June 13, 2018

Mr. Mohamed Ali Alhakim
Under-Secretary-General
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: International Comparison Program: Grant for Implementation of the 2017 Cycle of the International Comparison Program in the Western Asia Region
Grant TF0A6848

Dear Sir:

I am writing on behalf of the International Bank for Reconstruction and Development ("Bank"); International Development Association ("Association") to indicate the Bank’s agreement, as administrator of grant funds provided by donors ("Donor(s)") under the Multi Donor Trust Fund for the International Comparison Program, to make a grant in an amount not exceeding four hundred thousand United States Dollars (USD400,000) ("Grant") to United Nations Economic and Social Commission for Western Asia ("UN-ESCWA") ("Recipient") for the benefit of Bahrain, Egypt, Iraq, Jordan, Kuwait, Libya, Morocco, Oman, West Bank and Gaza, Qatar, Saudi Arabia, Sudan, and United Arab Emirates ("Beneficiaries").

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, to assist in the financing of the project described in the Annex ("Project"). 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.

1818 H Street NW • Washington, DC 20433 USA
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

[Signature]

Haishan Ed
Director, Development Data Group
Development Economics

AGREED:

UNITED NATIONS ECONOMIC AND SOCIAL COMMISSION FOR WESTERN ASIA (UN-ESCWA)

By

[Signature]

Name: Ahmed Dik

Title: Acting Chief of Budget & Finance

Date: 26/1/2018
Definitions, Purposes, Terms and Conditions of the Grant

1. Definitions, Purposes and Activities

1.1. Definitions. Unless the context requires otherwise, the capitalized terms used in this Agreement have the following meanings:

(a) “Harmonized Consumer Price Index” or “HCPI” means the indicator of inflation and price stability that is compiled according to a methodology that has been harmonized across countries.

(b) “International Comparison Program” or “ICP” means the international statistical program which aims to collect comparative price and expenditure data and estimate Purchasing Power Parities of the world’s economies.

(c) “Purchasing Power Parities” or “PPPs” mean the indicator that measures the total amount of goods and services that a single unit of a country’s currency can buy in another country.

1.2 Purposes. The purpose of the Grant is to enhance the capacity of National Statistical Offices (NSOs) of the Beneficiaries for the production of PPP estimates.

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

(a) Carrying out regional training workshops on the following topics: (i) designing and conducting price surveys and estimating PPPs; (ii) compiling GDP expenditures; (iii) establishing synergies between International Comparative Program processes and survey activities on Consumer Price Index; (iv) compiling HCPIs; and (v) promoting the uses of PPPs and sub-national indices.

(b) Provision of technical assistance support to NSOs of participating countries for the computation of sub-national PPPs.

(c) Carrying out workshops to build the capacity of lower-capacity countries on the processes of the estimation of PPPs including data entry, data validation and ICP software.

(d) Participation of regional and national experts in international meetings, such as global meetings of the International Comparison Program, to learn the latest methodologies and techniques.

(e) Preparation of knowledge and training materials to facilitate the training and workshops and technical assistance described above, including semi-annual status reports and a final report on the results of the 2017 ICP cycle in Western Asia.

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 Beneficiaries to enable the Bank to visit the locations where the Activities will be carried out; 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. All consulting 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 IPF Borrowers” dated July 2016, revised November 2017 (“Procurement Regulations”), and the provisions of the Recipient’s procurement plan for the Project (“Procurement Plan”) dated May 2, 2018 provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with the Bank.

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 USD)</th>
<th>% of Expenditures to be Financed (Inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Consulting services, Training and Workshops and Administrative/Management fees</td>
<td>400,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>400,000</td>
<td></td>
</tr>
</tbody>
</table>
For purposes of this paragraph:

(a) the term, "Training and Workshops" means the reasonable costs, as shall have been approved by the World Bank, for training and workshops conducted under the Project, including travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course and workshop preparation and implementation (but excluding goods and consultants' services); and

(b) the term "Administrative/Management fees" means 7% of the Project cost for Grant administration and management charged by the Recipient for 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 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 Donors for the purposes of the Grant.

(c) No withdrawals shall be made from the Grant Account after December 31, 2019 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 said interim unaudited financial reports shall be furnished to the Bank no later than 30 days for the period ending December 31, 2018 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 December 31, 2018; 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 six months of such 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 entire grant period in which the 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 to make withdrawals under any agreement with the Bank or 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.