Mr. Bolor Bayarbaatar  
Minister of Finance  
Ministry of Finance  
Government Building II  
United Nations Street 5/1  
Ulaanbaatar 15015  
Mongolia

Re: TFSCB Grant No.TF0A0396  
National Statistical Office of Mongolia’s Capacity Enhancement Project  
Letter Agreement

Excellency:

In response to the request for financial assistance made on behalf of Mongolia ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development/International Development Association ("World Bank"), acting as administrator of grant funds provided by various donors ("Donors") under the Trust Fund For Statistical Capacity Building – III (TF070561), proposes to extend to the Recipient, a grant in an amount not to exceed four hundred eighty thousand United States Dollars (U.S.$480,000) ("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.

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 ("Effective Date").
Very truly yours,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Todd Johnson
Acting Country Director, Mongolia
East Asia and Pacific Region

AGREED:
MONGOLIA

By:

Authorized Representative

Name: Boldo Bayarchaaatar
Title: Minister of Finance
Date: 19 Feb 2016

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
TFSCB Grant No. TF0A0396
ANNEX

Article I
Standard Conditions; Definitions


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 including, without limitation, in the paragraphs set forth below:

(a) “Aimag” means a province of the Recipient.

(b) “Ministry of Finance” means the Recipient’s Ministry of Finance, or any successor thereto.

(c) “NSO” means the Recipient’s National Statistical Office, or any successor thereto.

(d) “Incremental Operating Costs” means reasonable expenditures directly related to the Project (which expenditures would not have been incurred absent the Project), based on an annual budget for such costs approved ex-ante in writing by the World Bank, including expenditures for consumable materials, office supplies, communications services (including postage handling, telephone and internet costs), publication services, translation services, office space rental and utilities, maintenance of office equipment and operation, and but excluding salaries, bonuses, fees and honoraria of members of the Recipient’s civil service.

(e) “Soum” means a rural district of the Recipient.

(f) “Training and Workshop” means the costs associated with training and national workshops participation of personnel involved in implementation of the Project, based on an annual budget for such expenditures approved ex-ante in writing by the World Bank, including expenditures for the purchase and publication of materials, rental of facilities, course fees, and travel, accommodation and subsistence of trainees, directly related to the Project.

Article II
Project Execution

2.01. Project Objectives and Description. The objectives of the Project is to enhance the capacity of the NSO and of selected state entities to measure the progress of the Recipient’s development agenda and impacts of its policies and programs. The Project consists of the following parts:

Part 1: Further improvement of economic statistical domains

(a) Support to improve constant prices at macro level, create and improve data sources for compiling energy accounts, identify framework of energy accounts and compilation of energy accounts including the provision of technical assistance and consultant service; and to publish and disseminate the results of the activities carried out under this Part of the Project and publish related methodological manuals and handbooks.
(b) Provision of training and workshop to strengthen staff capacities to disseminate results of the activities carried out under Part 1(a) of the Project and to develop skills and knowledge of staff at ministries and agencies to use these data for evidence-based policy making, national and local program implementation and monitoring.

Part 2: Measure economic growth and its impacts on household livelihood

(a) Provision of consultant service to develop relevant methodologies for measuring impacts of economic growth on household livelihood, poverty, employment, and inequality at aimag and soum levels.

(b) Carrying out of training and capacity building activities to enhance skills and knowledge in defining and measuring provincial level national accounts, poverty and sampling methodology of staff at NSO and local levels.

Part 3. Enhance local statistical capacities

Carrying out a program of activities to:

(a) implement data quality policies at aimag and soum levels;

(b) enhance information technology capacities to print methodological handbooks and provide training materials; and

(c) enhance analytical skills of staff working at statistical offices and government at aimag and soum levels in charge of local development policies and programs.

Part 4. Institutional development

(a) Provision of technical assistance and consultant service to improve metadata and develop policies on open data, non-traditional data use for statistical purposes;

(b) Carrying out of training and workshop to enhance skills of staff to use metadata and expand open data.

Part 5. Project Management

Provision of support to NSO to manage and implement the Project, including provision of a financial management and procurement specialists attached to NSO.

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 NSO 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”); and (c) this Article II.

2.03. Institutional and Other Arrangements. The Recipient shall by no later than (1) month after the Effective Date, establish and thereafter maintain throughout the period of Project implementation, a project coordination team, comprising of a project coordinator appointed under
terms of reference satisfactory to the World Bank, and a finance officer appointed under terms of
reference satisfactory to the World Bank, and adequately trained, duly qualified, and experienced
professional responsible for the financial management and disbursement aspects of the Project,
under the supervision of the Chairman of NSO to coordinate the Project activities, manage reporting
and auditing activities and ensure compliance with the procurement, disbursement and financial
management policies and procedures under the Project.

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 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 the representatives of the Donor(s) to visit any part of the
Recipient’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) High quality open data made accessible.

(ii) Monitoring indicator framework for the selected targets developed.

(iii) Statistical outputs released in a timely manner in accordance with
internationally accepted frequency and timeframes.

(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 as part of the Project Report 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 its Financial Statements audited in accordance with the
provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial
Statements shall cover the period of one fiscal year of the Recipient. The audited Financial
Statements for each such period shall be furnished to the World Bank not later than six (6) months
after the end of such period.

(d) By no later than (1) month after the Effective Date, the Recipient shall furnish to
the World Bank a chart of accounts for the Project developed in a manner satisfactory to the World
Bank.


2.07. Procurement

(a) General. All goods and 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:


(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

(i) Except as otherwise provided in sub-paragraph (ii) below, goods 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 for those contracts which are specified in the Procurement Plan: (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, 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) Least Cost Selection; (B) Selection based on Consultants’ Qualifications; (C) Single-source Selection of consulting firms; (D) Selection of Individual Consultants; and (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.
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) Goods, consultants’ services, and Training and Workshop under the Project</td>
<td>415,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Incremental Operating Costs under the Project</td>
<td>65,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>480,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

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 January 31, 2018.

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 its Minister of Finance.

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

Ministry of Finance
Government Building II
United Nations Street 5/1
Ulaanbaatar 15015
Mongolia

Facsimile: 976-11-327914
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/
International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Facsimile: 1-202-477-6391