

Public Disclosure Authorized

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**LOAN NUMBER 4800 RU**

## **Loan Agreement**

**(Cadastre Development Project)**

**between**

**RUSSIAN FEDERATION**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

**Dated August 24, 2005**

Public Disclosure Authorized



**LOAN NUMBER 4800 RU**

**LOAN AGREEMENT**

AGREEMENT, dated August 24, 2005, between RUSSIAN FEDERATION (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; 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 Single Currency Loans” of the Bank, dated May 30, 1995 (as amended through May 1, 2004) with the modification set forth below (the General Conditions) constitute an integral part of this Agreement:

(a) 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) “Cadastre Agency” means the Federal Agency for Cadastre of Immovable Property of the Borrower or any successor thereto;

(b) “FCC Zemlya” means the Federal State Unitary Enterprise Federal Cadastre Center Zemlya or any successor thereto;

(c) “Financial Monitoring Report” or “FMR” means each report prepared in accordance with Section 4.02 of this Agreement;

(d) “PIU” means the project implementation unit referred to in Section 6.01 of this Agreement;

(e) “Procurement Plan” means the Borrower’s procurement plan, dated December 16, 2004, 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;

(f) “Project Implementation Agreement” means the agreement to be entered into between the Borrower, represented by the MOF and the Cadastre Agency, and the PIU pursuant to Section 6.01 of this Agreement; and

(g) “Special Account” means the account referred to in Section 2.02 (b) of 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 the Loan Agreement, an amount equal to one hundred million Dollars (\$100,000,000).

Section 2.02. (a) 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.

(b) The Borrower may, for the purposes of the Project open and maintain in Dollars a separate special deposit account in a bank on terms and conditions satisfactory to the Bank, including appropriate protection against set-off, seizure and attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 6 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 2010 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. Such fee shall be payable not later than 60 days after the Effective Date.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent ( $3/4$  of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.06. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Interest Period equal to LIBOR Base Rate plus LIBOR Total Spread.

(b) For the purposes of this Section:

- (i) “Interest Period” means the initial period from and including the date of this Agreement to, but excluding, the first Interest Payment Date occurring thereafter, and after the initial period, each period from and including an Interest Payment Date to, but excluding the next following Interest Payment Date.
- (ii) “Interest Payment Date” means any date specified in Section 2.07 of this Agreement.
- (iii) “LIBOR Base Rate” means, for each Interest Period, the London interbank offered rate for six-month deposits in Dollars for value the first day of such Interest Period (or, in the case of the initial Interest Period, for value the Interest Payment Date occurring on or next preceding the first day of such Interest Period), as reasonably determined by the Bank and expressed as a percentage per annum.
- (iv) “LIBOR Total Spread” means, for each Interest Period: (A) three-fourths of one percent ( $3/4$  of 1%); (B) minus (or plus) the weighted average margin, for such Interest Period, below (or above) the London interbank offered rates, or other reference rates, for six-month deposits, in respect of the Bank’s outstanding borrowings or portions thereof allocated by the Bank to fund single currency loans or portions thereof made by it that include the Loan; as reasonably determined by the Bank and expressed as a percentage per annum.

(c) The Bank shall notify the Borrower of LIBOR Base Rate and LIBOR Total Spread for each Interest Period, promptly upon the determination thereof.

(d) Whenever, in light of changes in market practice affecting the determination of the interest rates referred to in this Section 2.06, the Bank determines that it is in the interest of its borrowers as a whole and of the Bank to apply a basis for determining the interest rates applicable to the Loan other than as provided in said Section, the Bank may modify the basis for determining the interest rates applicable to

the Loan upon not less than six (6) months' notice to the Borrower of the new basis. The new basis shall become effective on the expiry of the notice period unless the Borrower notifies the Bank during said period of its objection thereto, in which case said modification shall not apply to the Loan.

Section 2.07. Interest and other charges shall be payable semiannually in arrears on May 15 and November 15 in each year.

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

### **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 the Cadastre Agency with due diligence and efficiency and in conformity with appropriate administrative, financial, cadastral and real estate registration practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(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 5 to this Agreement.

Section 3.02. (a) Except as the Bank shall otherwise agree, procurement of the goods, works and services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 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 guidelines acceptable to the Bank, and furnish such update to the Bank not later than 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 Project's objectives; 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 maintain, or cause to be maintained, a financial management system, including records and accounts, and prepare, or cause to be prepared, financial statements in accordance with consistently applied accounting standards acceptable to the Bank, adequate to reflect the operations, resources and expenditures related to the Project.

(b) The Borrower through the Cadastre Agency and with the assistance of the PIU shall:

- (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 six (6) 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 statements of expenditure, the Borrower shall cause the Cadastre Agency and the PIU to:

- (i) retain, until at least one 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 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 Part B of Schedule 5 to this Agreement the Borrower shall cause the Cadastre Agency and the PIU to prepare and furnish to the Bank a financial monitoring report, in form and substance satisfactory to the Bank, which:

- (i) sets forth sources and uses of funds for 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 Project implementation, 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 the Project, as at the end of the period covered by said report.

(b) The first FMR shall be furnished to the Bank not later than 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 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 events are specified:

(a) The PIU shall have failed to perform any of its obligations under the Project Implementation Agreement; and

(b) the Project Implementation Agreement, or any provision thereof, shall have been amended, suspended, abrogated, repealed or waived in such a way as to materially and adversely affect the ability of the Borrower or the PIU to carry out the Project.

Section 5.02. Pursuant to Section 7.01 (k) of the General Conditions, the following additional event is specified, namely, that the events specified in Section 5.01



of this Agreement shall occur and shall continue for a period of sixty (60) days after notice thereof shall have been given by the Bank to the Borrower.

## **ARTICLE VI**

### **Effective Date; Termination**

Section 6.01. The following event is specified as an additional condition to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions, namely, that the Project Implementation Agreement, satisfactory to the Bank, has been entered into between the Borrower, represented by the MOF and the Cadastre Agency, and the PIU with staff, resources and terms of reference satisfactory to the Bank.

Section 6.02. The date ninety days (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 Minister 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:

Ministry of Finance  
Ilyinka Street 9  
103097 Moscow  
Russian Federation

Telex:

112008

Facsimile:

(7-095) 925-0889

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)	(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 Moscow, Russian Federation, as of the day and year first above written.

RUSSIAN FEDERATION

By /s/ Mikhail V. Mishustin  
Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Kristalina I. Georgieva  
Authorized Representative

## SCHEDULE 1

### Withdrawal of the Proceeds of the Loan

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 Allocated (Expressed in Dollars)</u>	<u>% of Expenditures to be financed</u>
(1) Goods, including inland transportation and related insurance, and technical services	75,900,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 81% of local expenditures for other items procured locally
(2) Consultants' services, including audit	17,700,000	79% of expenditures for consulting firms, 87% of expenditures for individual consultants, and 100% of eligible social charges
(3) Training	4,000,000	100%
(4) Operating costs	2,400,000	100% of eligible social charges, 87% of staff salaries and 80% of other expenditures
<b>TOTAL</b>	<b><u>100,000,000</u></b>	

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;

(c) the term “training” means expenditures for Project related study tours, training courses, seminars, workshops and other training activities not included under goods or service providers’ contracts, including costs of training materials, space and equipment rental, travel and per diem costs of trainees and trainers;

(d) the term “social charges” means the employer’s contribution to social and medical funds assessed by the Borrower in respect of employment contracts concluded with citizens of the Borrower; and

(e) the term “operating costs” means incremental operating costs incurred by the PIU on account of Project implementation, management and monitoring, including staff salaries, social charges, office rent and utilities, office and equipment maintenance and repair, vehicle maintenance and repair, local travel, communication, translation and interpretation, bank charges, and by the Cadastre Agency on account of office equipment maintenance and repair, communication and Project related local travel, and other miscellaneous costs directly associated with the Project, all based on periodic budgets acceptable to the Bank.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of: (a) payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding \$300,000, may be made on account of payments made for expenditures before that date but after February 1, 2005; and (b) any expenditures under any Category in the table in paragraph 1 above, unless the Bank has received payment in full of the front-end fee referred to in Section 2.04 of this Agreement.

4. The Bank may require withdrawals from the Loan Account to be made on the basis of statements of expenditure for expenditures for all operating costs and training and for expenditures under contracts for goods and services not subject to the Bank’s Prior Review, as stipulated in the Procurement Plan, all under such terms and conditions as the Bank shall specify by notice to the Borrower.

## **SCHEDULE 2**

### **Description of the Project**

The objective of the Project is to improve the information flow and rationalize normative and operational procedures for the Unified State Cadastre of Immovable Property so as to facilitate development of real property markets, improve the quality of services provided by the offices of the Cadastre Agency, and strengthen linkages with other related organizations.

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: Institutional Development of the Real Estate Cadastre

Provision of goods, technical assistance and training to assist the Borrower with: (a) improvement of the legislative and regulatory framework for development of real estate markets; (b) development of a business plan and processes for transformation of the land cadastre to the Unified State Cadastre of Immovable Property; (c) improvement of quality of services provided to clients and strengthening the Cadastre Agency's capacity to provide services; and (d) improvement of professional skills of the Cadastre Agency staff.

#### Part B: Cadastral Systems Interrelations

Provision of goods, technical assistance and training: (a) for development of the information and communication subsystems for the Unified State Cadastre of Immovable Property; and (b) to develop the capacity for real estate information exchange between the Cadastre Agency and the system for registration of rights in immovable property.

#### Part C: Real Estate Taxation

Provision of goods, technical assistance and training to improve the Borrower's real estate taxation system through development and implementation of: (a) real estate mass appraisal system; and (b) real estate market monitoring and tracking system.

#### Part D: Project Management and Monitoring

Strengthening the Cadastre Agency's and the PIU's capacity for the Project management, monitoring and evaluation, including audit, procurement, disbursement and

financial management activities, through provision of technical assistance, training and office equipment and financing of operating costs.

\* \* \*

The Project is expected to be completed by December 31, 2009.

**SCHEDULE 3**

**Amortization Schedule**

<u>Date Payment Due</u>	Payment of Principal (Expressed in <u>Dollars</u> )*
On each May 15 and November 15 beginning November 15, 2010 through November 15, 2021	4,165,000
On May 15, 2022	4,205,000

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\* The figures in this column represent the amount in Dollars to be repaid, except as provided in Section 4.04 (d) of the General Conditions.

## SCHEDULE 4

### Procurement

#### Section I. General

A. All goods and services (other than consultants' services) shall be procured in accordance with the provisions of Section I of the "Guidelines: 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 Sections I and IV of 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 methods or methods of review by the Bank of particular contracts, have the meanings ascribed to them in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

#### Section II. Particular Methods of Procurement of Goods 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 \$300,000 equivalent per contract, and services (other than consultants' services) estimated to cost less than \$1,000,000 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 \$100,000 equivalent per contract may be procured under contracts awarded on the basis of Shopping.

3. Direct Contracting. Goods which the Bank agrees meet the requirements for Direct Contracting may be procured in accordance with the provisions of said procurement method.



4. Services to Organize Training. When appropriate, a firm will be selected to provide services in respect of organization of training upon comparison of at least three responsive price quotations presented by suitably qualified local service providers under agreed procedures. Individual contract values will normally not exceed the equivalent of \$100,000. Contracts estimated to cost more than \$100,000 will be advertised nationally or internationally and bids for such contracts will be invited.

### 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. Least-cost Selection. Services for assignments which the Bank agrees meet the requirements of paragraph 3.6 of the Consultant Guidelines may be procured under contracts awarded on the basis of Least-cost Selection in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

2. Selection Based on Consultants' Qualifications. Services estimated to cost less than \$200,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1, 3.7 and 3.8 of the Consultant Guidelines.

3. Single Source Selection. Services for development and implementation of automated information system for Immoveable Property Cadastre, including the automated system for documents circulation, and for related training activities, 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 from FCC Zemlya in accordance with the provisions of paragraphs 3.9 through 3.13 of the Consultant Guidelines.

4. Eligibility of State Owned Institutions. Short lists for assignments to be procured under the provisions of Part B.2 of this Section may, with the prior agreement of the Bank, include, or be entirely composed of, suitable State owned entities, up to an aggregate amount not to exceed \$1,500,000 and subject to the proviso that no entity may appear on a shortlist for any assignment where it is the direct beneficiary of the outputs of the assignment.

5. 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 in accordance with the provisions of

paragraphs 5.2 through 5.3 of the Consultant Guidelines. 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 by the Bank.

Section IV. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. If the Procurement Plan provides for prior review of contracts for the employment of individual consultants, the record of justification for such contracts, referred to in paragraph 5 of Appendix 1 to the Consultant Guidelines, shall be subject to Prior Review by the Bank. All other contracts shall be subject to Post Review by the Bank.

**ANNEX  
to  
SCHEDULE 4**

**Mandatory Provisions for Procurement under  
Bank-Financed Contracts Subject to National Competitive Bidding**

Contracts for goods or works for which Schedule 4 to the Loan Agreement allows procurement under paragraphs 3.3 and 3.4 of the Procurement Guidelines may be procured in accordance with the provisions of national laws and regulations. In order to assure economy, efficiency, transparency and broad consistency with the provisions in Section I of the Procurement Guidelines, the national procurement provisions shall be modified as set forth in the following paragraphs.

Eligibility

1. No restrictions in respect of eligibility to participate in bidding for contracts shall be placed on the basis of nationality of bidder and/or origin of goods other than those imposed by primary boycotts.
2. Eligibility for foreign firms to participate in bidding shall not be based on requirements to joint-venture with national firms.
3. Bidders shall only be required to register for bidding provided that registration requirements and process are simple and non-discriminatory and otherwise qualified foreign bidders are not excluded from participating.
4. No preference shall be accorded to bidders on the basis of place of registration, ownership, small size, etc. No restrictions shall be imposed in terms of source of labor, material or equipment.
5. Government-owned entities shall be eligible to participate in bidding for contracts if they can establish that they are legally and financial autonomous, operate under commercial law and are not a dependant agency of the purchaser or the contractor.

Standard Bidding Documents

6. Until a modified version of the Borrower's standard bidding document has been approved for use by the Bank, the Bank's own standard bidding document shall be used.

Advertising bidding opportunities; time for bid preparation

7. Bidding opportunities shall be advertised in national press of wide circulation. Prospective bidders shall be allowed at least 30 days for bid preparation and submission

of bids (excepting contracts for readily available off-the-shelves goods or standard specification commodities or small value works)

8. The opportunity to pre-qualify for procurements involving large or complex contracts shall be advertised.

9. Minimum experience, technical and financial requirements (for pre- or post qualification) shall be explicitly stated in the bidding documents and only criteria so specified shall be used to determine whether a bidder is qualified to bid. Bids by bidders which are deemed not qualified to bid shall not be further considered and shall be rejected.

#### Bid opening

10. Bids shall be opened immediately after the deadline for bid submission and in the presence of bidders who wish to attend. Bids received after the deadline shall not be considered and shall be returned unopened.

#### Rebidding

11. Rebidding shall not necessarily be required if only one bid has been received provided that the bid received is responsive, bid price is acceptable and bidder is deemed capable of performing the contract.

#### Bid evaluation

12. Evaluation criteria shall be clearly specified in the bidding documents and evaluation criteria other than price shall be expressed in monetary terms. Only criteria so specified shall be used in bid evaluation. Merit points shall not be used in evaluations of bids for goods and works contracts.

13. Bid evaluations shall be confidential and bidders shall not be allowed to be present during evaluation. No information relating to the evaluation shall be disclosed to any bidder until the successful bidder has been notified of contract award.

14. Bids containing material deviations from technical specifications and/or material reservations to the terms or conditions of the bidding documents shall be rejected as "substantially not responsive". Bidders shall not be requested or permitted to withdraw material deviations or reservations once bids have been opened.

15. Evaluations shall be made in strict adherence to the criteria specified in the bid documents and no other criteria than those specified in the bidding documents shall be applied. Contract shall be awarded the lowest evaluated qualified and responsive bidder.

16. There shall be no negotiations of price or substance with “winning” bidders prior to contract award.

## SCHEDULE 5

### Implementation Program

#### A. Overall Management and Implementation of the Project

1. The Cadastre Agency shall be responsible for overall management and implementation of the Project.
2. The Borrower shall ensure that the PIU is responsible for procurement, financial, disbursement and reporting aspects of the Project implementation, including operation of the Special Account, claims for Special Account replenishment, claims for disbursements of the Loan proceeds directly from the Bank.
3. The Borrower shall ensure that, until the completion of the Project, the PIU at all times function in a manner, and with staff, consultants, facilities and other resources necessary for the management and implementation of the Project, satisfactory to the Bank.

#### B. Semi-annual Reports

Starting not later than forty-five (45) days after the first six (6) month from the Effective Date, the Borrower shall cause the Cadastre Agency to provide to the Bank a written report of: (a) the results of monitoring and evaluation of the Project, of such scope and in such detail as the Bank shall reasonably request; and (b) the status of the agreed performance monitoring indicators for the preceding six (6) months, and, thereafter, to furnish to the Bank not later than forty-five (45) days after each subsequent semiannual period another report on the same matters which shall cover such semiannual period.

#### C. Counterpart Funding Requirements for the Project

Without limitation upon any of its obligations under Section 3.01 (a) of this Agreement, the Borrower shall ensure that sufficient annual allocations will be made in the Borrower's budget for the Borrower's counterpart contribution to the costs of the Project.

#### D. Monitoring and Evaluation

The Borrower shall:

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

(b) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, on or about September 30, 2007, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, 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; and

(c) review with the Bank, by November 30, 2007, or such later date as the Bank shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of 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.

## **SCHEDULE 6**

### **Special Account**

1. For the purposes of this Schedule:
  - (a) the term “eligible Categories” means Categories (1) through (4) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;
  - (b) the term “eligible expenditures” means expenditures in respect of the reasonable cost of goods, works, services, training and operating costs 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; and
  - (c) the term “Authorized Allocation” means the amount of \$1,000,000 to be withdrawn from the Loan Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Bank shall otherwise agree, the Authorized Allocation shall be limited to the amount of \$500,000 until the aggregate amount of withdrawals from the Loan Account 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 \$15,000,000.
2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.
3. After the Bank has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account 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 Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount or amounts as the Borrower shall have requested.
  - (b)
    - (i) For replenishment of the Special Account, the Borrower shall furnish to the Bank requests for deposits into the Special Account at such intervals as the Bank shall specify.
    - (ii) 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 paragraph 4 of this Schedule 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 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 the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Bank from the Loan Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, 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.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) 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 the records and accounts for the Special Account;

(c) 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 the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Loan allocated to the eligible Categories, 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 allocated to the eligible Categories 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 the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to

paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account 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 shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, 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 the Special Account.

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.