
LOAN NUMBER 8900-HR

Loan Agreement

(Additional Financing for the Integrated Land Administration System Project)

between

REPUBLIC OF CROATIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF CROATIA ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") for the purpose of providing additional financing for the activities related to the Original Project (as defined in the Appendix to this Agreement). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower the amount of nineteen million seven hundred thousand Euro (EUR 19,700,000), as such amount may be converted from time to time through a Currency Conversion ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section III of Schedule 2 to this Agreement
- 2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest rate is the Reference Rate plus the Fixed Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.06. The Payment Dates are May 15 and November 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower shall carry out the Project in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Additional Condition of Effectiveness consists of the following, namely that the Borrower through MOJ and SGA, shall update the Project Operational Manual, in a manner satisfactory to the Bank.
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.
- 4.03. For purposes of Section 9.05(b) of the General Conditions, the date on which the obligations of the Borrower under this Agreement (other than those providing for payment obligations) shall terminate twenty years after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Borrower's Representative is its minister in charge of finance or any successor thereto.
- 5.02. For purposes of Section 10.01 of the General Conditions:

(a) the Borrower's address is:

Ministry of Finance
Katančičeva 5
10000 Zagreb
Republic of Croatia
; and

(b) the Borrower's Electronic Address is:

Facsimile:
(385-1) 4922-598

- 5.03. For purposes of Section 10.01 of the General Conditions: (a) the Bank's address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Bank's Electronic Address is:

Telex:	Facsimile:
248423(MCI) or 64145(MCI)	1-202-477-6391

AGREED as of the Signature Date.

REPUBLIC OF CROATIA

By



Authorized Representative

Name: ZDRAVKO MARIC

Title: MINISTER OF FINANCE

Date: SEPTEMBER 20, 2018

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

Name: ELISABETTA CAPANNELLI

Title: COUNTRY MANAGER

Date: SEPTEMBER 20, 2018

SCHEDULE 1

Project Description

The objective of the Project is to modernize the land administration and management system to improve the efficiency, transparency and cost effectiveness of government services.

The Project consists of the following parts:

Part A. Land Registration System Development

1. Provision of hardware and software to MOJ to store and manage its scanned data; and to manage the location and retrieval processes for the paper records.
2. Technical preparation and renovation (including supervision of works) of a building to establish MOJ's central analogue archive for registration records; and provision of scanners, furniture, shelving and other archive and office equipment for such archive.
3. Provision of scanning equipment for all LROs so that incoming documents can be scanned on arrival and included within the JIS.
4. Technical preparation and renovation (including supervision of works) of a building to relocate the Zagreb LRO; provision of furniture and equipment for the new Zagreb LRO; and binding of land registry documents.
5. Support to LROs to improve their operational efficiency.

Part B. Spatial Information and Cadastre System Modernization

1. Scanning and indexing of cadastre documents, through the provision of works, goods and consultants' services; preparation of a study on optimization of the SGA digital archive system; and provision of equipment for the SGA data conversion centers.
2. Completion of the renovation of SGA's regional office in Sisak; upgrade of the SGA data center to ensure continuity of operation in the case of power outages; improve the SGA human resource management system; and support to cadastral offices through the provision of consultants' services.
3. Upgrade of SGA's control center for the Croatian Positioning System through the provision of equipment and software.
4. Transformation of different types of infrastructure elaborates into a standard compliant with the newly designed infrastructure cadastre; compilation of an initial dataset for the building register; preparation of the documents required to procure the building register system; and development of a cartographic database.

Part C. Improving Digital Services

1. Cadastral field surveys, public displays of cadastral surveys, and harmonization of cadastral and land registry data.
2. Development of new e-services and changes to business processes.
3. Support the implementation of MOJ's and SGA's joint cadastre and land registration strategy.

Part D. Project Management, Training and Public Awareness

1. Support to the PIU for the implementation of the Project, through the provision of goods, consultants' services, Training and Operating Costs, including audit.
2. Carrying out of annual training programs for SGA and MOJ staff.
3. Improving public awareness of the real property registration and cadaster system reform and carrying out of a customer satisfaction survey.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The MOJ shall be solely responsible for implementation of Part A of the Project and shall have joint responsibility, together with the SGA, for implementation of Parts C and D of the Project, as further specified in the Project Implementation Plan. A Project coordinator within the MOJ shall be responsible for day-to-day coordination, flow of information and decision-making related to the activities under the Project for which MOJ is responsible. To this end, the Borrower shall, through the MOJ, ensure that the Project coordinator position within the MOJ is filled and adequately funded throughout the duration of the Project, in a manner acceptable to the Bank.

2. The SGA shall be responsible for implementation of Part B of the Project and shall have joint responsibility, together with MOJ, for Parts C and D of the Project, as further specified in the Project Implementation Plan. A Project coordinator within the SGA shall be responsible for day-to-day coordination, flow of information and decision making related to the activities under the Project for which SGA is responsible. To this end, the Borrower shall, through SGA, ensure that the Project coordinator position within the SGA is filled and adequately funded throughout the duration of the Project, in a manner acceptable to the Bank.

3. The Borrower shall, through MOJ and SGA, throughout the duration of the Project, maintain the PIU, with a composition, funding resources and terms of reference acceptable to the Bank. The PIU shall be responsible for overseeing the procurement, financial management, disbursement, monitoring and evaluation, safeguards compliance and technical aspects (including oversight of works) related to the implementation of the Project. .

4. The Borrower shall, though MOJ and SGA, throughout the duration of the Project, maintain the Project Steering Committee with a composition and terms of reference acceptable to the Bank and ensure that the Project Steering Committee meets at least twice a year. The Project Steering Committee shall be responsible for inter-ministerial coordination and strategic and policy decisions related to Project implementation.

B. Implementation Arrangements

1. The Borrower shall, through MOJ and SGA, ensure that the Project is implemented in accordance with the terms of the Agreement on the Implementation of the Integrated Land Administration System Project, the Project Implementation Plan and the Project Operational Manual, and shall not amend, suspend, abrogate, repeal or waive any provision in the Agreement on the Implementation of the Integrated Land Administration System Project, the Project Implementation Plan or the Project Operational Manual without prior written approval by the Bank. In case of any conflict between the Agreement on the Implementation of the Integrated Land Administration System Project, the Project Implementation Plan and the Project Operational Manual, and the provisions of this Agreement shall prevail

2. The Borrower shall, through MOJ and SGA, maintain a permanent management organization for the JIS, in a manner satisfactory to the Bank.
3. The Borrower shall, through the PIU, on December 1 of each year, starting on December 1, 2018, submit to the Bank for review and approval an annual training plan for the Project for the following calendar year.
4. The Borrower shall, through the PIU, by not later than September 1, 2018, or such later date to be agreed with the Bank, submit to the Bank for review and approval the plan for public displays of cadastral surveys referred to in Part C.1 of the Project in Schedule 1 of the Agreement.
5. The Borrower shall, through the PIU, by not later than November 30, 2018, or such later date agreed with the Bank, submit to the Bank for review and approval the joint cadastre and land registration strategy referred to in Part C.3 of the Project in Schedule 1 of the Agreement.

C. Annual Work and Financial Plans

1. The Borrower, through the PIU: (i) shall prepare and furnish to the Bank not later than July 15, 2018 and then September 30 of each year during the implementation of the Project for its approval within forty-five (45) calendar days, an Annual Work and Financial Plan containing all eligible Project activities and expenditures for the Project that are planned for the following fiscal year of the Borrower (for each such expenditures, with the source of funds and its corresponding percentage of financing), as well as a cashflow and disbursement forecast; and (ii) shall ensure that the Project is implemented in accordance with the approved annual work and financial plans (provided, however, that in case of any conflict between the annual work and financial plans and the provisions of this Agreement, the provisions of this Agreement shall prevail).
2. The Borrower, through the PIU, shall not make or allow to be made any change to the approved annual work and financial plan without prior approval in writing by the Bank.

D. Safeguards

1. The Borrower shall, through MOJ and SGA, carry out the Project in accordance with the Environmental and Social Management Framework and shall not amend, suspend, abrogate, repeal or waive any provision of the Environmental and Social Management Framework without the prior approval by the Bank.
2. The Borrower shall, through the MOJ and SGA, for purposes of Parts A.2, A.4 and B.2 of the Project and
 - (a) prior to the bidding of any works contracts, furnish to Bank evidence satisfactory to the Bank that updates satisfactory to the Bank of the ESMF have been made, consulted and disclosed; and
 - (b) prior to the commencement of works on each proposed site, submit to the Bank for the Bank's approval: (i) the site-specific environmental and social management plan and checklist, said site specific plan and checklist to be in form and substance satisfactory to the Bank; and (ii) the proposed contract for said works in order to ensure that the provisions of the site specific environmental and social management plan and checklist are adequately included in the respective contract.

Section II. Project Monitoring Reporting and Evaluation

The Borrower shall, through MOJ and SGA, furnish to the Bank each Project Report not later than one month after the end of each quarter, covering the quarter.

Section III. Withdrawal of Loan Proceeds

A. General.

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against the Category of the following table:

Category	Amount of the Loan Allocated (expressed in EUR)	Percentage of Expenditures to be financed (inclusive of Taxes)
Goods, works, non-consulting services, consulting services, Technical Services, Training and Operating Costs for the Project	19,700,000	100%
TOTAL AMOUNT	19,700,000	

B. Withdrawal Conditions; Withdrawal Period.

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date except that withdrawals up to an aggregate amount not to exceed EUR 865,000 may be made for payments made prior to this date but on or after February 23, 2018, for Eligible Expenditures.

2. The Closing Date is July 15, 2021.

SCHEDULE 3

Commitment-Linked Amortization Repayment Schedule

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share").

Level Principal Repayments

Principal Payment Date	Installment Share
On each May 15 and November 15 Beginning November 15, 2021 through November 15, 2027	7.14%
On May 15, 2028	7.18%

APPENDIX

Section I. Definitions

1. "Agreement on the Implementation of the Integrated Land Administration System Project" means the agreement between the MOJ and the SGA dated May 16, 2011, setting forth the relationship and responsibilities of the MOJ and SGA regarding Project preparation and implementation.
2. "Annual Work and Financial Plan" means the work plan and budget prepared annually by the Borrower, through the PIU, and approved by the Bank in accordance with Section I.C of Schedule 2 to this Agreement; "Annual Work and Financial Plans" means more than one such Annual Work and Financial Plan.
3. "Anti-Corruption Guidelines" means, for purposes of paragraph 5 of the Appendix to the General Conditions, the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.
4. "Category" means the category set forth in the table in Section III.A of Schedule 2 to this Agreement.
5. "Croatian Positioning System" or "CROPOS" means the Croatian system for satellite positioning.
6. "Environmental and Social Management Framework" means the framework dated March 31, 2011 to be updated, consulted and disclosed as set forth in Section I.D 2(a) of Schedule 2 to this Agreement and consisting of: the environmental procedures guiding review and assessments of impacts, and the set of mitigation, monitoring, and institutional measures required for the Project and to be taken to eliminate adverse environmental impacts, offset them, or reduce them to acceptable levels, as well as actions needed to implement said measures, including the measures and information required for the preparation of site-specific environmental management plans; and provisions on physical cultural resources and mitigating measures as required pursuant to the Bank's OP 4.11.
7. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing", dated July 14, 2017.
8. "JIS" means the Borrower's Joint Information System for registration and cadastre.
9. "LRO" means Land Registry Offices within the Borrower's municipal courts.
10. "MOF" means the Borrower's Ministry of Finance, and includes any successor thereto.
11. "MOJ" means the Borrower's Ministry of Justice, and includes any successor thereto.
12. "Original Loan" means the loan made pursuant to the terms of the Loan Agreement.

13. "Original Loan Agreement" means the loan agreement for the Integrated Land Administration Project between the Borrower and the Bank, dated August 17, 2011 as amended on January 17, 2014, August 13, 2015 and April 14, 2017 (Loan Number 8086-HR).
14. "Original Project" means the Project described in Schedule 1 to the Original Loan Agreement.
15. "Operating Costs" means expenditures incurred by the Borrower on account of the Project implementation for office supplies, utilities, bank charges, communication tools, advertisement fees, translation and interpretation services, transportation, car rental and fuel costs, office rental and maintenance, moving expenses, equipment maintenance and repair, printing and publications, travel costs (including per diem allowances and accommodation costs) for PIU, SGA, LRO and MOJ staff, , insurance for goods and salaries for PIU staff, including qualified social charges, but excluding salaries for the Borrower's civil servants.
16. "Performance Indicators" means the indicators to be used for purposes of monitoring the progress of the Project agreed between the Borrower and the Bank on March 28, 2018.
17. "Procurement Regulations" means, for purposes of paragraph 85 of the Appendix to the General Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated July 2016, revised November 2017.
18. "PIP" means the Project Implementation Plan prepared by the Borrower and satisfactory to the Bank, setting forth the detailed implementation schedule and arrangements for the Project, as the same may be amended and supplemented from time to time with the Bank's prior written approval.
19. "PIU" means the Borrower's Project Implementation Unit, maintained by the Borrower in accordance with Section I.A.3 of Schedule 2 to this Agreement.
20. "Project Operational Manual" or "POM" means the Project Operational Manual prepared by the Borrower and satisfactory to the Bank, setting forth the operational and administrative responsibilities, procedures and rules for the implementation of the Project and criteria for the purchase of office space as approved by the Bank's Land Acquisition Committee, and including the Environmental and Social Management Framework, the Performance Indicators and the financial management arrangements for the Project, as the same may be amended and supplemented from time to time with the Bank's prior written approval.
21. "Project Steering Committee" means the project steering committee established pursuant to the Borrower's decisions dated May 16, 2011 as updated, and maintained by the Borrower in accordance with Section I.A.4 of Schedule 2 to this Agreement, and comprising representatives of the Ministry of Economy Entrepreneurship and Crafts Ministry of Construction and Physical Planning, Ministry of Public Administration, MOJ, MOF, the Supreme Court and SGA.
22. "SGA" means the Borrower's State Geodic Administration, and includes any successor thereto.

23. "Signature Date" means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to "the date of the Loan Agreement" in the General Conditions.
24. "Supreme Court" means the Borrower's Supreme Court.
25. "Technical Services" means services for carrying out cadastre surveying, orthophoto mapping, data conversion and digitizing, development of information technology systems, and other technical services to be contracted under the Project on the basis of performance of measurable physical output
26. "Training" means Project related study tours, training courses, seminars, workshops and other training activities, including costs of training materials, space and equipment rental, travel, accommodation and per diem costs of trainees and trainers, trainers' fees, and other training related miscellaneous costs.