October 10, 2018

His Excellency
Zdravko Maric
Minister of Finance
Zagreb, Croatia

Re: Republic of Croatia: Second Science and Technology Project
(Loan No. 8258-HR)
Amendment to the Loan Agreement

Dear Mr. Minister:

Reference is made to the Loan Agreement ("Loan Agreement") for the above-listed Project between the International Bank for Reconstruction and Development ("Bank") and the Republic of Croatia ("Borrower"), dated May 22, 2013. Reference is also made to your letter dated May 22, 2018, requesting on behalf of the Borrower certain restructurings of the Project.

We are pleased to inform you that, after due consideration, the Bank concurs with the aforementioned request. Consequently, the Loan Agreement is amended as follows:

1. Part B.2 of Schedule 1 to the Loan Agreement shall be amended to read in its entirety as follows:

   "2. Support for strengthening human resources, research excellence and research commercialization through the provision of Sub-financing, through the CSF for the UKF, to Beneficiaries for Sub-projects in accordance with the Operational Procedures including for collaborative research activities with the Croatian diaspora and leading international scientific institutions under the Research Cooperability Program and for mobility of scientists in order to increase the flow of knowledge and skills under the Connectivity Program."
3. The table in Section IV, Part A, paragraph 2 of Schedule 2 to the Loan Agreement shall be amended to read as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (expressed in EUR)</th>
<th>Percentage of Expenditures to be financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services, Training, consultants’ services for Part A of the Project, and Operating Costs and audit for the Project</td>
<td>5,950,920.90</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Sub-financing under Part B.1 of the Project</td>
<td>9,574,405.00</td>
<td>78%</td>
</tr>
<tr>
<td>(3) Sub-financing under Part B.2 of the Project</td>
<td>3,386,700.00</td>
<td>71%</td>
</tr>
<tr>
<td>(4) Refund of the Preparation Advance</td>
<td>1,037,974.10</td>
<td>Amount payable pursuant to Section 2.07(a) of the General Conditions</td>
</tr>
<tr>
<td>(5) Front-end Fee</td>
<td>50,000.00</td>
<td>Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07(b) of the General Conditions</td>
</tr>
<tr>
<td>(6) Unallocated</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>20,000,000.00</td>
<td></td>
</tr>
</tbody>
</table>

4. Section IV.B.2 of Schedule 2 to the Loan Agreement is hereby modified as follows:

"2. The Closing Date is January 31, 2020".

Pursuant to your request and consultations with the Bank, the indicators set forth in the attachment to Supplemental Letter No. 2 (Performance and Monitoring Indicators) to the Loan Agreement, are hereby revised. A revised results framework is attached in the Amended Supplemental Letter No. 2, attached hereto as Annex 1. If you agree with the revisions in said Results Framework and Monitoring, please sign the Supplemental Letter No. 2 and return it to us.

All other provisions of the Loan Agreement, except as expressly amended herein, shall remain unchanged and shall continue to be in full force and effect.
Please confirm your agreement with the foregoing amendments, by signing, dating, and returning to us the enclosed copy of this Amendment Letter. Upon receipt by the Bank of: (i) a countersigned copy of this Amendment Letter; and (ii) the Amended Supplemental Letter No. 2, this Amendment Letter will become effective as of the date above written.

Sincerely,

Elisabetta Capannelli
Croatia Country Manager

CONFIRMED AND AGREED:
REPUBLIC OF CROATIA
By: HRVATSKA
Title: MINISTAR FINANCE
Date: OCTOBER 17, 2018