehabilitated and reconstructed hospitals and schools. The beneficiaries of the COVID-19 and health interventions include patients, health care workers, and the institutions involved in the emergency response. In accordance with ESS10, the SEP identifies and analyzes, in detail, project-affected parties (for Component 1, and other interested parties, as well as vulnerable and disadvantaged individuals or groups impacted directly or indirectly by the project. Under Component 1, the affected parties include administrators, health care staff, patients, teachers, educational staff, pupils and parents of earthquake-affected hospitals and primary/secondary schools which will benefit from building rehabilitation/reconstruction in Zagreb City and the surrounding areas (Zagreb County and Krapina-Zagorje County); organizations representing the constituencies above, such as the Croatian Patients Association, representatives of Parents Councils and homeowners' associations; potential beneficiaries of the medium-term housing reconstruction financial support program; neighboring communities in the areas where the buildings are rehabilitated/ reconstructed; workers at construction sites; representatives and citizens of the City of Zagreb; and relevant Ministries. Under Component 2, the affected parties include health care workers of the facilities to be rehabilitated/equipped, staff of the public health laboratories; medical staff and patients of selected hospitals and intensive care units; front-line health workers; general public impacted by the implementation of "social distancing measures" and targeted by public health communication campaigns, patients/people with existing medical needs, businesses and employers; representatives and citizens of the City of Zagreb; and relevant Ministries. Other interested parties, under Component 1, include stakeholders such as academia, NGOs (e.g. Chamber of Civil Engineers and Architects, Zagreb Society of Architects, Croatian Red Cross, etc.); firefighting operational forces and Croatian Mountain Rescue Service operational forces, which provided assistance and shelter to people in the immediate aftermath of the earthquake; Civil protection units and commissioners, site coordinators, legal persons in the civil protection system at national, regional and local level; and the media. Other interested parties, under Component 2, include the various Institutes of Public Health at the national and regional levels, the national and county Civil Protection Headquarters, and NGOs (such as the Zagreb City Red Cross Society), faith-based communities (e.g. Caritas), Croatian Association of Innovative Pharmaceutical Companies, Roma associations, and the media.

The SEP defines a program for stakeholder engagement, including planned public information disclosure and ways in which the project team will communicate with stakeholders throughout the project cycle. The SEP includes a grievance mechanism allowing citizens to raise concerns, provide feedback, or make complaints about any project-related activities, whereby multiple channels for grievance uptake exist and citizens' project-related inputs are aggregated and followed-up on by a focal point in each PIU (in the MoCPP and MoH respectively). The grievance mechanism will also cater to the interests and concerns of direct and contracted workers. The grievance mechanism under Component 2, will build upon the client's mechanisms for community outreach in the COVID-19 emergency situation. Details on the above are elaborated in the SEP.

The Results Framework includes PDO-level Indicator "Communities of intervened hospitals and schools included and informed" and intermediate outcome indicator "Percentage of grievances responded to in the stipulated time" which are both related to beneficiary involvement and feedback. Communication and consultation activities outlined in the SEP have been tailored to the evolving COVID-19 situation, in particular related restrictions on public gatherings, meetings and people's movement. It, therefore, focuses on alternative approaches to in-person information-sharing

and engagement. The initial SEP will be updated and a revised version disclosed within 30 days of project effectiveness.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

ESS2 is relevant to the project. Under Component 1 activities, the project footprint is relatively small and does not entail a significant amount of labor as the rehabilitation works are expected to be small to medium scale. Project workers will include direct workers including MoCPP/MoH staff who will be a mix of civil servants and consultants; and contracted workers including employees of the contractors and their subcontractors. It is not expected that primary supply workers are relevant as the project will unlikely source goods or materials from a single supplier on an on-going basis. Project activities will not require hiring of community workers. Most of the labor will be locally hired so there will be no labor camps or foreign labor. Based on the due diligence done, the national legislation meets objectives, requirements and provisions of ESS2. As currently envisioned, the project will be implemented by the MoCPP and MoH staff who are civil servants who will remain subject to the terms and conditions of their existing public sector employment agreements. Potential institutional capacity strengthening will be required through hiring of a few consultants to perform specialized tasks such as procurement, financial management and environmental and social safeguards functions. These consultants would be part of PIU and paid through the loan funds. The project will also deploy contractors and very likely subcontractors for rehabilitation works but the number of workers to be contracted/subcontracted is not known yet. Once selected, civil works contractors will prepare contractors' labor management procedures (CLMP) to meet ESS2 requirements. No instances of child or forced labor are likely to happen under the Project as legislation on employment and labor are fully harmonized with ILO conventions and EU Directives inclusive of convention on forced labor and convention on elimination of child labor and protection of children and young persons. Based on the screening, no gaps have been identified in national labor legislation with regards to occupational health and safety issues stipulated in ESS2. Labor management procedures (LMP) for direct, contracted and subcontracted workers will be prepared by the MoCPP within 30 days of project effectiveness as part of the ESMF. Special emphasis will be placed on a grievance mechanism for project workers and a training program. The Ministry of the Labor and Pension System (MoLPS) is the main administrative body for labor, safety and health at work in the Republic of Croatia. Its Labor Inspectorate is tasked to monitor the compliance of labor laws and regulations for national and foreign workers, with the exception of certain categories of state officials, educational entities and air traffic employees. The inspectorate also monitors the compliance with health and safety regulations and standards at the workplace and the protection of the health and safety of workers. Overall, the law is well enforced and residual risks minimal. The ESMF will contain mitigation measures to address residual risks, if any.

Under Component 2, the project will involve both direct workers and contracted workers. Direct workers could be either government civil servants (MoH staff), workers in health care facilities, or technical consultants engaged specifically in relation to the project, such as PIU consultants. The civil servants will remain subject to the terms and conditions of their existing public sector employment agreement, while public health and social workers, and consultants are subject to the labor code. While most of the project funds will be used for procuring goods, the project may also need to cover overtime payments or hazard/indemnity pay for health care workers which will be

paid in line with provisions of labor law and ESS2, and any applicable collective agreements. Contracted workers could include workers of consultancies/organized engaged to provide services under the project (e.g. develop and implement trainings, communication and educational materials on COVID-19) and other contracted workers (e.g. those hired for small scale refurbishments of medical facilities). Workers engaged for minor civil works, including refurbishment of existing health care facilities are expected to be locally hired. Primary supply workers are those that work for companies involved in the provision of medical supplies, PPE, chemicals, reagents etc. Workers in health care facilities, including those managing medical waste are particularly vulnerable to contagions like COVID-19. Healthcare-associated infections due to inadequate adherence to occupational health and safety standards can lead to illness and death among health and laboratory works (though none has been recorded to date). The project design incorporates measures to strengthen the protection of health care workers from risks of COVID-19 infection through training on appropriate use of PPE, improved medical waste management, surveillance and prevention of the spread of infections within healthcare facilities, and distribution of PPE according to WHO guidelines. The client will also provide COVID-19 specific occupational health and safety directives to health care workers to minimize their risk of infection when in contact with social assistance applicants and during in-home visits, as is the practice currently. The project shall be carried out in accordance with the applicable requirements of ESS2, including through, interalia, implementing adequate occupational health and safety measures (including emergency preparedness and response measures), setting out grievance arrangements for project workers, and incorporating labor requirements into the ESHS specifications of the procurement documents. All civil works contracts will include industry standard Codes of Conduct that include measures to prevent Gender Based Violence/Sexual Exploitation and Abuse (GBV/SEA).

ESS3 Resource Efficiency and Pollution Prevention and Management

This Standard is relevant. Pollution prevention and management – specifically medical waste management – will be a particularly important activity under the Project. Medical waste, including chemicals, contaminated PPE and equipment, and lab testing kits from beneficiary medical facilities, will need to be safely and correctly collected, stored, transported, and disposed of (both used materials as well as samples or expired medical goods). Croatia has a well-developed waste management legal framework (including the Rulebook on Medical Waste Management (OG 50/15, 56/19)), which covers all the significant measures regarding this kind of waste and its treatment. An ESMF for Component 2 - Public Health Surveillance and Preparedness, related activities, will be prepared for the Project, in line with WHO COVID-19 guidance documents and other best international practices. Furthermore, every beneficiary medical facility will prepare and follow an ICMWMP to prevent or minimize potential medical waste impacts.

The Earthquake Response ESMF prepared for Component 1 activities will contain details of rehabilitation, reconstruction, and construction activities and ensure that the site-specific ESMPs and ESMP Checklists will include procedures for construction waste management, use of resources, energy efficiency, and other. Health facilities with asbestos insulation, pipe lagging, etc. will be excluded from financing under the project.

ESS4 Community Health and Safety

ESS4 is relevant to the project. Under Component 1, civil works will be financed under the project. These will be undertaken mainly in or around hospitals and schools, and maintaining the health and safety of employees and

visitors, and nearby communities, throughout the construction phase is critical. Movement of heavy goods vehicles can lead to accidents. Construction in such premises can also disrupt operation through dust emission, noise, increased generation of solid waste, etc. Potential threats to people and communities may be posed by uncovered or unbarricaded or no signage spots such as open holes, open electric cables, etc. The project will ensure safety of staff and other visitors during the rehabilitation works by identifying relevant measures in the ESMF and site-specific ESMPs/Checklists and adopting adequate OHS protocols following WBG EHS Guidelines. Partitioning of construction areas by erecting fences and signals, controlling excessive noise and dust levels, usage of protective equipment, working safely safe work at heights and with heavy machinery, securing access to building areas for office workers and public use are mitigation measures which will feature in the ESMF and site-specific ESMPs/Checklists. Functional upgrades will be gender-informed and support those with disabilities to ensure universal accessibility, as is currently required under law. Given the small scale nature of civil works primarily focused on rehabilitation of buildings, the impact and risk on community's health and safety is expected to be minor and manageable. No risks related to labor influx, gender-based violence (GBV) or security forces are expected under the project activities because the scale of civil works is very small and most workers will be hired locally.

Under Component 2, medical and chemical wastes (including water, reagents, infected materials, etc.) from labs, quarantine facilities, ICUs, that are supported through the project can have a substantial impact on the environment and human health. Wastes that may be generated from medical facilities and labs could include liquid contaminated waste, chemicals, and other hazardous materials, and other waste from labs and quarantine and isolation centers including sharp objects, used in diagnosis and treatment. Each recipient medical facility or lab will follow the requirements of the Component 2 ESMF which will be prepared for the Project based on WHO COVID-19 guidance documents, and other best international practices. An ICMWMP will also be prepared to prevent or minimize such adverse impacts. The Plan will require on-site incineration of all wastes related to COVID-19 testing or treatment and will also contain strict protocols for disinfecting and packing such waste for transportation to the nearest medical waste incinerator if on site destruction is not possible. The ESMF will also include guidance related to transportation and management of samples and medical goods or expired chemical products, as well as small scale rehabilitation activities. Currently, the project anticipates the establishment of specialized units in a selected hospitals for Infectious Epidemiology and the Microbiology Services which is critical to the COVID response. Communication activities supported by the project will ensure widespread awareness of the government's pandemic response strategy and the role of communities, individuals and businesses in implementing specific community health and safety measures, including social distancing, personal/worker hygiene practices, self-isolation and mandatory quarantine. These activities will be outlined in the final SEP.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

This Standard is currently not relevant. Any reconstruction activities that might cause land acquisition or involuntary resettlement will not be eligible for financing. All construction activities will be within footprints of the existing buildings. There will be no temporary resettlement impacts from the project as all civil works will be conducted in public buildings or public/common spaces in private buildings.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

This standard is relevant. There are several nature-protected areas within the geographical scope of the project, the most significant being Medvednica Nature Park (NP) and Maksimir Park. Medvednica NP stretches along borders of settlements in all three earthquake impacted counties (City of Zagreb, Zagreb County and Krapina-Zagorje County). Parts of 28 settlements are located within the Park (4 in Zagreb City, 7 in Zagreb County, and 17 in Krapina-Zagorje County) while some of them very likely suffered damage form the March 2020 earthquake. In addition, 2 schools in Gornja Stubica, potentially a beneficiary under the Project, are also located in the Park whereas several more schools are located in the vicinity. The Maksimir Park area, in the eastern part of the Zagreb City center, includes ZOO, Police Academy, Forestry Faculty and Faculty of Agriculture buildings that may also be eligible for financing, if they have suffered damage. Given that all works will be carried out within the limited intervention scope (rehabilitation and reconstruction within the existing footprint of buildings) in urbanized areas, low to moderate (though unlikely) and only temporary and predictable impacts to protected areas are likely. The related risks will be addressed through a robust and comprehensive ESMF developed for Component 1 and subsequently site-specific ESMPs.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

Croatia does not have distinct ethnic, social and/or cultural groups as covered by ESS7. Thus, this standard is not relevant.

ESS8 Cultural Heritage

This Standard is not currently relevant. The buildings designated and protected as cultural heritage will not be eligible for financing. A chance finds procedure will be prepared as part of the ESMF and individual ESMPs.

ESS9 Financial Intermediaries

This standard is not relevant. No financial intermediaries are involved in the project.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways	No
OP 7.60 Projects in Disputed Areas	No

III. BORROWER'S ENVIRONMENTAL AND SOCIAL COMMITMENT PLAN (ESCP)

DELIVERABLES against MEASURES AND ACTIONs IDENTIFIED	TIMELINE
ESS 1 Assessment and Management of Environmental and Social Risks and Impacts	
Prepare and submit to the Bank regular monitoring reports on the environmental, social, health and safety (ESHS) performance of the Project, including but not limited to, implementation of the ESCP	06/2024

status of preparation and implementation of E&S documents required under the ESCP, stakeholder engagement activities, functioning of the grievance mechanism(s).	
Prepare and implement an incident reporting procedure. Promptly notify the Bank within 48 hours of any incident related to the Project.	10/2020
Require all contractors to provide monthly monitoring reports to the Project Implementing Unit (MoCPP). Such reports should be submitted to the Bank by the PIU upon request for Component 1 activities with potentially substantial environmental and social risks.	06/2024
Include environment and social considerations in the terms of reference (TORs) for all hired consultants and submit them to the Bank for no objection.	10/2020
Engage environmental and social experts in the PIUs.	10/2020
ESS 10 Stakeholder Engagement and Information Disclosure	
Prepare, disclose, adopt, and implement a Stakeholder Engagement Plan (SEP) consistent with ESS10, in a manner acceptable to the Bank.	10/2020
Accessible grievance arrangements shall be made publicly available to receive and facilitate resolution of concerns and grievances in relation to the Project, consistent with ESS10, in a manner acceptable to the Bank.	10/2020
ESS 2 Labor and Working Conditions	
Include Labor Management Procedures (LMP) and sections on Environment Health and Safety in the ESMFs.	10/2020
Include necessary protocols for treating patients and handling medical waste, disinfectant protocols, regular testing of healthcare workers, requirements for proper disposal of sharp objects, along with the EHS guidelines in an ICMWMP.	10/2020
Develop, maintain, and operate a grievance mechanism (GM) for Project workers. Ensure contractor(s) of Component 1 develop their GM for their employees as per Contractor-LMP.	10/2020
As part of the ESMF develop and implement occupational health and safety measures (OHS) for project workers in accordance with ESS2.	10/2020
ESS 3 Resource Efficiency and Pollution Prevention and Management	
Include relevant aspects of this standard (e.g. measures to manage health care wastes and other types of hazardous and non-hazardous wastes) in ESMF and site-specific ESMPs.	10/2020

Develop and implement measures and procedures for management of waste and hazardous materials during demolition, dismantling and disposal as part of the Component 2-ESMF	10/2020
ESS 4 Community Health and Safety	
Develop and implement a road safety management procedure to address potential hazards on communities resulting from construction activities as part of the ESMF and site-specific ESMPs.	10/2020
Prepare, adopt, and implement measures to manage specific risks and impacts (such as behavior of project workers, labor influx, sexual exploitation and abuse or harassment) to the community; include these in the ESMF and site-specific ESMPs.	10/2020
ESS 5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	
ESS 6 Biodiversity Conservation and Sustainable Management of Living Natural Resources	
As part of the ESMF, develop and implement nature and biodiversity protection in accordance with the national legislation and ESS6.	10/2020
ESS 7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	
ESS 8 Cultural Heritage	
ESS 9 Financial Intermediaries	

B.3. Reliance on Borrower's policy, legal and institutional framework, relevant to the Project risks and impacts

Is this project being prepared for use of Borrower Framework? No

Areas where "Use of Borrower Framework" is being considered:

Not applicable.

IV. CONTACT POINTS

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Implementing Agency(ies)

Implementing Agency: Ministry of Construction and Physical Planning

Implementing Agency: Ministry of Health

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

Task Team Leader(s):	Vica Bogaerts, Zuzana Stanton-Geddes, Yoshini Rupasinghe
Practice Manager (ENR/Social)	Kevin Tomlinson Cleared on 17-May-2020 at 16:37:55 EDT
Safeguards Advisor ESSA	Nina Chee (SAESSA) Concurred on 18-May-2020 at 18:10:42 EDT