Project Agreement

(Agricultural Pollution Control Project)

between

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

and

CROATIAN AGRICULTURE EXTENSION INSTITUTE
(HRVATSKI ZAVOD ZA POLJOPRIVREDNU SAJETODAVNU SLUZBU)

Dated March 11, 2008
GEF TRUST FUND GRANT NUMBER TF090845-HR

PROJECT AGREEMENT

Agreement dated March 11, 2008, entered into between the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") and the CROATIAN AGRICULTURE EXTENSION INSTITUTE ("Hrvatski zavod za poljoprivrednu savjetodavnu službu" or "Project Implementing Entity") ("Project Agreement") in connection with the GEF Trust Fund Grant Agreement ("GEF Trust Fund Grant Agreement") of even date herewith between the REPUBLIC OF CROATIA ("Recipient") and the Bank. The Bank and the Project Implementing Entity hereby agree as follows:

ARTICLE I - GENERAL CONDITIONS; DEFINITIONS

1.01. The Standard Conditions (as defined in the Appendix to the GEF Trust Fund Grant Agreement) constitute an integral 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 GEF Trust Fund Grant Agreement or the General Conditions.

ARTICLE II - PROJECT

2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out Parts 2 and 3 of the Project in accordance with the provisions of Article V of the General Conditions, and shall provide promptly as needed, the facilities, services and other resources required for Parts 2 and 3 of the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Bank and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out Parts 2 and 3 the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III - REPRESENTATIVE; ADDRESSES

3.01. The Project Implementing Entity’s Representative is its Director.
3.02. The Bank’s Address is:

International Bank for Reconstruction and Development
1818 H Street, NW
Washington, DC 20433
United States of America

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

3.03. The Project Implementing Entity’s Address is:

CAEI
Fra Andrije Kašića Miošića 9/III
10 000 Zagreb
Republic of Croatia

Facsimile: (385-01) 4882-701

AGREED at Zagreb, Republic of Croatia, as of the day and year first above written.

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By: /s/ Andras Horvai
Authorized Representative

CROATIA AGRICULTURAL EXTENSION
INSTITUTE

By: /s/ Ivan Katalinic
Authorized Representative
SCHEDULE

Execution of Parts 2 and 3 of the Project

Section I. Institutional, Implementation and Other Arrangements

A. Institutional Arrangements

The Nitrate Management Specialist in each of CAEI’s local extension office in the counties of Osije’ko-Baranjska, Vukovarsko-Srijemska, and Varadinska shall be responsible for day-to-day implementation of Parts 2 and 3 of the Project. To that end, not later than ninety (90) days after the Effective Date, the CAEI shall employ three (3) Nitrates Management Advisors, one in each participating county, to strengthen CAEI capacity to support farmers in planning their nitrate management programs, including manure storage and the application of the Code of Good Agricultural Practices, including extensive field demonstrations of the Code technology and crop nutrient monitoring and management.

B. Anti-Corruption

The Project Implementing Entity shall ensure that Parts 2 and 3 of the Project are carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Environmental Management Plan

The Project Implementing Entity shall take all action required to follow and apply the provisions of the Environmental Management Plan in a timely manner, ensuring that: (i) mitigation and monitoring measures acceptable to the Bank are designed and implemented with due diligence and employing appropriate environmental expertise; and (ii) adequate information on the implementation of the measures contained in the EMP is suitably included in the Progress Reports referred to below in Section II.A.1.

D. Operational Manual

The Project Implementing Entity shall take all action required to carry out Parts 2 and 3 of the Project in accordance with the requirements set forth or referred to in the Operational Manual.

E. Annual Work Program and Budget under Parts 2 and 3 of the Project

The Project Implementing Entity shall:

(a) submit to the Recipient and the Bank, not later than October 31 of each fiscal year, a AWBP proposal for the following fiscal year, including, inter alia: (i) a
detailed description of planned Project activities for the following fiscal year; (ii) the sources and uses of funds therefor; and (iii) responsibility for execution of the Project activities, budgets, start and completion date, outputs, and monitoring indicators to track progress of each activity; and

(b) adopt and sign the final version of the AWPB in the form approved by the Recipient and the Bank not later than December 31 of each fiscal year.

F. Training under Parts 2.C and 3.A and C of the Project

For the purposes of the training to be provided under Parts 2.A and 3.A and C of the Project, the Project Implementing Entity shall:

(a) furnish to the Bank for its approval and as part of the AWPB proposal to be submitted according to the provisions of the preceding Section E, the content of each such training, including an explanation on how such training is consistent and conducive to the objectives of the Project and whether it offers the best price/quality ratio, as well as the schedule for its implementation;

(b) select the trainees in accordance with a transparent process and criteria satisfactory to the Bank;

(c) not later than November 30 of each year, exchange views with the Bank on the training to be carried out during the following calendar year; and

(d) furnish to the Bank a report of such scope and detail as the Bank shall reasonably request, on the results of each training and the benefits to be derived therefrom.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity shall monitor and evaluate the progress of Parts 2 and 3 of the Project and prepare Project Reports for Parts 2 and 3 of the Project in accordance with the provisions of Section 5.08 (b) of the Standard Conditions and on the basis of Monitoring and Evaluation Indicators for Parts 2 and 3 of the Project. Each such Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Recipient not later two (2) weeks after the end of the period covered by such report for incorporation and forwarding by the Recipient to the Bank of the overall Project Report.

2. The Project Implementing Entity shall provide to the Recipient not later than three (3) months after the Closing Date, for incorporation in the report referred to in
Section 5.08 (c) of the Standard Conditions, all such information as the Recipient or the Bank shall reasonably request for the purposes of that Section.

B. Mid-Term Review

The Project Implementing Entity’s shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the Monitoring and Evaluation Indicators for Parts 2 and 3 of the Project, the carrying out of Parts 2 and 3 of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Bank, and furnish to the Recipient not later September 30, 2009, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section for incorporation and forwarding by the Recipient to the Bank of the consolidated overall Mid-Term Review Report, a report on the progress achieved in the carrying out of Parts 2 and 3 of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of Parts 2 and 3 of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the Bank, on or about December 31, 2009 or such later date as the Bank shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of Parts 2 and 3 of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Bank’s views on the matter.

Section III. Procurement

All goods, services (other than consultants’ services) and consultants’ services required for Parts 2 and 3 of the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the provisions of Section III of Schedule 2 to the GEF Trust Fund Grant Agreement.