The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
1818 H Street N.W.
Washington, D.C. 20433
U.S.A.
(202) 477-1234
Cable Address: INTBAFRAD

CONFORMED COPY

May 25, 2011

Mr. Vladimir Sokolin
Chairman
Interstate Statistical Committee of the
Commonwealth of Independent States
39 Myasnitskaya St., Moscow 103450
Moscow, Russian Federation

Re: MDTF for International Comparison Program Grant No. TF099204
International Comparison Program in the Commonwealth of Independent States Region

Dear Mr. Sokolin:

In response to the request for financial assistance made on behalf of the Interstate Statistical Committee of the Commonwealth of Independent States ("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 under the Multi-Donor Trust Fund for the International Comparison Programme (ICP), proposes to extend to the Recipient for the benefit of the Commonwealth of Independent States ("CIS"), a grant in an amount not to exceed two hundred fifty thousand United States Dollars (U.S.$250,000) ("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. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds 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.

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. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within 45 days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.
Very truly yours,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By /s/ Shaida Badiee
Director, Development Data Group
Development Economics

AGREED:
INTERSTATE STATISTICAL COMMITTEE OF THE COMMONWEALTH OF INDEPENDENT STATES

By:  /s/ Vladimir Sokolin
Authorized Representative

Title:  Chairman

Date: June 2, 2011

Enclosures:

(1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010
(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
Article I

Standard Conditions; Definitions

1.01 **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated July 31, 2010 (“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) “Participating Country” or “Participating Countries” means country or countries in the CIS, namely, Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyz Republic, Moldova, Russian Federation, Tajikistan, Ukraine, and Uzbekistan, eligible to receive Sub-grants to implement the ICP project;

(b) “Subsidiary Grant Agreement” means the agreement referred to in Sections 2.02 (d) and 2.03 of this Letter Agreement, acceptable to the Bank, pursuant to which the Recipient shall make a Sub-grant available to the Participating Country’s counterpart agency, namely, the National Statistical Office, or the Ministry of Finance, or the Central Bank, to finance the Sub-projects;

(c) “Sub-grant” means a grant, referred to under Article II, Section 2.01 (f) of the Annex, in an amount not to exceed US$10,000 for each Participating Country, made or proposed to be made by the Recipient to a Participating Country for the implementation of a Sub-project; and

(d) “Sub-project” means a project to be carried out by Participating Countries for the purpose of the Sub-grant which meets the criteria set forth in Section 2.03 (a) of this Annex.

Article II

Project Execution

2.01. **Project Objectives and Description.** The objectives of the Project are to provide international price and volume comparisons of Gross Domestic Product (GDP) and its component expenditures or measure the differences in price and volume levels of GDP and GDP per capita of various expenditure aggregates and sub-aggregates between countries within a region, and between countries in different regions. The Project consists of the following parts:

(a) Organize workshop on methodology of comparison of non-market services in the CIS region;
(b) Organize workshop on validation and reconciliation of price data for investment goods, including construction;

(c) Organize workshops on validation and reconciliation of price data for consumer goods;

(d) Provide technical assistance to Participating countries in the areas of price statistics and national accounts;

(e) Prepare, translate and disseminate methodological documents and notes; and

(f) Provide Sub-grants to Participating Countries for conducting price surveys, specifically (i) the collection of prices for household consumption items that are part of the CIS list of products but are not included in the national Consumer price Index (CPI) baskets; and (ii) application of methodologies agreed with Recipient to estimate detailed expenditure data as required by the ICP.

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 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 (“Anti-Corruption Guidelines”); (c) this Article II; and (d) the Subsidiary Grant Agreement referred to in paragraph 2.03 (a) below.

2.03. **Institutional and Other Arrangements.** (a) To facilitate the carrying out of Part (f) of the Project, the Recipient shall enter into a Subsidiary Grant Agreement with each of the Participating Country under terms and conditions approved by the World Bank, which shall include the following, namely: (i) the Recipient’s obligation to furnish part of the Grant proceeds available as a Sub-grant to each of the Participating Country; (ii) the Participating Country’s obligation to: (A) use the proceeds of the Sub-grant exclusively for carrying out the Sub-project; (B) take all actions necessary to facilitate compliance in carrying out the project, including procurement, financial management, disbursement, accounting, audit requirements, monitoring and evaluation; (C) comply with the Anti-Corruption Guidelines; (D) refund any portion of the Sub-grant proceeds used in violation of the Participating Country’s obligation under the relevant Subsidiary Grant Agreement; and (E) furnish to the World Bank any information reasonably requested with respect to the Sub-project, as well as provide access reasonably requested to Sub-project sites, facilities and equipments.

(b) The Recipient shall suspend or terminate the right of any of the Participating Country to receive or use the proceeds of the Sub-grant upon the Participating Country’s failure to perform any of its obligations under the Subsidiary Grant Agreement.

(c) The Recipient shall exercise its rights under the Subsidiary Grant Agreement in such manner as to protect the interest of the World Bank to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Grant Agreement or any of its provisions.
(d) In case of any conflict between the terms of the Subsidiary Grant Agreement and this Letter Agreement, the terms of this Letter 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 Donor’s 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, take all measures required on its part to enable the representatives of the Donor(s) to visit any part of the Member Country’s territory for purposes related to the Project.

2.05. **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 the indicators set forth below in paragraph (b) of this Section. 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 performance indicators referred to above in paragraph (a) consist of the following:

(i) Effective conduct of price surveys and expenditure data estimation in the Participating counties;

(ii) Improve the quality of the price data collected by the Participating countries;

(iii) Improved quality of expenditure data estimated by the Participating countries.

(c) 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.

2.06. **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 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 its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant Account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.
2.07. **Procurement**

(a) **General.** All 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) Sections I (excluding paragraph 1.18) of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” published by the World Bank in January 2011 (“Procurement Guidelines”), in the case of non-consulting services; and


(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 the Procurement Guidelines or the Consultant Guidelines, as the case may be.

(c) **Particular Methods of Procurement of Non-Consulting Services**

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

(ii) The following methods may be used for the procurement of non-consulting services for those assignments which the Bank agrees meet the requirements set forth in the Procurement Guidelines for their use: (A) Shopping; and (B) 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 may be used for the procurement of consultants’ services for those assignments which the Bank agrees meet the requirements set forth in the Consultant Guidelines for their use: (A) Least Cost Selection; (B) Selection based on Consultants’ Qualifications; (C) Single-source Selection; (D) Selection of Individual Consultants; and (E) Sole Source Procedures for the Selection of Individual Consultants.

(e) **Review by the World Bank of Procurement Decisions.** All other contracts shall be subject to the World Bank’s Prior Review.
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) 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 Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Consultants’ Services</td>
<td>37,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Training and Workshops</td>
<td>123,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Incremental Operating Costs</td>
<td>24,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Sub-grants</td>
<td>60,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Audit</td>
<td>6,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>250,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

For the purpose of this paragraph, the terms: (i) “Training and Workshops” means reasonable expenditures incurred by the Recipient to finance training activities, including: travel costs and daily subsistence allowances for participants and trainers, services for training activities and seminars, production of methodological and training materials, participation in ICP international meetings, and technical assistance missions to Participating Countries; (ii) “Incremental Operating costs” means expenditures incurred by the Recipient on the account of Project implementation, management and monitoring, including office supplies and equipments, communication costs, bank charges, and other expenditures associated with the Project implementation acceptable to the Bank, but excluding salaries of officials of the Recipient’s civil services; and (iii) “Sub-grants” means sub-grants described under paragraphs 1.02 (c) and 2.01 (f) of the Annex to the Grant Agreement.

3.02. Withdrawal Conditions. Notwithstanding the provisions of Section 3.01 of this Agreement:
(i) no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient; and

(ii) no withdrawal for Category (4) under paragraph 3.01 shall be made unless a Subsidiary Grant Agreement, acceptable to the World Bank, has been signed between the Recipient and the Participating Country.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2012.

**Article IV**

**Recipient’s Representative; Addresses**

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Chairman of the Interstate Statistical Committee of the Commonwealth of Independent States.

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

   Interstate Statistical Committee of the Commonwealth of Independent States  
   Build. 1, 39 Myasnitskaya Str., 103450  
   Moscow, Russian Federation

   Facsimile:

   +7 (495) 607-45-92

4.03. **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

   Cable: INTBAFRAD  
   Telex: 248423 (MCI) or 64145 (MCI)  
   Facsimile: 1-202-477-6391