Ms. Rima Khalaf
Executive Secretary
United Nations Economic and Social Commission
For Western Asia (UN-ESCWA)
P.O. Box 11-8575
Riad El-Soth Square
Beirut, Lebanon

Re: Trust Fund for Statistical Capacity Building (TFSCB) The Harmonization of Price Statistics and National Accounts Activities and Production of Biennial Purchasing Power Parity (PPP) Estimates in Western Asia
Grant TF0A0117

Dear Madam:

I am writing on behalf of the International Bank for Reconstruction and Development ("Bank") to indicate the Bank's agreement, as administrator of grant funds provided by various donors ("Donors") under the Trust Fund for Statistical Capacity Building, to make a grant in an amount not exceeding Three Hundred Eighty-Eight Thousand Four Hundred and Ten United States Dollars (USD$ 388,410) ("Grant") to the United Nations Economic and Social Commission for Western Asia (UN-ESCWA) ("Recipient") for the benefit of its 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.

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 (i) receipt by the Bank of the copy of this Letter Agreement countersigned by you, and (ii) agreement reached between the Bank and the Recipient as to the format of the interim unaudited financial reports referred to in Section 5 (c) of the Annex to this Letter Agreement, this Letter Agreement will become effective as of the date of the countersignature.

Very truly yours,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By Haishan Fu
Director, Development Data Group
Development Economics

AGREED:
UN-ESCWA
By

Name AHE6~ SBOUL
Title Dic, Administrative Services Division
Date: 27 August 2015
ANNEX

Purposes, Terms, and Conditions of the Grant

Definitions: Unless the context requires otherwise, the capitalized terms used in this Agreement has the following meaning:

“Member Countries” means the UN-ESCWA member countries of Bahrain, Egypt, Iraq, Jordan, Kuwait, Oman, Qatar, Saudi Arabia, Sudan, United Arab Emirates, West Bank & Gaza, Yemen, Tunisia, Libya, Morocco, Lebanon and Syria;

1. Purposes and Activities

1.1. The purposes of the Grant is to strengthen the capacity of Member Countries in the areas of price statistics and national accounts to advance data foundation for measuring sustainable development, supporting evidence based policymaking and effective monitoring (“Project”).

The activities (“Activities”) for which the Grant is given are as follows:

(a) Workshops on Price Statistics Harmonization, National Accounts Detailed Expenditures, and regular PPP estimates: Carry out workshops to strengthen the statistical capacities of the its Member Countries on: (i) planning and promoting strategic approach for integration of Consumer Price Index (CPI) and International Comparison Program (ICP) activities; (ii) identifying and assessing gaps in the compilation of detailed disaggregated Gross Domestic Product expenditure data; (iii) identifying and addressing the difficulties in price comparison in areas such as house rentals, compensation of government employees and gross fixed capital formation; and (iv) supporting data quality processes.

(b) Preparation of training materials for: (i) improving survey design and price data collection and processing methods; (ii) helping countries to understand national accounts concepts and data compilation process for detailed disaggregated level; and (iii) strengthening data quality processes.

(c) Provision of technical assistance for: (i) the preparation of a needs-assessment evaluation for its Member Countries; and (ii) the implementation and execution of recommended methodologies of price statistics and expenditure data compilation.

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; (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 Participating Countries to enable the Bank to visit the territory of its Member Countries for purposes related to the Grant; and (f) cause all 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. Except as the Bank shall otherwise agree, procurement of non-consulting services and consultants’ services required for the carrying out of the Activities and to be financed out of the proceeds of the Grant shall be governed by the provisions of Attachment I to this Annex, as said provisions may be further elaborated in a procurement plan approved by the Bank ("Procurement Plan"), covering the initial 18 months (or longer) period of implementation of the Activities. The Recipient shall update the Procurement Plan in accordance with guidelines acceptable to the Bank, and furnish such update to the Bank not later than 12 months after the date of the preceding Procurement Plan, for the Bank’s approval.

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 services 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 United States Dollars)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Training, Consultants' Services, Operating Costs and Administrative/management fees</td>
<td>388,410</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>388,410</td>
<td></td>
</tr>
</tbody>
</table>

For purposes of this paragraph:

(a) the term “Training” means reasonable costs incurred by the Recipient for the carrying out of training, 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;

(b) the term “Operating Costs” means the reasonable costs incurred by the Recipient for travel of its staff and fees/salaries of additional contractual staff (temporary project personnel and administrative support personnel)
(c) the term "Administrative/management fees" means 7% of the Project cost for Grant administration and management charged by the Recipient during the implementation of this Project.

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 person 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 Donors for the purposes of the Grant.

(c) No withdrawals shall be made from the Grant Account after July 1, 2017 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; and

(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.

(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 authorized official 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 semi-annual 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 Reporting Period is defined as the period from January to June. The Second Reporting Period is defined as the period from July to December. The first said interim unaudited financial reports shall be furnished to the Bank no later than 45 days after the end of the reporting period immediately 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 reporting period (either 30 June or 31 December); thereafter, each interim unaudited financial report shall be furnished to the Bank not later than 45 days after each subsequent six months, and shall cover such six-month period (January to June, and July to December).

   (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 six-month 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 the Member country, or any other entity to which the Bank has made a loan with the guarantee of the 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.
Attachment I

Procurement

Section I. General

A. All consultants' services shall be procured in accordance with 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"), and with the provisions of this Attachment as the same may be elaborated in the Procurement Plan referred to in paragraph 3.1 of this Letter Agreement.

C. The capitalized terms used below in this Attachment to describe particular procurement methods or methods of review by the Bank of particular contracts, have the meanings ascribed to them in Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

Section II. Particular Methods of Procurement of Consultants' Services

A. Quality- and Cost-based Selection. Except as otherwise provided in Part B of this Section, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

B. Other Procedures

The following methods may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (1) Quality-based Selection; (2) Selection under a Fixed Budget; (3) Least Cost Selection; (4) Selection based on Consultants’ Qualifications; (5) Single-source Selection of consulting firms; (6) Well-established Private Sector Procurement Methods or Commercial Practices which have been found acceptable to the Bank; (7) Selection of UN-ESCWA; (8) Selection of consultants under Indefinite Delivery Contract or Price Agreement; (9) Selection of Individual Consultants; and (10) Single-source procedures for the Selection of Individual Consultants.

Section III. Review by the Bank of Procurement Decisions

The Procurement Plan referred to in paragraph 3.1 of this Letter Agreement shall set forth those contracts which shall be subject to the Bank’s Prior Review. All other contracts shall be subject to Post Review by the Bank.