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8. HR

Supplemental Letter No 2

REPUBLIC OF CROATIA

July 8, 2015

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

Re: Loan No. 8518-HR
(Innovation and Entrepreneurship Venture Capital Project)
Performance Monitoring Indicators

Dear Sirs and Mesdames:

This refers to Section II.A of Schedule 2 to the Loan Agreement of even date herewith between the Republic of Croatia (the Borrower) and the International Bank for Reconstruction and Development (the Bank). The Borrower hereby confirms to the Bank that the indicators set out in the attachment to this letter shall serves as a basis for the Bank to monitor and evaluate the progress of the Project and the achievement of the objectives thereof.

Very truly yours,

REPUBLIC OF CROATIA

By: _____
Authorized Representative

(Innovation and Entrepreneurship Venture Capital Project)
Performance Monitoring Indicators

Project Development Objective (PDO): The project development objective is to strengthen risk capital financing for innovative SMEs and startups.

PDO Level Results Indicators													
Indicator Name*	**Unit of Measure**		**Cumulative Target Values**										
		Baseline	**YR1**	**YR2**	**YR3**	**YR4**	**YR5**	**YR6**	**YR7**	**YR8**	**YR9**	**YR10**	**End Target**
1) Total number of firms receiving risk capital financing from the Seed Co-Investment Fund	Number	0	1	2	5	8	11	15					15
2) Total number of firms receiving risk capital financing from the Venture Capital Fund	Number	0	0	1	3	6	10	12					12
3) Number of firms receiving investment that successfully introduced a new product, process, service, or upgraded the quality of an existing product, process, or service	Number	0	0	2	4	7	11	14					14
4) Training provided (to government staff, investors and potential investees) under the Project	Number	0	40	73	100	113	127	133					133

Intermediate Results			Cumulative Target Values										
Indicator Name	**Unit of Measure**	**Baseline**	**YR1**	**YR2**	**YR3**	**YR4**	**YR5**	**YR6**	**YR7**	**YR8**	**YR9**	**YR10**	**End Target**
1) Total amount of risk capital financing provided from the Seed Co-Investment Fund and leveraged from private investors	€ millions	0	0.25	0.75	1.5	2.5	3.75	5					5
2) Private sector investment leveraged by the Seed Co-Investment Fund	€ millions	0	0.1	0.4	0.8	1.3	1.9	2.5					3
3) Co-investors in firms alongside the Seed Co-Investment Fund	Number	0	1	1	2	4	6	8					8
4) Total amount of risk capital financing provided by the public sector through the Pilot VC Fund and by the private sector investing in the fund	€ millions	0	-	1.5	5.5	10.5	16.5	20.0					20
5) Private sector investment leveraged into the Pilot VC Fund	€ millions	0	-	0.60	2.20	4.20	6.60	8.00					8
6) Co-investors in the Pilot VC Fund	Number	0	4	4	4	4	4	4					4
7) Training provided to investors under the Project	Number	0	13	24	33	38	42	44					44
8) Training provided to potential investees (entrepreneurs)	Number	0	13	24	33	38	42	44					44
9) Training provided to government officials	Number	0	13	24	33	38	42	44					44
10) Training provided to female investees (entrepreneurs)	Number	0	1	2	3	4	4	4					4
11) Training provided to female government officials	Number	0	1	2	3	4	4	4					4
12) Number of SMEs/startups satisfied with quality of services provided under the Project	Number	0	8	15	20	23	25	27					27

Indicator Description

Project Development Objective Indicators

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source/ Methodology	Responsibility for data collection
Total number of firms receiving risk capital financing from the Seed Co-Investment Fund	Number of firms receiving risk capital financing from the Seed Co-Investment Fund	Semi Annual	Ongoing Monitoring	HAMAG BICRO
Total number of firms receiving risk capital financing from the Venture Capital Fund	Number of firms receiving risk capital financing from the Venture Capital Fund	Semi Annual	Ongoing Monitoring	Ongoing Monitoring
Number of firms receiving investment that successfully introduced a new product, process, service, or upgraded the quality of an existing product, process, or service	Number of firms receiving investment that successfully introduced a new product, process, service, or upgraded the quality of an existing product, process, or service	Semi Annual	Ongoing Monitoring	Ongoing Monitoring
Training provided (to government staff, investors and potential investees) under the Project	Number of people (government staff, investors and potential investees) trained under the Project	Semi Annual	Ongoing Monitoring	Ongoing Monitoring

Intermediate Results Indicators

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source/ Methodology	Responsibility for data collection
Total amount of risk capital financing provided from the Seed Co-Investment Fund and by private investors	Total amount of risk capital financing provided from the Seed Co-Investment Fund and by private investors	Semi Annual	Ongoing Monitoring	HAMAG-BICRO
Private sector investment leveraged by the Seed Co-Investment Fund	Amount of private sector investment leveraged by the Seed Co-Investment Fund	Semi Annual	Ongoing Monitoring	HAMAG-BICRO
Co-investors investing alongside the Seed Co-Investment Fund in firms	Number of Co-investors investing alongside the Seed Co-Investment Fund in firms	Semi Annual	Ongoing Monitoring	HAMAG-BICRO
Total amount of risk capital financing provided by the public sector through the Pilot VC Fund and by the private sector investing in the fund	Total amount of risk capital financing provided by the public sector through the Pilot VC Fund and by the private sector investing in the fund	Semi Annual	Ongoing Monitoring	HAMAG-BICRO
Private sector investment leveraged into the Pilot VC Fund	Amount of private sector investment leveraged into the Pilot VC Fund	Semi Annual	Ongoing Monitoring	HAMAG-BICRO
Co-investors in the Pilot VC Fund	Number of co-investors in the Pilot VC Fund	Semi Annual	Ongoing Monitoring	HAMAG-BICRO

Training provided to investors under the Project	Number of investors that are expected to receive training and partake in network activities as part of the program	Semi Annual	Ongoing Monitoring	HAMAG-BICRO
Training provided to potential investees (entrepreneurs)	Number of entrepreneurs/potential investees that are expected to receive training and partake in network activities as part of the program	Semi Annual	Ongoing Monitoring	HAMAG-BICRO
Training provided to government officials	Number of government officials that are expected to receive training and partake in network activities as part of the program	Semi Annual	Ongoing Monitoring	HAMAG-BICRO
Training provided to female investees (entrepreneurs)	Number of female entrepreneurs/potential investees that are expected to receive training and partake in network activities as part of the program	Semi Annual	Ongoing Monitoring	HAMAG-BICRO
Training provided to female government officials	Number of female government officials that are expected to receive training and partake in network activities as part of the program	Semi Annual	Ongoing Monitoring	HAMAG-BICRO
Number of SMEs/startups satisfied with quality of services provided under the Project	Number of SMEs/startups satisfied with quality of services provided under the Project	Annual	Ongoing Monitoring	HAMAG-BICRO