Re: IBRD Loan 9057-HR
Justice for Business Project

Additional Instructions: Disbursement and Financial Information Letter (DFIL)

Excellency:

I refer to the Loan Agreement between Republic of Croatia (the “Borrower”) and the International Bank for Reconstruction and Development (the “Bank”) for the above-referenced Project. The General Conditions, as defined in the Loan Agreement, provide that the Borrower may from time to time request withdrawals of Loan Amounts from the Loan Account in accordance with the Disbursement and Financial Information Letter, and such additional instructions as the Bank may specify from time to time by notice to the Borrower. The General Conditions also provide that the Disbursement and Financial Information Letter may set out Project specific financial reporting requirements. This letter constitutes such Disbursement and Financial Information Letter (“DFIL”), and may be revised from time to time.

I. Disbursement Arrangements, Withdrawal of Loan Funds, and Reporting of Uses of Loan Funds


(i) Disbursement Arrangements

The table in Schedule 1 sets out the disbursement methods which may be used by the Borrower, and conditions, information on registration of authorized signatures, processing of withdrawal applications (including minimum value of applications and processing of advances), instructions on supporting documentation, and frequency of reporting on the Designated Account.

(ii) Electronic Delivery. Section 10.01 (c) of the General Conditions.

The Borrower will deliver Withdrawal Applications (with supporting documents) electronically through the Bank’s web-based portal “Client Connection” at https://clientconnection.worldbank.org. This option will be effected after the officials designated in writing by the Borrower who are authorized to sign and deliver Withdrawal Applications have registered as users of “Client Connection”. The designated officials will deliver Applications electronically by completing the Form 2380, which is accessible through “Client Connection”. By signing the Authorized Signatory Letter, the Borrower confirms that it is
authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to the Bank by electronic means. The Borrower may exercise the option of preparing and delivering Withdrawal Applications in paper form on exceptional cases (including those where the Borrower encounters legal limitations), and which were previously agreed with the Bank. By designating officials to use SIDC and by choosing to deliver the Applications electronically, the Borrower confirms through the authorized signatory letter its agreement to: (a) abide by the Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation, available in the World Bank’s public website at https://worldbank.org and “Client Connection”; and (b) to cause such official to abide by those terms and conditions.

II. Financial Reports and Audits

(i) Financial Reports. The Borrower shall prepare and furnish to the Bank not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports (“IFR”) for the Project covering the quarter.

(ii) Audits. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period, and will be publicly disclosed in a timely fashion and in a manner acceptable to the Bank.

III. Other Information

For additional information on disbursement arrangements, please refer to the Loan Handbook available on the Bank’s website (http://www.worldbank.org/) and “Client Connection”. The Bank recommends that you register as a user of “Client Connection”. From this website you will be able to prepare and deliver Applications, monitor the near real-time status of the Loan, and retrieve related policy, financial, and procurement information. For more information about the website and registration arrangements, or if you have any queries in relation to the above, please contact the World Bank by email at AskLoan@WorldBank.org using the above reference.

Yours sincerely,

______________________________
Elisabetta Capannelli
Country Manager - ECCHR
Attachments
1. Form of Authorized Signatory Letter
2. Form of Statement of Expenditure (SOE)
3. Form of Designated Account Reconciliation Statement
4. Form of Interim Unaudited Financial Reports (IUFR)

CC: Mr. Kristian Turkalj, State Secretary, Ministry of Justice
    Ms. Natasa Mikus Zigman, State Secretary, Ministry of Economy, Entrepreneurship and Crafts
    Mr. Zdenko Lucic, State Secretary, Ministry of Economy, Entrepreneurship and Crafts
    Mr. Danijel Mestric, State Secretary, Ministry of Construction and Spatial Planning
    Mr. Damir Kaufman, Chief Secretary, Ministry of Economy, Entrepreneurship and Crafts
    Ms. Ivana Jakir Bajo, Assistant Minister and Chief State Treasurer, Ministry of Finance
    Mr. Stipe Zupan, Assistant Minister, Ministry of Finance
    Ms. Lana Letilovic, Assistant Minister, Ministry of Justice
    Ms. Silvija Belajec, Head of Sector, Ministry of Finance
# Schedule 1: Disbursement Provisions

## Basic Information

<table>
<thead>
<tr>
<th>Loan Number</th>
<th>IBRD 9057-HR</th>
<th>Country</th>
<th>Republic of Croatia</th>
<th>Closing Date</th>
<th>Section III.B.2. of Schedule 2 to the Loan Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrower</td>
<td>Ministry of Finance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Name of the Project</td>
<td>Justice for Business Project</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Disbursement Methods and Supporting Documentation

<table>
<thead>
<tr>
<th>Disbursement Methods (Section 2 **)</th>
<th>Methods</th>
<th>Supporting Documentation (Subsections 4.3 and 4.4 **)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Payment</td>
<td>Yes</td>
<td>Copy of records (e.g. suppliers’ invoices, guarantees for advance and retention payments, etc.)</td>
</tr>
<tr>
<td>Reimbursement</td>
<td>Yes</td>
<td>Category 1 –IUFR for DLIs/DLRs achieved and verified in the format provided in Attachment 3 of the DFIL. Category 2 - Statement of Expenditure (SOE) in the format provided in Attachment 2 of the DFIL.</td>
</tr>
<tr>
<td>Designated Account</td>
<td>Yes</td>
<td>Statement of Expenditure (SOE) in the format provided in Attachment 2 of the DFIL; Designated Account Reconciliation Statement in the format provided in Attachment 3 of the DFIL.</td>
</tr>
<tr>
<td>Special Commitments</td>
<td>No</td>
<td>N/A</td>
</tr>
</tbody>
</table>

## Designated Account (Sections 5 and 6 **) |

<table>
<thead>
<tr>
<th>Type</th>
<th>Segregated only for Component 2 managed by Ministry of Justice PIU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ceiling</td>
<td>Fixed</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial Institution - Name</th>
<th>Single Treasury account at Hrvatska Narodna Banka (Croatian National Bank) - NBHRHR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currency</td>
<td>EUR</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Frequency of Reporting (Subsection 6.3 **)</th>
<th>Quarterly, or more frequently if needed.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>Up to 5,500,000</td>
</tr>
</tbody>
</table>

## Minimum Value of Applications (Subsection 3.5)

The minimum value of applications for Reimbursement, Direct Payment is EUR 300,000 equivalent.

## Authorized Signatures (Subsection 3.1 and 3.2 **) |

The form for Authorized Signatories Letter is provided in Attachment 1 of this letter

## Withdrawal and Documentation Applications (Subsection 3.3 and 3.4 **) |

## Additional Information/Instructions

Disbursements under the DLR-linked components will use reimbursement as the only disbursement method. The EEPs will be documented using the IFRs parts: (a) Statement of Sources and Uses of Funds; (b) Report on DLIs, DLRs and EEPs

**Sections and subsections relate to the “Disbursement Guidelines for Investment Project Financing”, dated February 2017."
The World Bank
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: [Country Director]

Re: IBRD Loan ______-____
Justice for Business Project

I refer to the Loan Agreement ("Agreement") between the International Bank for Reconstruction and Development (the "Bank") and Republic of Croatia (the "Borrower"), dated ______, providing the above Loan. For the purposes of Section 2.03 of the General Conditions as defined in the Agreement, any [one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Borrower to sign applications for withdrawal [and applications for a special commitment] under this Loan.

For the purpose of delivering Applications to the Bank, [each] of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Borrower, acting [individually] [jointly], to deliver Applications, and evidence in support thereof on the terms and conditions specified by the Bank.

This confirms that the Borrower is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to the Bank by electronic means. In full recognition that the Bank shall rely upon such representations and warranties, including without limitation, the representations and warranties contained in the Terms and Conditions of Use of Secure Identification Credentials in connection with Use

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1 Instruction to the Borrower: Stipulate if more than one person needs to sign Applications, and how many or which positions, and if any thresholds apply. Please delete this footnote in final letter that is sent to the Bank.

2 Instruction to the Borrower: Stipulate if more than one person needs to jointly sign Applications, if so, please indicate the actual number. Please delete this footnote in final letter that is sent to the Bank.

3 Instruction to the Borrower: Use this bracket if any one of the authorized persons may sign; if this is not applicable, please delete. Please delete this footnote in final letter that is sent to the Bank.

4 Instruction to the Borrower: Use this bracket only if several individuals must jointly sign each Application; if this is not applicable, please delete. Please delete this footnote in final letter that is sent to the Bank.
of Electronic Means to Process Applications and Supporting Documentation (“Terms and Conditions of Use of SIDC”), the Borrower represents and warrants to the Bank that it will cause such persons to abide by those terms and conditions.

This Authorization replaces and supersedes any Authorization currently in the Bank records with respect to this Agreement.

[Name], [position] Specimen Signature: ____________________

[Name], [position] Specimen Signature: ____________________

[Name], [position] Specimen Signature: ____________________

Yours truly,

/ signed /

[Position]
Attachment 2 – Form of Statement of Expenditure

Statement of Expenditure (SOE)

Payments made during the period from ________________ to ________________

Loan No.: __________________
Application No.: __________________
Category No.: __________________
SOE No.: __________________

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplier’s Name</td>
<td>WB Contract Number in Client Connection (for Prior Review Contracts)</td>
<td>Type of Good or Service (CW/GO/CS/OP/TR) / Brief Description</td>
<td>Currency and Total Amount, and Date of Contract</td>
<td>Currency and Total Amount of Invoice Covered by Application</td>
<td>% Financed by IBRD/IDA/TF</td>
<td>Amount Eligible for Financing (5 x 6)</td>
<td>Currency and Amount Paid from Designated Account (if Applicable)</td>
<td>Exchange Rate</td>
<td>Date of Payment</td>
<td>Remarks</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>9</td>
<td>10</td>
<td>11</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TOTALS</th>
</tr>
</thead>
</table>

Supporting documents for this SOE retained at ______________________ (location)
DESIGNATED ACCOUNT RECONCILIATION STATEMENT

LOAN/CREDIT/PPF/COFINANCIER NUMBER ____________
ACCOUNT NUMBER ____________ WITH (BANK) __________________________

1. TOTAL ADVANCED BY WORLD BANK (OR COFINANCIER) US$/EUR ______________

2. LESS: TOTAL AMOUNT RECOVERED BY WORLD BANK - US$/EUR ______________

3. EQUALS PRESENT OUTSTANDING AMOUNT ADVANCED TO THE DESIGNATED ACCOUNT (NUMBER 1 LESS NUMBER 2) = US$/EUR ______________

4. BALANCE OF DESIGNATED ACCOUNT PER ATTACHED BANK STATEMENT AS OF DATE ____________________ US$/EUR ______________

5. PLUS: TOTAL AMOUNT CLAIMED IN THIS APPLICATION NO. ______________ + US$/EUR ______________

6. PLUS: TOTAL AMOUNT WITHDRAWN AND NOT YET CLAIMED REASON: ___________________________________ + US$/EUR ______________

7. PLUS: AMOUNTS CLAIMED IN PREVIOUS APPLICATIONS NOT YET CREDITED AT DATE OF BANK STATEMENTS

<table>
<thead>
<tr>
<th>APPLICATION NO.</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SUBTOTAL OF PREVIOUS APPLICATIONS NOT YET CREDITED + US$/EUR ______________

8. MINUS: INTEREST EARNED - US$/EUR ______________

9. TOTAL ADVANCE ACCOUNTED FOR (NO. 4 THROUGH NO. 9) = US$/EUR ______________

10. EXPLANATION OF ANY DIFFERENCE BETWEEN THE TOTALS APPEARING ON LINES 3 AND 9:

____________________________________________________________________________________

11. DATE: ______________________ SIGNATURE: ______________________

TITLE: ______________________
### Uses of Funds

**For the period from __/__/20__**

<table>
<thead>
<tr>
<th>Category 1 Eligible Expenditures</th>
<th>Programs MoJ, MoCPP and MoEEC budget lines 311, 312, 313</th>
<th>Employee related expenses (gross salaries, contributions and taxes)</th>
<th><strong>100%</strong></th>
<th>Other employment related expenses</th>
<th><strong>100%</strong></th>
<th>Contributions on salaries</th>
<th><strong>100%</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td><strong>100%</strong></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

__Note:__ Total Eligible EEPs for the period exceed the DLI achievements by EUR ___________. Such amount will be used for future DLI achievements.

In the event that, for a given period, the amount that corresponds to the DLI performance exceeds the amount of EEPs reported, please contact the Bank's Task Team Leader.

**DLI Results**

- **Loan: 8687-BA Bosnia and Herzegovina**
- **period 04/05/2018 to 03/05/2019**

**IBRD Financing**

- Percentage: 50%; except for payments under the retroactive financing clause for which the financing percentage is 100%
- The amount to be reimbursed can't exceed the amount of EEPs reported; the bank can only disburse up to the level of achievement of results, provided a sufficient amount of EEPs has been reported.