March 2, 2017

Lyonpo Namgay Dorji  
Hon'ble Minister  
Ministry of Finance  
Royal Government of Bhutan

Re: TFSCB Grant TF No. 0A4200  
Bhutan: BLSS Economic Census Project  
Letter Agreement

Dear Sir:

In response to the request for financial assistance made on behalf of the Kingdom of Bhutan ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank"), acting as administrator of grant funds provided by various donors ("Donors") under the Trust Fund for Statistical Capacity Building ("TFSCB"), proposes to extend to the Recipient a grant in an amount not to exceed six hundred eighty thousand United States Dollars (U.S.$ 680,000) ("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 DEVELOPMENT ASSOCIATION

By Yoichiro Ishihara
Resident Representative and Senior Economist
Bhutan Country Office
South Asia Region

AGREED:

KINGDOM OF BHUTAN

By ____________________________
Authorized Representative
Name: Lyonpo Namgay Dorji
Title: Minister of Finance
Date: _________________________

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 TF No. 0A4200

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) "BLSS" means the Bhutan Living Standard Survey, which is a national household survey undertaken by the NSB and the primary source of data for national poverty estimates.

(b) "Incremental Operating Costs" means the costs arising under the Project on account of local contractual support staff salaries, travel and other travel-related expenditures, equipment rental and maintenance, vehicle rental, bank charges and advertising expenses, materials and supplies and utilities and communications expenses, but excluding salaries of the Recipient’s civil servants.

(c) "NSB" means the National Statistics Bureau of the Recipient.

(d) "Training and Workshop" means training provided to the local contractual support staff and study tours, workshops and seminars provided to the Recipient’s civil servants.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to support the NSB to collect, analyze and disseminate data by carrying out the BLSS and the economic census and contribute to strengthening its capacity. The Project consists of the following parts:

**Component 1: Bhutan Living Standard Survey**

Support of the NSB to collect, analyze and disseminate data by carrying out the BLSS and to strengthen its capacity, through provision of consulting services, Training and Workshops.

**Component 2: Economic Census**

Support of the NSB to design and implement as well as analyze and disseminate its economic census as part of the ongoing national accounts reform and to provide learning and training opportunities to the NSB staff, through provision of consulting services, Training and Workshops.

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 NSB 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. 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 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.

2.04. 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 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 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.

2.05. Procurement

All goods, non-consulting services and 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 December 30, 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 “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 100% of Eligible Expenditures consisting of goods, consulting services, Incremental Operating Costs and Training and Workshops inclusive of Taxes.

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 July 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  
Tashichhodzong  
Thimphu, Kingdom of Bhutan  

Facsimile: 975-2-334994

4.03. **World Bank's Address.** The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America  

Telex: Facsimile:  
64145 (MCI) 1-202-477-6391