Appraisal Environmental and Social Review Summary

Appraisal Stage

(ESRS Appraisal Stage)

Date Prepared/Updated: 01/20/2020 | Report No: ESRSA00410
BASIC INFORMATION

A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Region</th>
<th>Project ID</th>
<th>Parent Project ID (if any)</th>
</tr>
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<tbody>
<tr>
<td>Croatia</td>
<td>EUROPE AND CENTRAL ASIA</td>
<td>P167247</td>
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</tbody>
</table>

Project Name: Justice for Business Project

Practice Area (Lead): Financing Instrument

Governance: Investment Project Financing

Estimated Appraisal Date: 12/9/2019
Estimated Board Date: 3/19/2020

Borrower(s): Ministry of Finance
Implementing Agency(ies): Ministry of Justice

Proposed Development Objective(s)

The Project Development Objective is to improve the business regulatory procedures and justice service standards for businesses.

Financing (in USD Million)

<table>
<thead>
<tr>
<th>Total Project Cost</th>
<th>Amount</th>
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<tbody>
<tr>
<td></td>
<td>113.67</td>
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</table>

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

No

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

The Project would promote high-level government support for implementation of several key policy initiatives with the objective to improve the business environment in Croatia by supporting further improvements in the justice sector, implementation of the e-Croatia’s digital agenda, and the reduction of regulatory uncertainty and administrative burden.

D. Environmental and Social Overview

D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social]
The project will support physical rehabilitation of four courts in Croatia, selected based on the following criteria: i) level of caseload, ii) level of business activity, and iii) focus on the lagging regions. The selected locations include the Zagreb Municipal Court, and judicial facilities in Vinkovci, Kutina and Varazdin. The upgrade will focus on improving the internal workflow in court registries and archives, enhancing the user interface and accessibility (including for disabled persons); the refurbishing of judges’ chambers, and courtrooms; and the upgrading of energy efficiency standards (building envelope, heating and cooling system). There will be no change in the building footprints, but an additional floor will be added to Varazdin building. All buildings to be rehabilitated are located in urbanized areas. Zagreb Municipal court is located in the wider city center and was built from 1962 to 1970. The building was designed by Ninolav Kucan, architect and is protected as local cultural heritage site. Zagreb is the capital and the largest city of Croatia. It is located in the northwest of the country, along the Sava river, at the southern slopes of the Medvednica mountain. Zagreb lies at an elevation of approximately 122 m (400 ft) above sea level. The estimated population of the city in 2018 is 810,003. The population of the Zagreb urban agglomeration is about 1.2 million, approximately a quarter of the total population of Croatia. Vinkovci court building was built in 1868 and is cultural heritage site. Vinkovci, with the population of 34,300 (2018) is located in the eastern part of the Slavonia region, most eastern part of the country. The town lies in a flatland on the Bosut river, at an elevation of approx. 90 meters, and has a mild continental climate. Kutina court is located in a wider city center, and the building which was constructed in 1963 is not a cultural heritage site. Kutina is a town in central Croatia (70 km eastern from Zagreb). The town population is around 13,500. Varazdin court is located in the city center. The town population is around 47,000. The building itself was constructed in 1960. The building is located in cultural heritage area, with binding spatial and cultural heritage protection rules but the building itself is not a cultural heritage site.

Croatia's territory covers 56,594 km² bordered by Bosnia and Herzegovina and Serbia in the east, Slovenia in the west, Hungary in the north and Montenegro and the Adriatic Sea in the south, it lies mostly between latitudes 42° and 47° N and longitudes 13° and 20° E. Croatia's territorial waters encompass 18,981 square kilometers wide zone, and its internal waters located within the baseline cover an additional 12,498 square kilometers. The Pannonian Basin and the Dinaric Alps, along with the Adriatic Basin, represent major geomorphological parts of Croatia. Lowlands make up the bulk of Croatia, with elevations of less than 200 meters above sea level. Most of the lowlands are found in the northern regions, especially in Slavonia, itself a part of the Pannonian Basin plain. The greatest concentration of ground at relatively high elevations is found in the Lika and Gorski Kotar areas in the Dinaric Alps, but high areas are found in all regions of Croatia to some extent. Croatia's Adriatic Sea mainland coast is 1,777.3 kilometers long, while its 1,246 islands and islets encompass a further 4,058 kilometers (2,522 mi) of coastline—the most indented coastline in the Mediterranean. Karst topography makes up about half of Croatia and is especially prominent in the Dinaric Alps, as well as throughout the coastal areas and the islands. 62% of Croatia's territory is encompassed by the Black Sea drainage basin. The area includes the largest rivers flowing in the country: the Danube, Sava, Drava, Mur and Kupa. The remainder belongs to the Adriatic Sea drainage basin, where the largest river by far is the Neretva.

D. 2. Borrower’s Institutional Capacity

The project will build on the Bank’s previous and current engagement in judiciary sector in Croatia. The implementing agency will be the Ministry of Justice (MoJ) who will lead and coordinate project activities and will be responsible for an overall implementation of environmental and social standards. The MoJ staff is highly educated and has gained experience in implementing the WB safeguards policies under the Justice Sector Support Project (2009 - 2014) and the ongoing Integrated Land Administration Support (ILAS) Project. It is expected that the level of expertise and capacity will be adequate to implement the Environmental and Social Standards (ESSs) in line with new ESF requirements. Since both Bank's environmental and social safeguards specialists are based in Zagreb, environmental and social safeguards specialists has been working closely with the relevant MoJ staff (mainly from the Directorate.
for Strategic Development, Informatization and Capital Investments in the Judiciary) in preparation and development of necessary ESF documentation for relevant Standards. Capacity building activities will continue on an ongoing basis throughout the project implementation. The MoJ will ensure that the Bank’s environmental and social criteria are adequately applied in the four locations of the court buildings to be rehabilitated. Safeguards compliance of the two Bank funded projects mentioned above has been satisfactory. No significant gaps in the implementation of the mitigation measures defined in the respective ESMPs and good construction practices implemented on the field have been observed.

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

A. Environmental and Social Risk Classification (ESRC)  Moderate

**Environmental Risk Rating**  Moderate

The Justice for Business Project has two components. Component 1 is a results-based component that supports implementation of interventions which are expected to reduce the administrative burden for businesses in their interaction with government. Component 2 combines results-based financing to support improvements in the delivery of justice services with emphasis on those provided to businesses, with direct investment supporting the rehabilitation and renovation of selected court facilities for better onsite court performance.

The project environmental risk is moderate and is predominately linked to direct investment supporting rehabilitation and renovation of four existing court buildings. There is no environmental risk under the results-based component and financing as the six Disbursement Linked Indicators (DLIs) are primarily aimed to: (i) streamline and improve the existing regulations measures to (ii) remove barriers for businesses to market entry and operation in line with 2019 National Reform Program; (iii) further simplify online construction permitting on the existing online construction platform (e-dozvola); (iv) increase the uptake of existing judicial e-services and the use of case management systems towards “paperless courts”; and (v) increase the use of the existing case management systems to reduce time in court decisions and backlog cases. The existing regulations are mainly related to ICT solutions/tools, automation and digitalization improvements of already adopted legal framework for implementing policies. As such, they do not trigger any environmental risks and will not cause any negative environmental impact. Positive impact under DLIs is expected in improving the business environment and reducing administrative burden for businesses.

Direct investment supporting rehabilitation and renovation works are general and small-scale construction activities, the potential adverse risks and impacts on human populations and/or the environment are not likely to be significant. This is because the Project activities are not complex nor large, do not involve activities that have a high potential for harming people or the environment, and all of the project sites are located away from environmentally or socially sensitive areas. As such, the potential risks and impacts are (i) predictable and expected to be temporary and/or reversible; (ii) low in magnitude; (iii) site-specific, without likelihood of impacts beyond the actual footprint of the Project; and have (iv) low probability of serious adverse effects to human health and/or the environment. These impacts most commonly include: a) dust and noise due to excavation, demolition and construction; b) management of demolition / construction wastes and accidental spillage of machine oil, lubricants, etc., c) possible management of small amount of hazardous materials and waste like asbestos or paints and varnishes; d) traffic disturbance; e) small scale surface or ground water pollution; f) soil pollution or erosion; g) workers safety and h) on cultural heritage sites as two buildings to be rehabilitated under project are protected and in some cases, although quite unlikely cultural heritage chance finds. The Project’s risks and impacts can be easily mitigated in a predictable manner.
No adverse impacts on biodiversity and habitats are expected. The project builds on the Bank’s previous and current engagement in justice sector in Croatia. The implementation of site specific ESMPs for four court buildings supported under Justice Sector Support Project (2009 - 2014), was satisfactory. No significant gap in the implementation of the mitigation measures defined in the ESMP and good construction practices implemented on the field were observed during project implementation. The capacity for managing and implementing construction activities is adequate in MoJ, nonetheless, it will be further built around ESF through the project preparation and implementation period.

Social Risk Rating

The project social risk is moderate and is predominately linked to direct investment supporting rehabilitation and renovation of four existing court buildings. There is no social risk under the results-based component and financing as the support is primarily aimed to: (i) streamline and improve the existing regulations measures to (ii) remove barriers for businesses to market entry and operation in line with 2019 National Reform Program; (iii) further simplify online construction permitting on the existing online construction platform (e-dozvola); (iv) increase the uptake of existing judicial e-services and the use of case management cases towards “paperless courts”; and (v) increase the use of the existing case management systems to reduce time in court decisions and backlog cases. The existing regulations are mainly related to ICT solutions/tools, automation and digitalization improvements of already adopted legal framework for implementing policies. As such, the results-based financing does not trigger any social risks and will not cause any negative social impact. Positive impact under is expected in improving the business environment and reducing administrative burden for businesses.

The planned civil works under the Sub-component 2.3 Rehabilitation and Upgrading of Selected Court Facilities will be site-specific (four defined locations of court buildings) with no impacts beyond the footprint of the existing court buildings. No land acquisition will be required, and the interior works are small in magnitude and as such will have impacts that can be easily and predictably mitigated. The planned works also consider aspects of energy efficiency, fire safety, information technology, universal access, heating, ventilation, and air conditioning (HVAC). Risk related to labor influx is minimal as rehabilitation works are of small-scale nature. Regular operation and functioning of the four courts will be maintained during the planned works so the users/ beneficiaries will have a continuous and uninterrupted access to judicial services. The Project is expected to have positive impacts and benefits by creating a more conducive work environment for judicial staff and by providing improved access to quality infrastructure and services in four locations. Upon completion of the planned infrastructure upgrades, user feedback surveys will be conducted to assess the level of satisfaction in terms of coverage and quality of infrastructure and services provided for both the citizens and businesses.

Environmental and social due diligence is being undertaken in-house and included a review of national legislation primarily focused on employment and labor conditions; occupational health and safety; grievance redress mechanism; cultural heritage practices and the existing capacity and track record of the MoJ in implementing World Bank safeguards policies.

In terms of Labor and Working Conditions (ESS2), based on the due diligence review findings, national legislation is compliant with ESS2 requirements and no gaps have been identified. Croatia, as a European Union (EU) Member country, has harmonized and incorporated EU Directives of labor and employment acts in line with international best practices. Croatia is a member state of ILO since 1992 and all acts and regulations related to social dialogue/tripartite consultations; employment and labor (inclusive of elimination of forced and child labor); equality of opportunity and treatment; collective bargaining; grievance redress and labor dispute settlement; sustainable social security system, freedom of association, etc., are in compliance with International Labor Standards. The same applies for occupational
health and safety (OHS) issues that are fully in line with the ESS2 requirements. Implementation and enforcement of relevant laws and regulations have been adequate.

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:**

While the project will unlikely entail a significant social risks or impact, it will likely benefit the marginalized and the poor. First, the project will help provide equal and efficient access to justice for the marginalized, poor and vulnerable in two areas. Out of the four court facilities to be renovated, two are located in lagging regions. The municipal courts in Vinkovci and Kutina, whose jurisdiction cover the wider surrounding area, including the rural areas with high poverty rates, are located in regions with an income level significantly below the UE and Croatian average. Vukovar-Srijem county’s GDP per capita is 35.8% of the EU average, Sisak-Moslavina county’s GDP per capita is 43.9% of the EU average, while Croatia’s GDP per capita is 61% of the EU average. Second, the project will benefit the poor and marginalized by contributing to the creation of employment opportunities. Reducing the regulatory burden and improving the business environment may incentivize job creation, particularly in the formal sector, as well as the sectors disproportionately affected by existing regulatory barriers (such as construction and services). Evidence suggests that an unfavorable business environment is an important constraint for job creation in the formal sector. Furthermore, more employment opportunities in these sectors are expected to have a positive impact on poverty, given the increasing share of the poor working in services in recent years and the large share of the poor employed in construction. In 2016, about 46 percent of the bottom quintile were employed in services (mostly in wholesale and retail, hospitality and food establishments, and transport and communications), and 12 percent were employed in the construction sector.

ESS1 applies to the project due to the environmental risks associated with project activities, more specifically planned rehabilitation of court buildings under Component 2 - Strengthening investment and infrastructure management and rehabilitation of judicial facilities. The four specific court buildings to be rehabilitated that are confirmed at this stage are at the locations of Zagreb, Varazdin, Vinkovci and Kutina. The conceptual design of three (for Vinkovci, Zagreb, and Kutina) of the four buildings is ready at this stage. Potential environmental risks and impacts are predictable and expected to be temporary and reversible, low in magnitude, and site specific. These impacts most commonly include: a) dust and noise due to excavation, demolition and construction; b) management of demolition / construction wastes and accidental spillage of machine oil, lubricants, etc.; c) possible management of small amount of hazardous materials like asbestos or paints and varnishes; d) traffic disturbance; e) small scale surface or ground water pollution; f) soil pollution or erosion; g) workers safety; and h) impacts on cultural heritage sites and in some cases, although quite unlikely, cultural heritage chance finds. In addition, special attention to safety of employees, other users of the building and visitors will be put through mitigation measures as some of the works might go in parallel with the court operation. In most cases such impacts can be mitigated readily through good construction practice, environmental permitting process and through implementation of site-specific ESMP checklists. A site-specific ESMP checklist is prepared to tackle typical mitigation approaches to common civil works contracts with localized impacts. Given that location of court buildings is known and design is prepared for three of those, the MoJ prepared three site specific ESMP checklists prior to appraisal. As the project might support preparation of design for the Varazdin
building, ESMP checklist for the Varazdin court will be prepared during project implementation but in advance of
collection activities at Varazdin. Project Environmental and Social Commitment Plan indicates timeline,
responsibility and due diligence for the Varazdin ESMP checklist. These site specific documents will constitute an
integral part of bidding documents for contractors. Site specific ESMPs will be timely disclosed and discussed with
public. Special condition for construction and mitigation measures will be issued by cultural heritage protection
departments in Zagreb, Varazdin and Vinkovci, relative to the status of protection. ESMP checklist will have a site
specific annex that will identify cultural protection measures and monitoring. It will also provide specific guidance on
workers’ OHS measures and safety of employees and visitors during the implementation of works as in some cases
rehabilitation activities might be in parallel with the regular court operation activities. Prior to project appraisal
following documents will be prepared and disclosed: a) Environmental and Social Plan Checklist (ESMP Checklist) for
courts in Vinkovci, Zagreb and Kutina; b) Labor Management Procedure for project workers, and c) Stakeholder
Engagement Plan (SEP) with consultation schedule for each of the four locations.

ESS10 Stakeholder Engagement and Information Disclosure

ESS10 is relevant for the Project as one of its targets is improved efficiency for citizens and businesses and improved
judiciary staff work environment and user interface. Some preliminary stakeholder engagement activities have
already been initiated where court’s users have expressed needs for improved reception areas/entrances and;
judges who have expressed need for improved office space (currently 3 to 4 judges are in one office). Shortage of
courtrooms to hold open trials and conduct other court proceedings has been raised as well. City mayors have been
consulted as well as other interested parties. In order to focus on addressing the infrastructure gaps, the project will
also focus on improving the internal workflow in court registries and archives, and enhancing the user interface and
accessibility. Direct users of judicial facilities in the four towns and other relevant stakeholders have been identified,
mapped and analyzed. Advanced draft of Stakeholder Engagement Plan (SEP) document has been developed and
will be disclosed before project appraisal. As required, it has a dedicated section on a Grievance Redress Mechanism
(GRM) and its functioning specificities.
The Project will have a broader citizen engagement approach to be mainstreamed across project activities and will be
carried out consistently throughout project implementation. This will be done through different channels, including
by publishing relevant project information, as well as through consultative processes and feedback mechanisms to
strengthen policy design, build ownership and contribute to sustainability and better project outcomes.

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. The project footprint is relatively small and does not entail a significant amount of
labor as the interior rehabilitation works will be small scale. Project workers will include Direct Workers including the
MoJ staff (civil servants) and consultants; and Contracted Workers including employees of the Contractors and the
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 camp or foreign labor. Based on the due
diligence done, the national legislation meets objectives, requirements and prescriptions of ESS2 on Working
Conditions and Management of Workers Relationships; Protecting the Workforce and Occupational Health and Safety (OHS issues and grievance mechanism). As currently envisioned, the project will be implemented by the MoJ staff (mainly from sectors of judicial infrastructure and strategic planning) who are civil servants who will remain subject to the terms and conditions of their existing public sector employment agreement. As already stated, there are no gaps between national legislation and ESS2 prescriptions. 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. Potential institutional capacity strengthening may 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 project implementing unit and paid through the loan funds. However, the exact functions and composition of the future PIU will be discussed and agreed upon during project negotiations currently scheduled for January 2020. The outcome of the agreements reached on the PIU structure will be specified in the Environmental and Social Commitment Plan (ESCP). The project will also deploy contractors and very likely subcontractors for rehabilitation of judicial facilities but the number of workers to be contracted/subcontracted is not known yet. Once selected, civil works contractors will prepare contractors' labor management procedures (C-LMP) to meet the ESS2 requirements.

Based on the screening, no gaps have been identified in national labor legislation with regards to occupational health and safety issues stipulated in ESS2. In 2014 a new Act on Occupational Safety (OG 71/14) entered into force. The Act introduces for the first time measures to protect workers from psycho-social risks (stress) and psycho-physiological effort at work, with the aim of prevention and education of all stakeholders. The Act sets out the general principles of risk prevention at work and protection of health, rules to eliminate risk factors, procedures of training of workers and procedures of information and consultation of employees and their representative with employers and their authorized persons. The intention is to raise awareness and encourage preventive action not only by employers but also by employees. The employer is obliged to implement occupational health and safety measures based on the general principles of prevention. These include: risk avoidance, risk assessment, prevention of risks at their source, adjustment of work to the employees in relation to the design of the workplace, the choice of work equipment and the mode of operation and work processes to relieve monotonous work. Employers must consider issues such as adaptation to technical progress, replacing hazardous substances or processes with the non-hazardous or less hazardous. They are also required to develop a consistent comprehensive prevention policy by connecting technology, organization of work, working conditions, human relationships and the influence of work environment. They must give preference to collective protective measures over individual ones, appropriately train and inform employees, and make all protective equipment available free of charge. Notwithstanding the alignment with the ESS2 provisions, the MoJ will prepare labor management procedures (LMP) for direct, contracted and subcontracted workers who will be deployed in line with the LMP template. Special emphasis will be placed on grievance redress mechanism (GRM) for project workers and training program. The Labor Act includes provisions that allow workers to resolve disputes in cases where there is a disagreement between the employer and the employee over the essential terms of conditions of a labor agreement and other aspects of work. Such disagreement will be resolved in compliance with the procedures. The LMP contains all necessary provisions related to the GRM functioning.

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 publishes annual report of its work (the 2018 report was issued in March 2019). The 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. It is organized in five field offices in Zagreb, Osijek, Rijeka, Split and Varaždin.

Following the introduction of the State Inspectorate Act in 2018, as of April 2019, the State Inspectorate has taken over the inspection tasks in the field of labor and occupational safety from the MoLPS/Labor Inspectorate.

ESS3 Resource Efficiency and Pollution Prevention and Management

ESS3 is relevant to the project. Project activities will contribute to better resource efficiency as the rehabilitation of court buildings will include energy efficiency measures like improved insulation and heating efficiency. The project will not be significant user of water or material resources. The ESMP Checklists, include mitigation measures avoid or minimize the release of pollutants like asbestos, lubricants, paints, etc. These would especially relate to air pollution like dust suppression, noise management related to works and equipment, organized waste management (predominately construction waste), management of hazardous substances like paint and varnishes, all typically associated with small scale construction. The rehabilitation activities will not require substantial material sourcing that would be relevant to this Standard.

ESS4 Community Health and Safety

ESS4 is relevant to the project because of physical works that will be financed under the project. Since the project’s civil works will mainly be undertaken in or around court buildings, 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 barricaded or not 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 ESMP Checklist and adopting adequate OHS protocols following WBG EHS Guidelines. Those will be reflected in site specific environmental due diligence documents. Partition of construction area by putting in place fences, signaling, mitigation measures to control excessive noise and dust levels, and secure access to the area in the building for the office workers and public use will be ensured through a robust mitigation and management plan in site-specific ESMP Checklists. Given a small-scale nature of civil works primarily focused on court buildings rehabilitation the impact and risk on community’s health and safety is expected to be minor and manageable. No risk with 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.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

No land acquisition will take place under the Project. The planned works will mainly be interior rehabilitation works of the four judicial facilities within the same physical footprint.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources
Potential environmental risks and impacts associated with this ESS have been screened and determined to be not currently relevant given the project’s context and timing.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities
No indigenous people reside in Croatia.

ESS8 Cultural Heritage
The requirements of ESS8 apply to the project as the project involves works on that are likely to have risks or impacts on - court building in Varazdin which is located within a legally protected area / buffer zone; and buildings in Zagreb and Vinkovci are recognized as built cultural heritage site of local significance. For each of these sites a Cultural Heritage Management Plan with identified mitigation measures and monitoring, will be prepared in alignment with ESS8 and local, national, regional or international cultural heritage regulations and the Cultural Heritage Management Plan (CHMP) and consulted specifically prior to public disclosure with the relevant conservation / cultural heritage department. CHMP for Vinkovci and Zagreb are prepared prior to appraisal, while for Varazdin site this template will be used after the design is over during project implementation. The CHMP itself will be included in the annex of Site specific ESMP checklist and will be integral part of the bidding documentation. The national legislation in Croatia related to cultural protection is developed and aligned with EU and international standards. The implementation of legislation is also satisfactory.

ESS9 Financial Intermediaries
The ESS9 is not relevant since no financial intermediaries will be party in the project implementation.

C. Legal Operational Policies that Apply

| OP 7.50 Projects on International Waterways | No not relevant |
| OP 7.60 Projects in Disputed Areas | No not relevant |

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

| DELIVERABLES against MEASURES AND ACTIONs IDENTIFIED | TIMELINE |
| Environmental and Social Management Plan Checklists (ESMP Checklist) document for Vinkovci, Zagreb and Kutina prepared and will be disclosed and consulted prior to appraisal. | 12/2019 |
| Environmental and Social Management Plan Checklists (ESMP Checklist) document for Varazdin will | |
be prepared during project implementation and will be disclosed and consulted before commencement of works.

**ESS 10 Stakeholder Engagement and Information Disclosure**

The implementing Ministry (MoJ) has prepared and shall disclose the SEP document prior to appraisal. Stakeholder engagement has been initiated and will be done in line with the set schedule. 12/2019

**ESS 2 Labor and Working Conditions**

Draft Labor Management Procedure for project workers will be prepared and disclosed prior to project appraisal. Contractor is required to update this into a Labor Management Plan (C-LMP) and assure its compliance throughout project implementation. 01/2020

Grievance Redress Mechanism (GRM) for project workers is part of the LMP. The contractor will implement GRM accordingly (will be done prior to recruitment of workers and implemented.) 10/2020

OHS measures:
OHS measures are part of the ESMP Checklist. This will be effective throughout the project lifetime and reviewed as and when necessary. 10/2020

**ESS 3 Resource Efficiency and Pollution Prevention and Management**

Management of waste and hazardous materials: waste management measures are part of the EMSP Checklist. 10/2020

**ESS 4 Community Health and Safety**

Traffic and road safety measures: It is expected that no traffic disruption will occur outside of judicial facilities. Site organizational plan developed by contractors will include measures to manage vehicle and facility users movements on site. 10/2020

**ESS 5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement**

**ESS 6 Biodiversity Conservation and Sustainable Management of Living Natural Resources**

**ESS 7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities**

**ESS 8 Cultural Heritage**

Two sites are culturally protected buildings and Varazdin building is located in the historic urban zone. The design and planned works have been approved by relevant conservation departments. Chance find procedures are part of the ESMP checklist. 10/2020

**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:
Croatia’s Environmental and Social legislation is not being proposed to be applied in whole or in part for this project.

IV. CONTACT POINTS

World Bank
Contact: Andreja Marusic Title: Senior Private Sector Specialist
Telephone No: 473-0583 Email: amarusic@ifc.org
Contact: Alberto Leyton Title: Lead Public Sector Specialist
Telephone No: 473-9396 Email: aleyton@worldbank.org
Contact: Srdjan Svircev Title: Senior Public Sector Specialist
Telephone No: 5265+3713 / Email: ssvircev@worldbank.org

Borrower/Client/Recipient
Borrower: Ministry of Finance
Implementing Agency(ies)
Implementing Agency: Ministry of Justice

V. FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: http://www.worldbank.org/projects

VI. APPROVAL

Task Team Leader(s): Andreja Marusic, Alberto Leyton, Srdjan Svircev
Practice Manager (ENR/Social) Javaid Afzal Cleared on 14-Jan-2020 at 15:32:7 EST