

CONFORMED COPY

LOAN NUMBER 4468 RU

Loan Agreement

(Development of the State Statistical System Project)

between

RUSSIAN FEDERATION

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated November 30, 1999

LOAN NUMBER 4468 RU

LOAN AGREEMENT

AGREEMENT, dated November 30, 1999, between the RUSSIAN FEDERATION (the Borrower) and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) the Borrower, having satisfied itself as to the feasibility and priority of the project described in Schedule 2 to this Agreement (the Project), has requested the Bank to assist in the financing of the Project; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements for Single Currency Loans" of the Bank, dated May 30, 1995 (as amended through December 2, 1997) (the General Conditions), constitute an integral part of this Agreement.

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein and herein set forth and the following additional terms have the following meanings:

(a) "BEA" means the Bureau of Economic Analysis, a legal entity established in the form of a foundation registered with the Borrower's Ministry of Justice on August 9, 1996, pursuant to Ministry of Justice Certificate of Registration No. UR-31, and supervised by the Board of Trustees, whose members include representatives of the founders, and the MOF, MOE, Ministry of Labor, State Committee of Property, and State Committee on Antimonopoly Activity of the Borrower, or any successor or successors thereto;

(b) "Coordinating Committee" means a coordinating committee to be established by the Borrower, and whose members will include representatives of the MOF, MOE, Goskomstat and State Customs Committee, and referred to in paragraph 2 of Schedule 5 to this Agreement, or any successor or successors thereto;

(c) "Goskomstat" means the State Committee of the Russian Federation on Statistics, or any successor or successors thereto;

(d) "MOE" means the Borrower's Ministry of Economy, or any successor or successors thereto;

(e) "MOF" means the Borrower's Ministry of Finance, or any successor or successors thereto;

(f) "Operational Manual" means a manual, satisfactory to the Bank, to be adopted by the BEA, setting forth procedures and rules related to Project implementation, as the same may be amended from time to time;

(g) "PIU" means the Borrower's project implementation unit to be established and maintained within the BEA, and referred to in paragraph 4 of Schedule 5 to this Agreement, or any successor or successors thereto;

(h) "PMR" means a project management report referred to in Section 4.01 (d) (ii) of this Agreement, and prepared in accordance with Section 4.02 of this Agreement;

(i) "Project Implementation Agreement" means the agreement between the Borrower, represented by the MOF and Goskomstat, and the BEA, referred to in Section 3.02 of this Agreement, as the same may be amended from time to time, and such term includes all schedules and agreements to the Project Implementation Agreement;

(j) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement; and

(k) "State Customs Committee" means the Borrower's State Customs Committee, or any successor or successors thereto.

Section 1.03. Each reference in the General Conditions to the "Project implementation entity" shall be deemed as a reference to the BEA.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Loan Agreement, an amount equal to thirty million Dollars (\$30,000,000).

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods, works and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Loan.

(b) The Borrower may, for the purposes of the Project, open and maintain in Dollars a special deposit account (Special Account) in a commercial bank, acceptable to the Bank, on terms and conditions satisfactory to the Bank, including appropriate protection against set-off, seizure and attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 6 to this Agreement.

Section 2.03. The Closing Date shall be June 30, 2004, or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a fee in an amount equal to one percent (1%) of the amount of the Loan. On or promptly after the Effective Date, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and pay to itself the amount of the said fee.

Section 2.05. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.06. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Interest Period equal to LIBOR Base Rate plus LIBOR Total Spread.

(b) For the purposes of this Section:

(i) "Interest Period" means the initial period from and including the date of this Agreement to, but excluding, the first Interest Payment Date occurring thereafter, and after the initial period, each period from and including an Interest Payment Date to, but excluding the next following Interest Payment Date.

(ii) "Interest Payment Date" means any date specified in Section 2.07 of this Agreement.

(iii) "LIBOR Base Rate" means, for each Interest Period, the London interbank offered rate for six-month deposits in Dollars for value the first day of such Interest Period (or, in the case of the initial Interest Period, for value the Interest Payment Date occurring on or next preceding the first day of such Interest Period), as reasonably determined by the Bank and expressed as a percentage per annum.

(iv) "LIBOR Total Spread" means, for each Interest Period: (A) three-fourth of one percent (3/4 of 1%); (B) minus (or plus) the weighted average margin, for such Interest Period, below (or above) the London interbank offered rates, or other reference rates, for six-month deposits, in respect of the Bank's outstanding borrowings or portions thereof allocated by the Bank to fund single currency loans or portions thereof made by it that include the Loan; as reasonably determined by the Bank and expressed as a percentage per annum.

(c) The Bank shall notify the Borrower of LIBOR Base Rate and LIBOR Total Spread for each Interest Period, promptly upon the determination thereof.

(d) Whenever, in light of changes in market practice affecting the determination of the interest rates referred to in this Section 2.06, the Bank determines that it is in the interest of its borrowers as a whole and of the Bank to apply a basis for determining the interest rates applicable to the Loan other than as provided in said Section, the Bank may modify the basis for determining the interest rates applicable to the Loan upon not less than six (6) months' notice to the Borrower of the new basis. The basis shall become effective on the expiry of the notice period unless the Borrower notifies the Bank during said period of its objection thereto, in which case said modification shall not apply to the Loan.

Section 2.07. Interest and other charges shall be payable semiannually in

arrears on March 15 and September 15 in each year.

Section 2.08. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project and, to this end, shall carry out the Project primarily through the Goskomstat and BEA, all with due diligence and efficiency and in conformity with appropriate administrative, financial and statistical practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 5 to this Agreement.

Section 3.02. In order to facilitate the efficient carrying out of the Project, the Borrower, through the MOF and Goskomstat, shall enter into a project implementation agreement (Project Implementation Agreement) with the BEA, under terms and conditions which shall have been approved by the Bank, and which shall include, but not be limited to the following:

(a) scope of responsibilities and description of activities to be carried out by the BEA during the execution of the Project, consistent with Schedule 5 to this Agreement;

(b) staffing requirements to be fulfilled by the BEA, including a requirement that the BEA shall establish and maintain during the execution of the Project a project implementation unit within the BEA with qualified staff and consultants and other resources, and under terms of reference satisfactory to the Borrower and the Bank;

(c) basis of BEA financing related to expenditures incurred by the BEA in connection with the Project; and (d) reporting, accounting and auditing requirements.

Section 3.03. Except as the Bank shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 4 to this Agreement.

Section 3.04. For the purposes of Section 9.07 of the General Conditions and without limitation thereto, the Borrower shall:

(a) prepare, on the basis of guidelines acceptable to the Bank and furnish to the Bank not later than six (6) months after the Closing Date or such later date as may be agreed for this purpose between the Borrower and the Bank, a plan designed to ensure the continued achievement of the Project's objectives; and

(b) afford the Bank a reasonable opportunity to exchange views with the Borrower on said plan.

ARTICLE IV

Financial Covenants

Section 4.01. (a) The Borrower shall cause the BEA to maintain a financial management system, including records and accounts, and prepare financial statements, all in accordance with accounting standards acceptable to the Bank, consistently applied, adequate to reflect its operations and financial conditions and to register separately the operations, resources and expenditures related to the Project.

(b) The Borrower shall cause the BEA to: (i) have its records, accounts

and financial statements (balance sheet, statements of sources and uses of funds, and related statements) for each fiscal year audited, in accordance with auditing standards acceptable to the Bank, consistently applied, by independent auditors acceptable to the Bank; (ii) furnish to the Bank as soon as available, but in any case not later than six (6) months after the end of each such year, (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year so audited, and (B) an opinion on such statements, records and accounts, and report of such audit by said auditors of such scope and in such detail as the Bank shall have reasonably requested; and (iii) furnish to the Bank such other information concerning such records and accounts, and the audit thereof, and concerning said auditors, as the Bank shall from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Loan Account were made on the basis of statements of expenditure, the Borrower shall cause the BEA to:

(i) maintain, in accordance with paragraph (a) of this Section, records and separate accounts reflecting such expenditures;

(ii) ensure that all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures are retained until at least one (1) year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account was made; and

(iii) enable the Bank's representatives to examine such records.

(d) The Borrower shall cause the BEA to:

(i) have the records and accounts referred to in paragraph (c) (i) of this Section and those for the Special Account for each fiscal year audited, in accordance with auditing principles consistently applied, by independent auditors acceptable to the Bank;

(ii) furnish to the Bank as soon as available, but in any case not later than six (6) months after the end of each such year the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested, including a separate opinion by said auditors on the project management reports (PMRs) submitted during such fiscal year, and as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals; and

(iii) furnish to the Bank such other information concerning such records and accounts, and the audit thereof as the Bank shall from time to time reasonably request.

Section 4.02. The Borrower shall cause the BEA to prepare, in accordance with guidelines acceptable to the Bank, and furnish to the Bank not later than forty five (45) days after the end of each calendar quarter, a PMR for such period, which:

(a) (i) sets forth actual sources and uses of funds for the Project, both cumulatively and for the period covered by said report, and projected sources and applications of funds for the Project for the six-month period following the period covered by said report, and (ii) shows separately expenditures financed out of the proceeds of the Loan during the period covered by said report and expenditures proposed to be financed out of the proceeds of the Loan during the six-month period following the period covered by said report;

(b) (i) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and (ii) explains variances between the actual and previously forecast implementation targets; and

(c) sets forth the status of procurement under the Project and expenditures under contracts financed out of the proceeds of the Loan, as at the end of the period covered by said report.

ARTICLE V

Remedies of the Bank

Section 5.01. Pursuant to Section 6.02 (p) of the General Conditions, the following additional events are specified:

(a) the Project Implementation Agreement shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the BEA to carry out the Project; and

(b) the BEA shall have failed to perform any of its obligations under the Project Implementation Agreement.

Section 5.02. Pursuant to Section 7.01 (k) of the General Conditions, the following additional events are specified, namely the events specified in Section 5.01 of this Agreement shall occur and shall continue for a period of sixty (60) days after notice thereof shall have been given by the Bank to the Borrower.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following events are specified as additional conditions to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions:

(a) the BEA has adopted the Operational Manual and established the PIU with essential qualified staff and consultants and other resources, and under terms of reference satisfactory to the Bank;

(b) the Project Implementation Agreement has been executed on behalf of the Borrower and BEA;

(c) the Coordinating Committee has been established; and

(d) the auditors referred to in Section 4.01 (b) (i) of this Agreement have been appointed.

Section 6.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Minister of Finance or Deputy Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministry of Finance
Ilyinka Street 9
103097 Moscow
Russian Federation

Telex:

112008

For the Bank:

International Bank for
Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

INTBAFRAD
Washington, D.C.

Telex:

248423 (MCI) or
64145 (MCI)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

RUSSIAN FEDERATION

By /s/ Yuri Ushakov

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Johannes Linn

Regional Vice President
Europe and Central Asia

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Loan Allocated (Expressed in Dollars)	% of Expenditures to be Financed
(1) Consultants' services, including training	8,628,000	100%
(2) Goods	18,910,000	100% of foreign expenditures, 100% of foreign expenditures (ex- factory cost); and 80% of local expenditures for other items procured locally
(3) Works	384,000	100%
(4) Incremental Operating Costs	1,700,000	100% until the aggregate amount disbursed from

			this Category is equal to \$950,000, 85% until the aggregate amount disbursed from this Category is equal to \$1,400,000 and 45% until the aggregate amount disbursed from this Category is equal to \$1,700,000
(5)	Fee	300,000	Amount due pursuant to Section 2.04 of this Agreement
(6)	Unallocated	78,000	
	TOTAL	30,000,000	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods supplied from the territory of any country other than that of the Borrower;

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods supplied from the territory of the Borrower;

(c) the term "Incremental Operating Costs" means expenses incurred by the BEA on account of Project implementation, management and monitoring, including office goods and supplies, rent, utilities, communication, transportation, travel, PIU consultants services, Project-related auditing services, and supervision costs; and

(d) the term "training" means fees charged by educational or other institutions and organizations that provide training services, and related travel expenditures, and boarding, lodging and per diem allowances.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement.

4. The Bank may require withdrawals from the Loan Account to be made on the basis of statements of expenditure for expenditures for: (a) goods, under contracts costing less than \$50,000 equivalent each; (b) services provided by firms, under contracts costing less than \$50,000 equivalent each, services provided by individuals, under contracts costing less than \$20,000 equivalent each, and expenditures related to training and costing less than \$20,000 each; and (c) incremental operating costs, under contracts costing less than \$50,000 equivalent each, all under such terms and conditions as the Bank shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objectives of the Project are to continue the organizational changes at the Goskomstat headquarters and certain regions, improve data collection and processing system, start a large scale training effort and initiate needed changes in other data collection agencies.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objectives:

Part A: Institutional Strengthening of Goskomstat

Improvement of organization, management strategy and planning capacity of Goskomstat, fostering knowledge of statistical standards and methodologies of Goskomstat staff, strengthening the statistical infrastructure of Goskomstat, and improvement in the methods and procedures for collection, processing and dissemination of data by Goskomstat, through the financing of goods, works and services.

Part B: Institutional Strengthening of and Technical Assistance to Other Data Collection Agencies

Rationalization of the data flow between the Borrower's data collection agencies, including the MOF, MOE, State Customs Committee, and the Central Bank of the Borrower, strengthening of their capacity to collect, estimate and disseminate information on foreign trade, non-banking financial institutions and vital statistics, and improvement of their capacity to utilize statistical information to forecast economic developments, through the financing of goods and services.

Part C: Project Management

Assistance in the management and implementation of the Project, including institutional strengthening of the PIU, design and implementation of system of financial management and accounting, preparation of the accounts and financial statements referred to in Section 4.01 of this Agreement, and audit of the accounts and financial statements referred to above, through the financing of incremental operating costs of the BEA, including external auditing services, and services and works.

* * *

The Project is expected to be completed by December 31, 2003.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (Expressed in Dollars)*
On each March 15 and September 15 beginning September 15, 2004 through March 15, 2016	1,250,000

* The figures in this column represent the amount in Dollars to be repaid, except as provided in Sections 4.04 (d) of the General Conditions.

SCHEDULE 4

Procurement and Consultants' Services

Section I. Procurement of Goods and Works

Part A: General

Goods and works shall be procured in accordance with the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995, and revised in January and August 1996, September 1997, and January 1999 (the Guidelines) and the following provisions of this Section.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

2. The following provision shall apply to goods to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B. Preference for domestically manufactured goods The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Works estimated to cost less than \$200,000 equivalent per contract, up to an aggregate amount not to exceed \$384,000 equivalent, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

2. International Shopping

Goods up to an aggregate amount not to exceed \$170,000 equivalent, may be procured under contracts awarded on the basis of international shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

3. National Shopping

Goods estimated to cost less than \$50,000 equivalent per contract, up to an aggregate amount not to exceed \$100,000, may be procured under contracts awarded on the basis of national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

Part D: Review by the Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Bank, and with the provisions

of said paragraph 1.

2. Prior Review

With respect to each contract procured under Parts B and C.1 hereof, and contracts procured under Part C.2 and Part C.3 hereof and estimated to cost more than \$50,000 equivalent, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

Part A: General

Consultants' services shall be procured in accordance with the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in January 1997, and revised in September 1997 and January 1999 (the Consultant Guidelines), and the following provisions of Section II of this Schedule.

Part B: Quality- and Cost-based Selection

Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

Part C: Other Procedures for the Selection of Consultants

1. Selection Under a Fixed Budget

Services for under Parts A and B of the Project, up to an aggregate amount of \$4,700,000, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.5 of the Consultant Guidelines.

2. Least-Cost Selection

Services up to an aggregate amount of \$1,900,000, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

3. Selection Based on Consultants' Qualifications

Services up to an aggregate amount of \$300,000 may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

4. Individual Consultants

Services for tasks that meet the requirements set forth in paragraph 5.01 of the Consultant Guidelines shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

Part D: Review by the Bank of the Selection of Consultants

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the Project shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Guidelines. Selection of all consultants' services shall

be undertaken in accordance with such selection plan as shall have been approved by the Bank, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to each contract for the employment of consulting firms, estimated to cost the equivalent of \$50,000 or more, the procedures set forth in paragraphs 1, 2 (other than the third subparagraph of paragraph 2 (a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$20,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Bank for its prior review and approval. The contract shall be awarded only after said approval shall have been given.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

SCHEDULE 5

Implementation Program

1. The Borrower shall:

(a) develop, adopt and maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators set forth in the Annex to this Schedule 5, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the Bank, and furnish to the Bank, on or about November 30, 2001, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the Program and the achievement of the objectives thereof during the period following such date; and

(c) review with the Bank, by December 31, 2001, or such later date as the Bank shall request, the report referred to in subparagraph (b) of this paragraph, and, thereafter, take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of the said report and the Bank views on the matter.

2. Coordinating Committee.

The Coordinating Committee shall be responsible for the overall direction and strategic oversight of the Project, and approval of annual plans and program of work related to Project implementation.

3. Goskomstat.

Goskomstat shall be responsible for monitoring the carrying out of the Project and the achievement of the objectives thereof, conceptual and methodological activities related thereto, and implementation of specific activities under Part A of the Project and, jointly with other data collection agencies of the Borrower, Part B of the Project.

4. BEA/PIU.

The Borrower shall ensure that, until the completion of the Project, the BEA maintains the PIU which at all times functions in a manner, and with staff, consultants, facilities and other resources necessary for the Project and satisfactory to the Bank. The Borrower shall ensure that the BEA shall be responsible for

day-to-day technical implementation of the Project, including financial management, procurement, disbursement, engagement of outside auditors and preparation of appropriate auditing reports and their dissemination to relevant agencies of the Borrower and to the Bank, and preparation of progress reports and annual reports in respect of or related to the Project, and shall assist Goskomstat in the overall coordination of the Project activities.

Annex

Project Monitoring and Evaluation Indicators

Part A of the Project

Law on statistics is adopted
Coordinating Committee and National Statistical Advisory Board are established
Federal Statistical Office is restructured
Goskomstat personnel database is established

Training of Goskomstat staff assessment and plan is completed
Goskomstat headquarters and regional staff training proceed according to the plan
Computerized training facilities for Goskomstat is established

Business register is updated in a timely manner and is fully operational in the local area

network (LAN) environment

Sample survey design process is developed and adopted

Master sampling scheme is developed

Statistical packages is procured and installed

Master program for data collection is developed and approved

Survey on sample updating is completed and recommendations are implemented

Data-collection review is finished Questionnaire review is completed

Computer equipment for the regional processing centers and headquarters is procured

Training in utilization of computer equipment is provided

Goskomstat publishing activities are modernized

Training in data dissemination is completed

Part B of the Project

Economic and functional classification of government accounts is consolidated and enhanced

The sequence of accounts of the United Nations System of National Accounts of the general

government sector is developed

Mechanism to collect statistics on non-banking financial enterprises is established

Customs-based foreign trade statistics is improved and accessible on-line

System to collect and process data on foreign trade in services is established and operational

Computer equipment and software for the economic forecasting is procured

and staff trained Forecasting models appropriate to Russian economy are developed

Part C of the Project

PIU is established, properly staffed and staff trained.

SCHEDULE 6

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1), (2), (3) and (4) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods, services, works and incremental operating costs required for the Project and to be financed out of the proceeds of the Loan allocated from time to

time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to US\$1,000,000 to be withdrawn from the Loan Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Bank shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to US\$500,000 until the aggregate amount of withdrawals from the Loan Account plus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions shall be equal to or exceed the equivalent of US\$3,000,000.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Bank has received evidence acceptable to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Account, the Borrower shall furnish to the Bank requests for deposits into the Special Account at such intervals as the Bank shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Bank from the Loan Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Borrower shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Bank shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Loan allocated to the eligible

Categories, minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the Loan Account of the remaining unwithdrawn amount of the Loan allocated to the eligible Categories shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

