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LOAN NUMBER 9141-PH

# Loan Agreement

(Support to Parcelization of Lands for Individual Titling Project)

between

REPUBLIC OF THE PHILIPPINES

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

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## **LOAN AGREEMENT**

AGREEMENT dated as of the Signature Date between REPUBLIC OF THE PHILIPPINES (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”). The Borrower and the Bank hereby agree as follows:

### **ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

### **ARTICLE II — LOAN**

- 2.01. The Bank agrees to lend to the Borrower the amount of three hundred seventy million Dollars (\$370,000,000), as such amount may be converted from time to time through a Currency Conversion (“Loan”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section III of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.06. The Payment Dates are June 15 and December 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

### **ARTICLE III — PROJECT**

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower, through its DAR, shall carry out the Project in accordance with the



provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

**ARTICLE IV — REMEDIES OF THE BANK**

- 4.01. The Additional Event of Suspension consists of, namely, the Legal Framework has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Borrower to carry out the Project or to perform any of its obligations under this Agreement.

**ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Condition of Effectiveness consists of, namely, the Borrower, through the DAR, has adopted the Project Operations Manual in form and substance satisfactory to the Bank.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

**ARTICLE VI— REPRESENTATIVE; ADDRESSES**

- 6.01. The Borrower's Representative is its Secretary of Finance.
- 6.02. For purposes of Section 10.01 of the General Conditions:

(a) the Borrower's Address is:

Department of Finance  
Department of Finance Building  
Roxas Boulevard corner Pablo Ocampo Sr. Street  
Manila 1004  
Philippines

(b) the Borrower's Electronic Address is:

Facsimile:	Email:
(63-2) 8523-9216	secfin@dof.gov.ph

- 6.03. For purposes of Section 10.01 of the General Conditions:

(a) the Bank's address is:

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



United States of America; and

(b) the Bank's Electronic Address is:

Telex:

Facsimile:

E-mail:

248423(MCI) or  
64145(MCI)

1-202-477-639

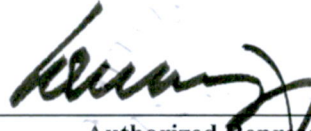
[PhilippinesCMU@worldbank.org](mailto:PhilippinesCMU@worldbank.org)




AGREED as of the Signature Date.

REPUBLIC OF THE PHILIPPINES

By



Authorized Representative

Name: Carlos Dominguez 

Title: Secretary of Finance

Date: JUL 14 2020



INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

Name: Achim Fock

Title: Acting Country Director

Date: 30-Jun-2020

## SCHEDULE 1

### Project Description

The objective of the Project is to improve land tenure security and stabilize property rights of ARBs.

The Project consists of the following parts:

#### **Part 1 - Parcelization of Collective CLOAs**

##### **1.1. Improved Regulatory Framework**

Providing technical assistance support for: (i) updating DAR's DAOs and other instruments related to collective CLOA parcelization and preparing implementing rules and regulations for strengthened inter-agency institutional arrangements; (ii) developing a media and communication strategy and materials for encouraging participation of ARBs in the parcelization process; and (iii) assessing the policy and operational implications of the enhanced parcelization process and the results of the collective CLOA inventory.

##### **1.2. Information Technology Support**

Carrying out a program of activities to optimize the workflow of parcelizing collective CLOAs, including:

- (i) developing and implementing a central CLOA document management system and a central digital archive system for individual titles;
- (ii) developing automated tools and digital forms to support the parcelization processes at the local level;
- (iii) upgrading of an e-survey plan module for geodetic engineers;
- (iv) providing technical assistance and capacity building to DAR staff at the central and field offices; and
- (v) supplying hardware, licenses, communication equipment, and rental of communication lines.

**1.3. Completing the Inventory of Collective CLOAs**

Providing technical and operational support for: (i) developing an inventory and validating the master lists of ARBs in the collective CLOAs; (ii) verifying and certifying the classification of lands under collective CLOAs; and (iii) identifying and addressing any issues related to the overlap between lands under collective CLOAs with forest/timber lands, and with ancestral domain.

**1.4. Field Testing of Improved Procedures to Subdivide Collective CLOAs**

Carrying out: (i) field validation and consultation with ARBs; (ii) field testing of new survey techniques and enhanced procedures in selected pilot areas; (iii) parcelization survey; (iv) re-documentation and generation of individual titles; (v) public communication and dissemination activities for wider and informed ARB participation; and (vi) identification and re-constitution of lost or destroyed collective CLOAs.

**1.5. Rolling out Improved Procedure in Other Regions**

Carrying out a program of activities to scale-up parcelization activities across Selected Regions based on the improved procedures and field coordination tested under Part 1.4 above.

**Part 2 - Capability Building and Technical Assistance**

Carrying out technical assistance to enhance the capacity of DAR staff based in central and field offices and its Partner Agencies on the adoption of enhanced guidelines and processes, including: (i) delivering orientation and/or re-orientation training on the enhanced workflow and parcelization processes, and the use of digital and modern technology; (ii) cascading of revised rules and procedures for the parcelization process and agrarian reform cases; and (iii) providing coaching sessions for DAR field office staff on topics related to Project implementation.

**Part 3 - Project Management and Monitoring and Evaluation**

Providing technical and operational support for project management and coordination, including financial management and disbursement, procurement, environmental and social risk and impact management, grievance redress mechanisms, and monitoring, reporting and evaluation.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements.

1. The Borrower, through DAR, shall maintain, throughout the period of implementation of the Project, Project implementation structures at the national and sub-national levels, all with composition, functions, staffing and resources satisfactory to the Bank and set out in the Project Operations Manual.
2. Without limitation to the foregoing, the Borrower shall, through DAR:
  - (a) establish and thereafter, maintain: (i) a National Project Steering Committee, chaired by DAR and including representatives of relevant government agencies involved in Project implementation, which shall be responsible for providing overall policy direction and guidance for Project implementation; (ii) a National Project Coordinating Committee, which shall be responsible for providing overall operational guidance for Project implementation; and (iii) a Central Project Management Office which shall be responsible for implementation of Project activities at national level;
  - (b) at each Selected Region, prior to the commencement of any Project activity in the respective Selected Region, establish and thereafter maintain: (i) a Regional Project Coordinating Committee which shall be responsible for overseeing and providing guidance at regional level; and (ii) a Regional Project Management Office which shall be responsible for carrying out Project activities at the Selected Region; and
  - (c) at each province of the Selected Regions, prior to the commencement of any Project activity in the respective province, establish and thereafter maintain: (i) a Provincial Project Coordinating Committee which shall be responsible for overseeing and providing guidance at provincial level; and (ii) a Provincial Project Management Office which shall be responsible for carrying out Project activities at the respective province.



3. To facilitate the implementation of the Project, the Borrower, through DAR, shall enter into a memorandum of understanding with each of the Partner Agencies under terms and conditions acceptable to the Bank.

**B. Project Operations Manual.**

The Borrower, through DAR, shall ensure that the Project is carried out in accordance with the arrangements and procedures set out in the Project Operations Manual (provided, however, that in the event of any conflict between the arrangements and procedures set out in the Project Operations Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail); and shall not amend, abrogate or waive any provision of the Project Operations Manual unless the Bank has provided its prior no-objection thereof in writing.

**C. Annual Work Plans and Budgets.**

1. The Borrower, through DAR, shall prepare and furnish to the Bank for its no-objection not later than October 31 of each fiscal year of the Borrower during the implementation of the Project (or such later date as the Bank may agree), a consolidated Annual Work Plan and Budget ("AWPB") containing all Project activities and expenditures proposed to be included in the Project in the following fiscal year, including a specification of the sources of financing for all expenditures, and environmental and social risk and impact management measures taken or planned to be taken in accordance with the provisions of Part D of this Schedule.
2. The Borrower, through DAR, shall ensure that the Project is implemented in accordance with the AWPB accepted by the Bank for the respective fiscal year; provided, however, that in the event of any conflict between the AWPB and the provisions of this Agreement, the provisions of this Agreement shall prevail.
3. The Borrower, through DAR, shall not make or allow to be made any change to the AWPB without prior no-objection in writing by the Bank.

**D. Environmental and Social Standards.**

1. The Borrower, through DAR, shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
2. Without limitation upon paragraph 1 above, the Borrower, through DAR, shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Bank. To this end, the Borrower, through DAR, shall ensure that:

- (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and provided in the ESCP;
- (b) sufficient funds are available to cover the costs of implementing the ESCP;
- (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
- (d) the ESCP, or any provision thereof, is not amended, repealed, suspended, or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.

In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

3. The Borrower, through DAR, shall ensure that:
  - (a) all measures necessary on its part are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, inter alia: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
  - (b) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
4. The Borrower, through DAR, shall establish, publicize, maintain, and operate an accessible grievance mechanism to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.

**Section II. Project Monitoring Reporting and Evaluation**

**A. Project Reports.**

The Borrower, through DAR, shall furnish to the Bank each Project Report not later than sixty (60) days after the end of each calendar semester covering the calendar semester. Except as may otherwise be explicitly required or permitted under this Agreement or as may be explicitly requested by the Bank, in sharing any information, report or document related to the activities described in Schedule 1 of this Agreement, the Recipient shall ensure that such information, report or document does not include Personal Data.

**B. Mid-term Review.**

The Borrower, through DAR, shall: (a) on or about the date twenty four (24) months after the Effective Date, prepare and furnish to the Bank a mid-term report, in such detail as the Bank shall reasonably request, documenting progress achieved in the carrying out of the Project during the period preceding the date of such report, taking into account the monitoring and evaluation activities performed pursuant to Part A above, and setting out the measures recommended to ensure the continued efficient carrying out of the Project and the achievement of its objectives during the period following such date; and (b) review with the Bank such mid-term report, on or about the date forty-five (45) days after its submission, and thereafter take all measures required to ensure the continued efficient implementation of the Project and the achievement of its objectives, based on the conclusions and recommendations of the mid-term report and the Bank's views on the matter.

**Section III. Withdrawal of Loan Proceeds**

**A. General.**

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to finance one hundred percent (100%) of Eligible Expenditures consisting of goods, non-consulting services, consulting services, Training, and Operating Costs, excluding costs incurred by DENR and LRA associated with the information technology fees for survey plan and title registration, inclusive of Taxes.

**B. Withdrawal Conditions; Withdrawal Period.**

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date.
2. The Closing Date is December 31, 2024.

**SCHEDULE 3**

**Commitment-Linked Amortization Repayment Schedule**

The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date (“Installment Share”).

**Level Principal Repayments**

<b>Principal Payment Date</b>	<b>Installment Share</b>
On each June 15 and December 15 Beginning June 15, 2031 through December 15, 2048	2.7 %
On June 15, 2049	2.8 %

## APPENDIX

### Definitions

1. “Annual Work Plan and Budget” or the acronym “AWPB” each means the plan and budget referred to in Section I.C of Schedule 2 to this Agreement; as said plan may be modified from time to time with the prior written no-objection of the Bank.
2. “Anti-Corruption Guidelines” means, for purposes of paragraph 5 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.
3. “ARBs” or “Agrarian Reform Beneficiaries” means the farmers who are residing in Selected Regions and qualified to receive support under the Borrower’s Comprehensive Agrarian Reform Program in accordance with the Legal Frameworks.
4. “Central Project Management Office” means an office to be established and maintained by DAR, in accordance with Section I.A.2.(a).(iii) of Schedule 2 to this Agreement, or any successor thereto.
5. “Comprehensive Agrarian Reform Program” or “CARP” means the Borrower’s program to provide support to poor /landless farmers and farmworkers by offering them land tenure security, agrarian support services and mechanisms for social justice.
6. “CLOA” means a certificate of land ownership award, and “CLOAs” means more than one CLOA.
7. “DAR” means the Borrower’s Department of Agrarian Reform, or any successor thereto.
8. “Department Administrative Orders” or “DAOs” means the Borrower’s legal instruments issued at the department level to provide implementation guidance and standard procedures for matters under a department’s authority.
9. “DBM” means the Borrower’s Department of Budget and Management, or any successor thereto.
10. “DENR” means the Borrower’s Department of Environment and Natural Resources, or any successor thereto.
11. “DOF” means the Borrower’s Department of Finance, or any successor thereto.

12. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project dated June 1, 2020, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Borrower, through DAR, shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
13. “Environmental and Social Standards” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank at <https://www.worldbank.org/en/projects-operations/environmental-and-social-framework/brief/environmental-and-social-standards>.
14. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing”, dated December 14, 2018.
15. “Legal Framework” means collectively the framework of the Borrower establishing the CARP and comprising, among others, of the following: (a) the Republic Act No. 6657 dated June 10, 1988 institutionalizing the CARP and providing the mechanism for its implementation, (b) Republic Act No. 7881 dated February 20, 1995 amending certain provisions of Republic Act No. 6657 and instituting the CARP to promote social justice and industrialization, providing the mechanism for its implementation, and for other purposes, (c) Republic Act No. 7905 dated February 23, 1995 strengthening the implementation of the CARP, and for other purposes, (d) Republic Act No. 8532 dated February 23, 1998, strengthening further the CARP, by providing augmentation fund therefor, amending for the purpose Section 63 of Republic Act No. 6657, (e) Republic Act No. 9700 dated August 7, 2009 strengthening the CARP, extending the acquisition and distribution of all agricultural lands, instituting necessary reforms, amending

for the purpose certain provisions of Republic Act No. 6657, as amended, and appropriating funds therefore; as may be amended from time to time.

16. "LRA" means the Borrower's Land Registration Authority, or any successor thereto.
17. "Local Government Units" means the territorial and political subdivisions of the Borrower at the provincial, city, municipal, and barangay levels; or any successor thereto.
18. "National Project Steering Committee" means a committee to be established and maintained by DAR, in accordance with Section I.A.2.(a).(i) of Schedule 2 to this Agreement, and any successor thereto.
19. "National Project Coordinating Committee" means a committee to be established and maintained by the DAR, in accordance with Section I.A.2.(a).(ii) of Schedule 2 to this Agreement, and any successor thereto.
20. "NCIP" means the Borrower's National Commission on Indigenous Peoples, or any successor thereto.
21. "NEDA" means the Borrower's National Economic and Development Authority, or any successor thereto.
22. "Operating Costs" means the incremental operating costs of the Project, considered to be reasonable by the Bank and included in an Annual Work Plan and Budget, incurred by the Borrower for purposes of Project management, implementation, and monitoring and evaluation on account of office supplies and consumables, utilities, bank charges, communications, mass media and printing services, vehicle rental, operation, maintenance, and insurance, office space rental, building and equipment maintenance, domestic and international travel, lodging, and subsistence allowances, and salaries and salary supplements of contractual and temporary staff, but excluding salaries, salary supplements and overheads of members of the Borrower's civil service.
23. "Partner Agencies" means collectively the Borrower's DENR, Department of the Interior and Local Government, LRA, Land Bank of the Philippines, Local Government Units, and NCIP; and "Partner Agency" means any of the Partner Agencies.
24. "Personal Data" means any information relating to an identified or identifiable individual. An identifiable individual is one who can be identified by reasonable means, directly or indirectly, by reference to an attribute or combination of attributes within the data, or combination of the data with other available information. Attributes that can be used to identify an identifiable individual

include, but are not limited to, name, identification number, location data, online identifier, metadata and factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of an individual.

25. “Provincial Project Coordinating Committee” means a committee to be established and maintained by DAR in a province located in the Selected Regions, in accordance with Section I.A.2.(c).(i) of Schedule 2 to this Agreement, and any successor thereto.
26. “Provincial Project Management Office” means an office to be established and maintained by DAR in a province located in the Selected Regions, in accordance with Section I.A.2.(c).(ii) of Schedule 2 to this Agreement, and any successor thereto.
27. “Project Operations Manual” means the manual to be adopted by the Borrower, through DAR, for the implementation of the Project referred to in Section I.B of Schedule 2 to this Agreement, containing detailed arrangements and procedures for: (a) institutional coordination and day-to-day execution of the Project; (b) disbursement and financial management; (c) procurement; (d) environmental and social implementation measures; (e) monitoring and evaluation, reporting and communication; (f) an integrity action plan, (g) an automated procedure for land parcelization; (h) personal data collection and processing in accordance with applicable national laws and good international practices, roles and responsibilities for Project implementation; and (i) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project; as said manual may be modified from time to time with the prior written approval of the Bank, and such term includes any schedules to such manual.
28. “Procurement Regulations” means, for purposes of paragraph 85 of the Appendix to the General Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated July 2016, revised November 2017 and August 2018.
29. “Regional Project Coordinating Committee” means a committee to be established and maintained by DAR in the Selected Regions, in accordance with Section I.A.2.(b).(i) of Schedule 2 to this Agreement, and any successor thereto.
30. “Regional Project Management Office” means an office to be established and maintained by DAR in the Selected Regions, in accordance with Section I.A.2.(b).(ii) of Schedule 2 to this Agreement, and any successor thereto.
31. “Selected Regions” means the regions located within the Borrower’s territory including Cordillera Administrative Region, Region 1 (Ilocos Region), Region 2 (Cagayan Valley), Region 3 (Central Luzon), Region 4A (Calabarzon), Region 4B (Mimaropa), Region 5 (Bicol Region), Region 6 (Western Visayas), Region 7 (Central Visayas), Region 8 (Eastern Visayas), Region 9 (Zamboanga Peninsula),



Region 10 (Northern Mindanao), Region 11 (Davao Region), Region 12 (Soccsksargen), Region 13 (Caraga Region), and/or other regions as agreed with the Bank; and “Selected Region” means any of the Selected Regions.

32. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.
33. “Training” means the reasonable costs of training under the Project, based on the Annual Work Plans and Budgets, and attributable to seminars, workshops, and study tours, along with domestic and international travel and subsistence allowances for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation.