Her Excellency
Ms. Marija Vuckovic
Minister of Agriculture
Ministry of Agriculture
Ulica grada Vukovara 78
10000 Zagreb, Republic of Croatia

Re: Reimbursable Advisory Services (RAS) Agreement No. P167852
on Strategic Transformation in Agriculture and Rural Space (STARS)
— Amendment Letter

Dear Ms. Minister,

We refer to the RAS Agreement between the Ministry of Agriculture of the Republic of Croatia (the “Client”) and the International Bank for Reconstruction and Development (the “Bank”) (jointly referred to as the “Parties”) dated October 11, 2018 (the “Agreement”). Please note that the capitalized terms used in this letter (“Amendment Letter”) and not defined herein have the meaning ascribed to them in the Agreement.

We also refer to your letter dated August 12, 2019 (Ref: CLASS: 303-03/19-01/61 NUMBER: 525-12/0674-19-1) reflecting discussions between the Parties and conclusions that emerged in light of recent developments that called for a few necessary amendments to the Agreement. Pursuant to paragraph 12 of the Annex to the Agreement (Amendments), the Bank has agreed to amend the Agreement as follows:

1. Section 6 of the Agreement is hereby amended to read as follows:

   “6. **Expiration.** This agreement shall expire twenty-six (26) months after the date of this Agreement unless it shall earlier be renewed with the mutual agreement of the Client and the Bank.”

2. All occurrences of the Multiannual Fisheries Development Plan (MFDP) throughout the Schedule to the Agreement shall be replaced by Multiannual Aquaculture Development Plan (MADP).

3. The Schedule to the Agreement is hereby replaced in its entirety as set forth in the Attachment to this Amendment Letter.

All other terms and conditions of the Agreement, except as amended herein, shall remain unchanged and in full force and effect.
Please confirm your agreement with the foregoing amendment by signing and dating two originals of this Amendment Letter and returning one fully signed original to us. The provisions of this Amendment Letter shall become effective as of the date of your countersignature, upon receipt by the Bank of one fully executed original of this Amendment Letter.

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

[Signature]

Elisabetta Capannelli
Country Manager for Croatia and Slovenia
Europe and Central Asia Region

AGREED:

MINISTRY OF AGRICULTURE

By:

[Signature]

Authorized Representative

Name: H.E. Marija Vuckovic
Title: Minister of Agriculture
Date: 28.08.2019
SCHEDULE

Description of the Reimbursable Advisory Services

A. **Reimbursable Advisory Services.** Except as the Client and the Bank may otherwise agree, the Reimbursable Advisory Services shall include the following activities and outputs:

**Component 1: Spending and diagnostic analysis of agriculture, fisheries and rural development**

The aim of the activities under this component is to provide an evidence base for strategy formulation on agriculture, fisheries and rural development. Accordingly, the Bank will conduct a review of the efficiency, effectiveness and equity of public spending in agriculture and fisheries and rural development in Croatia.

**Activities:**

1.1 **Methodology and data.** The Bank will prepare a methodological brief explaining the relevance of the proposed methodologies for measuring the efficiency, effectiveness, equity of public expenditures and enabling future replicability of the analysis.

1.2 **Sector diagnostic.** The Bank will review and analyze the agriculture, fisheries and rural development sector performance in Croatia, including: (a) trends and composition of public spending; (b) current regulatory and policy framework; (c) existent monitoring and evaluation approaches; (d) functions and staffing in the public sector (through a rapid assessment); and (e) comparisons with similar Member States, as and where applicable.

1.3 **Results and recommendations.** The Bank will: (a) analyze the results of public spending in agriculture, rural development, and fisheries in Croatia; and (b) propose policy recommendations, referencing other existing finding/evaluations in similar Member States.

1.4 **Discussion and training workshops on sector analysis.** The Bank will facilitate: (i) a workshop in Zagreb to discuss the analytical approach, results and recommendations of the review, to include stakeholder representatives from the public and private sector, academia, international and European union (EU) experts; and (ii) a training workshop in Zagreb for MoA staff, academia and other sector entities, on the analytical approaches used for sectoral analysis.

**Output 1:** The Bank will deliver (i) Report on "Sector diagnostic and analysis of public spending" and (ii) Summary Report of one discussion and one training workshop.

**Component 2: Supporting the formulation of a draft National Agriculture and Rural Development Strategy (NARDS) and a draft Multiannual Aquaculture Development Plan (MADP) post-2020**

The aim of the activities under this component is to provide strategic advisory support to the MoA in the formulation of agriculture and aquaculture sector proposed draft strategies that are based on existent knowledge of sector challenges and opportunities and propose responses to the new policy directions established by the EU for the Common Agricultural Policy (CAP) and Common Fisheries Policy (CFP).
Activities:

2.1 Methodological framework: The Bank will support the MoA with the formulation of the draft NARDS and MADP post-2020, in line with Croatia’s broader strategic planning framework (National Development Strategy, NDS 2030) and the CAP and CFP programming requirements of the EU by:

(a) identifying and ranking national priorities with focus on local constraints and potentials and human resource needs for implementation;

(b) outlining the means for strategic directions through a targeted set of activities or investments and standardized performance monitoring indicators linking national priorities to common EU objectives; and

(c) coordinating a mutually agreed number of technical visits of MoA representatives outside of Croatia to facilitate technical exchange on the formulation of the NARDS and the MADP, as part of MoA’s strategic planning and capacity building process.

2.2 Stakeholder consultations: The Bank will facilitate the operationalization of the methodological framework developed in activity 2.1 by:

(a) gathering data through interviews and other means to elicit information from key stakeholders in Zagreb and other key regions in Croatia; analyzing and processing results, safeguarding the objectivity and anonymity of responses and feedback obtained;

(b) conducting a series of four stakeholder consultations;

(c) preparing a summary of all stakeholder consultations; and

(d) coordinating training activities and learning events in Croatia for MoA and sector stakeholders with relevance to the formulation of the NARDS and the MADP as part of MoA’s strategic planning and capacity building process.

2.3 Draft strategic vision and results framework for a NARDS: The Bank will support the MoA formulate a proposed draft strategic vision and results framework for a NARDS that responds to Croatia’s priorities, and aligns with its NDS 2030, as well as the post-2020 EU CAP programming requirements. The proposed NARDS strategic vision will include a clearly defined set of indicators to enable the monitoring of progress towards achieving common CAP objectives and propose strategic inputs and guidance to the MoA as it defines Croatia’s strategic priorities, goals, measures, and indicators under the future CAP Strategic Plan.

2.4 Draft strategic vision and results framework for a MADP: The Bank will support the MoA formulate a proposed draft strategic vision and results framework for a MADP that responds to Croatia’s priorities, and aligns with its NDS 2030, as well as the post-2020 EU CFP programming requirements. The proposed MADP strategic vision will include a clearly defined set of indicators to enable the monitoring of progress towards achieving common CFP objectives, and propose strategic inputs and guidance to the MoA as it defines Croatia’s strategic priorities, goals, measures, and indicators under the future CFP Operational Program for Maritime Affairs and Fisheries.”

2.3 Discussion and training workshops for NARDS/MADP formulation, implementation and monitoring. (i) The Bank will facilitate two discussion workshops, one in Zagreb and one in a coastal city that will present and discuss the draft strategic visions for NARDS and MADP. The discussion workshops will include a wide range of stakeholders. (ii) The Bank, in close collaboration with responsible MoA staff and other public-sector entities, will conduct one training
workshop, in Zagreb, and provide "on the job" training on the methodology for strategy formulation, implementation and monitoring for interested stakeholders.

**Output 2:** The Bank will deliver (i) Report on "Methodology document and stakeholder consultations results"; (ii) Report on "Draft strategic vision and results framework for NARDS"; (iii) Report on "Draft strategic vision and results framework for MADP", and (iv) Summary Report of the two discussion workshops, one training workshop, and a mutually agreed number of technical visits set forth in activity 2.1(c) above, and learning events set forth in activity 2.2(d) above.

**Component 3: Action Plans for NARDS and MADP Implementation and Monitoring**

The aim of the activities under this component is to support the MoA with the operationalization of the draft sector strategies.

**Activities:**

3.3 **Draft Action Plan for the NARDS.** The Bank will support the MoA formulate a draft Action Plan which includes the linkages between short-, medium- and long-term actions towards achieving CAP common objectives; roles and responsibilities of key stakeholders in carrying out specific actions; alignment of actions with specific budget allocations; institutional capacity and human capital requirements for oversight and implementation.

3.4 **Draft Action Plan for the MADP.** The Bank will support the MoA formulate a draft Action Plan which includes the linkages between short-, medium- and long-term actions towards achieving CFP common objectives; roles and responsibilities of key stakeholders in carrying out specific actions; alignment of actions with specific budget allocations; institutional capacity and human capital requirements for oversight and implementation.

3.3 **Conceptual framework for pilot projects:** The Bank will propose governance arrangements and funding mechanisms required for designing, implementing, and monitoring key program actions included in the proposed draft strategic visions for the NARDS and the MADP (considering the outcome/results of activities 2.3 and 2.4), with the aim to pilot innovative approaches, particularly those related to improved agri-food chain organization, digital technology adoption, and enhanced linkages between producers and markets in the framework of productive partnerships.


**Component 4: Pilot Projects: Productive Partnerships**

The aim of the activities under this component is to support the MoA with effectively linking the proposed draft strategic visions with implementation by facilitating the pilot testing of innovative approaches included in the draft NARDS and the MADP with agriculture and aquaculture production units in Croatia.

**Activities:**

4.1 **Design.** The Bank will assist the MoA with the prioritization, design and operationalization of pilot projects. To this effect, the Bank will support MoA:

(a) develop eligibility and selection criteria for pilot project beneficiaries in line with the baseline review (Output 1), draft NARDS and MADP strategic vision and results (Output 2), as well as relevant EU CAP and CFP programming requirements; and
(b) prepare design documents for a mutually agreed number of pilot projects which are to take place in different geographic parts of Croatia. The pilot projects will focus on linking agriculture and aquaculture producers to markets and applying digital approaches to production and commercialization in the framework of productive partnerships. The design documents will spell out respective public and private sector roles and responsibilities.

4.2 Operationalization. The Bank will provide just-in time technical assistance to the MoA on implementing sector reforms and monitoring the progress achieved under the selected pilot projects, facilitating that experience and knowledge gained by MoA in its work with agriculture and aquaculture producers would inform decisions on effective collaboration between the public and private sectors engaged with agriculture, rural development and aquaculture, in line with the proposed action plans for the implementation of the proposed draft NARDS and MADP strategic vision for Croatia.

Output 4: The Bank will deliver (i) "Productive Partnerships Policy Note".

It is expressly agreed and understood that the Bank shall not be responsible for any final post-2020 EU CAP and CFP programming outputs or engage directly with external stakeholders as part of the formal programming processes.

Any change to the foregoing scope of work shall be set out in a writing signed by the Client and the Bank, setting out the additional work to be undertaken and the fees in respect thereof.

B. Timetable. Except as the Client and the Bank may otherwise agree, the Bank shall endeavor to perform the Reimbursable Advisory Services in accordance with the following tentative timetable:

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Indicative date</th>
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<tbody>
<tr>
<td><strong>Output 1</strong></td>
<td></td>
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<tr>
<td>(i) Report on “Sector diagnostic and analysis of public spending”;</td>
<td>Within eight (8) months from Signature Date</td>
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<td>(ii) Summary Report of one discussion and one training workshop.</td>
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<td><strong>Output 2</strong></td>
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<tr>
<td>(i) Report on “Methodology document and stakeholder consultations results”;</td>
<td>Within twelve (12) months from Signature Date</td>
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<tr>
<td>(ii) Report on “Draft strategic vision and results framework for NARDS”;</td>
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<tr>
<td>(iii) Report on “Draft strategic vision and results framework for MADP”;</td>
<td></td>
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<tr>
<td>(iv) Summary Report of two discussion workshops, one training workshop, a mutually agreed number of technical visits and learning events</td>
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<tr>
<td><strong>Output 3</strong></td>
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<tr>
<td>(i) Report: “Draft Action Plan for the NARDS”;</td>
<td>Within fourteen (14) months from Signature Date</td>
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<tr>
<td>(iii) Document “Pilot Projects Proposal” for pilot project structure</td>
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<tr>
<td><strong>Output 4</strong></td>
<td></td>
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<tr>
<td>(i) “Productive Partnerships Policy Note”</td>
<td>Within twenty-four (24) months from Signature Date</td>
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Following the Signature Date of this Agreement, a semi-annual progress report in English shall be submitted within five (5) days from the end of each period. The progress reports shall include a description of the activities carried out under this Schedule in line, completed or in progress in the reporting period, next steps planned for the following reporting period and the outputs that are due over the same time period. The Client will have five (5) days, after the submission of the to review the progress report. If comments are communicated to the Bank on the progress report, the Bank will have five (5) days to submit a modified progress report and/or provide comments and clarifications.

C. Bank Personnel. The Bank will be responsible for determining the appropriate composition of teams needed to fulfill the Reimbursable Advisory Services. The Bank personnel will include experts specialized in the areas relevant to the delivery of this RAS, including but not limited to: economists, agriculture specialists, fisheries and aquaculture specialists, policy analysts, environmental engineers.

D. Counterparts and Facilities. The Client shall carry out the following activities in support of the Reimbursable Advisory Services:

(a) Provide to the Bank, in a timely manner, any necessary reports, data or access to databases related to the sectors covered by the RAS, any previous sector evaluations and analytical work, and other information necessary to enable the Bank to carry out the RAS activities.

(b) Facilitate contact and coordination between the Bank and staff of the Client and of other relevant stakeholders for carrying out the RAS, including information sharing, cooperation and any necessary action by the relevant ministries, agencies, and other experts the Client will involve in carrying out the RAS; and

(c) For all workshops, consultations and training activities to be conducted as described in Section A of the Schedule to the RAS Agreement, provide advice on workshop participants and format and ensure that relevant MoA staff and other stakeholders are available to participate.

(d) Provide occasional meetings space to the Bank as required for carrying out the RAS, including participation in missions, workshops and other related tasks;

(e) Coordinate and facilitate necessary Bank mission arrangements related to the RAS, including scheduling of meetings and other logistical arrangements;

The Bank will: (i) cover the workshop/training costs described in Section A of this Schedule for of up to 100 of participants at each event, including MoA staff and key stakeholders; and (ii) coordinate all logistical arrangements, including the preparation and cost of reproduction of training materials, rental of venue/workshop meeting rooms, transportation, and technical equipment, preparation and cost of participants' travel within Croatia and accommodation, translation of the workshop presentation, interpretation services, and food and beverage at the workshop location;

It is expressly agreed and understood that the Bank shall bear no responsibility for delay in performance occasioned by the Client's failure to provide its contribution as set forth in Section 8 of the Agreement and Section D of the Schedule to this Agreement.

E. Records. The Bank shall keep appropriate records of the Reimbursable Advisory Services in accordance with its normal record-keeping practices and shall furnish to the Client such information regarding the Reimbursable Advisory Services as the Client shall reasonably request.