March 23, 2018

Mr. Francisco Manuel Costa Aponte
Head
Instituto Nacional de Estadística e Informática
Av. General Garzón N° 654 – 658, Jesús María
Lima, Perú

Re: TFSCB Grant No. TF0A7141
Building Higher Standards for the National Statistics System
Letter Agreement

Dear Mr. Costa:

In response to the request for financial assistance made on behalf of the Instituto Nacional de Estadística e Informática (INEI) ("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 Trust Fund for Statistical Capacity Building ("Donors"), proposes to extend to the Recipient for the benefit of the Republic of Peru ("Member Country"), a grant in an amount not to exceed two hundred ninety nine thousand two hundred ninety-five United States Dollars (USD 299,295) ("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.

Av. Álvarez Calderón 185, Piso 7, San Isidro, Lima 27, Perú
Telf. (511) 622-2300
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 and upon compliance with the effectiveness condition set forth in Section 4.01 of this Agreement; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within ninety (90) days after the date of signature of this Agreement by the World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

[Signature]
Alberto Rodriguez
Director
Bolivia, Chile, Ecuador, Peru and Venezuela

AGREED:

INSTITUTO NACIONAL DE ESTADÍSTICA E INFORMÁTICA

By [Signature]
Authorized Representative

Name Francisco Costa Aponte
Title Head of INEI
Date: April 9th, 2018

Enclosures:

(2) Disbursement Letter of the same date as this Agreement, together with the “Disbursement Guidelines for Investment Project Financing”, dated February 2017.
(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

Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 ("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) "Administrative Registries" means the Member Countries’ government-managed national or local registries that may be used as inputs for statistical indicators.

(b) "HECRA" means **Herramienta de Evaluación de la Calidad de los Registros Administrativos** (Quality Evaluation Tool for Administrative Registries), a tool which allows the assessment of the statistical validity of the available registries’ information, taking into account not only the data, but also the institutional environment, legal framework, processes, technical control, documentation, among others.

(c) "INEI" means **Instituto Nacional de Estadística e Informática**, the Member Country’s National Institute of Statistics and Informatics, a decentralized public body established and operating pursuant to Legislative Decree No. 604, dated April 30, 1990, managed by the Member Country’s President of the Council of Ministers, responsible for regulating, planning, directing, coordinating and supervising the activities of Statistics and Information officers in the Recipient’s territory.

(d) "PENDES" or “Plan” means the Member Country’s 2018-2022 **Plan Estratégico para el Desarrollo Estadístico** (National Strategic Plan of Statistical Development), a new medium-term strategic plan which provides the framework to produce relevant, high-quality and timely statistics that would support the design, monitoring and evaluation of public programs and policies as well as international commitments.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to support INEI to develop the National Strategic Plan of Statistical Development 2018-2022, and take steps to elevate the standards for the integration of data from administrative registries for statistical purposes, the production of more timely and complete national accounts, and statistical information relevant to the Member Country’s engagement with the OECD. The Project consists of the following parts:

Part 1. Support the development of the 2018-2022 PENDES

1.1 **Publication and implementation of 2018-2022 PENDES M&E system**

Provide support for the publication and dissemination of the final version of the 2018-2022 PENDES, and launch of the monitoring and evaluation (M&E) system to be established in order to track the Member Country’s progress vis-à-vis the PENDES milestones.
1.2 Improve statistical use of Administrative Registries’ data

Provide support for the following activities:

(a) **Inventory of Administrative Registries’ data**: Harness all relevant public Administrative Registries, the data each registry holds, and existing or potential statistical indicators to be built or improved upon such data, particularly data that can feed into an updated version of the Member Country’s Sustainable Development Goals (SDG) indicators;

(b) **Capacity building**: Provide technical advice and deliver workshops to train staff on the use of HECRA;

(c) **Statistical validation of Administrative Registries’ data**: Analyze the statistical validity of available Administrative Registries’ data based on criteria for quality of statistical products, namely: accessibility, credibility, coherence, opportunity, punctuality, relevance and precision; and other aspects related to the design, production, analysis and dissemination of Administrative Registries’ data and further criteria considered in the HECRA tool;

(d) **Statistical processes for the use of Administrative Registries’ data**: Define methodologies and processes, provide manuals and practical tools for the statistical use of the Administrative Registries’ data, including: application of recommended standards to maintain coherence between definitions and classifications from the Administrative Registries and those drawn from other statistical sources, ensuring accurate linkages between Administrative Registries, and identification of data inconsistencies; and

(e) **Data processing**: Establish and develop a protocol to integrate administrative data in the SDG indicators.

Part 2. Develop and consolidate national accounts

(a) **Improvement and expansion of existing statistics regarding national accounts**: Provide support towards the improvement of the quality and frequency of data in the system (i.e., measurement of main macroeconomic aggregates in the short-term), updating data entry protocols, and collecting more relevant information to facilitate an analysis between institutional sectors for better decision-making and policy-making purposes.

(b) **Capacity Building**: Provide technical advice and deliver workshops to train INEI staff on how to develop quarterly national accounts by institutional sector.

(c) **Methodology and source treatment**: Develop a measurement methodology that considers the treatment of all available sources of information; identify strengths and weaknesses, taking into account international best practices; and formulate a roadmap to improve the construction of macroeconomic aggregates; as well as elaborate intermediate systems to allow a correlation between business and national accounts.
(d) **Statistical Methods:** Develop an operational process that entails the elaboration of quarterly national accounts by institutional sector in order to standardize and articulate all available information, which involves: data collection, revision, and ensuring consistency; processing data through intermediate systems; and data arbitration and global synthesis.

(e) **Data Processing:** Improve and adapt current data processing protocols to optimize statistical computation and publish the results in a timely manner.

**Part 3. Project administration**

(a) Ensure that administrative staffing of INEI is adequate to facilitate the timely implementation of the Project; and

(b) Provision of support to meet audit requirements set forth in Section 2.04 of this Agreement.

**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 and as of July 1, 2016 (“Anti-Corruption Guidelines”); and (c) this Article II.

**2.03. Institutional and Other Arrangements.** For purposes of carrying out the Project, the Recipient shall ensure that:

(a) the Executive Office of Technical Cooperation (OEST), which will act as the Project Coordination Unit (PCU) in charge of the coordination and supervision of the Project, will coordinate with and ensure support from all statistical offices of public institutions and ministries involved in Project implementation;

(b) the Technical Directorate of Demography and Social Indicators (DTDIS), that will lead the implementation of Part 1 of the Project, vis-à-vis the enhancement of open data, will further coordinate with relevant private and public counterparts to ensure a satisfactory exchange of information and data;

(c) the National Directorate of National Accounts (DNCN), that will lead the implementation of Part 2 of the Project, will deliver analytical outputs that meet the World Bank standard quality control process;

(d) the Recipient’s Direction of Financial Administration (DFA), that will lead the implementation of Part 3 of the Project, have qualified and experienced local staff, and will recruit a Financial Management (FM) Specialist, who will work under the supervision of the Executive Director of the DFA; and

(e) two administrative staff within the DFA will support the FM activities for the Project, with training from the World Bank team on relevant FM matters.
2.04. **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 indicators acceptable to the World Bank. 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 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 (6) months after the Closing Date. In order to assist the Recipient in preparing the Completion Report, the Recipient shall employ consultants in accordance with the provisions of Section 2.05 of this Agreement.

2.05. **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 annual interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar year, 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.

2.06. **Procurement.** All non-consulting services 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 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 January 9, 2018 provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with 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 “Disbursement Guidelines for Investment Project Financing”, dated February 2017, 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) Non-consulting services, consultants' services, Training, and Operating Costs</td>
<td>299,295</td>
<td>100%</td>
</tr>
</tbody>
</table>

TOTAL AMOUNT: 299,295 USD

For the purposes of this Section the term:

(a) "Operating Costs" means reasonable recurrent expenses incurred on account of Project implementation, including office administration costs, utilities, reasonable commercial banking charges and fees, vehicle operation and maintenance, insurance costs, salaries of additional administrative staff (if needed), and per diem for local staff, and supervision costs (but excluding salaries of officials of the Recipient's civil service); and

(b) "Training" means training conducted in the territory of the Member Country, including purchase and publication of training materials, rental of facilities, course fees, and travel costs and per diem of trainers and trainees.

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 April 1, 2020.

**Article IV**

**Effectiveness; Termination**

4.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the following condition has been met, namely that the Operational Manual has been adopted by the Recipient in a manner satisfactory to the World Bank.

**Article V**

**Recipient's Representative; Addresses**

5.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the Head of the Instituto Nacional de Estadística e Informática.

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

Instituto Nacional de Estadística e Informática
Av. General Garzón N° 654 – 658, Jesús María
Lima, Perú

Telephone: (511) 652 0000 - 203 2640  
Facsimile: (511) 431-1340  
Email: francisco.costa@inei.gob.pe
5.03. **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

Telephone: 1-202-473-1000  
Facsimile: 1-202-477-6391