

CONFORMED COPY

CREDIT NUMBER 2832 LA

Development Credit Agreement

(Land Titling Project)

between

LAO PEOPLE'S DEMOCRATIC REPUBLIC

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated June 7, 1996

CREDIT NUMBER 2832 LA

DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated June 7, 1996, between LAO PEOPLE'S DEMOCRATIC REPUBLIC (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;

WHEREAS: (B) The Borrower intends to obtain from the Australian Agency for International Development ("AusAID") a grant (the "AusAID Grant") in an amount equivalent to five million sixty thousand dollars (\$5,060,000.00) to assist in the financing of Part F of the Project, on the terms and conditions set forth in an agreement (the "AusAID Memorandum of Subsidiary Arrangement") to be entered into between the Borrower and AusAID; and

WHEREAS: (C) 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 thereto 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."

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

(a) "Decrees" means, collectively, the Borrower's following prime ministerial decrees: (i) Decree No. 99/PM on Land Ownership and Permissible Uses, dated December 19, 1992; (ii) Decree No. 52/PM on Document Registration, dated March 13, 1993; and (iii) Decree No. 50/PM on Land Tax, dated March 13, 1993;

(b) "DOLHM" means the Borrower's Department of Land and Housing Management, established within MOF pursuant to the Borrower's Prime Ministerial Decree No. 104/PM on the Organization of the Ministry of Finance, dated July 06, 1993, and such term includes any successor to DOLHM;

(c) "DSA" means the Borrower's Department of State Assets, established within MOF pursuant to the Borrower's Prime Ministerial Decree No. 104/PM, referred to in sub-paragraph (b) above, and such term includes any successor to DSA;

(d) "Fiscal Year" means the twelve-month period corresponding to any of the Borrower's Fiscal Years, which period commences on October 1 and ends on September 30 in each calendar year, and the term "Fiscal Years" means, collectively, more than one Fiscal Year;

(e) "Kip" means the unit of currency of the Borrower;

(f) "LRMC" means the Borrower's Land Re-Management Committee, established pursuant to Article 14 of the Borrower's Prime Ministerial Decree No. 99/PM, referred to in sub-paragraph (a) (i) above, and such term includes any successor to LRMC;

(g) "MOF" means the Borrower's Ministry of Finance, organized pursuant to the Borrower's Prime Ministerial Decree No. 104/PM, referred to in sub-paragraph (b) above, and such term includes any successor to MOF;

(h) "MOU" means the Memorandum of Understanding to be entered into between MOF and NGD pursuant to the provisions of Section 3.02 of this Agreement, and such term includes all schedules to said Memorandum;

(i) "NGD" means the Borrower's National Geographic Department established within the Office of the Prime Minister of the Borrower, pursuant to the Borrower's Prime Ministerial Decree No. 107/PM, dated July 14, 1994, and such term includes any successor to NGD;

(j) "PA" means the Project Administrator, referred to in Section 3.03 of this Agreement;

(k) "Project Area" means, collectively, the following Prefecture

and provinces of the Borrower: (i) Vientiane Prefecture; (ii) Luang Prabang Province; (iii) Vientiane Province; (iv) Savannakhet Province; and (v) Champassak Province;

(l) "Project Implementation Plan" means the plan for implementing the Project, referred to in Section 3.01 (b) of, and Schedule 4 to, this Agreement;

(m) "PSC" means the Project Steering Committee to be established by the Borrower, referred to in Part A (5) of Schedule 4 to this Agreement, and such term includes any successor to PSC;

(n) "PSU" means the Project Support Unit to be established by the Borrower, referred to in Part A (1) of Schedule 4 to this Agreement;

(o) "POC" means the Provincial Oversight Committee to be established by the Borrower, referred to in Part A (5) of Schedule 4 to this Agreement, and such term includes any successor to POC;

(p) "PPFU" means the Provincial Project Facilitation Unit to be established by the Borrower, referred to in Part A (6) of Schedule 4 to this Agreement; and

(q) "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 this Agreement, an amount in various currencies equivalent to fourteen million Special Drawing Rights (SDR 14,000,000).

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 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 United States dollars a special deposit account in Banque pour le Commerce Extérieur Lao 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.

Section 2.03. The Closing Date shall be September 30, 2003, 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 (60) 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 or 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 payment 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 semi-annually on February 1 and August 1 in each year.

Section 2.07. (a) Subject to paragraphs (b) and (c) below, the Borrower shall repay the principal amount of the Credit in semi-annual installments payable on each February 1 and August 1 commencing August 1, 2006 and ending February 1, 2036. Each installment to and including the installment payable on February 1, 2016, shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever:

- (i) the Borrower's gross national product per capita, as determined by the Association, shall have exceeded seven hundred ninety dollars (\$790) in constant 1985 dollars for five consecutive years; 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 terms of repayment of installments under paragraph (a) above by 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. If so requested by the Borrower, the Association may revise such modification 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.

(c) 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, except Part B (1) (a) thereof, through DOLHM and shall carry out said Part B (1) (a) through NGD, all with due diligence and efficiency and in conformity with appropriate administrative, economic, engineering, financial, managerial, and environmental practices, and shall provide, promptly as needed, the funds (including foreign exchange), 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 Project Implementation Plan set forth in Schedule 4 to this Agreement.

Section 3.02. (a) The Borrower shall ensure that MOF and NGD enter into a Memorandum of Understanding ("MOU"), under terms and conditions which shall have been approved by the Association, setting forth each party's respective rights and obligations required for the successful carrying out of Part B (1) (a) of the Project.

(b) The Borrower shall ensure that each of MOF and NGD exercises its respective rights and obligations under the MOU in such a manner so as to protect the interests of the Borrower and the Association and to accomplish the purposes of the Credit, and, except as the Association shall otherwise agree, the Borrower shall not permit either MOF or NGD to assign, amend, abrogate or waive the MOU, or any provision thereof.

Section 3.03. The Borrower shall, not later than September 30, 1996, employ a Project Administrator ("PA") in accordance with the provisions of Section II of Schedule 3 to this Agreement. The PA shall be responsible for Project administration functions, during the early years of Project implementation (Fiscal Years 1996-1999), including, inter alia, Project finance, accounting and budgeting, training, and the procurement of works, goods and services required for the Project.

Section 3.04. The Borrower shall at all times, until completion of the Project, promptly provide any and all security clearances, approvals, licenses, permits and permissions required, or otherwise needed, to allow for: (i) the conduct of aircraft flights above its territory within its airspace as may be necessary, from time to time, to perform the aerial photography activities referred to in Part B (1) (a) of the Project; and (ii) the processing, at premises located outside the Borrower's territory, of the photographic negatives produced as a result of such aerial photography activities.

Section 3.05. The Borrower shall, not later than January 31, 1997, issue implementing regulations to the Decrees, which regulations shall be satisfactory to the Association and shall set forth the specific requirements and procedures for the issuance, registration, adjudication and enforceability of land transfer, occupancy and use rights.

Section 3.06. (a) Without any restriction or limitation upon any of the provisions of the General Conditions, not later than December 31, 1999, the Borrower shall carry out, based on terms of reference acceptable to the Association, a comprehensive mid-term review of the progress achieved to date by the Borrower in carrying out the Project and in developing and implementing its national land titling program.

(b) Promptly thereafter, and taking into account the Association's recommendations made on the basis of the findings of said mid-term review, the Borrower shall take, or cause to be taken, all actions necessary to achieve the objectives of the Project and further develop and implement its national land titling program.

Section 3.07. For purposes of Section 9.06 of the General Conditions, and without any limitation or restriction thereto, the Borrower shall:

- (i) 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

- (ii) afford the Association a reasonable opportunity to exchange views with the Borrower on said plan.

Section 3.08. 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.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall maintain, or cause to be maintained, separate 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 (including, but without limitation, DOLHM and NGD) 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 (6) 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 such records, 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, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one (1) year after the Association has received the audit report for the Fiscal Year in which the last withdrawal from the Credit 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 Association'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 Association

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

(a) Any of the Decrees shall have been amended, suspended, abrogated, repealed or waived so as to affect, materially and adversely, the ability of the Borrower, or any of its departments or agencies, to implement the Project, or any part thereof.

(b) MOF or NGD shall have failed to carry out any of their respective obligations under the MOU.

(c) As a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that the Borrower will be able to perform any of its obligations under this Agreement.

(d) (i) Subject to sub-paragraph (ii) of this paragraph, the right of the Borrower to withdraw the proceeds of the AusAID Grant shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of the AusAID Memorandum of Subsidiary Arrangement.

(ii) Sub-paragraph (i) of this paragraph shall not apply if the Borrower establishes, to the satisfaction of the Association, that: (A) such suspension, cancellation or termination is not caused by the failure of the Borrower to perform any of its obligations under the AusAID Memorandum of Subsidiary Arrangement; 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, namely, that any event specified in paragraphs (a), (b) and (d) of 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 Association to the Borrower.

ARTICLE VI

Effective Date; Termination

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

(a) The Borrower shall have established and staffed the PSU, pursuant to the provisions of Part A.1 of Schedule 4 to this Agreement; and

(b) All conditions precedent to the effectiveness of the AusAID Memorandum of Subsidiary Arrangement shall have been fulfilled, other than those related 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.

Section 6.03. The obligations of the Borrower under Articles III and IV of this Agreement shall cease and determine on the date on which this Agreement shall terminate, or on the date twenty (20) years after the date of this Agreement, whichever shall be the earlier.

ARTICLE VII

Representatives of the Borrower; Addresses

Section 7.01. The Minister of Finance of the Borrower is hereby designated as the 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
Post Office Box No. 46
Vientiane
Lao People's Democratic Republic

Cable Address:	Telex:
MINFINANCE	4369
Vientiane	MOF LS

For the Association:

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

Cable address:	Telex:
INDEVAS	248423 (RCA),
Washington, D.C.	82987 (FTCC),
	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.

LAO PEOPLE'S DEMOCRATIC REPUBLIC

By /s/ Hiem Phommachanh, Ambassador
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Russell Cheetham
Regional Vice President
East Asia and Pacific

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) Civil works	430,000.00	95%
(2) Goods	1,750,000.00	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 80%

		of local ex- penditures for other items procured locally
(3) Aerial photography	530,000.00	100% of foreign expenditures and 80% of local expenditures
(4) Land adjudication	5,400,000.00	90%
(5) Map production	2,030,000.00	90%
(6) Consultants' services	1,720,000.00	100%
(7) Local training	190,000.00	90%
(8) Recurrent expenditures		
(a) expenditures incurred prior to September 30,1999	100,000.00	100%
(b) expenditures incurred thereafter	50,000.00	50%
(9) Unallocated	1,800,000.00	
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TOTAL	14,000,000.00	
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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 "recurrent expenditures" means expenditures for the operation and maintenance of buildings, facilities, equipment and vehicles and miscellaneous office materials as may be reasonably required for purposes of Project implementation, but excluding any salaries of any personnel.

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; or (b) payments made for expenditures under Categories (3) and (5) set forth in the table in paragraph 1 of this Schedule in respect of Part B (1) (a) of the Project, unless MOF and NGD shall have entered into the MOU, pursuant to the provisions of Section 3.02 (a) 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 under contracts for: (a) goods and works valued at less than two hundred thousand dollars (\$200,000) equivalent each; (b) the employment of consulting firms valued at less than one hundred thousand dollars (\$100,000) equivalent each; (c) the employment of individual consultants valued at less than fifty thousand dollars (\$50,000) equivalent each; (d) training; and (e) recurrent expenditures, all under such terms and conditions as the Association shall specify by notice to the Borrower.

Description of the Project

The objective of the Project is to assist the Borrower to develop and implement its national land titling program, and thereby establish a system of clear and enforceable land transfer, occupancy and use rights supported by an effective land administration and valuation system, so as to promote, inter alia, the long-term development of efficient land markets and facilitate domestic resource mobilization throughout its territory.

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: Policy and Legal Framework

Formulating policy guidelines and related legal regulations and procedures to further develop the Borrower's existing policy and legal framework governing land management and administration matters, and to strengthen the development and implementation of the Borrower's national land titling program.

Part B: Accelerated Land Titling Program

1. Implementing an accelerated land titling program throughout the Project Area consisting of inter alia:

(a) Producing cadastral base maps, covering a total surface area of about seven hundred seventy-two thousand hectares (772,000 ha) of urban and periurban land, through the use of map control, aerial photography and photogrammetric mapping activities and techniques;

(b) Undertaking systematic adjudication, issuance and registration of land transfer, occupancy and use titles, including preparing, distributing and registering related land records and certificates, covering about two hundred ninety-four thousand five hundred (294,500) parcels of urban and periurban land; and

(c) Undertaking sporadic adjudication, issuance and registration of land transfer, occupancy and use titles, covering about twenty-eight thousand six hundred (28,600) parcels of urban and periurban land.

2. Disseminating data and information on said land titling program throughout the Borrower's territory.

3. Constructing new and renovating existing DOLHM and NGD facilities within the Project Area.

4. Training of DOLHM and NGD personnel in land title adjudication methodologies and related registration and administration procedures and techniques.

5. Provision of necessary goods, equipment and materials (including vehicles) required for carrying out the foregoing.

Part C: Land Administration Systems

Developing the Borrower's land administration system by: (i) improving its existing land administration procedures; (ii) improving its existing systems for land records management and their documentary security (including the establishment of a computerized land registration system in selected parts of the Project Area); (iii) improving office facilities within the Project Area; (iv) training land office staff within the Project Area; and (v) developing and implementing appropriate customer relations services programs within the project Area.

Part D: Land Valuation

Developing an improved system of land valuation by: (i) providing educational and training opportunities to central and provincial governmental staff at an accredited educational institution of the Borrower; (ii) establishing a computerized land sales and rental

valuation data base within the central districts of the Project Area and the Vientiane Prefecture; and (iii) preparing manuals and related materials for valuation staff developmental training.

Part E: Technical Studies

1. Conducting the following studies: (i) a community land tenure study; (ii) a land fees and cost recovery study; (iii) a forest boundary definition study; (iv) a socio-economic baseline survey; (v) a survey measuring the socio-economic impact of land titling; (vi) a study on the efficiency and land rights issues of nationalized lands; (vii) a human resource development study; and (viii) an organizational management and operational study.

Part F: Institutional Strengthening

1. Providing local and overseas training for selected staff of DOLHM, DSA, NGD and the provincial land administration offices, so as to strengthen their respective capacities in land surveying, digital mapping, land valuation, land administration, land information systems and public administration.
2. Strengthening the capacity of the PSU in managing the day-to-day operations of the Project.
3. Strengthening the Borrower's institutional ability to carry out the Project.

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

SCHEDULE 3

Procurement and Consultants' Services

Section I: Procurement of Goods and Works

Part A: General

Goods 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 (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 works 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 provision shall apply to goods and works to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B:

Preference for Domestic Manufacturers and Domestic Contractors: 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 and works to be carried out by domestic contractors.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Civil works estimated to cost one hundred thirty-seven thousand dollars (\$137,000) equivalent or less per contract, and four hundred ten thousand dollars (\$410,000) equivalent or less in the aggregate, and goods estimated to cost two hundred ninety thousand dollars (\$290,000) equivalent or less per contract, and five hundred seventy thousand dollars (\$570,000) equivalent or less in the aggregate, 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 fifty thousand dollars (\$50,000) equivalent or less per contract, and one hundred thirty thousand dollars (\$130,000) equivalent or less in the aggregate, 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. Procurement from UN Agencies, Direct Contracting and Local Shopping

Miscellaneous materials and supplies estimated to cost twenty-five thousand dollars (\$25,000) equivalent or less per contract, and one hundred eighty thousand dollars (\$180,000) equivalent or less in the aggregate, may be procured: (i) from the United Nations Inter-Agency Procurement Services Office in accordance with the provisions of paragraph 3.9 of the Guidelines; or (ii) 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; or (iii) with the Association's prior agreement, in accordance with the provisions of paragraph 3.7 of the Guidelines.

Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to pre-qualify for bidding or to bid for contracts, the proposed procurement plan for 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 Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Reviews

With respect to each contract for goods or works estimated to cost the equivalent of two hundred thousand dollars (\$200,000) or more, the procedures set forth in paragraphs 2 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. Employment of Consultants

1. Consultants' services shall be procured under contracts awarded in accordance with the provisions of the "Guidelines for the Use of Consultants by World Bank Borrowers and by the World Bank as Executing Agency" published by the Association in August 1981 (the "Consultant Guidelines"). For complex, time-based assignments, such contracts shall be based on the standard form of contract for consultants' services issued by the Association, with such modifications as shall have been agreed by the Association. Where no relevant standard contract documents have been issued by the Association, other standard forms acceptable to the Association shall be used.

2. Notwithstanding the provisions of paragraph 1 of this Section, the provisions of the Consultant Guidelines requiring prior Association 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 one hundred thousand dollars (\$100,000) equivalent each, or (b) contracts for the employment of individual consultants estimated to cost less than fifty thousand dollars (\$50,000) equivalent each. However, this exception to prior Association review shall not apply to: (a) the terms of reference for such contracts; (b) single-source selection of consulting firms; (c) assignments of a

critical nature, as reasonably determined by the Association; (d) amendments to contracts for the employment of consulting firms raising the contract value to one hundred thousand dollars (\$100,000) equivalent or above; or (e) amendments to contracts for the employment of individual consultants raising the contract value to fifty thousand dollars (\$50,000) equivalent or above.

SCHEDULE 4

Project Implementation Plan

Part A: Project Implementation Arrangements

1. PSU. The Borrower shall establish within DOLHM, and thereafter maintain until completion of the Project, a Project Support Unit ("PSU") with membership, functions, terms of reference and resources satisfactory to the Association. The PSU shall be responsible for, inter alia, the general oversight and overall supervision, management and coordination of Project implementation (including, but without limitation, the consolidation of all Project work plans, reports and related budgets, and their submission to the PSC for final review and approval prior to their transmittal to the Association). For that purpose, the Borrower shall take all measures required to ensure that the PSU is, at all times, headed by a qualified project manager, and is otherwise staffed by qualified personnel in adequate numbers (including, without limitation, an accountant and a procurement officer) disposing of all the necessary resources.

2. DOLHM. The Borrower shall: (a) at all times maintain DOLHM with satisfactory staffing, resources and operational funds; and (b) ensure that DOLHM shall maintain policies and procedures adequate to enable it, the PSU and the Borrower to monitor and evaluate, on an on-going basis in accordance with performance indicators satisfactory to the Association, the progress achieved in implementing the Project and achieving its objectives.

3. NGD. The Borrower shall take all action necessary to ensure that NGD carries out the aerial photography mapping activities referred to in Part B (1) (a) of the Project in accordance with the provisions of the MOU.

4. PSC. The Borrower shall, not later than September 1, 1996, establish and thereafter maintain until completion of the Project a Project Steering Committee ("PSC") with membership and terms of reference satisfactory to the Association. The PSC shall be responsible for inter alia: (i) providing overall policy guidance to the PSU project manager; (ii) reviewing and approving the Project work plans and progress reports referred to in Part B (1) of this Schedule; (iii) liaising between the PSU and the LPMC, and recommending to the LPMC such changes in land management policies as may be required to ensure the successful implementation of the Project and achievement of its objectives; and (iv) coordinating between the various central and provincial governmental agencies involved in Project implementation.

5. POC. The Borrower shall, not later than October 15, 1996, establish and thereafter maintain until completion of the Project a Project Oversight Committee ("POC") within each province of the Project Area with membership and terms of reference satisfactory to the Association. The POC shall be responsible for: (i) reviewing and approving the annual provincial work plans and related budgets and progress reports in respect of Project implementation, prior to their submission to the PSU for Project-wide consolidation and final approval by the PSC; (ii) coordinating between the various provincial governmental agencies involved in Project implementation; and (iii) reporting, through the PSC, on issues which might affect or otherwise interfere with the successful implementation of the Project and the achievement of its objectives in the province concerned.

6. PPFU. The Borrower shall, not later than October 15, 1996, establish and thereafter maintain in the Land and Housing Management Office in Vientiane Province and in each province within the Project Area, until completion of the Project, a Provincial Project Facilitation

Unit ("PPFU") with membership and terms of reference satisfactory to the Association. The PPFU shall be responsible for assisting the PSU in managing Project implementation at the provincial level.

7. DSA. The Borrower shall take all measures necessary to ensure that its Department of State Assets ("DSA") shall assist in the implementation of Project activities related to land valuation and state land management.

Part B: Project Progress Reports and Reviews

1. The Borrower shall through the PSU: (a) submit to the Association, by May 31 and November 30 in each Fiscal Year, beginning on November 30 in Fiscal Year 1996, a semi-annual progress report on the implementation of the Project, of such scope and in such detail as the Association shall reasonably request; (b) organize and carry out joint annual Project review meetings with representatives of the Borrower and the Association, and prepare an annual progress report on the implementation of the Project, under terms of reference satisfactory to the Association, to be reviewed at these meetings; and (c) as part of each said annual review, prepare and carry out a follow-up time-based action plan, satisfactory to the Association, to remedy any deficiencies in Project implementation identified during such review.

Part C: Studies and Training.

1. Studies. The Borrower shall, not later than November 30, 1996, furnish to the Association for its prior approval the terms of reference and time-bound action plans for carrying out each study referred to in Part E of the Project. Upon its receipt of the Association's approval, the Borrower shall promptly carry out each study, as approved by the Association, and furnish to the Association, for its review and comments, the draft report of each study together with the proposed work plan and related budget for implementing its recommendations. Once the Association has approved these recommendations, the Borrower shall immediately take all measures necessary to implement said recommendations with due diligence and efficiency, duly taking into account the Association's views and comments thereon.

2. Training. The Borrower shall, not later than August 31 in each Fiscal year beginning with Fiscal Year 1996, furnish to the Association, for its prior approval, the proposed programs and related budgets for the provision of the training activities, for the immediately following Fiscal Year, referred to in Part F (1) of the Project. Once the Association has approved these programs and budgets, the Borrower shall immediately take all measures necessary to carry out said activities with due diligence and efficiency, duly taking into account the Association's views and comments thereon.

Part D: Operational Trials

1. Operational Trials. The Borrower shall, not later than September 30, 1996, furnish to the Association, for its prior approval, the proposed time-bound action plan for implementing the lessons learned and recommendations derived from the results of the Project preparation operational trials undertaken prior to Credit effectiveness. Upon its receipt of the Association's approval, the Borrower shall immediately take all measures necessary to implement said recommendations with due diligence and efficiency, duly taking into account the Association's views and comments thereon.

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) The term "Eligible Categories" means Categories (1), (2), (3), (4), (5), (6), (7) and (8) 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 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 six hundred thousand dollars (\$600,000.00) to be withdrawn from the Credit Account and deposited in 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 two hundred thousand dollars (\$200,000.00) 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 four million Special Drawing Rights (SDR4,000,000.00).

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 a deposit or deposits 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 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 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 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 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 Categories, less the amount of any outstanding special commitment 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 Categories 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.



