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**LOAN NUMBER 7298-PH**

# **Loan Agreement**

**(Second Land Administration and Management Project)**

**between**

**REPUBLIC OF THE PHILIPPINES**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**Dated June 30, 2005**

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## LOAN AGREEMENT

**LOAN NUMBER 7298-PH**

AGREEMENT, dated June 30, 2005, between REPUBLIC OF THE PHILIPPINES (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) the Borrower, having satisfied itself as to the feasibility and priority of the project described in Schedule 2 to this Agreement (the Project), has requested the Bank to assist in the financing of the Project;

(B) the Borrower intends to receive from the Australian Agency for International Development (AusAID) a grant in an amount equivalent to nineteen million three hundred and ten thousand dollars (US\$19,310,000) (the AusAID Grant) to assist in carrying out the Project on the terms and conditions set forth in an agreement to be entered into between the Borrower and AusAID (the AusAID Grant Agreement); and

WHEREAS the Bank has agreed, on the basis, *inter alia*, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

### ARTICLE I

#### General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements for Fixed-Spread Loans" of the Bank dated September 1, 1999 (as amended through May 1, 2004) with the modifications set forth below (the General Conditions), constitute an integral part of this Agreement:

(a) Section 5.08 of the General Conditions is amended to read as follows:

"Section 5.08. Treatment of Taxes

Except as otherwise provided in the Loan Agreement, the proceeds of the Loan may be withdrawn to pay for taxes levied by, or in the territory of, the Borrower or the Guarantor on the goods or services to be financed under the Loan, or on their importation, manufacture, procurement or supply. Financing of such taxes is subject to the Bank's policy of requiring economy and efficiency in the use of the proceeds of its

loans. To that end, if the Bank shall at any time determine that the amount of any taxes levied on or in respect of any item to be financed out of the proceeds of the Loan is excessive or otherwise unreasonable, the Bank may, by notice to the Borrower, adjust the percentage for withdrawal set forth or referred to in respect of such item in the Loan Agreement as required to be consistent with such policy of the Bank.”; and

(b) Section 6.03 (c) of the General Conditions is amended by replacing the words “corrupt or fraudulent” with the words “corrupt, fraudulent, collusive or coercive”.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) “Bangko Sentral ng Pilipinas” means the Central Bank of the Republic of the Philippines, and any successor thereto.

(b) “Barangay” means an administrative unit within a municipality/city and “Barangays” means, collectively, the plural thereof.

(c) “DENR” means the Borrower’s Department of Environment and Natural Resources, and any successor thereto.

(d) “DOF” means the Borrower’s Department of Finance, and any successor thereto.

(e) “Eligible Categories” means Categories (1) through (6) set forth in the table in paragraph 1 of Schedule 1 to this Agreement in respect of the Project.

(f) “Eligible Expenditures” means expenditures in respect of the reasonable cost of goods, works and services required for the Project and to be financed out of the proceeds of the Loan allocated from time to time to the Eligible Categories in accordance with the provisions of Schedule 1 to this Agreement.

(g) “Environmental and Social Safeguards Guidelines” means the protocol adopted as part of the Operations Manual by DENR on March 18, 2005, and by DOF on March 29, 2005, that sets forth procedures and standards to ensure that environmental and social impacts are addressed during Project implementation, in a manner and substance satisfactory to the Bank, as such guidelines may be amended from time to time in agreement with the Bank.

(h) “Financial Monitoring Report” and the acronym “FMR” mean each report prepared in accordance with Section 4.02 of this Agreement.

(i) “Implementing Agencies” means collectively DENR, DOF and the Borrower’s Land Registration Authority.

(j) “LAA” means the land administration authority proposed to be established pursuant to the Land Administration Reform Bill for the purpose of assuming the land management and land registration responsibilities of DENR and the Borrower’s Department of Justice respectively, or any other authority established for the same purpose.

(k) “LAMP1” means the First Land Administration and Management Project dated October 20, 2000, entered into between the Borrower and the Bank.

(l) “LMB” means the Land Management Bureau within DENR.

(m) “Land Registration Authority” means the authority established and operating under the jurisdiction of the Borrower’s Department of Justice.

(n) “Local Government Unit” and the acronym “LGU” mean a local government unit which is a political subdivision of the Borrower at the provincial, city, municipal or barangay level, and “Local Government Units” and the acronym “LGUs” mean, collectively, the plural thereof.

(o) “NAA” means the national appraisal authority proposed to be established pursuant to the National Appraisal Authority Bill for the purpose of the setting of standards and procedures for land valuation, monitoring and overseeing the implementation of valuation standards and procedures by provinces, cities and municipalities.

(p) “NAMRIA” means the National Mapping and Resource Information Authority within DENR.

(q) “National Steering Committee” means the committee referred to in paragraph 1(a) of Schedule 4 to this Agreement.

(r) “Operations Manual” means the manual to be adopted by the Borrower, referred to in paragraph 2(b) of Schedule 4 to this Agreement.

(s) “One Stop Shops” and “OSS” mean the service centers established by DENR in each of the Selected Provinces, which provide a comprehensive range of government land-related services to customers, including registration of land transactions, approval of survey plans and first time land titles issuance.

(t) “Procurement Plan” means the Borrower’s procurement plan, dated April 26, 2005, covering the initial 18 month period (or longer) of Project implementation, as the same shall be updated from time to time in accordance with the provisions of Section

3.02 to this Agreement, to cover succeeding 18 month periods (or longer) of Project implementation.

(u) "PIP" means the Project Implementation Plan adopted by the Borrower on April 26, 2005, as such Plan may be amended from time to time with the prior written consent of the Bank.

(v) "PIU" means each of the Project Implementation Units referred to in paragraph 1 (f) of Schedule 4 to this Agreement; and the acronym "PIUs" mean, collectively, the plural thereof.

(w) "Report-based Disbursements" means the Borrower's option for withdrawal of funds from the Loan Account referred to in Part A.5 of Schedule 1 to this Agreement.

(x) "Respective Parts of the Project" means in respect to DENR, Parts A, B, C and E of the Project (with the assistance of the Land Registration Authority with respect to Part C of the Project); in respect to DOF, Part D of the Project.

(y) "RPIU" means each of the Regional Project Implementation Units referred to in paragraph 1(e) of Schedule 4 to this Agreement; and the acronym "RPIUs" mean, collectively, the plural thereof.

(z) "Selected Provinces, Cites, and Municipalities" means the provinces, cities, and municipalities of the Borrower selected for participation in Parts C and D of the Project in accordance with the terms of paragraph 4 of Schedule 4 to this Agreement; and "Selected Province," "Selected City," and "Selected Municipality" means any one of such Selected Provinces, Cites, and Municipalities, as the case may be.

(aa) "Special Accounts" means the accounts referred to in Part B of Schedule 1 to this Agreement.

(bb) "UPMO" means the Unified Project Management Office referred to in paragraph 1 (c) of Schedule 4 to this Agreement.

## **ARTICLE II**

### **The Loan**

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, an amount equal to eighteen million and nine hundred and ninety five thousand Dollars (\$18,995,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.09 of this Agreement.

Section 2.02. The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods, works and services required for the Project and to be financed out of the proceeds of the Loan, as well as in respect of the fee referred to in Section 2.04 of this Agreement, and any premium in respect of an Interest Rate Cap or Interest Rate Collar payable by the Borrower in accordance with Section 4.04(c) of the General Conditions.

Section 2.03. The Closing Date shall be March 31, 2011, or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a front-end fee in an amount equal to one percent (1%) of the amount of the Loan, subject to any waiver of a portion of such fee as may be determined by the Bank from time to time. On or promptly after the Effective Date, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amount of such fee.

Section 2.05. The Borrower shall pay to the Bank a commitment charge on the principal amount of the Loan not withdrawn from time to time, at a rate equal to: (i) eighty-five one-hundredths of one per cent (0.85%) per annum from the date on which such charge commences to accrue in accordance with the provisions of Section 3.02 of the General Conditions to but not including the fourth anniversary of such date; and (ii) seventy-five one-hundredths of one per cent (0.75%) per annum thereafter.

Section 2.06. The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, in respect of each Interest Period at the Variable Rate; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the Borrower shall, during the Conversion Period, pay interest on such amount in accordance with the relevant provisions of Article IV of the General Conditions.

Section 2.07. Interest and commitment charges shall be payable semiannually in arrears on June 15 and December 15 in each year.

Section 2.08. The Borrower shall repay the principal amount of the Loan in accordance with the provisions of Schedule 3 to this Agreement.

Section 2.09. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management:

- (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency;
- (ii) a change of the interest rate basis applicable to all or any portion of the principal amount of the Loan from a Variable Rate to a Fixed Rate, or vice versa; and
- (iii) the setting of limits on the Variable Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on said Variable Rate.

(b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a “Conversion” as defined in Section 2.01(7) of the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

(c) Promptly following the Execution Date for an Interest Rate Cap or Interest Rate Collar in respect of which the Borrower has requested that the premium be paid out of the proceeds of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amounts required to pay any premium payable in accordance with Section 4.04(c) of the General Conditions up to the amount allocated from time to time for such purpose in the table in paragraph 1 of Schedule 1 to this Agreement.

Section 2.10. Without limitation upon the provisions of paragraph (a) of Section 2.09 of this Agreement and unless otherwise notified by the Borrower to the Bank in accordance with the provisions of the Conversion Guidelines, the interest rate basis applicable to the aggregate principal amount of the Loan withdrawn during each Interest Period shall be changed from the initial Variable Rate to a Fixed Rate for the full maturity of such amount in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

### ARTICLE III

#### Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project, and to this end shall carry out the Project, through DENR, with respect to Parts A, B, C and E of the Project, with the assistance of the Land Registration Authority with respect to Part C of the Project, and DOF with respect to Part D of the Project, all with due diligence and efficiency and in conformity with appropriate administrative, financial, and land registration practices and sound environmental and social standards acceptable to the Bank, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the execution of the Project, and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Bank shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

Section 3.02. (a) Except as the Bank shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 5 to this Agreement, as said provisions may be further elaborated in the Procurement Plan.

(b) The Borrower shall update the Procurement Plan in accordance with terms of reference acceptable to the Bank, and furnish such update to the Bank not later than twelve (12) months after the date of the preceding Procurement Plan, for the Bank's approval.

Section 3.03. For the purposes of Section 9.07 of the General Conditions and without limitation thereto, the Borrower shall:

(a) prepare, on the basis of guidelines acceptable to the Bank, and furnish to the Bank not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Bank, a plan designed to ensure the continued achievement of the objectives of the Project; and

(b) afford the Bank a reasonable opportunity to exchange views with the Borrower on said plan.



## ARTICLE IV

### Financial Covenants

Section 4.01. (a) The Borrower shall, through DENR and DOF, maintain a financial management system, including records and accounts, and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, adequate to reflect the operations, resources and expenditures related to its Respective Parts of the Project.

- (b) The Borrower shall, through DENR and DOF:
  - (i) have the financial statements referred to in paragraph (a) of this Section for each fiscal year (or other period agreed to by the Bank), audited, in accordance with consistently applied auditing standards acceptable to the Bank, by independent auditors acceptable to the Bank;
  - (ii) furnish to the Bank as soon as available, but in any case not later than four months after the end of each such year (or such other period agreed to by the Bank): (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year (or other period agreed to by the Bank), as so audited; and (B) an opinion on such statements by said auditors, in scope and detail satisfactory to the Bank; and
  - (iii) furnish to the Bank such other information concerning such records and accounts, and the audit of such financial statements, and concerning said auditors, as the Bank may from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Loan Account were made on the basis of reports referred to in Part A.5 of Schedule 1 to this Agreement (Report-based Disbursements) or on the basis of statements of expenditure, the Borrower shall:

- (i) retain, until at least one (1) year after the Bank has received the audit report for, or covering, the fiscal year in which the last withdrawal from the Loan Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

- (ii) enable the Bank's representatives to examine such records; and
- (iii) ensure that such reports and statements of expenditure are included in the audit for each fiscal year (or other period agreed to by the Bank), referred to in paragraph (b) of this Section.

Section 4.02. (a) Without limitation upon the Borrower's progress reporting obligations set out in paragraph 5 of Schedule 4 of this Agreement, the Borrower shall, through DENR and DOF, prepare and furnish to the Bank its respective financial monitoring report, in form and substance satisfactory to the Bank, which:

- (i) sets forth sources and uses of funds for its Respective Parts of the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the Loan, and explains variances between the actual and planned uses of such funds;
- (ii) describes physical progress in implementation of its Respective Parts of the Project, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Project implementation; and
- (iii) sets forth the status of procurement under its Respective Parts of the Project, as at the end of the period covered by said report.

(b) The first FMR of DENR and DOF shall be furnished to the Bank not later than forty-five (45) days after the end of the first calendar quarter after the Effective Date, and shall cover the period from the incurrence of the first expenditure under the Project through the end of such first calendar quarter; thereafter, each FMR shall be furnished to the Bank not later than forty-five (45) days after each subsequent calendar quarter, and shall cover such calendar quarter.

## **ARTICLE V**

### **Remedies of the Bank**

Section 5.01. Pursuant to Section 6.02(p) of the General Conditions, the following additional event is specified, namely that:

(a) Subject to subparagraph (b) of this Section 5.01, the AusAID grant made to the Borrower for the financing of the Project shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of the AusAID Grant Agreement providing therefor.

(b) Subparagraph (a) of this Section 5.01 shall not apply if the Borrower establishes to the satisfaction of the Bank that: (A) such suspension, cancellation or termination is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and (B) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

Section 5.02. Pursuant to Section 7.01(k) of the General Conditions, the following additional event is specified: namely, that the event specified in paragraph (a) of Section 5.01 of this Agreement shall occur, subject to the provision of paragraph (b) of that Section.

## **ARTICLE VI**

### **Effective Date; Termination**

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 12.01(c) of the General Conditions:

- (a) that the Operations Manual has been adopted by the Borrower;
- (b) that DENR has appointed a project executive director, and DOF has appointed a valuation component manager, each with qualifications and terms of reference satisfactory to the Bank, to the UPMO; and
- (c) that the Borrower has issued an Executive Order (or an equivalent instrument) for: (a) formally establishing the National Steering Committee in accordance with the provisions of paragraph 1(a) of Schedule 4 to this Agreement; and (b) setting forth the implementation arrangements among the Implementing Agencies for the implementation of the Project, all in a manner and substance, satisfactory to the Bank.

Section 6.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

## ARTICLE VII

### Representative of the Borrower; Addresses

Section 7.01. The Secretary of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Department of Finance  
Department of Finance Building  
Bangko Sentral Complex  
Roxas Blvd.  
Manila, Philippines

Cable address:	Telex:	Facsimile:
SECFIN Manila	40268CB-CONF	(63-2) 526-9990

For the Bank:

International Bank for  
Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423 (MCI) or 64145 (MCI)	(1-202) 477-6391

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Manila, Republic of the Philippines, as of the day and year first above written.

REPUBLIC OF THE PHILIPPINES

By /s/ Cesar V. Purisima

Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Joachim Von Amsberg

Authorized Representative

**SCHEDULE 1**

**Withdrawal of the Proceeds of the Loan**

A. General

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

<u>Category</u>	<u>Amount of the Loan (Expressed in Dollars)</u>	<u>% of Expenditures Financed</u>
(1) Goods		100% foreign expenditures, 100% of local expenditures (ex- factory cost) and 90% local expenditures for other items procured locally.
(a) DENR	2,634,000	
(b) DOF	455,000	
(2) Works	850,000	90%
(3) Consultant services and studies		100%
(a) DENR	870,000	
(b) DOF	284,000	
(4) Contract Services for mapping and surveys	3,600,000	100%
(5) Title Development Costs	5,680,000	100%

<u>Category</u>	<u>Amount of the Loan (Expressed in Dollars)</u>	<u>% of Expenditures Financed</u>
(6) Incremental Operating Costs		90%
(a) DENR	3,000,000	
(b) DOF	623,000	
(7) Front end Fee	95,000	
(8) Unallocated	904,000	
TOTAL	<u>18,995,000</u>	

2. For the purposes of this Schedule:

(a) the term “foreign expenditures” means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower;

(b) the term “local expenditures” means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower; provided, however, that if the currency of the Borrower is also that of another country from the territory of which goods or services are supplied, expenditures in such currency for such goods or services shall be deemed to be “foreign expenditures”;

(c) the term “incremental operating costs” means the reasonable expenses incurred by the PMO, the PIUs and the RPIUs on account of Project implementation, management and monitoring, including office supplies, vehicle operation, travel allowances, and salaries and allowances of personnel contracted, which would not have been incurred absent the Project; and

(d) the term “title development costs” means the expenses incurred by the DENR and Land Registration Authority on account of issuance and verification of land titles and cadastral maps, including allowances of DENR, Land Registration Authority and other governmental staff working therefor, salaries and allowances of personnel

contracted for the adjudication teams, vehicle operation, in-country travel allowances, and cadastral maps and land titles.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding \$100,000, may be made in respect of Categories (1), (2), (3), (4), (5), and (6) set forth in the table in paragraph 1 of this Schedule on account of payments made for expenditures before that date but after April 25, 2005.

4. The Bank may require withdrawals from the Loan Account to be made on the basis of statements of expenditure for expenditures under contracts for: (a) works costing less than \$300,000 equivalent per contract; (b) goods costing less than \$50,000 equivalent per contract; (c) for services of individual consultants costing less than \$50,000 equivalent per contract; (d) for services of consulting firms under contracts costing less than \$100,000 equivalent per contract; and (e) incremental operating costs, all under such terms and conditions as the Bank shall specify by notice to the Borrower.

5. The Borrower may request withdrawals from the Loan Account to be made on the basis of reports to be submitted to the Bank in form and substance satisfactory to the Bank, such reports to include the FMR and any other information as the Bank shall specify by notice to the Borrower (Report-based Disbursements). In the case of the first such request submitted to the Bank before any withdrawal has been made from the Loan Account, the Borrower shall submit to the Bank only a statement with the projected sources and applications of funds for the Project for the three-month period following the date of such request.

#### B. Special Accounts

1. The Borrower may open and maintain in Dollars: (a) a special deposit account for Parts A, B, C and E of the Project (Special Account A); and (b) a special deposit account for Part D of the Project (Special Account B), both in a commercial bank satisfactory to the Bank and specifically authorized for this purpose by the Bangko Sentral ng Pilipinas, on terms and conditions satisfactory to the Bank, including appropriate protection against set-off, seizure and attachment.

2. After the Bank has received evidence satisfactory to it that the Special Accounts have been opened, withdrawals from the Loan Account of amounts to be deposited into any of the Special Accounts shall be made as follows:

(a) if the Borrower is not making Report-based Disbursements, withdrawals shall be made in accordance with the provisions of Annex A to this Schedule 1; and



(b) if the Borrower is making Report-based Disbursements, withdrawals shall be made in accordance with the provisions of Annex B to this Schedule 1.

3. Payments out of any of the Special Accounts shall be made exclusively for Eligible Expenditures. For each payment made by the Borrower out of any of the Special Accounts, the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for Eligible Expenditures.

4. Notwithstanding the provisions of Part B.2 of this Schedule, the Bank shall not be required to make further deposits into any of the Special Accounts:

(a) if the Bank, at any time, is not satisfied that the reports referred to in Part A.4 of this Schedule 1 adequately provide the information required for Report-based Disbursements;

(b) if the Bank determines at any time that all further withdrawals for payment of Eligible Expenditures should be made by the Borrower directly from the Loan Account; or

(c) if the Borrower shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of: (A) the records and accounts for each of the Special Accounts; or (B) the records and accounts reflecting expenditures with respect to which withdrawals were Report-based Disbursements or were made on the basis of statements of expenditure, as the case may be.

5. The Bank shall not be required to make further deposits into any of the Special Accounts in accordance with the provisions of Part B.2 of this Schedule if, at any time, the Bank shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account pursuant to Section 6.02 of the General Conditions. Upon such notification, the Bank shall determine, in its sole discretion, whether further deposits into any of the Special Accounts may be made and what procedures should be followed for making such deposits, and shall notify the Borrower of its determination.

6. (a) If the Bank determines at any time that any payment out of any of the Special Accounts was made for an expenditure which is not an Eligible Expenditure, or was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank, provide such additional evidence as the Bank may request, or deposit into said Special Account (or, if the Bank shall so request, refund to the Bank) an

amount equal to the amount of such payment. Unless the Bank shall otherwise agree, no further deposit by the Bank into any of the Special Accounts shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank determines at any time that any amount outstanding in any of the Special Accounts will not be required to cover payments for Eligible Expenditures during the six-month period following such determination, the Borrower shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in any of the Special Accounts.

(d) Refunds to the Bank made pursuant to subparagraph (a), (b) or (c) of this paragraph 6 shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the provisions of the Loan Agreement.

**Annex A  
to  
SCHEDULE 1**

**Operation of Special Accounts  
When Withdrawals Are Not  
Report-based Disbursements**

1. For the purposes of this Annex, the term “Authorized Allocation” means: (a) the amount of \$1,500,000 to be withdrawn from the Loan Account and deposited into Special Account A; and (b) the amount of \$100,000 to be withdrawn from the Loan Account and deposited into Special Account B; all as pursuant to paragraph 2 of this Annex; provided, however, that unless the Bank shall otherwise agree, the Authorized Allocation for Special Account A shall be limited to an amount equivalent to \$800,000 until the aggregate amount of withdrawals from the Loan Account and deposited into Special Account A, plus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions, shall be equal to or exceed the equivalent of \$4,500,000.

2. Withdrawals of the Authorized Allocation and subsequent withdrawals to replenish any of the Special Accounts shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for deposit into the respective Special Account of an amount or amounts which in the aggregate do not exceed the Authorized Allocation. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the respective Special Account such amount as the Borrower shall have requested.

(b) For replenishment of any of the Special Accounts, the Borrower shall furnish to the Bank requests for deposit into the respective Special Account at such intervals as the Bank shall specify. Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to Part B.3 of Schedule 1 to this Agreement for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the respective Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of any of the respective Special Accounts for Eligible Expenditures. Each such deposit into any of the Special Accounts shall be withdrawn by the Bank from the Loan Account under one or more of the Eligible Categories.

3. The Bank shall not be required to make further deposits into any of the Special Accounts, once the total unwithdrawn amount of the Loan minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions shall equal the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the Loan Account of the remaining unwithdrawn amount of the Loan shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in any of the Special Accounts as of the date of such notice will be utilized in making payments for Eligible Expenditures.

**Annex B  
to  
SCHEDULE 1**

**Operation of Special Accounts  
When Withdrawals Are  
Report-based Disbursements**

1. Withdrawals from the Loan Account shall be deposited by the Bank into any of the Special Accounts in accordance with the provisions of Schedule 1 to this Agreement. Each such deposit into any of the Special Accounts shall be withdrawn by the Bank from the Loan Account under one or more of the Eligible Categories.

2. Upon receipt of each application for withdrawal of an amount of the Loan, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the respective the Special Account an amount equal to the lesser of: (a) the amount so requested; and (b) the amount which the Bank has determined, based on the reports referred to in Part A.5 of this Schedule 1 applicable to such withdrawal application, is required to be deposited in order to finance Eligible Expenditures during the three-month period following the date of such reports.

## **SCHEDULE 2**

### **Description of the Project**

The objective of the Project is to increase land tenure security and improve the efficiency of the land titling and administration system.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objectives:

#### **PART A: Development of Land Policy and Regulatory Framework**

1. Supporting implementation of policy, legislative and regulatory activities developed under LAMP1, including the development and implementation of an information dissemination and consensus-building program.
2. Supporting the development of policy on government land management; management of foreshore lands, friar lands and other patrimonial lands; tenure issues in inalienable lands; and alternative tenurial/property rights for farmers and families in upland areas.
3. Supporting the transfer of land administration and management functions of the LRA, LMB, and NAMRIA, into a single agency responsible for land administration and management.

#### **PART B: Institutional Development and Capacity Building**

1. Supporting the strengthening of the institutional arrangements for land administration, to foster improved cooperation among official land administration institutions, including DENR and LRA, and to facilitate a modern, decentralized delivery of land administration services.
2. Strengthening the capacity of local academic institutions to provide quality education programs in land administration (including human resource management and development) and property valuation.

#### **PART C: Security of Land Tenure**

1. Carrying out a public campaign to promote participation in systematic land titling programs and an awareness of community rights, roles and responsibilities in the adjudication process for tenure rights and land boundaries.
2. Issuing land title certificates through systematic titling in Selected Provinces, Cities and Municipalities.

3. Implementing land registration and record management systems based on approaches developed and tested during the implementation of “Prototype 2” in LAMP1; and supporting the development and monitoring of uniform standards for transparent and efficient service delivery of One Stop Shops.

PART D: Property Valuation

1. Supporting institutional development initiatives to improve the capacity of DOF to set standards for the implementation of a uniform, fair and effective property valuation system.

2. Developing and implementing guidelines, standards and procedures for property valuation, drawing on international best practices; supporting piloting and simulation of property valuation guidelines, standards and procedures in selected LGUs; and preparing a valuation database.

3. Supporting the establishment of a single national professional property valuation association.

PART E: Project Management

1. Strengthening the capacity of the Implementing Agencies to manage and coordinate the Project.

2. Supporting the design and implementation of an effective monitoring and evaluation system for the Project.

3. Development and implementation of a public relations strategy to promote broad-based understanding and public and stakeholder support for the Project.

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The Project is expected to be completed by September 30, 2010.

### SCHEDULE 3

#### Amortization Schedule

1. 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). If the proceeds of the Loan shall have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) the total principal amount of the Loan withdrawn and outstanding as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayment amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

<u>Payment Date</u>	<u>Installment Share (Expressed as a %)</u>
On each June 15 and December 15 Beginning June 15, 2013 through June 15, 2024	4.17%
On December 15, 2024	4.09%

2. If the proceeds of the Loan shall not have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:

(a) To the extent that any proceeds of the Loan shall have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the amount withdrawn and outstanding as of such date in accordance with paragraph 1 of this Schedule.

(b) Any withdrawal made after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which shall be the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date (the Original Installment Share) and the denominator of which shall be the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date, such repayment amounts to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

3. (a) Withdrawals made within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as withdrawn and outstanding on the second



Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

(b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph 3, if at any time the Bank shall adopt a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the withdrawn principal amount of the Loan to an Approved Currency, the amount so converted in said Approved Currency that shall be repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to said Conversion by either: (i) the exchange rate that reflects the amounts of principal in said Approved Currency payable by the Bank under the Currency Hedge Transaction relating to said Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.

5. If the principal amount of the Loan withdrawn and outstanding from time to time shall be denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

## **SCHEDULE 4**

### **Implementation Program**

#### Project Management

1. The Borrower shall:

(a) appoint and maintain, during the execution of the Project, the National Steering Committee with functions and adequate representation acceptable to the Bank, including representation from participating agencies, to review and approve overall Project annual work programs, monitor progress in implementation;

(b) cause each Selected Province and Selected City to appoint and maintain, during the execution of the Project, a local steering committee within said Selected Province and Selected City, with functions and adequate representation acceptable to the Bank, including representation from participating implementing agencies and civil society and LGUs, responsible for approving annual work programs, monitoring progress in implementation and ensuring Project coordination among implementing agencies;

(c) establish and maintain within DENR, during the execution of the Project, a Unified Project Management Office (UPMO) and a project coordination unit therein for purposes of coordinating and managing the carrying out of the Project, such office to have a structure and functions satisfactory to the Bank and qualified staff in adequate numbers as required to carry out their responsibilities under the Project;

(d) establish and maintain within DOF, during the execution of the Project, a project management office for purposes of coordinating and managing the carrying out of the Project, such office to have a structure and functions satisfactory to the Bank and qualified staff in adequate numbers as required to carry out their responsibilities under the Project;

(e) establish and maintain during the execution of the Project, Regional Project Implementation Units (RPIU) in Selected Regions for purposes of: (i) processing the documentation required for disbursement of the Loan; (ii) procurement of goods, works and services under the Project; and (iii) preparation and maintenance of the records, accounts and financial statements referred to in Article IV of this Agreement. Such units to have structure and functions satisfactory to the Bank and qualified staff in adequate numbers as required to carry out their responsibilities under the Project; and

(f) establish and maintain during the execution of the Project, Project Implementation Units (PIUs) in Selected Provinces and Selected Cities, for purposes of: (i) coordination and implementation of the activities under the Project; (ii) monitoring and evaluation of the Project; and (iii) provision of support to the OSS; such units to have

structure and functions satisfactory to the Bank and qualified staff in adequate numbers as required to carry out their responsibilities under the Project.

Project Implementation

2. The Borrower shall carry out the Project in accordance with:

(a) the PIP, including the time-based schedules contained therein; and

(b) the Operations Manual, satisfactory to the Bank, containing detailed procedures for the implementation of the Project, including the description of, *inter alia*: procurement procedures to be followed by the Implementing Agencies (including the special provisions on national competitive bidding procedures), as set forth in the Annex of Schedule 5 of this Agreement; reporting requirements, financial management procedures, including audit procedures to be followed by the Implementing Agencies, as set forth in Article IV of this Agreement; and environmental and social procedures and standards to be followed by the Implementing Agencies, as set forth in paragraph 3 of this Schedule 4, as such manual may be amended from time to time in agreement with the Bank.

Except as the Bank shall otherwise agree, the Borrower shall not amend, waive or fail to enforce the PIP and the Operational Manual or any provision thereof. In case of any conflict between the provisions of this Agreement and those of the PIP or the Operations Manual, the provisions of this Agreement shall prevail.

3. The Borrower shall implement the Project in accordance with the Environmental and Social Safeguards Guidelines in a manner satisfactory to the Bank and ensure that the Project is implemented in accordance with sound environmental and social practices and standards.

4. The Borrower shall:

(a) through DENR, select the provinces, cities and municipalities of the Borrower that will participate in Part C of the Project as Selected Provinces, Cities, and Municipalities, in each case in accordance with a schedule, eligibility and selection criteria and procedures acceptable to the Bank, which criteria shall include those set out in Part A of the Annex to this Schedule 4;

(b) through DOF, select the provinces, cities and municipalities of the Borrower that will participate in Part D.2 of the Project, in each case in accordance with a schedule, eligibility and selection criteria and procedures acceptable to the Bank, which criteria shall include those set out in Part B of the Annex to this Schedule 4;

(c) by not later than June 30, 2006, develop and adopt minimum service standards for the operation of OSS, covering, inter alia, registration and land transactions, approval of survey plans and first time land title issuance, in a manner and substance, satisfactory to the Bank.

(d) by not later than September 30, 2006, employ the services of an independent monitor, assigned with such functions and responsibilities, satisfactory to the Bank, as shall be required for the monitoring of the compliance with minimum services standards by OSS;

(e) through DENR, (i) by March 31 of each year, commencing March 31, 2006, furnish to the Bank, for its review and comments, a draft annual work plan and budget, (ii) by April 30 of each year, commencing April 30, 2006, finalize said plan and budget, taking into account the Bank's comments thereon, and (iii) thereafter implement each such work plan, taking into consideration Bank's comments; and

(f) by not later than September 30, 2006, carry out an initial baseline study, satisfactory to the Bank, in order to provide quantitative benchmarks for assessing socio-economic and environmental impact indicators and thereafter, carry out a follow-up survey satisfactory to the Bank, commencing not later than June 30, 2010.

#### Monitoring, Evaluation, Reporting

5. The Borrower shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators acceptable to the Bank, the carrying out of the Project and the achievement of the objectives thereof;

(b) to this end, by March 31, 2006, prepare and adopt a monitoring and evaluation system for the carrying out of its obligations under sub-paragraph (a) of this paragraph 5;

(c) prepare, under terms of reference acceptable to the Bank, and furnish to the Bank, by March 1 and September 1 of each year, commencing September 1, 2006, and until completion of the Project, a report integrating the results of the monitoring and evaluation activities performed pursuant to sub-paragraph (a) of this paragraph 5, on the progress achieved in the carrying out of the Project during the preceding six months and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the six months following such date, which measures shall include (i) in each report due by September 1 in any year, a detailed procurement plan for carrying out the Project during the next fiscal year following the date of such report, and (ii) in each report due by March 1 in any year, an update of the detailed procurement plan for the fiscal year in which such month falls;

(d) review with the Bank, on or about March 31 and September 30 of each year, commencing September 30, 2006, or such later date as the Bank shall request, the report referred to in sub-paragraph (c) of this paragraph 5, and, thereafter, take all measures required to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the twelve (12) months following the date of such report, based on the conclusions and recommendations of said report and the Bank's views on the matter;

(e) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, on or about March 1, 2008, a mid-term review report integrating the results of the monitoring and evaluation activities performed pursuant to sub-paragraph (a) of this paragraph 5, on the progress achieved in the carrying out 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 the Project and the achievement of the objectives thereof during the period following such date;

(f) review with the Bank, by March 31, 2008, or such later date as the Bank shall request, the report referred to in sub-paragraph (e) of this paragraph 5, and, thereafter, take all measures required to ensure the efficient completion 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;

(g) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, on or about December 31, 2010, an external terminal evaluation report integrating the results of the monitoring and evaluation activities performed pursuant to sub-paragraph (a) of this paragraph 5, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure sustainability of the Project achievement; and

(h) review with the Bank, by June 30, 2011, or such later date as the Bank shall request, the report referred to in paragraph (g) of this Section, and, thereafter, take all measures required to ensure sustainability of the Project achievement, based on the conclusions and recommendations of the said report and the Bank's views on the matter.

**Annex  
to  
SCHEDULE 4**

**Part A**

Without limitation on the provisions of paragraph 5(a) of Schedule 4 to this Agreement, the following criteria shall be applied in the selection of provinces, cities and municipalities of the Borrower that will participate in Part C of the Project:

1. High ratio of untitled land.
2. A track record of local level interagency cooperation.
3. Commitment of the local government leadership to dedicate staff and resources to the planning and implementation process.
4. Capacity to deliver sustainable partnerships at municipal and community levels and with non-governmental organizations.
5. Active program of community development and complementary projects.
6. Manageable size and accessible location.
7. Social stability and prevalence of order.
8. Minimal land under dispute, including forest boundary disputes.
9. Acceptable quality of cadastral surveys and records available.

**Part B**

Without limitation on the provisions of paragraph 4(b) of Schedule 4 to this Agreement, the following criteria shall be applied in the selection of LGUs that will participate in Part D.2 of the Project:

1. Openness of the LGU to innovation.
2. Stated commitment of LGU officials to undertake the innovations to be piloted under Part D.2 of the Project.
3. Presence of a wide range of property types.
4. Presence of a relatively strong land market.
5. Good working relationship between the provincial assessor and city/municipal assessor.
6. Capacity to develop and implement appropriate valuation procedures within a limited time.
7. Sound financial management systems.
8. Presence of computerized assessment records and fully maintained tax map.
9. Good collection performance record in land-related taxes and fees.

## **SCHEDULE 5**

### **Procurement**

#### Section I. General

A. All goods, works and services (other than consultants' services) shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" dated May 2004 (the Procurement Guidelines), and with the provisions of this Schedule.

B. All consultants' services shall be procured in accordance with Section I, paragraphs 3.15 through 3.20, and Section IV of, and Appendix 2 to, the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004 (the Consultant Guidelines), and with the provisions of this Schedule.

C. The capitalized terms used below in this Schedule to describe particular procurement method or methods of review by the Bank of particular contracts, have the meaning ascribed to them in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

#### Section II. Particular Methods of Procurement of Goods, Works and Services (other than Consultants' Services)

A. International Competitive Bidding. Except as otherwise provided in Part B of this Section, contracts shall be awarded on the basis of International Competitive Bidding. The provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines, providing for domestic preference in the evaluation of bids, shall apply to goods manufactured in the territory of the Borrower.

#### B. Other Procurement Procedures

1. National Competitive Bidding. Goods estimated to cost less than \$200,000 equivalent per contract and services and works (including aerial photography, orthophoto mapping and cadastral surveys) estimated to cost less than \$300,000 equivalent per contract, may be procured under contracts awarded on the basis of National Competitive Bidding and the additional provisions set forth in the Annex to this Schedule.

2. Shopping. Goods estimated to cost less than \$50,000 equivalent per contract, may be procured under contracts awarded on the basis of Shopping.



Section III. Particular Methods of Procurement of Consultants' Services

A. Quality- and Cost-based Selection. Except as otherwise provided in Part B of this Section, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection. For purposes of paragraph 2.7 of the Consultant Guidelines, the short list of consultants for services estimated to cost less than \$200,000 equivalent per contract may comprise entirely national consultants.

B: Other Procedures

1. Selection Based on Consultants' Qualifications. Services estimated to cost less than \$100,000 equivalent per contract may be procured under contracts awarded on the basis of Consultant's Qualifications.

2. Single Source Selection. Services for tasks in circumstances which meet the requirements of paragraph 3.10 of the Consultant Guidelines for Single Source Selection, may, with the Bank's prior agreement, be procured in accordance with the provisions of said method.

3. Individual Consultants. Services for assignments that meet the requirements set forth in the first sentence of paragraph 5.1 of the Consultant Guidelines may be procured under contracts awarded to Individual Consultants. Under the circumstances described in paragraph 5.4 of the Consultant Guidelines, such contracts may be awarded to individual consultants on a sole-source basis, subject to prior approval of the Bank.

Section IV. Review by the Bank of Procurement Decisions

Except as the Bank shall otherwise determine by notice to the Borrower, the following contracts shall be subject to Prior Review by the Bank:

(a) each contract for works procured pursuant to paragraph A of Section II of this Schedule, regardless of its contract value; and the first contract for works procured pursuant to paragraph B.1 of Section II of this Schedule in each region each year, regardless of its contract value;

(b) each contract for goods procured pursuant to paragraph A of Section II of this Schedule, regardless of its contract value; and the first contract for goods procured pursuant to paragraphs B.1 and B.2 of Section II of this Schedule in each region each year, regardless of its contract value;

(c) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$100,000 or more;

(d) each contract for consultants' services provided by an individual estimated to cost the equivalent of \$50,000 or more;

(e) each contract for consultants' services procured based on a single source and sole source basis pursuant to paragraphs B.2 and B.3 of Section III of this Schedule, regardless of its contract value; and

(f) the first contract for consultants' services procured pursuant to paragraph A of Section III of this Schedule, and paragraphs B.1 and B.3 of Section III of this Schedule, regardless of its contract value.

All other contracts shall be subject to Post Review by the Bank.

**Annex  
to  
SCHEDULE 5**

**National Competitive Bidding Procedures**

With respect to goods, works and services (other than consultants' services) to be procured in accordance with the procedures referred to in paragraph 1 of Part B of Section II to Schedule 5, the National Competitive Bidding (NCB) procedures of the Borrower shall apply, except that, unless otherwise agreed by the Bank in writing, the following procedures shall apply:

1. Eligibility screening shall not be applied. However, bids that do not contain any of the following documents will not pass the documentary compliance check: (a) evidence of the required financial, technical or production capability; (b) audited financial statements; (c) credit line, or cash deposit certificate; (d) bid security; and (e) authority of the bid signatory.
2. In the case of prequalification, if any bidder is denied access to the bidding process for reasons unrelated to its financial and technical qualifications to perform the contract, prior concurrence of the Bank shall be sought.
3. A ceiling may be applied to bid prices, with prior concurrence of the Bank in advance of bidding. However, the Approved Budget Estimate may be disclosed in the advertisement or in the bidding documents.
4. Domestic or regional preferences will not be applied in the evaluation of bids, and other preferences in effect in the Philippines will not be used except with the prior concurrence of the Bank.
5. Suppliers and contractors will not be required to purchase only local goods or supplies or materials.
6. In case of contracts for prior review, modifications exceeding 15% of contract amount and material changes in the conditions during implementation require prior Bank concurrence.
7. Foreign suppliers and contractors shall be allowed to participate, if interested, without first being required to associate with, or enter into joint venture with, local firms. Moreover, foreign bidders shall be allowed to bid, even without registration, licensing, and other government authorizations, leaving these requirements for after award and before signing of contract.

8. For works contract, the experience qualification requirement shall be: (a) at least one previous contract at 80% of the estimated cost of the contract being procured; and (b) an annual turnover from all works averaged over the last three years equal to 100% of the estimated cost of the contract being procured.

## SCHEDULE 6

### Project Performance Indicators

Project Development Objective:	Outcome / Impact Indicators:
To increase land tenure security and improve the efficiency of the land titling and administration system.	Strengthened perception of land tenure security. Reduced incidence of conflicting claims in the Project areas. Increase in diversification of incomes. Increased investment in land property development. Increase in land values.  Increase satisfaction in land registration. Increase in percentage of subsequent transactions registered in one stop shops. Decrease in informal and formal transaction costs in land registration process. Increase in collectible revenue from property and other land-related taxes. Reduce processing time in land registration process
Output from each Part of the Project	Output Indicators:
Part A  Priority policy, legislation and regulatory changes to support land administration reform developed.	DENR AO 98-12 revised by December 31, 2006, to provide for the amendment/updating of the Survey Manual.

Draft Land Administration Code prepared and submitted to Congress December 31, 2008.

Department Administrative Order on the management of Government Land developed and adopted by December, 2010.

**Part B**

Implementation of effective institutional and coordination arrangements for land administration and development of capacity through land administration education and training in government and private sectors.

Human Resource Management and Development Strategy, together with appropriate training, developed, adopted and implemented by June 30, 2006.

Education programs in at least 2 academic institutions for land administration and management fully operational by June 30, 2009.

Education programs in at least 1 academic institutions for property valuation fully operational by June 30, 2009.

**Part C**

Level of tenure security in urban and rural areas is increased through an accelerated systematic titling program; an efficient and accessible land registration system, with land rights unambiguously recorded and understood by communities; and

2,000 titles issued in 2005,  
8,000 titles issued in 2006,  
27,000 titles issued in 2007,  
95,000 titles issued in 2008,  
132,000 titles issued in 2009  
(For years 3-5, should the Free Patent Amendment to the Commonwealth Act No. 141 not be passed, these targets will be reduced

implementation of transparent, responsive, and decentralized service delivery of land administration services.

by 50%.)

Records management strategy prepared and adopted by June 30, 2006.

Community participation strategy prepared and adopted by June 30, 2006.

Community participation rate of 80% in systematic titling.

Minimum service standards of OSS developed, agreed and monitoring system in place by June 30, 2006.

OSS established in each Selected Province, City, or Municipality no later than 12 months after said Province, City or Municipality has been selected in accordance with paragraph 4 of Schedule 4.

Independent monitor appointed by September 30, 2006.

OSS meeting 90% of service standards after three years of operation.

**Part D**

Fair, equitable and sustainable property valuation system implemented and valuation education and training programs implemented to

Valuation standards and guidelines for taxation purposes developed and adopted by DOF by June 30, 2007.

1 LGU adopts uniform valuation /

build capacity of valuation profession in government and the private sector.	appraisal processes and completes LGU-wide property appraisals by mid term review and at least one more LGU by June 30, 2009.
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**Part E**

Project implementation is effectively and efficiently managed; project activities are monitored, with their social, economic and environmental impacts assessed and evaluated; and the project objectives are well communicated to all stakeholders.	An effective Monitoring and Evaluation System is established by March 31, 2006.
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Initial baseline of socio-economic and environmental impact assessment studies completed by September 30, 2006 and a second such study by December 31, 2010.

A public relations strategy is adopted by June 30, 2006.