



THE WORLD BANK

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South Caucasus Regional Office



Mercy Tembon
Regional Director

March 21, 2017

Mr. Vardan Aramyan
Minister of Finance
Ministry of Finance
Yerevan, 0010, Melik Adamyany str. 1
Republic of Armenia

Dear Mr. Minister:

Re: *Republic of Armenia ECASAT Grant No. TF0A4543
Implementation of the National Strategy Program for
Strengthening of the National Statistics System
Letter Agreement*

In response to the request for financial assistance made on behalf of the Republic of Armenia ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank"), acting as administrator of grant funds provided by various donors ("Donors") under the Trust Fund to Support Statistical Capacity Building in Eastern Europe and CIS Countries, proposes to extend to the Recipient a grant in an amount not to exceed three million United States Dollars (USD 3,000,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donors under the abovementioned trust fund, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

5A, Ramishvili Street
Tbilisi 0179, Georgia
Tel: +995 (32) 291 30 96
Fax: +995 (32) 291 34 78

1818 H Street N.W.
Washington, DC 20433, USA
Tel: +1 (202) 473 7252
Fax: +1 (202) 522 3607

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT



Mercy Miyang Tembon
Regional Director
South Caucasus Regional Office
Europe and Central Asia Region

AGREED:

REPUBLIC OF ARMENIA

By 
Authorized Representative

Name Vardan Aramyan

Title Minister of Finance

Date: 28.04.2017

Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated February 15, 2012
- (2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Investment Project Financing, dated February 2017
- (3) 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
- (4) Guidelines: Procurement of Goods, Works and Non-Consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers, dated January 2011 (revised July 2014) (Procurement Guidelines);
- (5) Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers, dated January 2011 and revised as of July 2014 (Consultant Guidelines)

cc with attachments:

Mr. Stepan Mnatsakanyan, President, NSSRA
Mr. Edgar Avetyan, Executive Director, FFPMC
Mr. Frank Heemskerk, Executive Director, The World Bank

Article I

Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 ("Standard Conditions") constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

- (a) "FFPMC" means the Recipient's Foreign Financing Project Management Center at the Ministry of Finance of Armenia which will be responsible for the fiduciary functions under the Project including, *inter alia*: financial planning and budgeting, procurement/selection activities, managing project funds, maintaining internal controls, financial management reporting, and coordinating external audits.
- (b) "Law on Official Statistics" is a law currently being prepared in cooperation with other donors which covers UN fundamental principles of official statistics and European Statistics Code of Practice (including relevant regulations and by laws).
- (c) "NSSRA" means the Recipient's National Statistical Service which, together with the State Council on Statistics, is the lead agency responsible for official statistical data in the Recipient's territory.
- (d) "Project Operational Manual" or "POM" means a manual referred to in Section 2.03(e), prepared and adopted by NSSRA (with involvement of the FFPMC) in a manner acceptable to the World Bank, which sets forth operational and administrative procedures for the implementation of the Project, including necessary procedures, implementation arrangements, reporting, monitoring and evaluation, as such manual including any provision thereof or any schedules thereto, may not be assigned, amended, abrogated, or waived without the prior written agreement of the Bank.

Article II

Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to further improve the capacity of the national statistical system of Armenia and technical capacity of the staff at the NSSRA to produce and disseminate in a timely manner statistics that are in line with international standards. The Project consists of the following parts:

Part I: Regulatory and institutional framework

- 1. Provision of support towards modernizing the regulatory and institutional framework of NSSRA through, *inter alia*: (i) implementation of the new Law on Official Statistics; and (ii) enhancement of the system-wide institutional and regulatory framework with clearly defined responsibilities for data production, quality control and data dissemination; and

2. Provision of support towards improving the overall quality of management through, *inter alia*: (i) introduction of a system for e-reporting, quality control and monitoring of statistical data and information, (ii) enhancement of the effectiveness of NSSRA's organizational structure, including that of central and regional offices; and (iii) development of training policies and guidelines for NSSRA staff, and carrying out capacity building activities for both central and regional offices, and relevant partners from MAs.

Part 2: Data collection and data preparation

Provision of support towards upgrading the methodology of data collection and data preparation for demographic and social statistics, economics statistics, and environment and multi-domain statistics in line with international standards; and carrying out relevant training in e-reporting.

Part 3: Data dissemination and outreach

Provision of support towards: (i) introduction of standards for data and metadata transmission and documentation; (ii) establishment of a communications strategy focusing on enhancement of NSSRA's outreach activities to relevant stakeholders; (iii) adopting skills and tools for media engagement, publication and communication; and (iv) developing techniques in engaging in a dialogue between producers and users of data.

Part 4: Upgrading equipment, software and work environment

Provision of support towards: (i) introduction of technological solutions, including e-reporting, to update and/or generate in-demand statistical information, expedite delivery of information and enhance its quality; (ii) purchase of office furniture, hardware and software, including installation and relevant user training; and (iii) repair and refurbishment of the NSSRA central and regional premises.

Part 5: Project management

Provision of support to cover operating costs, including expenses associated with project coordination and implementation of fiduciary functions, and external audit of the Project.

2.02. ***Project Execution Generally.*** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through NSSRA ("Project Implementing Entity") in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) 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 ("Anti-Corruption Guidelines"); and (c) this Article II.

2.03. ***Institutional and Other Arrangements.*** (a) For purposes of carrying out the Project, the Recipient shall maintain throughout Project implementation, both the NSSRA and the FFPMC, with a structure, functions and responsibilities acceptable to the World Bank;

(b) NSSRA shall be responsible for project development and implementation, with the support of FFPMC. A project implementation team (PIT) will be established within the NSSRA, with terms of reference and functions satisfactory to the World Bank, to support the overall implementation of the Project, including handling of day-to-day activities, monitoring progress in the achievement of performance indicators, and preparing periodic reports;

(c) FFPMC shall be responsible for implementation of all procurement-related activities and financial management arrangements including planning and budgeting, accounting, financial reporting, flow of funds, internal controls and external auditing;

(d) A Technical Working Group (TWG) comprising representatives of NSSRA and relevant ministries and agencies shall be established by NSSRA, and thereafter maintained until the completion of the Project. The TWG shall meet at least twice a year and shall perform the following key functions: provide technical advice and expertise on issues related to project implementation, including prioritization and execution of specific activities under different parts of the Project; and

(e) A Project Operational Manual (POM), prepared and adopted within one month of the effective date of this Agreement, should include a clear allocation of responsibilities and appropriate separation of duties to ensure proper accountability and effective cooperation in a manner acceptable to the Bank.

Notwithstanding the foregoing, in the event of any inconsistency between the provisions of the POM and those of this Grant Agreement, the provisions of the Grant Agreement shall prevail.

2.04. Donor Visibility and Visit. (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors' support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank's request, [enable][take all measures required on its part to enable] the representatives of the Donors to visit any part of the Recipient's territory for purposes related to the Project.

2.05 Documents; Records.

In addition and without limitation to the obligations set forth in Section 2.05 of the Standard Conditions, the Recipient shall ensure that:

(a) all records evidencing expenditures under the Project are retained for seven years and six months after the Closing Date, such records to include: (i) this Agreement, all addenda thereof, and any amendments thereto; (ii) the Recipient's financial and narrative progress reports submitted to the World Bank; (iii) the Recipient's financial information related to the Grant, including audit reports, invoices and payroll records; (iv) the Recipient's implementation documentation (including sub-agreements, procurement files, contracts, purchase orders); and (v) the corresponding supporting evidence referred to in Section 3.04 of the Standard Conditions; and

(b) the representatives of the World Bank are: (i) able to examine all records referred to above in paragraph (a); (ii) provided all such information concerning such records as they may from time to time reasonably request; and (iii) able to disclose such records and information to the Donor.

2.06. Project Monitoring, Reporting and Evaluation. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

2.07. Financial Management. (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty five (45) days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have the Project Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Project Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Project Financial Statements for each such period shall be furnished to the World Bank not later than six months: (i) after the end of such period; and (ii) after the Project closing date. The audited Project Financial Statements shall be made publicly available in a timely fashion and in a manner acceptable to the World Bank.

2.08. *Procurement*

(a) General. All goods, works, non-consulting services, consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014) ("Procurement Guidelines"), in the case of goods, works and non-consulting services;

(ii) Sections I and IV of the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014) ("Consultant Guidelines") in the case of consultants' services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines ("Procurement Plan").

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods, Works and Non-consulting Services.

(i) Except as otherwise provided in sub-paragraph (ii) below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding,

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts which are specified in the Procurement Plan:

(A) National Competitive Bidding, provided that the following provisions are complied with:

- (i) Entities in which the Republic of Armenia owns a majority shareholding shall not be invited to participate in tenders for the government unless they are and can be shown to be legally and financially autonomous and operate under commercial law;
 - (ii) Post-qualification criteria shall only pertain to past contract performance, financial, managerial, and technical capabilities of bidders;
 - (iii) Joint venture partners shall be jointly and severally liable for their obligations;
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- (iv) Estimated contract prices shall not be advertised;
- (v) No bids shall be rejected at the bid opening. The opening procedures shall comply with conditions of paragraph 2.45 of the Procurement Guidelines;
- (vi) No bids shall be rejected solely because they exceed the estimated price. Bids can be cancelled and new bids invited, only if the conditions of clause 2.61-2.64 of the Procurement Guidelines are met; and
- (vii) All bid evaluation criteria shall be quantifiable in monetary terms or expressed as a pass/fail criteria.

(B) Shopping

(C) Direct Contracting

(d) Particular Methods of Procurement of Consultants' Services

(i) Except as otherwise provided in item (ii) below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants' services for those assignments which are specified in the Procurement Plan: (A) Selection under a Fixed Budget; (B) Least Cost Selection; (C) Selection based on Consultants' Qualifications; (D) Single-source Selection of consulting firms; (E) Single-source procedures for the Selection of Individual Consultants.

(e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's prior review. All other contracts shall be subject to post review by the World Bank. All the procurement activities, including the procurement plan will be processed using the Bank's STEP system (systematic tracking of exchanges in procurement).

Article III

Withdrawal of Grant Proceeds

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Investment Project Financing", dated February 2017, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance 100% of Eligible Expenditures consisting of goods, works and services exclusive of Taxes.

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (exclusive of Taxes)
Goods, works, non-consulting services, training and consultants' services, and operating costs under the Project	3,000,000	100%
TOTAL AMOUNT	3,000,000	

"Operating Costs" means the reasonable incremental expenditures incurred by NSSRA and FFPMC directly related to the Project on account of the implementation, management, and monitoring, including office supplies, minor office equipment and its maintenance, PIT and FFPMC contractual staff salaries, communications services, document duplication/printing, translation services, vehicle operation and maintenance, consumables, travel cost and per diem for Project staff for travel and other expenses as shall have been approved by the World Bank, linked to the implementation of the Project, but excluding the salaries of the Recipient's civil service's officials.

"Training" means expenditures (other than those for consultants' services) incurred by the Recipient in connection with the carrying out of training activities (such as seminars, workshops, including the reasonable travel costs (i.e. accommodation, transportation and *per-diem, inter alia*) of trainees and trainers (if applicable), training registration fees, catering, rental of training facilities and equipment, logistics and printing services, as well as training materials, all for the purposes of, and directly related to, the activities of the Project.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of this Agreement.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2021.

Article IV

Effectiveness; Termination

4.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied, namely that the execution and delivery of this Agreement on behalf of the Recipient have been duly notarized or ratified by all necessary governmental action.

4.02. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 4.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

4.03. **Termination for Failure to Become Effective.** This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date one hundred twenty (120) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article V

Recipient's Representative; Addresses

5.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the Minister of Finance.

5.02. **Recipient's Address.** The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance
Yerevan, 0010, Melik Adamyan str. 1
Republic of Armenia

Telephone:
(+37 411) 800 156

Facsimile:
(+374 11) 800 132

5.03. *World Bank's Address.* The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

Telephone:
(+1 202) 473-1000

Facsimile:
(+1 202) 477-6391

