



LOAN NUMBER 9645-HR

Loan Agreement

(Integrated Land Administration and Justice Services 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”). 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 one hundred and ten million Euro (€ 110,000,000), 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 Variable 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 April 15 and October 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 objectives of the Project. To this end, the Borrower shall, through MoJPA and SGA, 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 has prepared and adopted the Project Operations Manual in form and substance satisfactory to the Bank.
- 4.02. The Effectiveness Deadline is the date one hundred twenty (120) days after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

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

- (a) the Borrower's address is:

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

- (b) the Borrower's Electronic Address is:

Facsimile: (385-1) 4922-598

Email: sectorifr@mfin.hr; with copy to: kabinet@mfin.hr

- 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: E-mail:

248423(MCI) or 1-202-477-6391 jarulpragasam@worldbank.org
64145(MCI)

AGREED as of the Signature Date.

REPUBLIC OF CROATIA

By

Marko Primorac

Authorized Representative

Name: Marko Primorac

Title: Deputy Prime Minister and Minister of Finance

Date: 25-Jun-2024

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By

Jehan Arulpragasam

Authorized Representative

Name: Jehan Arulpragasam

Title: Croatia Country Manager

Date: 13-Jun-2024

SCHEDULE 1

Project Description

The objective of the Project is to enhance digital services and functional integration of land administration and court institutions.

The Project consists of the following parts:

Part 1: Integrated Digital Land Registry and Court Services

Supporting the digitization and integration of land registry court data and services through:

- (a) restoration and digitization of damaged land books;
- (b) scanning and indexing of land books and book of deeds, including the hiring of scanning operators;
- (c) provision of hardware and software to support land and court data management;
- (d) preparation of studies on business process management;
- (e) development of an automated system for management of assets and IT contracts; and
- (f) development and implementation of a virtual assistant for land services at MoJPA.

Part 2: Integrated Digital Services of State Registers and Geospatial Data

Supporting collection and management of enhanced geospatial data (e.g. cadastral parcels, buildings, and infrastructure) to inform effective disaster risk planning and climate change adaptation policies, including through:

- (a) the conversion of paper geodetic elaborates into standard format and their migration to the ICS and JIS;
- (b) the carrying out of surveys to generate precise, tri-dimensional, topographical data;
- (c) the establishment of a data storage system and provision of graphics workstations;
- (d) the purchase and installation of fifteen permanent GNSS Stations;

- (e) the purchase of communications equipment and software for SGA;
- (f) the purchase of scanning operators at selected SGA scanning centers; and
- (g) the development and implementation of a virtual assistant at SGA.

Part 3: Enhanced Digital Integration of Land Register and Cadaster

Supporting the collection and management of land registry and cadaster data to provide eased access to land data and documents through enhanced land information systems to inform resource management, climate-smart decision-making, and improved access for citizens and businesses to e-services related to land transactions, including through:

- (a) upgrading the ICT hardware and software to enhance the JIS and one-stop shop through: (i) improving data quality and maintenance; (ii) recording of real property prices; (iii) simplifying online access to land administration data; (iv) upgrading of mobile apps (My Properties); (v) simplifying the process of recording construction rights; (vi) further digitization of cadaster processes; and (vii) extension of JIS access to other relevant stakeholders;
- (b) conducting cadastral surveys and establishing/renewing the land register, including through the financing of the Remuneration of Public Notaries; and
- (c) updating the methodology for the building registry and upgrading the IT system, including piloting and rollout.

Part 4: Integrated Court, Land Registry Office and Cadastral Office Infrastructure

Renovation, rehabilitation, and construction of selected court and cadaster facilities in Novska, Rijeka, Bjelovar and Velika Gorica to support integrated cadaster, land registry and court services, including infrastructure design studies and provision of new ICT cabling to improve digital services in selected cadastral offices, as detailed in the Project Operations Manual.

Part 5: Institutional Capacity Building, Policy Analysis, and Project Management

- (a) Project management, coordination, and monitoring and evaluation activities, including the financing of Operating Costs.
- (b) Building the capacity of MoJPA and SGA staff on good practices in cadaster and land registry laws, individual reconciliation of cadaster and land registry data, land registry renewal, joint cadaster and land registry procedures, use of e-services by public and professional users, and management training.

- (c) Conducting public awareness campaigns about e-services offered by MoJPA and SGA and customer satisfaction surveys.

SCHEDULE 2**Project Execution****Section I. Implementation Arrangements****A. Institutional Arrangements.**

1. No later than forty-five (45) days after the Effective Date, the Borrower, through MoJPA and SGA, shall establish and thereafter maintain, throughout Project implementation, a PIU, with a mandate, functions, resources, and staff in adequate numbers and with qualifications, experience, and terms of reference satisfactory to the Bank, responsible for implementation of the Project, consisting of a Project management team and implementation support teams, as set forth in the POM. Without limitation on the generality of the foregoing, the PIU shall be responsible, *inter alia*, for: (a) planning, coordination, implementation, and monitoring and evaluation of Project activities; (b) procurement and financial management; (c) social and environmental standards compliance; and (d) reporting.
2. The MoJPA shall be responsible for implementation of Part 1 of the Project and shall have joint responsibility, together with the SGA, for implementation of Parts 3, 4, and 5 of the Project, as further specified in the Project Operations Manual. A Project coordinator within the MoJPA shall be responsible for day-to-day coordination, flow of information and decision-making related to the activities under the Project for which MoJPA is responsible. To this end, the Borrower shall, through the MoJPA, ensure that the Project coordinator position within the MoJPA is filled and adequately funded throughout the duration of the Project, in a manner acceptable to the Bank.
3. The SGA shall be responsible for implementation of Part 2 of the Project and shall have joint responsibility, together with MoJPA, for Parts 3, 4, and 5 of the Project, as further specified in the Project Operations Manual. 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.

B. Project Operations Manual.

1. The Borrower, through MoJPA and SGA, shall prepare and adopt an operations manual (“Project Operations Manual” or “POM”), in form and substance satisfactory to the Bank, which shall contain the methods and procedures for the implementation of the Project, including but not limited to: (a) administration and coordination arrangements; (b) performance indicators of the Project;

(c) monitoring and evaluation methods; (d) financial management guidelines and procedures; (d) anti-corruption and fraud measures; and (d) implementation modalities for each Part of the Project.

2. The Borrower, through MoJPA and SGA, shall carry out the Project in accordance with the Project Operations Manual.
3. Except as the Bank shall otherwise agree in writing, the Borrower shall not amend, waive, suspend, or abrogate any provision of the POM. In case of any inconsistency between any provisions of the POM and those of this Agreement, the provisions of this Agreement shall prevail.

C. Annual Work Plan and Budget.

1. The Borrower, through the PIU, shall:
 - (a) unless otherwise agreed with the Bank, prepare and furnish to the Bank, not later than December 15 of each year during the implementation of the Project starting in 2024, a proposed annual work plan and budget for the next calendar year containing: (i) all activities to be carried out under the Project during that calendar year; and (ii) a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing; and
 - (b) provide the Bank a reasonable opportunity to exchange views with the Borrower on each such proposed annual work plan and budget, and shall thereafter ensure that the Project is implemented with due diligence during said following year, in accordance with such annual work plan and budget as shall have been approved by the Bank; and not make or allow to be made any change to the approved annual work plan and budget without the Bank's prior written approval.

D. Environmental and Social Standards.

1. The Borrower, through MoJPA and SGA, shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
2. Without limitation upon paragraph 1 above, the Borrower, through MoJPA and SGA, shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Bank. To this end, the Borrower, through MoJPA and SGA, shall ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;

- (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Borrower, through MoJPA and SGA, shall ensure that:
- (a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
5. The Borrower, through MoJPA and SGA, shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.
6. The Borrower, through MoJPA and SGA, shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed

by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

Section II. Project Monitoring Reporting and Evaluation

A. General.

The Borrower, through MoJPA and SGA, shall furnish to the Bank each Project Report not later than one (1) month after the end of each calendar semester, covering the calendar semester.

B. Mid-Term Review.

The Borrower, through MoJPA and SGA, shall:

- (a) not later than thirty (30) months after the Effective Date (or such other date as the Bank may agree), carry out a mid-term review of the Project and, prepare and furnish to the Bank a mid-term report, in such detail as the Bank shall reasonably request, documenting progress achieved in the carrying out of the Project during the period preceding the date of such report, taking into account the monitoring and evaluation activities performed pursuant to this Section II.A, and setting out the measures recommended to ensure the continued efficient carrying out of the Project and the achievement of its objective during the period following such date; and
- (b) review with the Bank such mid-term report, on or about the date one (1) month after its submission, and thereafter take all measures required to ensure the continued efficient implementation of the Project and the achievement of its objective, based on the conclusions and recommendations of the mid-term report and the Bank's views on the matter.

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 each Category of the following table:

Category	Amount of the Loan Allocated (expressed in EUR)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Training, Operating Costs, and Remuneration of Public Notaries for the Project	110,000,000	100%
TOTAL AMOUNT	110,000,000	

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 three hundred thousand Euro (€ 300,000) may be made for payments made prior to this date but on or after November 30, 2023, for Eligible Expenditures under Category (1).
2. The Closing Date is April 30, 2029.

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 April 15 and October 15 Beginning April 15, 2029 through April 15, 2034	8.33%
On October 15, 2034	8.37%

APPENDIX**Definitions**

1. “Anti-Corruption Guidelines” means, for purposes of paragraph 6 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.
2. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
3. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated January 22, 2024, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Borrower shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
4. “Environmental and Social Standards” or “ESSs” means, collectively:
(i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.
5. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing”, dated December 14, 2018 (last revised on July 15, 2023).
6. “GNSS Stations” means the Borrower’s reference stations of the global navigation satellite system.
7. “ICS” means the Borrower’s system for the cadaster of infrastructure.

8. “ICT” means information and communication technology.
9. “JIS” means the Borrower’s joint information system of land registry and cadastre.
10. “MoJPA” means the Borrower’s Ministry of Justice and Public Administration, or any successor thereto.
11. “Operating Costs” means reasonable costs for the incremental expenses incurred on account of Project implementation, consisting of, *inter alia*, communication costs, office supplies and maintenance, equipment maintenance, utilities, document duplication/printing, consumables, vehicle operation and maintenance, bank fees, rental costs for PIU office space, travel cost and *per diem* for Project staff for travel linked to the implementation of the Project, (but excluding consulting services and salaries of officials of the Borrower’s civil service), all as approved by the Bank.
12. “Ordinance on the Remuneration of Public Notaries” means the Ordinance on the Amount of Public Notary’s Fee and Compensation as the Court’s Commissioner in the Procedure of Establishment and Renewal of a Land Registry adopted by the Minister of Justice and Public Administration on December 6, 2023 and published in the Borrower’s Official Gazette no. 150/2023 on December 15, 2023, as may be amended from time to time with the prior written approval of the Bank.
13. “PIU” means the Borrower’s Project Implementation Unit established and maintained by the Borrower in accordance with Section I.A.1 of Schedule 2 to this Agreement.
14. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated September 2023.
15. “Project Operations Manual” or “POM” means the manual to be adopted by the Borrower, through the MoJPA and SGA, in a manner satisfactory to the Bank and including details on institutional and implementation responsibilities, technical aspects of Project activities, requirements of the ESSs, disbursements and financial management aspects, procurement, and monitoring and reporting provisions necessary for carrying out the Project; as the same may be amended from time to time with the prior written agreement of the Bank.
16. “Remuneration of Public Notaries” means the fee and compensation paid to public notaries involved in the procedure of establishment and renewal of a land registry under Part 3(b) of the Project and determined pursuant to the Ordinance on the Remuneration of Public Notaries.

17. “SGA” means the Borrower’s State Geodetic Administration, or any successor thereto.
18. “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.
19. “Training” means the reasonable costs associated with training under the Project and attributable to study tours, training courses, seminars, workshops and other training activities, not included under service providers’ contracts, 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, all as approved by the Bank.