

CONFORMED COPY

CREDIT NUMBER 3061 MD

Development Credit Agreement

(First Cadastre Project)

between

REPUBLIC OF MOLDOVA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 8, 1998

CREDIT NUMBER 3061 MD

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated June 8, 1998, between REPUBLIC OF MOLDOVA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

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

(B) the Borrower intends to contract from the Government of Switzerland a grant (the Swiss Grant) in an amount of three million seven hundred thousand Swiss Francs (CHF 3,700,000) to assist in financing the Project on the terms and conditions to be set forth in an agreement (the Swiss Grant Agreement) between the Borrower and the Government of Switzerland;

(C) the Borrower intends to contract from the Government of Sweden a grant (the Swedish Grant) in an amount equivalent to one million six hundred thousand Dollars (US \$1,600,000) to assist in financing the Project on the terms and conditions to be set forth in an agreement (the Swedish Grant Agreement) between the Borrower and the Government of Sweden;

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend the Credit 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 Development Credit Agreements" of the Association, dated January 1, 1985, with the modifications set forth below (the General Conditions) constitute an integral part of this Agreement:

- (a) The last sentence of Section 3.02 is deleted.
- (b) The second sentence of Section 5.01 is modified to read:

"Except as the Association and the Borrower shall otherwise agree, no withdrawals shall be made: (a) on account of expenditures in the territories of any country which is not a member of the Bank or for goods produced in, or services supplied from, such territories; or (b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the knowledge of the Association, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations."

- (c) Section 6.03 is modified to read:

"Section 6.03. Cancellation by the Association. If (a) the right of the Borrower to make withdrawals from the Credit Account shall have been suspended with respect to any amount of the Credit for a continuous period of thirty days, or (b) at any time, the Association determines, after consultation with the Borrower, that an amount of the Credit will not be required to finance the Project's costs to be financed out of the proceeds of the Credit, or (c) at any time, the Association determines, with respect to any contract to be financed out of the proceeds of the Credit, that corrupt or fraudulent practices were engaged in by representatives of the Borrower or of a beneficiary of the Credit during the procurement or the execution of such contract, without the Borrower having taken timely and appropriate action satisfactory to the Association to remedy the situation, and establishes the amount of expenditures in respect of such contract which would otherwise have been eligible for financing out of the proceeds of the Credit, or (d) at any time, the Association determines that the procurement of any contract to be financed out of the proceeds of the Credit is inconsistent with the procedures set forth or referred to in the Development Credit Agreement and establishes the amount of expenditures in respect of such contract which would otherwise have been eligible for financing out of the proceeds of the Credit, or (e) after the Closing Date, an amount of the Credit shall remain unwithdrawn from the Credit Account, the Association may, by notice to the Borrower, terminate the right of the Borrower to make withdrawals with respect to such amount. Upon the giving of such notice, such amount of the Credit shall be canceled."

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 Law" means the Borrower's draft Law on Real Estate Cadastre and Registration of Immovable Property referred to in Section 6.01 (b) of this Agreement;
- (b) "NAGCC" means the National Agency for Geodesy, Cartography and Cadastre of the Borrower;
- (c) "TCO" means a territorial cadastral office under the Cadastre Law;
- (d) "Decision No. 727" means Government Decision No. 727 dated December 30, 1996, transferring the Bureau of Technical Inventory offices under the control of NAGCC;

(e) "Interdepartmental Coordination Council" means the interdepartmental coordination council established by Government Decision No. 22 dated January 15, 1996, and referred to in paragraph 2 of Schedule 4 to this Agreement;

(f) "IRCIM" means the Institute for Engineering, Geodesy and Land Surveys under the control of NAGCC;

(g) "Project Implementation Office" or "PIO" means the Project Implementation Office to be established pursuant to Section 6.01 (d) of this Agreement;

(h) "Project Manager" means the Project Manager to be appointed as head of the PIO pursuant to Section 6.01 (d) of this Agreement;

(i) "Operating Procedures" means operating principles and procedures for Project implementation and referred to in paragraph 3 of Schedule 4 to this Agreement;

(j) "Project Implementation Adviser" means a consultant to be appointed to assist the PIO in project implementation pursuant to Section 6.01 (d) of this Agreement;

(k) "Computer Systems Adviser" means a consultant appointed to assist the PIO in information technology and referred to in paragraph 1 of Schedule 4 to this Agreement;

(l) "Project Preparation Advances" means the project preparation advances granted by the International Bank for Reconstruction and Development (the Bank) to the Borrower pursuant to exchanges of letters dated March 5, 1996 and March 15, 1996 (as amended on November 14, 1996) and April 11, 1997 and April 25, 1997 between the Borrower and the Bank;

(m) "Lei" means the currency of the Borrower;

(n) "Project Account" means the account referred to in Section 6.01 of this Agreement; and

(o) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement.

ARTICLE II

The Credit

Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an amount in various currencies equivalent to eleven million five hundred thousand Special Drawing Rights (SDR 11,500,000).

Section 2.02. (a) The amount of the Credit may be withdrawn from the Credit Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of goods, works and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Credit.

(b) The Borrower may, for the purposes of the Project, open and maintain in Dollars a separate special deposit account in a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

(c) Promptly after the Effective Date, the Association shall, on behalf of the Borrower, withdraw from the Credit Account and pay to the Bank the amount required to repay the principal amount of the Project Preparation Advances withdrawn and outstanding as of such date and to pay all unpaid charges thereon. The unwithdrawn balance of the authorized amount of the Project Preparation Advances shall thereupon be canceled.

Section 2.03. The Closing Date shall be February 28, 2004, or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on the principal amount of the Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Credit Account or canceled; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.06 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on January 15 and July 15 in each year.

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Credit in semiannual installments payable on each January 15 and July 15 commencing July 15, 2008 and ending January 15, 2033. Each installment to and including the installment payable on January 15, 2018 shall be one and one-fourth percent (1-1/4%) of such principal amount, and each installment thereafter shall be two and one-half percent (2-1/2%) of such principal amount.

(b) Whenever: (i) the Borrower's per capita gross national product (GNP), as determined by the Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the repayment of installments under paragraph (a) above by: (A) requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Credit shall have been repaid; and (B) requiring the Borrower to commence repayment of the principal amount of the Credit as of the first semiannual payment date referred to in paragraph (a) above falling six months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five years on such repayment of principal.

(c) If so requested by the Borrower, the Association may revise the modification referred to in paragraph (b) above to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(d) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as

provided in paragraph (a) above.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate cadastral, administrative, financial, engineering and managerial 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 Association 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. Except as the Association 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 Credit shall be governed by the provisions of Schedule 3 to this Agreement.

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 Association, and furnish to the Association 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 Association, a plan for the future operation of the Project; and

(b) afford the Association 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 records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of the Borrower responsible for carrying out the Project or any part thereof.

(b) The Borrower shall:

(i) have the records and accounts referred to in paragraph (a) of this Section including those for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Association;

(ii) furnish to the Association, as soon as available, but in any case not later than six months after the end of each such year, the report of such audit by said auditors, of such scope and in such detail as the Association shall have reasonably requested; and

(iii) furnish to the Association such other information concerning said records and accounts and the audit thereof as the Association shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Credit Account were made on the basis of statements of expenditure, the Borrower shall:

(i) maintain or cause to be maintained, in accordance with paragraph

(a) of this Section, records and accounts reflecting such expenditures;

(ii) retain, until at least one year after the Association has received the audit report for the fiscal year in which the last withdrawal from the Credit Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

and (iii) enable the Association's representatives to examine such records;

(iv) ensure that such records and accounts are included in the annual audit report of such audit as to whether the statements of year, together with the procedures their preparation, can be relied upon to withdrawals. referred to in paragraph (b) of this Section and that the contains a separate opinion by said auditors expenditure submitted during such fiscal and internal controls involved in support the related

ARTICLE V

Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (h) of the General Conditions, the following additional events are specified:

(a) The Cadastre Law shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Borrower to carry out, or achieve the objectives of, the Project;

(b) Decision No. 727 shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Borrower to carry out, or achieve the objectives of, the Project;

(c) The Swiss Grant Agreement shall have failed to become effective by the date falling two months after the date of this Agreement, or such later date as the Association may agree; provided, however, that the provisions of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that 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; and

(d) (i) (A) Subject to subparagraph (ii) of this paragraph, the right of the Borrower to withdraw the proceeds of any grant or loan 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 agreement providing therefor; or (B) any such loan shall have become due and payable prior to the agreed maturity thereof.

(ii) Subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that: (A) such suspension, cancellation, termination or prematuring 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(d) of the General Conditions, the following additional events are specified: the events specified in paragraphs (a), (b), (c) (subject to the proviso thereto) and (d)(i)(B) (subject to the proviso of sub-paragraph(d)(ii)) of Section 5.01 of this Agreement shall occur.

ARTICLE VI

Effective Date; Termination

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

(a) the Project Account shall have been opened in local currency in the National Bank of Moldova or in a commercial bank acceptable to the Association, and an initial deposit of Lei 698,000 shall have been made by the Borrower into said account;

(b) the Cadastre Law shall have been adopted by the Parliament of the Borrower together with all necessary amendments to existing legislation;

(c) implementing regulations under the Cadastre Law acceptable to the Association shall have been adopted by the Government of the Borrower;

(d) the Project Implementation Office shall have been established within NAGCC and a Project Manager, a Project Implementation Advisor and key staff shall have been appointed with qualifications, experience and terms of reference satisfactory to the Association;

(e) operating procedures, acceptable to the Association, shall have been adopted by NAGCC and a reporting and accounting system, acceptable to the Association, shall have been established within the PIO; and

(f) the Swedish Grant Agreement shall have been executed and delivered and all conditions precedent to its effectiveness shall have been fulfilled, other than those relating to the effectiveness of this Agreement.

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 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
Cosmonaut Street, 7
277005 Chisinau
Republic of Moldova

Telex:

(3732) 22 86 10

For the Association:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

INDEVAS
Washington, D.C.

Telex:

248423 (MCI) or
64145 (MCI)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in

Chisinau, Republic of Moldova, as of the day and year first above written.

REPUBLIC OF MOLDOVA

By /s/ Anatol Arapu

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Roger Grawe Regional

Vice President
Europe and Central Asia

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

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

Category	Amount of the Credit Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Works	170,000	80%
(2) Goods	3,630,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 80% of local expenditures for other items procured locally
(3) Technical Services	4,000,000	100%
(4) Consultants' Services and training	450,000	100%
(5) Incremental Operating Costs	1,550,000	60% of expenditures incurred through December 1, 2001; 30% of expenditures incurred through December 1, 2003
(6) Refunding of Project Preparation Advances	1,350,000	Amounts due pursuant to Section 2.02 (c) of this Agreement
(7) Unallocated	350,000	
	<hr/>	
TOTAL	11,500,000 =====	

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 "technical services" means aerial photography and surveying services (including updating of existing maps); and

(d) the term "incremental operating costs" means the operating costs of the PIO, the TCOs and other government agencies involved in Project implementation which would not have been incurred absent the Project and includes mapping costs, registration and title development costs, public information costs, staff salaries (other than salaries of government officials) and training costs.

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.

4. The Association may require withdrawals from the Credit Account to be made on the basis of statements of expenditure for expenditures for (i) goods, technical services and works under contracts costing less than \$200,000 equivalent; (ii) incremental operating costs; and (iii) services under contracts costing less than \$100,000 each for the employment of consulting firms and under contracts costing less than \$50,000 equivalent each for the employment of individual consultants, under such terms and conditions as the Association shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objective of the Project is to assist the Borrower in developing and implementing its national unified real estate registration program for rural and urban land through the establishment of a system of clear and enforceable ownership rights, so as to promote, inter alia, the privatization of land and the development of real estate markets in Moldova.

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

Part A: Mapping Program

Production of new maps and updating existing maps in about four (4) municipalities and thirty-two (32) rayons, covering a total surface area of about 1800 square kilometers, through the use of aerial photography, photogrammetric activities and geodesic surveying activities.

Part B: Urban Cadastral Services Program

1. Implementation of a real property registration program in urban areas, through:

(a) carrying out of rehabilitation works, and provision of operational support, equipment and vehicles for about twelve (12) TCOs and the central office in NAGCC;

(b) undertaking systematic adjudication and registration of real property rights covering about 300,000 urban and intra-villan properties; and

(c) undertaking sporadic adjudication, registration of real property rights covering about 30,000 urban and intra-villan properties.

2. Implementation of a cadastral services program in urban areas, through (i) installation of cadastral databases in twelve (12) TCOs; (ii) collection and registration of information in such databases; and (iii) the transfer, consolidation

and maintenance of data in the national database maintained in the central office in NAGCC.

Part C: Rural Cadastral Services Program

1. Implementation of a real property registration program in rural (extra-villan) areas, through:

(a) provision of operational support, equipment and vehicles for about twenty four (24) TCOs; and

(b) undertaking adjudication and registration of real property rights covering about 200,000 rural properties;

2. Implementation of a cadastral services program in rural areas, through (i) installation of cadastral databases in twenty-four (24) TCOs; (ii) collection and registration of information in such databases; and (iii) the transfer, consolidation and maintenance of data in the national database maintained in the central office in NAGCC.

Part D: Institution and Capacity Building Program

1. Training

Provision of training programs and training equipment for NAGCC and related organizations involved in Project implementation as well as for universities with education programs in cadastre-related activities and professions.

2. Technical Assistance

Provision of technical assistance to NAGCC for project implementation; management of information systems; procurement; accounting; development of the legal framework for a real estate market; property valuation; public information; and quality assurance.

3. Project Implementation Office

Provision of support for the operations of the Project Implementation Office.

* * *

The Project is expected to be completed by August 31, 2003.

SCHEDULE 3

Procurement and Consultants' Services

Section I: Procurement of Good and Works

Part A: General

Goods, technical services and works shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996 (the Guidelines) and the following provisions of this Section, as applicable.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods and technical services shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

2. The following provisions shall apply to goods to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

(a) Grouping of contracts

To the extent practicable, contracts for goods and technical services shall be grouped in bid packages estimated to cost \$300,000 equivalent or more each.

(b) Preference for domestically manufactured goods

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Technical services contracts estimated to cost less than \$300,000 equivalent per contract, up to an aggregate amount not to exceed \$700,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. International Shopping

Goods estimated to cost less than \$300,000 equivalent per contract, up to an aggregate amount not to exceed \$2,000,000 equivalent, may be procured under contracts awarded on the basis of international shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. National Shopping

(a) Goods estimated to cost less than \$50,000 equivalent per contract, up to an aggregate amount not to exceed \$1,200,000 equivalent, may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

(b) Technical services contracts estimated to cost less than \$50,000 per contract up to an aggregate amount not to exceed \$750,000 equivalent, may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

4. Procurement of Small Works

Works estimated to cost less than \$50,000 equivalent per contract, up to an aggregate amount not to exceed \$400,000 equivalent, may be procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three (3) qualified domestic contractors in response to a written invitation. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Bank, and relevant drawings, where applicable. The award shall be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the contract successfully.

Part D: Review by the Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods, technical services and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to (i) each contract estimated to cost the equivalent of two hundred thousand dollars (\$200,000) or more; (ii) each contract for goods, technical services and works awarded in accordance with the provisions of Part B of this Schedule; and (iii) the first contract for technical services contracts awarded in accordance with the provisions of Part C.1, and for works awarded in accordance with the provisions of Part C.4 of this Schedule, the procedures set forth in paragraphs 2

and 3 of Appendix 1 to the Guidelines shall apply.

(b) With respect to the first contract for goods awarded in accordance with the provisions of Parts C.2 and C.3 of this Schedule, the following procedures shall apply:

(i) prior to the selection of any supplier under shopping procedures the Borrower shall provide to the Bank a report on the comparison and evaluation of quotations received;

(ii) prior to the execution of any contract procured under shopping procedures, the Borrower shall provide to the Bank a copy of the specifications and the draft contract;

(iii) in addition, the procedures set forth in paragraphs 2 (f) and 2 (g) and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II: Consultants' Services

Part A: General

1. Consultants' services shall be procured in accordance with the provisions of the Introduction and Section IV of the "Guidelines" Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997 (the Consultant Guidelines) and the following provisions of Section II of this Schedule.

Part B: Quality- and Cost-based Selection

Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

Part C: Other Procedures for the Selection of Consultants

1. Quality-based Selection

Services for study programs abroad under Part D of the Project shall be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 through 3.4 of the Consultant Guidelines.

2. Individual Consultants

Services for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall be procured under contracts awarded in accordance with the provisions of paragraph 5.1 through 5.3.

Part D: Review by the Bank of the Selection of Consultants

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Guidelines. Selection of all consultants' services shall be undertaken in accordance with such selection plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to each contract for the employment of consulting firms

estimated to cost the equivalent of \$200,000 or more, the procedures set forth in paragraphs 1, 2 (other than the third subparagraph of paragraph 2 (a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of consulting firms estimated to cost the equivalent of \$100,000 or more but less than the equivalent of \$200,000, the procedures set forth in paragraphs 1, 2 (other than the second subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(c) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after said approval shall have been given.

3. Post Review

With respect to each contract not governed by paragraph 1 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

SCHEDULE 4

Implementation Program

1. The Borrower shall ensure that the Project Implementation Office within NAGCC: (i) is maintained at all times with functions and responsibilities acceptable to the Association and with a Project Manager and key staff with qualifications, experience and terms of reference satisfactory to the Association; and (ii) is assisted for at least one year following the date of this Agreement, by a Project Implementation Adviser and a Computer Systems Adviser, with qualifications, experience and terms of reference satisfactory to the Association.

2. The Borrower shall, at all times maintain the Interdepartmental Coordination Council, chaired by the Deputy Prime Minister to coordinate Project implementation, with members and terms of reference satisfactory to the Association.

3. The Borrower shall ensure that NAGCC, PIO, IRCIM and the TCOs at all times follow Operating Procedures agreed between the Borrower and the Association.

4. Without limitation upon any of its obligations under Section 3.01 of this Agreement, the Borrower shall: (i) maintain the Project Account referred to in Section 6.01 of this Agreement, and shall replenish said account promptly before each quarter with sufficient funds to enable the Borrower to meet its obligations under Section 3.01 of this Agreement for such period; (ii) use said account for financing the Borrower's contribution to Project expenditures; and (iii) 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.

5. No later than March 1, 1999, the Borrower shall undertake a study of the development of surveying activities with terms of reference satisfactory to the Association, which shall include the preparation of a specific action plan to support private sector development in surveying activities, and shall furnish such study to the Association not later than July 1, 1999.

6. No later than July 1, 1999, the Borrower shall undertake a study of the development of notarial, valuation and real estate agency activities, including an overview of the development of the real estate market and the commercial use of real estate information, with terms of reference satisfactory to the Association, which shall include the preparation of a specific action plan to support private sector development in such activities, and shall furnish such study to the Association not later than September 1, 1999.

7. No later than December 31, 1999, the Borrower shall submit draft legislation to its Parliament, satisfactory to the Bank, to remove any effective impediments to the enforcement by secured creditors of claims over real property.

8. No later than July 1, 2001, the Borrower shall undertake a study, with terms of reference satisfactory to the Association, which shall include the preparation of a strategy and specific action plan for the introduction of a fiscal cadastre, including a system for the introduction of property valuation in the cadastral information system, and shall furnish such study to the Association not later than September 1, 2001.

9. Except as otherwise agreed with the Association, the Borrower shall ensure that fees are charged for registration and cadastral services and measures are taken to achieve full cost recovery in accordance with a methodology agreed between the Borrower and the Association and set out in the Operating Procedures.

10. 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 Association, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Association, and furnish to the Association, on or about October 31, 2000, 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 (including, without limitation, cost recovery measures taken) 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 Association, by December 31, 2000, or such later date as the Association 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 Association's views on the matter.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1), (2), (3) (4) and (5) 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 and services required for the Project and to be financed out of the proceeds of the Credit 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 an amount equivalent to \$500,000 to be withdrawn from the Credit Account and deposited into the Special Account pursuant to paragraph 3(a) of this Schedule, provided, however, that unless the Association shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to \$300,000 until the aggregate amount of withdrawals from the Credit Account plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of SDR 800,000.

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 Association 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 Association 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 Association shall, on behalf of the Borrower, withdraw from the Credit 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 Association requests for deposits into the Special Account at such intervals as the Association shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association 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 Association shall, on behalf of the Borrower, withdraw from the Credit 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 Association from the Credit Account under the respective eligible Category, 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 Association shall reasonably request, furnish to the Association 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 Association shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Borrower directly from the Credit 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 Association, 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 Association pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Association 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 Credit Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Credit allocated to the eligible Category minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the Credit Account of the remaining unwithdrawn amount of the Credit allocated to the eligible Category shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association 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 Association 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 Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association 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 Association 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 Association, refund to the Association such outstanding amount.

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

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

