Mr. Vardan Aramyan
Minister of Finance
Ministry of Finance
Yerevan, 0010, Melik Adamyan str. 1
Republic of Armenia

Re: Republic of Armenia TFSCB Grant No. TF0A3852
Strengthening Armenia’s Integrated Living Conditions Survey
Letter Agreement

Dear Mr. Minister,

In response to the request for financial assistance made on behalf of the Republic of Armenia (“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 (“Donors”) under the Trust Fund for Statistical Capacity Building, proposes to extend to the Recipient a grant in an amount not to exceed two hundred thousand United States Dollars (US$ 200,000) (“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.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

[Signature]
Joseph Meliauri
Acting Regional Director
South Caucasus Regional Office
Europe and Central Asia Region

AGREED:

REPUBLIC OF ARMENIA

[Signature]
Authorized Representative
Name Vardan Hamyan
Title RA Minister of Finance

Enclosures:

(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
(4) World Bank Procurement Regulations for Borrowers under Investment Project Financing, dated July 1, 2016

cc with attachments: Mr. Stepan Mnatsakanyan, President, NSSRA
Mr. Edgar Avetyan, Executive Director, FFPMC
Mr. Frank Heemskerk, Executive Director, The World Bank
TFSCB Grant No. TF0A3852
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) “NSSRA” means the Recipient’s National Statistical Service of the Republic of Armenia which, together with the State Council on Statistics, is the lead agency responsible for official statistical data in Armenia.

(b) “FFPMC” means the Recipient’s Foreign Financing Project Management Center at the Ministry of Finance of Armenia which will be responsible for the fiduciary functions under the Project including, *inter alia:* planning and budgeting, procurement/selection activities, accounting, financial reporting, flow of funds, internal controls and coordinating external audits.

(b) “ILCS” means the Integrated Living Conditions Survey, the national household budget survey that NSSRA is responsible for conducting every year with state funding, and is the official source of data for poverty mapping.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objectives of the Project is to strengthen welfare monitoring in Armenia via improvements to the quality of household and individual level survey data (ILCS) collected by NSSRA. The Project consists of the following parts:

Component 1: Expansion of the ILCS sample

Implement an expansion of the sample size of the ILCS to a total of approximately 7,780 households through the recruitment of field personnel/interviewers who conduct the field work for the ILCS;

Component 2. Management of the Grant

Provide support for NSSRA’s day-to-day operations including, *inter alia,* coordination, procurement and financial management, administration, supervision, and audit services for expenditures under the Project.

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 NSSRA (“Project Implementing Entity”) 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
2.03. **Institutional and Other Arrangements.** For purposes of carrying out the Project, the Recipient shall maintain throughout Project implementation, both the NSSRA and the FFPMC, with a structure, functions and responsibilities acceptable to the World Bank. The NSSRA shall be responsible for, *inter alia*, overall Project coordination and management, and shall be supported by FFPMC, which shall carry out the financial management and procurement functions of the Project.

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 months after the Closing Date.

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 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 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. Such audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant Account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

2.06. **Procurement**

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 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 26, 2016 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) Article III of 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 100% of Eligible Expenditures consisting of good and services exclusive of Taxes.

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (exclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consulting services and Operating Costs under the Project</td>
<td>200,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>200,000</td>
<td></td>
</tr>
</tbody>
</table>

"Operating Costs” means the reasonable incremental expenditures directly related to the Project on account of the implementation, management, and monitoring, including office supplies and equipment maintenance, communications services, document duplication/printing, translation services, vehicle operation and maintenance, consumables, travel cost and per diem for Project staff for travel linked to the implementation of the Project.

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 November 30, 2018.

**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 conditions specified below have been satisfied, namely that the execution and delivery of this Agreement on behalf of the Recipient have been duly notarized or ratified by all necessary governmental action.

**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 Minister of Finance.

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

Ministry of Finance  
Yerevan, 0010, Melik Adamyan str. 1  
Republic of Armenia  
Telephone: (+374 11) 800 101  
Facsimile: (+374 11) 800 132
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