

LOAN NUMBER 3792 IND

Loan Agreement

(Land Administration Project)

between

REPUBLIC OF INDONESIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Dated September 30, 1994

LOAN NUMBER 3792 IND

LOAN AGREEMENT

AGREEMENT, dated September 30, 1994, between REPUBLIC OF INDONESIA (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, has requested the Bank to assist in the financing of the Project; and

(B) the Borrower intends to obtain from the Australian International Development Assistance Bureau (AIDAB) a grant (the AIDAB Grant) in an aggregate principal amount equivalent to \$15,200,000 to assist in financing part of the Project on the terms and conditions set forth in the AIDAB Project Arrangement; 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" of the Bank, 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) In Section 6.02, sub-paragraph (k) is re-lettered as sub-paragraph (l) and a new sub-paragraph (k) is added to read:
- "(k) An extraordinary situation shall have arisen under which any further withdrawals under the Loan would be inconsistent with the provisions of Article III, Section 3 of the Bank's Articles of Agreement."
- Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings:
- (a) "BKTRN" means the Borrower's Coordinating Board for National Spatial Development, chaired by the State Minister for National Development Planning/Chairman of the National Development Planning Agency (BAPPENAS);
- (b) "BPN" means the Borrower's National Land Agency established pursuant to Presidential Decree No. 26 of 1988;
- (c) "control points densification" means a major survey of land to increase the density of control points for base mapping and cadastral mapping purposes;
- (d) "Fiscal Year" means the Borrower's fiscal year commencing April 1 and ending March 31;
- (e) "graphical index map" means a map of existing certified parcels of land;
- (f) "Project area" means the following areas: Kotamadya Bandung, Kabupaten Bandung, Kabupaten Bekasi, Kabupaten Bogor, Kabupaten Karawang, Kotamadya Tangerang, and Kabupaten Tangerang in West Java Province; Kotamadya Jakarta Selatan, Kotamadya Jakarta Barat, and Kotamadya Jakarta Timur in DKI Jakarta Province; Kotamadya Semarang, Kabupaten Klaten, and Kabupaten Wonogiri in Central Java Province; Kabupaten Sleman in DI Yogyakarta Province; Kotamadya Malang and Kotamadya Surabaya in East Java Province; Kotamadya Medan in North Sumatra Province; and Kotamadya Palembang in South Sumatra Province;
- (g) "PUSDIKLAT" means BPN's Center for Training and Education;
- (h) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement;
- (i) "sporadic registration" means registration of land titles as landowners apply individually for their respective parcels;
- (j) "STPN" means BPN's National Land Institute in Yogyakarta; and
- (k) "systematic registration" means registration, village by village, of land titles of all eligible parcels in a contiguous area and carried out simultaneously for such area.

## 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, various currencies that shall have an aggregate value equivalent to the amount of eighty million dollars (\$80,000,000), being the sum of withdrawals of the proceeds of the Loan, with each withdrawal valued by the Bank as of the date of such withdrawal.

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 and services required for the Project described in Schedule 2 to this Agreement and to be financed out of

the proceeds of the Loan.

(b) The Borrower shall, for the purposes of the Project, open and maintain in Bank Indonesia or in a commercial bank a special deposit account in United States dollars on terms and conditions satisfactory to the Bank, 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 6 to this Agreement.

Section 2.03. The Closing Date shall be September 30, 2000 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 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 2.05. (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 the Cost of Qualified Borrowings determined in respect of the preceding Semester, plus one-half of one percent (1/2 of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rate applicable during such Interest Period.

(b) As soon as practicable after the end of each Semester, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Semester.

(c) For the purposes of this Section:

(i) "Interest Period" means a six-month period ending on the date immediately preceding each date specified in Section 2.06 of this Agreement, beginning with the Interest Period in which this Agreement is signed.

(ii) "Cost of Qualified Borrowings" means the cost, as reasonably determined by the Bank and expressed as a percentage per annum, of the outstanding borrowings of the Bank drawn down after June 30, 1982, excluding such borrowings or portions thereof as the Bank has allocated to fund: (A) the Bank's investments; and (B) loans which may be made by the Bank after July 1, 1989 bearing interest rates determined otherwise than as provided in paragraph (a) of this Section.

(iii) "Semester" means the first six months or the second six months of a calendar year.

(d) On such date as the Bank may specify by no less than six months' notice to the Borrower, paragraphs (a), (b) and (c) (iii) of this Section shall be amended to read as follows:

"(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 Quarter equal to the Cost of Qualified Borrowings determined in respect of the preceding Quarter, plus one-half of one percent (1/2 of 1%). On each of the dates specified in Section 2.06 of this Agreement, the Borrower shall pay interest accrued on the principal amount outstanding during the preceding Interest Period, calculated at the rates applicable during such Interest Period."

"(b) As soon as practicable after the end of each Quarter, the Bank shall notify the Borrower of the Cost of Qualified Borrowings determined in respect of such Quarter."

"(c) (iii) 'Quarter' means a three-month period commencing on January 1, April 1, July 1 or October 1 in a calendar year."

Section 2.06. Interest and other charges shall be payable semi-annually on March 15 and September 15 in each year.

Section 2.07. 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 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 administrative, financial and land 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. 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 4 to this Agreement.

### 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 Bank;
- (ii) furnish to the Bank as soon as available, but in any case not later than nine 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 Bank shall have reasonably requested; and
- (iii) furnish to the Bank such other information concerning said records and accounts and the audit thereof as the Bank shall 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:

- (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 Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account or payment out of the Special Account was made, all records (contracts, orders, invoices, bills, receipts and other documents)

evidencing such expenditures;

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

#### ARTICLE V

##### Remedies of the Bank

Section 5.01. Pursuant to Section 6.02 (1) of the General Conditions, the following additional events are specified:

- (a) (i) subject to sub-paragraph (ii) of this paragraph, the right of the Borrower to withdraw the proceeds of the AIDAB Grant shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of the AIDAB Project Agreement;
- (ii) sub-paragraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Bank that: (i) such suspension, cancellation, or termination is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and (ii) 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; or

(b) the AIDAB Project Arrangement shall have failed to become effective by November 1, 1994, or such later date as the Bank may agree; provided, however, that the provisions of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Bank 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.

#### ARTICLE VI

##### Termination

Section 6.01. 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  
c/o Directorate General of Budget  
Jalan Lapangan Banteng Timur 2-4

P. O. Box 2458  
Jakarta, 10710  
Indonesia

Cable address:	Telex:
FINMINISTRY Jakarta	45799 DJMLN-IA 44319 DEPKEU-IA

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:
Washington, D.C.	INTBAFRAD 82987 (FTCC)
	248423 (RCA) 64145 (WUI) or 197688 (TRT)

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

REPUBLIC OF INDONESIA

By /s/ Arifin M. Siregar  
Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Abdallah El Maaroufi  
Acting Regional Vice President  
East Asia and Pacific

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:

	Category	Amount of the Loan Allocated (Expressed in Dollar Equivalent)	% of Expenditures to be Financed
(1)	Civil works	12,700,000	90%
(2)	Services for control points densification, mapping, cadastral surveying, and media publicity	30,100,000	90%

(3)	Equipment (except vehicles)	4,000,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 65% of local expenditures for other items procured locally
(4)	Map reproduction	500,000	90%
(5)	Training	1,600,000	60%
(6)	Land registration cost	20,600,000	75%
(7)	Consultants' services under Parts A.1, A.6 (ii) and (vi), B.1 (a), B.2 (b), and C of the Project	6,100,000	100%
(8)	Unallocated	4,400,000	
	TOTAL	80,000,000	

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; and

(c) the term "land registration cost" means expenditures for per diem and transportation, supplies, rental of temporary offices, lease of photocopiers, salaries of non-BPN local labor, and services of village head representatives, during systematic adjudication, control points densification and graphical index compilation by BPN staff.

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 Bank may require withdrawals from the Loan Account to be made on the basis of statements of expenditure for expenditures under contracts for goods and services not exceeding \$200,000, contracts for works not exceeding \$750,000 equivalent, contracts for the employment of consulting firms not exceeding \$100,000 equivalent, and contracts for the employment of individual consultants not exceeding \$50,000, under such terms and conditions as the Bank shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objectives of the Project are: (i) to foster efficient and equitable land markets and alleviate social conflicts over land, through acceleration of land registration and improvement of the institutional framework for land administration; and (ii) to support the Borrower's efforts to develop land management policies.

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: Acceleration of Land Registration

1. Carrying out of control points densification, aerial photography, base mapping and graphical index compilation in the Project Area, and provision of technical assistance for supervision and quality checking of control points densification, aerial photography and base mapping activities.
2. Carrying out of systematic registration in: Kotamadya Bandung, Kabupaten Bekasi, Kabupaten Bogor, Kabupaten Karawang, Kotamadya Tangerang and Kabupaten Tangerang in West Java Province; Kotamadya Jakarta Selatan in DKI Jakarta Province; Kotamadya Semarang in Central Java Province; Kabupaten Sleman in DI Yogyakarta Province; and Kotamadya Malang in East Java Province.
3. Provision of facilities, equipment and furniture to BPN's provincial and land offices responsible for carrying out systematic registration; provision of technical assistance for systematic registration to BPN's central and provincial offices; and carrying out of information dissemination activities to the public and the provincial and local governments, including consultation with provincial and local governments, on the procedures, fees and benefits of land registration, during systematic registration activities.
4. Carrying out of sporadic registration in: Kabupaten Bandung in West Java Province; Kotamadya Jakarta Barat and Kotamadya Jakarta Timur in DKI Jakarta Province; Kabupaten Klaten and Kabupaten Wonogiri in Central Java Province; Kotamadya Surabaya in East Java Province; Kotamadya Medan in North Sumatra Province; and Kotamadya Palembang in South Sumatra Province.
5. Provision of facilities, equipment and furniture to BPN's land offices carrying out sporadic registration.
6. Provision of implementation support to BPN for land registration, including: (i) provision of technical assistance for land registration activities; (ii) provision of technical assistance for Project monitoring; (iii) training of BPN staff in accelerated land registration; (iv) provision of equipment and furniture for technology development; (v) renovation of BPN's Subdirectorates of Photogrammetry building, and construction of additional offices for Project staff at BPN's headquarters; and (vi) carrying out of a socio-economic baseline study for systematically registered areas.

#### PART B: Strengthening of the Institutional Framework for Land Administration

1. (a) Strengthening of the Borrower's legal framework for land administration, including: development of a computerized database for existing land laws and regulations; carrying out of a systematic review of existing laws and regulations relating to land and preparation of drafts of new land laws and regulations as needed; and provision of related technical assistance.
  - (b) Refurbishing of the office of BPN's Legal and Public Relations Bureau.
2. Long-term development of land administration through:
  - (a) the carrying out of a study of BPN's service fee structure;
  - (b) the carrying out of studies of ways to improve tenure security for customary land rights; and
  - (c) institutional development of BPN through: (i) provision of training and local and overseas scholarships to BPN staff; and (ii) provision of facilities, equipment and furniture to PUSDIKLAT, STPN, and the geodetic departments of the University of Gadjah Mada in Yogyakarta and the Institute of Technology in Bandung.

#### PART C: Development of Land Management Policies

Provision of technical assistance to BKTRN for the carrying out of a program of studies, seminars and workshops on selected subjects in land management to support policy formulation and inter-agency coordination.



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The Project is expected to be completed by March 31, 2000.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in dollars)*
March 15, 2000	1,515,000
September 15, 2000	1,570,000
March 15, 2001	1,630,000
September 15, 2001	1,685,000
March 15, 2002	1,750,000
September 15, 2002	1,810,000
March 15, 2003	1,880,000
September 15, 2003	1,945,000
March 15, 2004	2,015,000
September 15, 2004	2,090,000
March 15, 2005	2,165,000
September 15, 2005	2,245,000
March 15, 2006	2,325,000
September 15, 2006	2,410,000
March 15, 2007	2,500,000
September 15, 2007	2,590,000
March 15, 2008	2,685,000
September 15, 2008	2,780,000
March 15, 2009	2,880,000
September 15, 2009	2,985,000
March 15, 2010	3,095,000
September 15, 2010	3,210,000
March 15, 2011	3,325,000
September 15, 2011	3,445,000
March 15, 2012	3,570,000
September 15, 2012	3,700,000
March 15, 2013	3,835,000
September 15, 2013	3,975,000
March 15, 2014	4,120,000
September 15, 2014	4,270,000

\* The figures in this column represent dollar equivalents determined as of the respective dates of withdrawal. See General Conditions, Sections 3.04 and 4.03.

Premiums on Prepayment

Pursuant to Section 3.04 (b) of the General Conditions, the premium payable on the principal amount of any maturity of the Loan to be prepaid shall be the percentage specified for the applicable time of prepayment below:

Time of Prepayment	Premium
	The interest rate (expressed as a percentage per annum) applicable to the Loan on the day of prepayment multiplied by:
Not more than three years before maturity	0.15
More than three years but not more than six years before maturity	0.30

More than six years but not more than 11 years before maturity	0.55
More than 11 years but not more than 16 years before maturity	0.80
More than 16 years but not more than 18 years before maturity	0.90
More than 18 years before maturity	1.00

#### SCHEDULE 4

##### Procurement and Consultants' Services

###### Section I. Procurement of Goods and Works

###### Part A: International Competitive Bidding

1. Except as provided in Part C hereof, goods shall be procured under contracts awarded in accordance with procedures consistent with those set forth in Sections I and II of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 1992 (the Guidelines).

(a) For fixed-price contracts, the invitation to bid referred to in paragraph 2.13 of the Guidelines shall provide that, when contract award is delayed beyond the original bid validity period, the successful bidder's bid price will be increased for each week of delay by two predisclosed correction factors acceptable to the Bank, one to be applied to all foreign currency components and the other to the local currency component of the bid price. Such an increase shall not be taken into account in the bid evaluation.

(b) In the procurement of goods in accordance with this Part A, the Borrower shall use the relevant standard bidding documents issued by the Bank, with such modifications thereto as the Bank shall have agreed to be necessary for the purposes of the Project. Where no relevant standard bidding documents have been issued by the Bank, the Borrower shall use bidding documents based on other internationally recognized standard forms agreed with the Bank.

2. To the extent practicable, contracts for goods shall be grouped into bid packages estimated to cost the equivalent of \$200,000 or more.

###### Part B: Preference for Domestic Manufacturers

In the procurement of goods in accordance with the procedures described in Part A.1 hereof, goods manufactured in Indonesia may be granted a margin of preference in accordance with, and subject to, the provisions of paragraphs 2.55 and 2.56 of the Guidelines and paragraphs 1 through 4 of Appendix 2 thereto.

###### Part C: Other Procurement Procedures

1. Contracts for civil works shall be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Bank.

2. Services for control points densification, mapping, and cadastral surveying (including establishment of boundary marks) shall be procured under contracts awarded on the basis of competitive bidding, advertised locally, in accordance with procedures satisfactory to the Bank.

3. Subject to paragraph 4 below, equipment, drafting film, and forms (except certificate forms) estimated to cost less than the equivalent of \$200,000 per contract, up to an aggregate amount equivalent to \$3,100,000, may be procured under contracts awarded on the basis of competitive bidding,

advertised locally, in accordance with procedures satisfactory to the Bank.

4. Equipment estimated to cost the equivalent of \$20,000 or less per contract, up to an aggregate amount equivalent to \$610,000, may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three suppliers eligible under the Guidelines, in accordance with procedures acceptable to the Bank.

5. Services for information dissemination and map reproduction, up to an aggregate amount equivalent to \$470,000, may be procured under contracts awarded on the basis of comparison of price quotations obtained from at least three providers of such services eligible under the Guidelines, in accordance with procedures acceptable to the Bank, provided, however, that, services for information dissemination may be awarded after direct negotiations with the provider, in accordance with procedures acceptable to the Bank, where there is only one provider for the applicable geographical area.

6. Contracts for books for BPN's National Land Institute may be awarded after direct negotiations with suppliers, in accordance with procedures acceptable to the Bank.

#### Part D: Review by the Bank of Procurement Decisions

##### 1. Review of invitations to bid and of proposed awards and final contracts:

(a) With respect to each contract for goods estimated to cost the equivalent of \$200,000 or more, each contract for civil works estimated to cost the equivalent of \$750,000 or more, each contract for services estimated to cost the equivalent of \$750,000 or more, and the first contract for civil works and the first contract for services under the Project provided such contracts are estimated to cost less than the equivalent of \$750,000, the procedures set forth in paragraphs 2 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, such procedures shall be modified to ensure that the two conformed copies of the contract required to be furnished to the Bank pursuant to said paragraph 2 (d) shall be furnished to the Bank prior to the making of the first payment out of the Special Account in respect of such contract.

(b) With respect to each contract not governed by the preceding paragraph, the procedures set forth in paragraphs 3 and 4 of Appendix 1 to the Guidelines shall apply. Where payments for such contract are to be made out of the Special Account, said procedures shall be modified to ensure that the two conformed copies of the contract together with the other information required to be furnished to the Bank pursuant to said paragraph 3 shall be furnished to the Bank as part of the evidence to be furnished pursuant to paragraph 4 of Schedule 6 to this Agreement.

(c) The provisions of the preceding subparagraph (b) shall not apply to contracts on account of which withdrawals are to be made on the basis of statements of expenditure.

2. The figure of 15% is hereby specified for purposes of paragraph 4 of Appendix 1 to the Guidelines.

#### Section II. Employment of Consultants

1. In order to assist the Borrower in carrying out the Project, the Borrower shall employ consultants whose qualifications, experience and terms and conditions of employment shall be satisfactory to the Bank. Such consultants shall be selected in accordance with principles and procedures satisfactory to the Bank on the basis of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Bank in August 1981 (the Consultant Guidelines). For complex, time-based assignments, the Borrower shall employ such consultants under contracts using the standard form of contract for consultants' services issued by the Bank, with such modifications as shall have been agreed by the Bank. Where no relevant standard contract documents have been issued by the Bank, the Borrower shall use other standard forms agreed with the Bank.

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Bank review or approval of budgets, short lists, selection procedures, letters of invitation, proposals, evaluation reports and contracts shall not apply to (a) contracts for the employment of consulting firms estimated to cost less than \$100,000 equivalent each or (b) contracts for the employment of individual consultants estimated to cost less than \$50,000 equivalent each. However, said exceptions to prior Bank review shall not apply to (i) the terms of reference for such contracts, (ii) single source selection of consulting firms, (iii) assignments of a critical nature, as reasonably determined by the Bank, (iv) amendments to contracts for the employment of consulting firms raising the contract value to \$100,000 equivalent or above, or (v) amendments to contracts for the employment of individual consultants raising the contract value to \$50,000 equivalent or above.

#### SCHEDULE 5

##### Implementation Program

1. The Borrower shall, until completion of the Project, maintain BPN's Management Support Unit at Pusat and BPN's teams for systematic adjudication, control points densification and graphical index compilation, with qualified staff in adequate numbers.

2. The Borrower shall, not later than November 30, 1994, prepare and furnish to the Bank for comments, the final BPN draft of the regulation revising the Borrower's Regulation PP No. 10 of 1961 on land registration; and, promptly, thereafter, take all measures necessary to enact such regulation by August 31, 1995.

3. In carrying out Part A of the Project, the Borrower shall take all measures required to ensure that BPN's special village by village land registration program (PP 10 Program) and BPN's special land registration program for low-income families (PRONA) in the Project Area are carried out in close coordination with BPN's Management Support Unit at the provincial level (MSUK) and Management Support Unit at the central level (MSUP), including the use of the new land registration procedures being established under the Project.

4. In carrying out Part A of the Project, the Borrower shall, by December 31 in each year, commencing December 31, 1994, and until completion of the Project, incorporate into BPN's annual program for aerial photography and mapping, the annual work program for aerial photography and mapping under the Project.

5. In carrying out Part A of the Project, the Borrower shall, not later than June 30, 1995, commence the carrying out of a national information dissemination campaign on land registration procedures, fees and benefits.

6. In carrying out Part A.6 (ii) of the Project, the Borrower shall, not later than April 1, 1995, employ consultants for Project monitoring, in accordance with Schedule 4 to this Agreement.

7. The Borrower shall carry out the socio-economic baseline study under Part A.6 (vi) not later than March 31, 1996, and furnish the results of the study to the Bank for comments.

8. In carrying out Part A.6 (iii), B.1 (a) and B.2 (c)(i) of the Project, the Borrower shall carry out the training activities in accordance with a program and schedule acceptable to the Bank.

9. The Borrower shall:

(a) carry out and complete by April 30, 1996, the service fee structure study included under Part B.2 (a) of the Project, and furnish to the Bank for its comments the recommendations thereof; and

(b) not later than June 30, 1996, prepare and furnish to the Bank for comments an action plan for the implementation of the recommendations of the study which shall have been endorsed by the Borrower and the Bank; and, promptly thereafter, carry out such action plan.

10. In carrying out the customary land rights studies under Part B. 2 (b) of the Project, the Borrower shall:

(a) not later than September 30, 1995, furnish to the Bank for comments, the detailed work program design for the studies; and

(b) not later than March 31, 1997, prepare and furnish to the Bank for comments, an action plan for the implementation of the recommendations of the studies which shall have been endorsed by the Borrower and the Bank; and, promptly thereafter, carry out such action plan, taking into account the comments of the Bank.

11. In carrying out Part C of the Project, the Borrower shall select subjects from the list agreed between the Borrower and the Bank, or select such other subjects as shall be agreed between the Borrower and the Bank.

12. In carrying out the Project, the Borrower shall ensure that information obtained by BPN as a result of its land registration activities under the Project and included in its land books, is made readily available to the public.

13. The Borrower shall carry out an assessment of the impact, on the implementation of the Project, of any proposed large project to be carried out by BPN, and shall furnish such assessment to the Bank for comments.

14. The Borrower shall provide the required vehicles for the Project in accordance with a schedule and time table agreed with the Bank.

15. In carrying out the Project, the Borrower shall:

(a) not later than September 30 in each year, commencing November 30, 1994, prepare and furnish to the Bank for comments, a work program and cost estimates of Project activities to be carried out during the following Fiscal Year; and, thereafter carry out such work program taking into account the comments on the Bank thereon; and

(b) not later than December 31 in each year, commencing December 31, 1994, prepare and furnish to the Bank for comments the budget proposals for the following Fiscal Year's work program, taking into account the cost estimates for such work program; and, thereafter, promptly finalize said budget taking into account the Bank's comments thereon.

16. The Borrower shall:

(a) not later than June 1, 1995, prepare and furnish to the Bank for comments, the terms of reference and proposed organizational arrangements for the carrying out of the technical audits of Parts A and B of the Project;

(b) cause technical audits to be carried out annually, in a manner acceptable to the Bank, during the implementation of the Project, commencing not later than April 1, 1996; and

(c) annually, commencing not later than October 1, 1996, furnish to the Bank, for comments, a copy of such audits.

#### SCHEDULE 6

##### Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) through (7) 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 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; and

(c) the term "Authorized Allocation" means an amount equivalent to

\$2,500,000 to be withdrawn from the Loan Account and deposited in the Special Account pursuant to paragraph 3 (a) of this Schedule.

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 a deposit or deposits 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 in 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; or

(b) once the total unwithdrawn amount of the Loan allocated to the eligible Categories, less the amount of any outstanding special commitment entered into by the Bank 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 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.

