

No. 19865

**UNITED STATES OF AMERICA
and
PHILIPPINES**

Project Loan Agreement for real property tax administration (with annexes, project financial plan and memorandum of understanding). Signed at Manila on 19 May 1978

Authentic text: English.

Registered by the United States of America on 10 June 1981.

**ÉTATS-UNIS D'AMÉRIQUE
et
PHILIPPINES**

Accord de prêt relatif à un projet de mise en place d'une administration des impositions immobilières (avec annexes, budget du projet et mémorandum d'accord). Signé à Manille le 19 mai 1978

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 10 juin 1981.

PROJECT LOAN AGREEMENT¹ BETWEEN THE REPUBLIC OF THE PHILIPPINES AND THE UNITED STATES OF AMERICA FOR REAL PROPERTY TAX ADMINISTRATION

Dated: May 19, 1978

A.I.D. Loan No. 492-W-048
A.I.D. Project No. 492-0298

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¹ Came into force on 19 May 1978 by signature.

² For the text of the annex, see p. 3 of this volume.

PROJECT LOAN AGREEMENT dated May 19, 1978, between the REPUBLIC OF THE PHILIPPINES (“Borrower”) and the UNITED STATES OF AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT (“A.I.D.”).

Article 1. THE AGREEMENT

The purpose of this Agreement is to set out the understandings of the parties named above (“Parties”) with respect to the undertaking by the Borrower of the Project described below, and with respect to the financing of the Project by the Parties.

Article 2. THE PROJECT

Section 2.1. DEFINITION OF PROJECT. The Project, which is further described in Annex I, will consist of providing technical expertise, equipment and commodity support and financial incentives to assist in the establishment of a Real Property Tax Administration (RPTA) System in various provinces, municipalities and cities in the Republic of the Philippines. The installation of the RPTA system consists of four integrated operations: tax mapping, property assessment, tax records conversion and management, and tax collections. Annex I, attached, amplifies the above definition of the Project.

Within the limits of the above definition of the Project, elements of the amplified description stated in Annex I may be changed by written agreement of the authorized representatives of the Parties named in Section 9.2, without formal amendment of this Agreement.

Section 2.2. INCREMENTAL NATURE OF PROJECT. (a) A.I.D.’s contribution to the Project will be provided in increments, the initial one being made available in accordance with Section 3.1 of this Agreement. Subsequent increments will be subject to availability of funds to A.I.D. for this purpose, and to the mutual agreement of the Parties, at the time of a subsequent increment, to proceed.

(b) Within the overall Project Assistance Completion Date stated in this Agreement, A.I.D., based upon consultation with the Borrower, may specify in Project Implementation Letters appropriate time periods for the utilization of funds loaned by A.I.D. under an individual increment of assistance.

Article 3. FINANCING

Section 3.1. THE LOAN. To assist the Borrower to meet the costs of carrying out the Project, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, agrees to lend the Borrower under the terms of this Agreement not to exceed Four Million United States (“U.S.”) Dollars (\$4,000,000.00) (“Loan”). The aggregate amount of disbursements under the Loan is referred to as “Principal”.

The Loan may be used to finance foreign exchange costs, as defined in Section 7.1, and local currency costs, as defined in Section 7.2, of goods and services required for the Project.

Section 3.2. BORROWER RESOURCES FOR THE PROJECT. (a) The Borrower agrees to provide or cause to be provided for the Project all funds, in addition to the Loan, and all other resources required to carry out the Project effectively and in a timely manner.

(b) The resources provided by Borrower for the Project will be not less than the equivalent of U.S. \$1,855,266.00, including costs borne on an "in-kind" basis.

Section 3.3. PROJECT ASSISTANCE COMPLETION DATE. (a) The "Project Assistance Completion Date" (PACD), which is May 15, 1982, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all portions of the Project financed jointly by them on a Fixed Amount Reimbursement (FAR) basis will have been completed, that all services financed under the Loan other than on a FAR basis will have been performed, and that all goods financed under the Loan other than on a FAR basis will have been furnished for the Project as contemplated in this Agreement.

(b) Except as A.I.D. may otherwise agree in writing, A.I.D. will not issue or approve documentation which would authorize disbursement of the Loan for FAR portions of the Project completed subsequent to the PACD, or, in case of portions of the Project financed under the Loan other than on a FAR basis, for services performed subsequent to the PACD or for goods furnished for the Project, as contemplated in this Agreement, subsequent to the PACD.

(c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, are to be received by A.I.D. or any bank described in Section 8.1, no later than nine (9) months following the PACD, or such other period as A.I.D. agrees to in writing. After such period, A.I.D., giving notice in writing to the Borrower, may at any time or times reduce the amount of the Loan by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of said period.

Article 4. LOAN TERMS

Section 4.1. INTEREST. The Borrower will pay to A.I.D. interest which will accrue at the rate of two percent (2%) per annum for ten (10) years following the date of the first disbursement hereunder and at a rate of three percent (3%) per annum thereafter on the outstanding balance of Principal and on any due and unpaid interest. Interest on the outstanding balance will accrue from the date (as defined in Section 8.5.) of each respective disbursement, and will be payable semiannually. The first payment of interest will be due and payable no later than six (6) months after the first disbursement hereunder, on a date to be specified by A.I.D.

Section 4.2. REPAYMENT. The Borrower will repay to A.I.D. the Principal within twenty (20) years from the date of the first disbursement of the Loan in twenty-one (21) approximately equal semiannual installments of Principal and interest. The first installment of Principal will be payable nine and one-half (9¹/₂) years after the date on which the first interest payment is due in accordance with Section 4.1. A.I.D. will provide the Borrower with an amortization schedule in accordance with this Section after the final disbursement under the Loan.

Section 4.3. APPLICATION, CURRENCY, AND PLACE OF PAYMENT. All payments of interest and Principal hereunder will be made in U.S. dollars and will be applied first to the payment of interest due and then to the repayment of Principal. Except as A.I.D. may otherwise specify in writing, payments will be made to the Controller, Office of Financial Management, Agency for International Development, Washington, D.C. 20523, U.S.A., and will be deemed made when received by the Office of Financial Management.

Section 4.4. PREPAYMENT. Upon payment of all interest and any refunds then due, the Borrower may prepay, without penalty, all or any part of the Principal. Unless A.I.D. otherwise agrees in writing, any such prepayment will be applied to the installments of Principal in the inverse order of their maturity.

Section 4.5. RENEGOTIATION OF TERMS. (a) The Borrower and A.I.D. agree to negotiate, at such time or times as either may request, an acceleration of the repayment of the Loan in the event that there is any significant and continuing improvement in the internal and external economic and financial position and prospects of the Republic of the Philippines, which enable the Borrower to repay the Loan on a shorter schedule.

(b) Any request by either Party to the other to so negotiate will be made pursuant to Section 9.1, and will give the name and address of the person or persons who will represent the requesting Party in such negotiations.

(c) Within thirty (30) days after delivery of a request to negotiate, the requested Party will communicate to the other, pursuant to Section 9.1, the name and address of the person or persons who will represent the requested Party in such negotiations.

(d) The representatives of the Parties will meet to carry on negotiations no later than thirty (30) days after delivery of the requested Party's communication under subsection (c). The negotiations will take place at a location mutually agreed upon by the representatives of the Parties, provided that, in the absence of mutual agreement, the negotiations will take place at the office of Borrower's Director-General, National Economic and Development Authority in the Republic of the Philippines.

Section 4.6. TERMINATION ON FULL PAYMENT. Upon payment in full of the Principal and any accrued interest, this Agreement and all obligations of the Borrower and A.I.D. under it will cease.

Article 5. CONDITIONS PRECEDENT TO DISBURSEMENT

Section 5.1. FIRST DISBURSEMENT. Prior to the first disbursement under the Loan, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Borrower will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (a) An opinion of counsel acceptable to A.I.D. that this Agreement has been duly authorized and/or ratified by, and executed on behalf of, the Borrower, and that it constitutes a valid and legally binding obligation of the Borrower in accordance with all of its terms;
- (b) A statement of the name of the person holding or acting in the office of the Borrower specified in Section 9.2, and of any additional representatives, together with a specimen signature of each person specified in such statement; and
- (c) The evaluation program referred to in Section 6.1.

Section 5.2. ADDITIONAL DISBURSEMENT. Prior to disbursement under the Loan, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, for the purpose of individual activities listed below,

the Borrower will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (a) Prior to disbursement of funds or issuance of documentation for reimbursement for procurement of aerial photographs or other base source data, documentation showing receipts for payment and possession of the aerial photographs or other base source data;
- (b) Prior to disbursement of funds or issuance of documentation for reimbursement of the "seed" money (as described in Annex I), documentation of the appropriate province, municipality, or city showing receipt of such "seed" money;
- (c) Prior to disbursement of funds or issuance of documentation for reimbursement of initial interest-free loans to local governments, documentation certifying that tax-mapping, conversion of records and reappraisal have been completed for that unit of local government; and
- (d) Prior to disbursement of funds or issuance of documentation for reimbursement of subsequent interest-free loans to local governments, documentation certifying that tax collections are being made under the RPTA system.

Section 5.3. NOTIFICATION. When A.I.D. has determined that the conditions precedent specified in Sections 5.1 and 5.2 have been met, it will promptly notify the Borrower.

Section 5.4. TERMINAL DATE FOR CONDITIONS PRECEDENT. (a) If all of the conditions specified in Section 5.1 have not been met within 90 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to the Borrower.

(b) If all of the conditions specified in Section 5.2 have not been met within four years from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may cancel the then undisbursed balance of the Loan, to the extent not irrevocably committed to third parties, and may terminate this Agreement by written notice to the Borrower. In the event of such termination, the Borrower will repay immediately the Principal then outstanding and any accrued interest; on receipt of such payments in full, this Agreement and all obligations of the Parties hereunder will terminate.

Article 6. SPECIAL COVENANTS

Section 6.1. PROJECT EVALUATION. The Parties agree to establish an evaluation program as part of the Project. Except as the Parties otherwise agree in writing, the program will include, during the implementation of the Project and at one or more points thereafter: (a) evaluation of progress toward attainment of the objectives of the Project; (b) identification and evaluation of problem areas or constraints which may inhibit such attainment; (c) assessment of how such information may be used to help overcome such problems; and (d) evaluation, to the degree feasible, of the overall development impact of the Project.

Article 7. PROCUREMENT SOURCE

Section 7.1. FOREIGN EXCHANGE COSTS. Disbursements pursuant to Section 8.1 will be used exclusively to finance the costs of goods and services required for the Project having their source and origin in countries included in

Code 941 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods and services ("Foreign Exchange Costs"), except as A.I.D. may otherwise agree in writing, and except as provided in the Project Loan Standard Provisions Annex, Section C.1 (b) with respect to marine insurance.

Section 7.2. LOCAL CURRENCY COSTS. Disbursements pursuant to Section 8.2 will be used exclusively to finance the costs of goods and services required for the Project having their source and, except as A.I.D. may otherwise agree in writing, their origin in the Republic of the Philippines ("Local Currency Costs"). To the extent provided for under this Agreement, "Local Currency Costs" may also include the provision of local currency resources required for the Project.

Article 8. DISBURSEMENTS

Section 8.1. DISBURSEMENT FOR FOREIGN EXCHANGE COSTS. (a) After satisfaction of conditions precedent, the Borrower may obtain disbursements of funds under the Loan for the Foreign Exchange Costs of goods or services required for the Project in accordance with the terms of this Agreement, by such of the following methods as may be mutually agreed upon:

- (1) By submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, (A) requests for reimbursement for such goods or services, or (B) requests for A.I.D. to procure commodities or services in Borrower's behalf for the Project; or
- (2) By requesting A.I.D. to issue Letters of Commitment for specified amounts (A) to one or more U.S. banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, under Letter of Credit or otherwise, for such goods or services, or (B) directly to one or more contractors or suppliers, committing A.I.D. to pay such contractors or suppliers for such goods or services.

(b) Banking charges incurred by the Borrower in connection with Letters of Commitment and Letters of Credit will be financed under the Loan unless the Borrower instructs A.I.D. to the contrary. Such other charges as the Parties may agree to may also be financed under the Loan.

Section 8.2. DISBURSEMENT FOR LOCAL CURRENCY COSTS. (a) After satisfaction of conditions precedent, the Borrower may obtain disbursements of funds under the Loan for Local Currency Costs required for the Project in accordance with the terms of this Agreement, by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, requests to finance such costs.

(b) The local currency needed for such disbursement hereunder may be obtained:

- (1) By acquisition by A.I.D. with U.S. dollars by purchase; or
- (2) By A.I.D. (A) requesting the Borrower to make available the local currency for such costs, and (B) thereafter making available to the Borrower through the opening or amendment by A.I.D. of Special Letters of Credit in favor of the Borrower or its designee, an amount of U.S. Dollars equivalent to the amount of local currency made available by the Borrower, which dollars will be utilized for procurement from the United States under appropriate procedures described in Project Implementation Letters.

The U.S. dollar equivalent of the local currency made available hereunder will be, in the case of subsection (b)(1) above, the amount of U.S. dollars required by A.I.D. to obtain the local currency, and in the case of subsection (b)(2) above, an amount calculated at the rate of exchange specified in the applicable Special Letter of Credit Implementation Memorandum hereunder as of the date of the opening or amendment of the applicable Special Letter of Credit.

Service 8.3. OTHER FORMS OF DISBURSEMENT. Disbursements of the Loan may also be made through such other means as the Parties may agree to in writing.

Section 8.4. RATE OF EXCHANGE. Except as may be more specifically provided under Section 8.2, if funds provided under the Loan are introduced into the Republic of the Philippines by A.I.D. or any public or private agency for purposes of carrying out obligations of A.I.D. hereunder, the Borrower will make such arrangements as may be necessary so that such funds may be converted into currency of the Republic of the Philippines at the highest rate of exchange which, at the time the conversion is made, is not unlawful in the Republic of the Philippines.

Section 8.5. DATE OF DISBURSEMENT. Disbursements by A.I.D. will be deemed to occur (a) on the date on which A.I.D. makes a disbursement to the Borrower or its designee, or to a bank, contractor or supplier pursuant to a Letter of Commitment, contract, or purchase order; (b) on the date on which A.I.D. disburses to the Borrower or its designee local currency acquired in accordance with Section 8.2(b)(1); or (c) if local currency is obtained in accordance with Section 8.2(b)(2), on the date on which A.I.D. opens or amends the Special Letter of Credit there referred to.

Article 9. MISCELLANEOUS

Section 9.1. COMMUNICATIONS. Except as expressly provided in Section 4.3, any notice, request, document or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such party at the following address:

To the Borrower:

Mail address:

National Economic and Development Authority
P.O. Box 1116
Manila, Philippines

Alternate address for cables:

NEDAPHIL Manila

To A.I.D.:

Mail address:

United States Agency for International Development
c/o The American Embassy
Manila, Philippines

Alternate address for cables:

USAID/AMEMB Manila

All such communications will be in English, unless the Parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of notice.

Section 9.2. REPRESENTATIVES. For all purposes relevant to this Agreement, the Borrower will be represented by the individual holding or acting in the office of the Director-General, National Economic and Development Authority and A.I.D. will be represented by the individual holding or acting in the office of the Director, United States A.I.D. Mission to the Philippines, each of whom, by written notice, may designate additional representatives for all purposes other than exercising the power under Section 2.1 to revise elements of the amplified description in Annex I. The names of the representatives of the Borrower, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

Section 9.3. STANDARD PROVISIONS ANNEX. A "Project Loan Standard Provisions Annex" (Annex II)¹ is attached to and forms part of this Agreement.

IN WITNESS WHEREOF, the Borrower and the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

United States of America:	Republic of the Philippines:
By: [Signed]	By: [Signed]
PETER M. CODY	GERARDO P. SICAT
Title: Director, U.S. Agency for International Development	Title: Secretary of Economic Planning (Director-General), National Economic and Development Authority

[ANNEX I]

DESCRIPTION OF PROJECT

Analysis of provincial, city and municipal budgets indicates that local government units depend heavily on allotments from the national government. Statistics also indicate that local governments are, on the average, only collecting half of the known potential collectible revenue from real property taxes. It is also an obvious fact that if real property tax records were accurate and real property tax revenue collections were rigorously pursued, local governments could improve their financial capacity to increase socio-economic projects within their respective jurisdictions.

To this end, the Department of Finance (DOF) and the Department of Local Government and Community Development (DLGCD) through the Local Development Assistance Office (LDAO) are undertaking a Real Property Tax Administration Project (RPTA) assisted by the United States Agency for International Development (A.I.D.). The local chief executives (Governors and Mayors) will implement the project at the local government level through the offices of the local assessor and treasurer.

¹ For the text of the annex, see p. 3 of this volume.

The RPTA Project will provide local government training of its personnel, commodity support and technical support needed to upgrade the technical and administrative capability of the offices of the provincial, city and municipal assessors and treasurers.

The A.I.D. Loan will provide up to \$10 million, obligated incrementally, \$4 million in this Agreement, and up to \$6 million over the subsequent life of the Project, the latter amount subject to the availability of funds and the continuing agreement of the Parties. Similarly, the Borrower's contribution will be provided in increments with the equivalent of \$1,855,266.00 being obligated in Section 3.2(b) of this Agreement and further increments, up to a total equivalent of \$5,216,000.00, being provided on a commensurate basis, through appropriate amendment of Section 3.2(b), with the A.I.D. increment(s).

The intent of the Project is to standardize country-wide the RPTA system which has been designed and field-tested under the A.I.D.-assisted Local Development Project and the Provincial Development Assistance Project (PDAP) under the DLGCD. Fully implemented, this system makes it possible for local officials to identify and account for all real property in the country, to assess real property fairly and equitably and to levy and collect taxes on real property promptly and impartially. The Project provides local officials an efficient administrative system for installing and maintaining an effective real property program under existing legislation.

The system itself is an integrated technical/administrative process using as its base the current market value of real property, and is designed to raise revenue for the support of local government operations. It is a sequential process which proceeds logically from a tax-mapping phase, through property valuation and tax determination phases, to a final tax collection phase.

Tax Mapping Operation

Objective: To prepare, install and maintain a system of tax maps based on frequent visual surveys. These maps will show graphically all land subject to assessment, with a corresponding real property identification and accounting system. The tax mapping operation utilizes aerial photos or cadastral maps, whichever is available, to aid in the identification of property and in parcellary sketching. Tax mapping is the method by which real property is inventoried. This operation discovers real property parcels and identifies their owners. By utilizing a property index numbering system, each separate land ownership is provided with a unique account number—much like the serial number used in accounting for any other valuable piece of property in a property management system. This number is permanently assigned to a specific parcel of land and establishes the connection between the physical property and the office records system which did not exist in the former system. Additionally this operation provides land area information which, when recorded, provides an additional control over property records.

Tax Appraisal and Assessment Operation

Objective: To establish a systematic method of appraising all real property at full current market value and to implement the uniform application of applicable assessment levels.

Once it has been properly mapped and inventoried, real property is appraised at its full current market value through one of several accepted methods. Assessment levels are then applied which result in the assignment of an assessed value for each particular property ownership. The assessment operation maintains subsidiary records for the purpose of periodically adjusting schedules of value and for general reassessment.

Tax Records Management Operation

Objective: To establish and maintain official ownership records for assessment purposes, including tax declarations, assessment rolls, index systems, etc., that reflect the current status of all real property ownership and assessed value.

This operation consists of the establishment and maintenance of the permanent official records and files of the Offices of the Provincial or City Assessor necessary for the purpose of maintaining continued accountability for all separate property ownership. This operation distributes by assessment roll the information necessary to establish tax collection records in the Office of the City or Provincial Treasurer. Copies of appropriate records are also furnished to the public and various other local government offices as required. The Tax Records Management Operation establishes the all-important control link between tax assessment operations and tax collection operations.

Tax Collection Operation

Objective: To collect all of the real property taxes and penalties due and payable to the government through the positive and total enforcement of the tax laws and their penal provisions.

This operation consists of collecting, recording, accounting and disposing of real property taxes, both currently collectible and delinquent. In carrying out the tax collection function the responsible local government officials will utilize the modern collection procedures described in the RPTA. In addition, emphasis is given to the dissemination of public information pertaining to real property taxes, to public education of the purposes and methods of real property taxation and the methodical application of tax collection enforcement measures as prescribed by law.

The RPTA Project will have as a central coordinating body the RPTA Project Managers from the DOF and the DLGCD, supported by a technical staff drawn from the two above named agencies. Training of provincial, city and municipal staffs of the respective offices of the assessors and treasurers will be conducted by personnel who have had specialized training at the University of Southern California's Institute for Tax Administration.

These personnel, with assistance from the technical staff of the central coordinating body, will be responsible for RPTA training in all regions in the Republic of the Philippines (excluding Metro Manila)—encompassing all cities (excluding the four Metro Manila cities) and a minimum 576 municipalities in the country's 72 provinces. The provinces, cities and municipalities will be responsible for providing sufficient staff and budgets to implement the RPTA system. The Project does not envisage the necessity to create any new office or bureau as all legal and operational functions of the Project are already existing in the DOF and DLGCD. The DOF and the DLGCD have already entered into a Memorandum of Agreement to undertake the installation of the RPTA system. This Memorandum (attached as Attachment 3 to this Annex) indicates the specific responsibilities of the respective departments.

By the end of the Project it is expected that all targetted local governments will have a functioning RPTA system as evidenced by: (1) trained staff in the assessor's and treasurer's offices capable of installing and maintaining the RPTA system; (2) identification of all real property (tax-mapped) in the target areas; (3) reappraisal and reassessment of all real property in the target areas; and (4) initiation of a real property tax revenue campaign with a minimum 75% collection efficiency rate after the first year of operation in the target areas.

The financial scheme of the Project is designed to minimize initial implementation costs of local governments. Office and field equipment, excess property vehicles and aerial photos or cadastral maps are to be provided without charge to the provinces and cities in the Project. Furthermore, each province and city will receive a P30,000.00 grant ("seed" money) upon formation of its RPTA Task Force and completion of the Multi-Year Plan. Further financial incentives include interest-free loans of P30,000.00 to provinces and cities after respective municipalities or districts have been tax-mapped, property reappraised and the records converted. Municipalities, and cities per district, will be able to acquire a P10,000.00 interest-free loan upon proof that they are actually collecting under the RPTA system. Local governments will be responsible for the procurement of their own office and field supplies and forms as well as salaries for their respective staff. The

DOF and DLGCD will print and distribute appropriate manuals of instruction and conduct the training of local staff as appropriate. The participating local governments will pay per diem, share general overhead, etc., for their staff during specialized training. The DOF and DLGCD will pay national staff salaries and per diem and provide training materials as needed.

The Project utilizes Fixed Amount Reimbursement (FAR) procedures in three areas. Details regarding FAR procedures will be described in Project Implementation Letters.

It is imperative that accurate pre-Project, Project and post-Project statistics be maintained. It is anticipated that in conjunction with the DOF and National Tax Research Center a country-wide flow of information and statistics relating to the RPTA system will be maintained and available to Project personnel as required. At the conclusion of the Project this "data bank" will be extremely valuable in the final Project Evaluation.

In order to maintain high technical and administrative standards the Project design calls for evaluation to take place in March 1979, and February 1980, 81 and 82.

GOP

PROJECT FINANCIAL PLAN (Source and application of funding)

Project No. 492-0298

	<i>Amount for a fully funded Project</i>		
	<i>To 31 December 1978</i>	<i>Future Years</i>	<i>Total</i>
<i>Project inputs</i>			
Estimated personnel-related expenses (national)	\$ 72,733	\$ 145,467	\$ 218,200
Estimated personnel-related expenses (local government) . .	607,033	1,214,067	1,821,100
Training and related expenses	190,000	30,200	220,200
Project materials and supplies	985,500	1,971,000	2,956,500
TOTAL	\$1,855,266	\$3,360,734	\$ 5,216,000
<i>Budgetary requirements for reimbursement (Non-add to GOP Project cost)</i>			
Aerial photos or other source base data	1,080,000	1,920,000	3,000,000
Seed money	375,000	—	375,000
Loans to local Governments	792,000	3,288,000	4,080,000
TOTAL	\$2,247,000	\$5,208,000	\$ 7,455,000
GRAND TOTAL	\$4,102,266	\$8,568,734	\$12,671,000

A.I.D. LOAN

PROJECT FINANCIAL PLAN
(Source and application of funding)

	Project No. 492-0298		
	FY 78	Proposed	
		Future years	Total
Basic equipment	\$1,570,000		\$ 1,570,000
Aerial photos or other source base data . .	1,080,000*	1,920,000*	3,000,000*
Excess property ve- hicles	975,000		975,000
Seed money*	375,000*		375,000*
Reimbursement to the Borrower for loans to local Govern- ment*		4,080,000*	4,080,000*
	<u>\$4,000,000</u>	<u>\$6,000,000</u>	<u>\$10,000,000</u>

* FAR items.

Memorandum of Agreement

This Memorandum of Agreement made and entered into in the City of Quezon, Philippines, by and among—

The Department of Local Government and Community Development, a duly organized and existing instrumentality of the Government of the Republic of the Philippines, with main offices at the New City Hall, Diliman, Quezon City, represented herein by its Secretary, Hon. Jose A. Roño, and hereinafter referred to as the DLGCD and

The Department of Finance, likewise a duly organized and existing instrumentality of the Government of the Republic of the Philippines, with main offices at the Finance Building, Manila, represented herein by its Secretary, Hon. Cesar Virata, and hereinafter referred to as the DOF.

Witnesseth that:

Whereas, the Government of the Republic of the Philippines, through its instrumentalities, particularly the DLGCD and the DOF is currently undertaking massive training and direct technical assistance programs aimed at transforming local government units throughout the country into viable and self-reliant communities;

Whereas, the DLGCD, the DOF, are satisfied with the results of the implementation of the Real Property Tax Administration (RPTA) system, as piloted in the 28 PDAP provinces;

Whereas, the DLGCD and the DOF have proposed, with USAID assistance, a project designed to expand the RPTA system to include, in addition to the 28 PDAP provinces, all 72 provinces and all chartered cities, except those in the Metro Manila Area and the City of Cebu, contingent, of course, on the project support proposed by USAID which is to be incorporated in various project and loan agreements once the project itself has received appropriate approvals within the U.S. Government.

Whereas, the DLGCD and the DOF have individually and collectively reviewed, and by this Agreement are agreeable to, the project as described in Annex "A" which is incorporated as an integral part hereof;

Now therefore, the parties have agreed to undertake the aforementioned project, with the following as their areas of responsibilities to wit:

National Level

<i>Area</i>	<i>Activity</i>	<i>Agency</i>
RPTA Systems as proposed in documentary already reviewed by DLGCD and DOF	Acceptance and endorsement—100%	DOF, DLGCD
RPTA System	Implementing Orders, Guidelines and Policies (Definition, Formulation and Issuance)	DOF
RPTA System	Organization of Central Committee composed of Project Managers at the national level for consultation, implementation and evaluation	DOF, DLGCD
RPTA System	Organization and training of regional technical pool to assist and train provincial personnel	DOF, DLGCD

Local Government Level

<i>Area</i>	<i>Activity</i>	<i>Agency</i>
RPTA System	Implementing Orders	Provincial/City—Governor/ Mayor
RPTA System	Organization of RPTA Task Force	Provincial/City Council (Sangguniang Bayan) Assessor, Treasurer, Auditor, PDC and PDO/CDC and CDO
RPTA System	Inventory of available data (aerial photographs and/or controlled survey maps)	Assessor (Tax Mapping) Divisions
RPTA System (Tax Mapping)	Selection of Pilot Municipality/ District	Governor, RPTA Task Force, Mayor
RPTA System	Selection of Personnel	Assessor, Treasurer
RPTA System	Training of Personnel	DOF, DLGCD
RPTA System (Tax Mapping)	Implementation	Assessor's Office (Tax Mapping Division)
RPTA System (Assessment)	Re-Appraisal of Property	Assessor's Office (Appraisal Division)
RPTA (Records conversion and Management)	Conversion of records before and after tax mapping using assigned Property Index Numbers (PIN)	Assessor's Office (Records Management Division)
RPTA (Tax Collection)	Actual Collection of Taxes using the "One-way Tax Collection Approach"	Treasurer

IN WITNESS WHEREOF, we hereunto affix our signatures this* day of February, Quezon City, Philippines, in the year of our Lord nineteen hundred and seventy-seven.

[Signed]

JOSE A. ROÑO
Secretary, DLGCD

[Signed]

CESAR VIRATA
Secretary, DOF

* Signed on 9 March 1977.