January 23, 2017

Ms. Alicia Bárcena
Executive Secretary
United Nations Economic Commission for
Latin America and the Caribbean
Av. Dag Hammarskjold 3477
7630412 Vitacura, Santiago de Chile
Chile

Re: Grant for Harmonization of Price Statistics and National Accounts in Latin American and Caribbean Countries and Supporting the Estimation of Purchasing Power Parities Time Series Project
Grant No. TF0A3985

Dear Madam:

I am writing on behalf of the International Bank for Reconstruction and Development and the International Development Association (“Bank”) to indicate the Bank’s agreement, as administrator of grant funds provided by various Donors (“Donors”) under the Multi-Donor Trust Fund for Statistical Capacity Building III (TF070561), to make a grant in an amount not exceeding four hundred fourteen thousand seven hundred Dollars ($414,700) (“Grant”) to the United Nations Economic Commission for Latin America and the Caribbean (“Recipient”) for the benefit of: (i) the Federative Republic of Brazil; (ii) the Oriental Republic of Uruguay, (iii) the Plurinational State of Bolivia, (iv) the Republic of Ecuador, (v) the Republic of El Salvador, (vi) the Republic of Honduras, (vii) the Republic of Nicaragua, (viii) the Commonwealth of the Bahamas, (ix) Jamaica, and (x) Saint Lucia (“Member Countries”).

The Grant is made in response to the Recipient’s request for financial assistance and for the purposes and on the terms and conditions set forth in the Annex to this Letter Agreement. Without limiting the generality of the foregoing, these terms and conditions include those of that certain Financial Management Framework Agreement between the World Bank and the United Nations, dated March 10, 2006 (“Financial Management Framework Agreement”), which are incorporated in this Letter Agreement to form a part hereof as if they were recited at length herein. The Recipient, by countersigning this Letter Agreement, acknowledges that it has received a copy of the Financial Management Framework Agreement and, if the Recipient was not an original signatory thereof, agrees that it is bound by the terms of the Financial Management Framework Agreement as if the Recipient had been an original party thereto. The Recipient represents, by confirming its agreement below, that (i) it is authorized to contract and withdraw the Grant for the said purposes and on the said terms and conditions, and (ii) the references in sub-paragraphs (a) and (d) of paragraph 5 of the Annex to this Letter Agreement to the Recipient’s financial regulations and rules are complete and accurate, and the Recipient makes this representation knowing that the Bank shall rely on it for purposes of deciding to make the Grant.

1818 H Street NW · Washington, DC 20433 USA
This Grant is funded out of the abovementioned trust fund for which the Bank receives periodic contributions from the Donors. The 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. Accordingly, the Bank shall not have any liability whatsoever to the Recipient or to any third parties in respect of any expenditures or liabilities incurred in connection with the Grant Agreement which exceed the amount made available to the World Bank for the purposes of the Grant.

Please note that it is the Bank’s policy to make publicly available this Letter Agreement and any information related thereto, after this Letter Agreement has become effective and the Recipient has given its consent to such disclosure. The Recipient, by countersigning this Letter Agreement, confirms its consent to such disclosure.

Please confirm your agreement with the foregoing, on behalf of the Recipient, by signing, dating, and returning to us the enclosed copy of this Letter Agreement. Upon receipt by the Bank of the copy of this Letter Agreement countersigned by you, this Letter Agreement will become effective as of the date of the countersignature.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND INTERNATIONAL DEVELOPMENT ASSOCIATION

Jorge Amado
Regional Vice President
Latin America and the Caribbean

AGREED:

UNITED NATIONS ECONOMIC COMMISSION FOR LATIN AMERICA AND THE CARIBBEAN

By

Alicia Bárce

Title

Executive Secretary

Date: Feb 9, 2017

cc: Mr. Frank Heemskerk, Executive Director, The World Bank
Attachments:


(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.

(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.

ANNEX

Purposes, Terms, and Conditions of the Grant

1. **Purposes and Activities**

1.1. The purpose of the Grant is to build the capacity of Pilot Countries (as defined in paragraph 1.2 below) in the areas of price statistics and national accounts. The activities ("Activities") for which the Grant is given are as follows:

(a) carrying out regional and sub-regional workshops with focal points designated by each Pilot Country on price statistics and national accounts aimed at: (i) identifying data gaps and difficult to measure areas in price statistics and in national accounts and discussing the concrete steps to improve them; (ii) discussing methods for harmonizing collection, validation and estimation of results; (iii) supporting quality assurance processes; (iv) developing a new approach for producing annual estimates of regional purchasing power parities; and (v) facilitating the sharing of best practices in the production, reporting and dissemination of price statistics and national accounts;

(b) carrying out seminars and providing technical assistance for Pilot Countries, to: (i) improve detailed national accounts expenditure data and fill out gaps; (ii) address issues related to survey sample design, data collection, validation and processing procedures; and (iii) support regional and national data validation and other quality assurance processes; and

(c) developing training materials and manuals on data collection, validation, estimation, and reporting, as well survey materials and guidance in both Spanish and English, and containing guidance on international recommendations and best practices on both consumer price statistics and national accounts.

1.2. For purposes of this Agreement, the term “Pilot Countries” means the following Member Countries: (i) the Federative Republic of Brazil; (ii) the Oriental Republic of Uruguay, (iii) the Plurinational State of Bolivia, (iv) the Republic of Ecuador, (v) the Republic of El Salvador, (vi) the Republic of Honduras, (vii) the Republic of Nicaragua, (viii) the Commonwealth of the Bahamas, (ix) Jamaica, and (x) Saint Lucia.

2. **Implementation Generally**

2.1. The Recipient shall: (a) carry out the Activities with due diligence and efficiency, in accordance with the provisions of this Annex and 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; (b) promptly provide the funds, facilities, services and other resources required for that purpose; (c) furnish all information covering the Activities and the use of the proceeds of the Grant as the Bank shall reasonably request; (d) from time to time exchange views with the Bank's representatives on the progress and results of the Activities; (e) use its reasonable best efforts with the authorities of the Pilot Countries to enable the Bank to visit the territory of the Pilot Countries for purposes related to the Grant; and (f) cause all goods and services financed out of the proceeds of the Grant to be used exclusively for the purposes of the Grant. Without limitation on the foregoing, the Recipient shall, if the Bank shall so request, prepare and furnish to the Bank promptly upon completion of the Activities a report, in form and substance satisfactory to the Bank, on the results and impact of the Activities.
3. **Procurement**

3.1. All goods and 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 the “World Bank Procurement Regulations for Borrowers under Investment Project Financing” dated July 1, 2016 (“Procurement Regulations”), and the provisions of the Recipient’s procurement plan for the Project (“Procurement Plan”) dated October 6, 2016 provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the Bank.

3.2. The Recipient shall ensure that all imported goods to be financed out of the proceeds of the Grant shall be insured against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and that any indemnity for such insurance is payable in a freely usable currency to replace or repair such goods. The Recipient shall ensure that any facilities relevant to the Activities are at all times operated and maintained in accordance with appropriate practices and that any repairs or renewals of such facilities are promptly made as needed.

4. **Withdrawal of Grant Proceeds**

4.1. The amount of the Grant shall be credited to an account opened by the Bank on its books in the name of the Recipient (“Grant Account”), and may be withdrawn therefrom by the Recipient in accordance with the provisions of this paragraph 4, for expenditures in respect of the reasonable cost of Consultants’ Services, Training/Workshops and Operating Costs required for the Activities and to be financed out of the proceeds of the Grant (sometimes hereinafter referred to as “eligible expenditures”). Withdrawals from the Grant Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Agreement.

4.2. The table below sets forth the Categories of items to be financed out of the proceeds of the Grant, the allocation of the amounts of the Grant to each Category, and the percentage of expenditures for items so to be financed in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (in Dollars)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Consultants’ Services, Training/Workshops and Operating Costs</td>
<td>414,700</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>414,700</td>
<td></td>
</tr>
</tbody>
</table>

For purposes of this paragraph:

(a) the term “Training/Workshops” means reasonable costs incurred by the Recipient for the carrying out of training and workshops and related meetings, including travel and subsistence of trainees and trainers; preparation, translation and reproduction of training materials and related documents; office supplies; and other costs directly related to the organization of training workshops and related meetings; and
the term "Operating Costs" means the expenditures up to seven percent (7%) of the funds disbursed under the Grant on account of incremental operating costs incurred by the Recipient in the implementation of this Project, as determined by the Bank.

4.3. Notwithstanding the provisions of paragraph 4.2 above:

(a) No withdrawals shall be made from the Grant Account: (i) for payments made for expenditures prior to the date of signature of this Letter Agreement by the Bank; or (ii) for the purpose of any payment to persons or entities if such payment to the Bank's knowledge, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations;

(b) The Recipient may withdraw amounts of the Grant only to the extent that such amounts are available to the Bank from the Donors for the purposes of the Grant.

(c) No withdrawals shall be made from the Grant Account after December 31, 2018 or such later date that the Bank shall establish by notice to the Recipient ("Closing Date"). However, withdrawals may be made after the Closing Date for expenditures incurred prior to the Closing Date if the corresponding withdrawal application is received by the Bank within four months after the Closing Date, after which time any amount of the Grant remaining unwithdrawn from the Grant Account shall be canceled;

(d) The use of any proceeds of the Grant to pay for taxes levied by, or in the territory of, the Recipient on the services to be financed under the Grant, or on their procurement or supply, is subject to the Bank's policy of requiring economy and efficiency in the use of the proceeds of grants such as this Grant. To that end, if the Bank shall at any time determine that the amount of any taxes levied on or in respect of any services to be financed out of the proceeds of the Grant is excessive or otherwise unreasonable, the Bank may, by notice to the Recipient, adjust the percentage of financing of such services set forth in the table in paragraph 4.2 above, as required to be consistent with such policy of the Bank; and

(e) If, in the Bank's opinion, an amount of the Grant allocated to any of the Categories in the table in paragraph 4.2 above will be insufficient to finance the expenditures under such Category, the Bank may, by written notice to the Recipient, reallocate to such Category an amount of the Grant then allocated to another Category which, in the Bank's opinion, will not be necessary to meet other expenditures.

4.4. When the Recipient shall desire to withdraw any amount from the Grant Account, it shall deliver to the Bank a written application for withdrawal of such amount in the form specified by the Bank. Withdrawal applications shall be: (a) signed on behalf of the Recipient by its Executive Secretary or such other person as he or she shall have authorized in writing; and (b) accompanied by such evidence in support of the application as the Bank shall reasonably request. Authenticated specimen signatures of the person authorized to sign withdrawal applications shall be provided with the first application bearing his or her signature. Each withdrawal application for an amount of the Grant and its supporting evidence must be sufficient in form and substance to satisfy the Bank that the Recipient is entitled to withdraw such amount from the Grant Account and that such amount is to be used in the carrying out of the Activities. The Bank shall pay the amounts withdrawn by the Recipient from the Grant Account only to or on the order of the Recipient.

4.5. Withdrawals from the Grant Account shall be made on the basis of the interim unaudited financial reports referred to in paragraph (c) of Section 5 and under such other terms and conditions as
the Bank shall specify by notice to the Recipient contained in the Disbursement Letter addressed or to be addressed by the Bank to the Recipient for purposes of the Grant.

4.6. Withdrawals of the proceeds of the Grant shall be made in the currency of the Grant. The Bank, at the Recipient's request and acting as an agent of the Recipient, shall purchase with the currency of the Grant withdrawn from the Grant Account such currencies as shall be required to pay for expenditures to be financed out of the proceeds of the Grant. Whenever it shall be necessary, for the purposes of this Letter Agreement, to determine the value of one currency in terms of another, such value shall be as reasonably determined by the Bank.

5. Accounts and Audits

(a) The Recipient shall maintain or cause to be maintained a financial management system, including records and accounts, adequate to reflect the transactions related to the Activities, in accordance with the requirements of the document ST/SGB/2003/7 Financial Regulations and Rules of the United Nations, dated May 9, 2003 (hereinafter referred to as the Financial Regulations).

(b) The Recipient shall maintain in a separate account in its records ("Grant Control Account") a complete, true and faithful record of all the advances from the proceeds of the Grant and of all the expenditures paid from such advances.

(c) The Recipient shall prepare, on a semiannual calendar year basis, interim unaudited financial reports, in accordance with accounting standards established pursuant to the Financial Regulations and in the format agreed with the Bank, adequate to reflect the operations, resources and expenditures related to the Activities. The first said interim unaudited financial reports shall be furnished to the Bank no later than 30 days after the end of the first semiannual period after the effectiveness of this Letter Agreement, and shall cover the period from the incurrence of the first expenditure under the Grant through the end of such first semiannual period; thereafter, each interim unaudited financial report shall be furnished to the Bank not later than 30 days after each subsequent semiannual period, and shall cover such six-month period.

(d) The Recipient shall ensure that the audit of the Activities is governed by: (i) Regulations 7.1, 7.4 and 7.11 of the Financial Regulations and (ii) the Financial Management Framework Agreement.

(e) The Recipient shall retain, until at least one year after the Bank has received the final interim unaudited financial report referred to in paragraph (b) of this Section 5 covering the semiannual period in which the last withdrawal from the Grant Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing all expenditures in respect of which withdrawals from the Grant Account were made.

6. Suspension and Cancellation

6.1. The Bank may at any time, by notice to the Recipient, suspend the right of the Recipient to make further withdrawals from the Grant Account if any of the following events has occurred and is continuing: (a) the Recipient has failed to comply with any of its obligations herein specified; or (b) the right of the Recipient or any Member Country, or any other entity to which the Bank has made a loan with the guarantee of any Member Country, to make withdrawals under any loan agreement with the Bank or any development credit, grant or financing agreement with the International Development Association has been suspended; or (c) if, by notice sent jointly to the United Nations and the Recipient pursuant to paragraph (iv) of Section 9 of the Financial Management Framework Agreement, the Bank confirms that it reasonably believes the actions taken previously in accordance with said Section 9
have not been sufficient to fulfill its fiduciary obligation to ensure that the proceeds of the Grant were used for eligible expenditures; or (d) if, by notice sent jointly to the United Nations and the Recipient pursuant to sub-paragraph (a) of paragraph (iii) of Section 10 of the Financial Management Framework Agreement, the Bank confirms that alternative financial management arrangements mutually acceptable to the Bank and the relevant UN Organization were not reached within the period stipulated therein; or (e) if the Bank determines at any time that a reference in sub-paragraph (a) or (d) of paragraph 5 of the Annex to this Letter Agreement to the Recipient's financial regulations and rules is incomplete or inaccurate in any material respect.

6.2. The Bank may, by written notice to the Recipient, terminate the right of the Recipient to make further withdrawals from the Grant Account: (a) at any time after the right of the Recipient to make withdrawals from the Grant Account has been suspended pursuant to the provisions of paragraph 6.1 above; or (b) if the Recipient has failed to take action, satisfactory to the Bank, within six months after the effective date of this Agreement, to carry out the Activities.