Global Environment Facility
Grant Agreement

(Sustainable Financing for Biodiversity Conservation and Natural Resources Management Project)

between

KINGDOM OF BHUTAN

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

(acting as an Implementing Agency of the Global Environment Facility)

Dated July 26, 2013
GLOBAL ENVIRONMENT FACILITY
GRANT AGREEMENT

AGREEMENT dated 20th August, 2013, entered into between the KIN-DSOM OF BHUTAN ("Recipient"), and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("World Bank"), acting as an implementing agency of the Global Environment Facility ("GEF").

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions


1.02. 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.

Article II
The Project

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall cause the Bhutan Trust Fund for Environmental Conservation ("BTFEC", the "Project Implementing Entity") to carry out the Project in accordance with the provisions of Article H of the Standard Conditions.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

Article III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to four million and eighty thousand United States Dollars ($4,080,000) ("Grant") to assist in financing the Project.
3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

3.03. The Grant is funded out of the above-mentioned trust fund for which the World Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, 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.

Article IV
Additional Remedies

4.01. The Additional Events of Suspension referred to in Section 4.02(k) of the Standard Conditions consist of the following, namely, that the Royal Charter for the BTFEC has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the BTFEC to perform any of its obligations under the Subsidiary Agreement.

Article V
Effectiveness; Termination

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the Subsidiary Agreement has been executed on behalf of the Recipient and the BTFEC.

5.02. As part of the evidence to be furnished pursuant to Section 5.01 of this Agreement, there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank showing that the Subsidiary Agreement has been duly authorized or ratified by the Recipient and the BTFEC, and is legally binding upon the Recipient and the BTFEC in accordance with its terms.

5.03. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 of this Agreement (“Effective Date”). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.
Article VI
Recipient’s Representative; Addresses

6.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Minister responsible for Finance.

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

Ministry of Finance
Royal Government of Bhutan
Tashichhodzong
Thimphu
BHUTAN

Facsimile:

00975-2-323154

6.03. 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

Cable: Intbafrad
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391
AGREED at Thimphu, Kingdom of Bhutan, as of the day and year first above written.

KINGDOM OF BHUTAN

By

Authorized Representative

Name: Namgay Dorji
Title: Finance Minister

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT acting as an Implementing Agency of the Global Environment Facility

By

Authorized Representative

Name: Michael Bourne
Title: Permanent Representative
SCHEDULE 1

Project Description

The objective of the Project is to improve the operational effectiveness and institutional sustainability of the BTFEC.

The Project consists of the following parts:

Part 1. Enhancing Operational Effectiveness and Sustainability of BTFEC

Carrying out a program of activities designed to enhance the operational effectiveness and sustainability of BTFEC, such program to include:

(a) development and adoption of by laws for good governance of BTFEC, including codifying the rules and practices of the BTFEC’s Board;

(b) enhancing the capacity of BTFEC for prioritizing grant selection on the basis of BTFEC’s mandate, needs, risks and opportunities;

(c) strengthening the grant-making process through improvements to the grant award process, grant documentation, monitoring and evaluation of the grant portfolio and dissemination of the experiences and lessons learnt from grant implementation;

(d) updating the BTFEC operations manual;

(e) undertaking a review of options for future arrangements on managing investments;

(f) enhancing the institutional and staff capacity for grant and financial management; and

(g) strengthening BTFEC’s financial independence through development of a fund-raising strategy and testing new financial instruments.

Part 2. Improving Conservation Management Of the High Altitude Northern Areas landscape in Bhutan (including protected areas and associated methods, forests and agricultural systems)

Carrying out a program of activities designed to improve conservation management in the high altitude northern areas ecosystems through the provision of Sub-grants to eligible Beneficiaries to finance specific development projects designed to:

(a) test and implement management strategies and proactive plans to anticipate and address threats to the protected areas and biodiversity corridor complexes.
(b) support a range of community activities aimed at strengthening the adoption of: (i) sustainable agricultural land use and grazing practices; (ii) increase community participation in the management of forests and alpine meadows; and (iii) community based eco-tourism and value addition products.

Part 3. Capacity building for mainstreaming of conservation and sustainable forest and natural resource management approaches in national policies, strategies and plans.

Carrying out of a program of activities designed to mainstream conservation and sustainable forest and natural resource management approaches in national policies, strategies and plans, such program to include:

(a) undertaking a gap analysis of policies and guidelines on conservation management and addressing weaknesses with implementation;

(b) high level exchange programs with other countries;

(c) workshops for implementing agencies to share lessons and experiences;

(d) stakeholder meetings and local community consultations; and

(e) dissemination of good practices, results and outcomes from the grant funded activities.
Section I. Institutional and Other Arrangements

A. Subsidiary Agreement

1. The Recipient shall make the proceeds of the Grant available, on grant basis, to the BTFEC in accordance with a Subsidiary Agreement to be entered into between the Recipient and the BTFEC in accordance with terms and conditions satisfactory to the World Bank, which shall include the following:

   (a) that the Grant shall be made available in Ngultrums determined on the date, or respective dates, of withdrawal from the Grant Account of the value of the currency or currencies so withdrawn;

   (b) the obligation of the BTFEC to carry out the Project: (i) in accordance with this Schedule 2; (ii) with due diligence and efficiency and in accordance with appropriate management, financial and social and environmental standards acceptable to the World Bank, and (iii) to provide, promptly as needed, the funds, facilities and other resources required for the purpose;

   (c) the obligation of the BTFEC to procure all goods, works, non-consulting-services and consultants’ services required for Part 1 of the Project and ensure that all goods, works, non-consulting services and consultants services required for Parts 2 and 3 of the Project to be financed out of the proceeds of the Grant in accordance with the provisions of Section III of Schedule 2 to this Agreement, and utilize such goods, works, non-consulting-services and consultants’ services exclusively in the carrying out of the Project;

   (d) the obligation of the BTFEC to carry out the Project in accordance with the Anti-Corruption Guidelines, the ESAMF and the Interim Grant Implementation Handbook;

   (e) the obligation of the BTFEC to:

      (i) maintain a financial management system and records and accounts adequate to reflect sound accounting practices, its operations and financial condition;
(ii) retain all records (contracts, orders, invoices, bills, receipts and other documents) evidencing expenditures under the Project until at least the later of: (a) one (1) year after the Recipient and the World Bank have received the audited financial statements covering the period during which the last withdrawal from the Grant Account was made; and (b) two (2) years after the Closing Date;

(iii) enable the Recipient and the World Bank's representatives to inspect the Project and each Sub-project and any relevant records and documents and prepare and furnish to the Recipient and the World Bank all such information as the Recipient and the World Bank shall reasonably request related to the foregoing; and

(iv) monitor and evaluate the progress of the Project, in coordination with relevant agencies in accordance with the provisions Section II of Schedule 2 to this Agreement; and

(f) the right of the Recipient to suspend or terminate the right of the BTFEC to the use of the proceeds of the Grant made available under the Subsidiary Agreement upon failure by the BTFEC to perform its obligations under the Subsidiary Agreement.

2. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Project. Except as the World Bank shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions. In the event of any conflict between the provisions of the Subsidiary Agreement and those of this Agreement, the latter shall prevail.

B. Interim Grant Implementation Handbook

1. The Recipient shall: (a) cause the BTFEC to carry out the Project in accordance with the Interim Grant Implementation Handbook, and (b) ensure that, except as the World Bank shall otherwise agree in writing, Recipient shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the afore-mentioned, or any provision thereof.

2. In the event of a conflict between the provisions of the Interim Grant Implementation Handbook and those of this Agreement, the latter shall prevail.
C. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Safeguards

1. The Recipient shall cause BTFEC to carry out the Project in accordance with the provisions of the ESAMF; and except as the World Bank shall otherwise agree in writing, the Recipient shall not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the aforementioned, or any provision thereof.

2. Prior to the approval of each Sub-project under Part 2 of the Project, the Recipient shall cause the BTFEC to ensure that:

   (a) relevant site-specific environmental impact assessments for such Sub-project are carried out in accordance with the ESAMF, and thereafter any environmental and/or social management plans required by the ESAMF are prepared in accordance with the ESAMF satisfactory to the World Bank; and

   (b) except as otherwise agreed with the World Bank, the environmental and/or social management plans for such Sub-project are submitted to the World Bank for review and approval, and thereafter, the environmental and/or social management plans are adopted and disclosed publicly; and

   (c) any pre-work commencement requirements specified in such environmental and/or social management plans are implemented.

3. After approval of each Sub-project, the Recipient shall cause BTFEC to ensure that all measures as shall be necessary or appropriate to ensure compliance with the requirements of the ESAMF and each environmental and/or social management plan referred to in the preceding paragraph 2 are taken by the relevant Beneficiary.

4. Without limitation upon its other reporting obligations under Section II.A of this Schedule, the Recipient shall take all measures necessary on its part to ensure that BTFEC regularly collects, compiles, and submits to the World Bank, semiannual reports on the status of compliance with the ESAMF, giving details of:
measures taken in furtherance of such ESAMF;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such ESAMF; and

(c) remedial measures taken or required to be taken to address such conditions.

5. In the event of any conflict between the provisions of the ESAMF or any environmental and/or social management plan required thereunder, and those of this Agreement, those of this Agreement shall prevail.

E. Subgrants

1. The Recipient shall cause the BTFEC to make Sub-grants to finance Sub-projects under Part 2 of the Project in accordance with eligibility criteria and procedures acceptable to the World Bank and further elaborated in the Interim Grant Implementation Handbook, which shall include the following:

(a) the eligible Beneficiaries shall be institutions under the Recipient’s Ministry of Agriculture and Forests;

(b) the proposed Sub-project consists of specific development activities set forth in Part 2 of the Project and further elaborated in the Interim Grant Implementation Handbook and complies with all applicable laws and regulations of the Recipient, and includes appropriate arrangements for participation of representatives of local communities; and

(c) if, on the basis of the environmental impact assessment conducted for the respective Sub-project as required by the ESAMF, an environmental and/or social management plan tailored to the Sub-project are or is required, such plan has been prepared pursuant to the ESAMF and has been approved, disclosed and implemented pursuant to Section D.2 and D.3 of this Schedule 2 to this Agreement.

2. The Recipient shall cause the BTFEC to make each Sub-grant under a Sub-grant Agreement with the respective Beneficiary on terms and conditions approved by the World Bank and further elaborated in Interim Grant Implementation Handbook, which shall include the following:

(a) each Sub-grant shall be made on grant basis, and shall not exceed $300,000;
(b) BTFEC shall obtain rights adequate to protect its interests and those of the Recipient and the World Bank, including the right to: suspend or terminate the right of the Beneficiary to use the proceeds of the Sub-grant or obtain a refund of all or any part of the amount of the Sub-grant then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the Sub-grant Agreement; and

(c) the Beneficiary shall be required to:

(i) carry out its respective Sub-projects with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the World Bank, including in accordance with the Anti-Corruption Guidelines, the Interim Grant Implementation Handbook and the ESAMF; provide, promptly as needed, the resources required for the purpose; and procure the goods, works and services to be financed out of the Sub-grant in accordance with the provisions of this Agreement;

(ii) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the World Bank, the Sub-projects and the achievement of the objectives of the Sub-projects;

(iii) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations, resources and expenditures related to the activities financed by the Sub-grant; and to have such financial statements audited in accordance with Section II.B of this Schedule; and

(iv) enable the World Bank, the Recipient and the BTFEC to inspect and undertake performance audits of the Sub-project, the activities financed by the Sub-grant and any relevant records and documents; and prepare and furnish to the World Bank and the BTFEC all such information as the World Bank and the BTFEC shall reasonably request relating to the foregoing.

3. The Recipient shall cause BTFEC to exercise its rights under each Sub-grant Agreement in such manner as to protect the interests of the Recipient, the World Bank and the BTFEC and to accomplish the purposes of the Grant. Except as the Association shall otherwise agree in writing, the Recipient shall cause the BTFEC not assign, amend, abrogate or waive any Sub-grant Agreement or any of
its provisions. In the event of any conflict between the provisions of any Subgrant Agreement and the provisions of this Agreement, the latter shall prevail.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient shall ensure that the BTFEC 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 six (6) months, and shall be furnished to the World Bank not later than forty five (45) days after the end of the period covered by such report.

2. 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.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. 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 six (6) month period, covering the semester, in form and substance satisfactory to the World Bank.

3. The Recipient shall ensure that the BTFEC shall have its Financial Statements for the Project, including financial statements of the Beneficiaries, 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 (1) fiscal year of the BTFEC. 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.

Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. All goods, works, 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:
(a) Section I of the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 ("Procurement Guidelines") in the case of goods, works and non-consulting services, and 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 ("Consultant Guidelines") in the case of consultants' services; and

(b) the provisions of this Section III, 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" dated February 17, 2013).

2. Definitions. The capitalized terms used below in 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.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods, Works and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) Limited International Bidding; (b) National Competitive Bidding, subject to the additional provisions set forth in Annex to this Schedule 2 to this Agreement; (c) Shopping; (d) Direct Contracting; and (e) Community Participation procedures which have been found acceptable to the World Bank.

C. Particular Methods of Procurement of Consultants' Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. Other Methods of Procurement of Consultants' Services. The following methods, other than Quality- and Cost-based Selection, may be used for
procurement of consultants’ services for those assignments which are specified in
the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed
Budget; (c) Least Cost Selection; (d) Selection based on Consultants’
Qualifications; (e) Single-source Selection of consulting firms; (f) Selection of
Individual Consultants; and (g) Single-source procedures for the Selection of
Individual Consultants.

D. 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.

Section IV. Withdrawal of Grant Proceeds

A. General

1. 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 Eligible
Expenditures as set forth in the table in paragraph 2 below.

2. The following 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, works, non-consulting services, consultants’ services and Training under Part 1 of the Project</td>
<td>800,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, non-consulting services, works and consultants’ services for Sub-grants under Parts 2 and 3 of the Project</td>
<td>3,280,000</td>
<td>100% of amounts disbursed</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>4,080,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $250,000 equivalent may be made for payments made prior to this date but on or after January 1, 2013, for Eligible Expenditures.

2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is December 31, 2018.
ANNEX to SCHEDULE 2

National Competitive Bidding Procedures

In order to ensure economy, efficiency and transparency and broad consistency with the provisions of Section I of the Procurement Guidelines the following should be followed:

(a) invitations to bid shall be advertised in at least one (1) widely circulated national newspaper or in the official gazette, or on a widely used website or electronic portal with free national and international access, in English, at least thirty (30) days prior to the deadline for the submission of bids;

(b) bid documents shall be made available, by mail or in person, to all who are willing to pay the required fee;

(c) evaluation of bids shall be made in strict adherence to the criteria disclosed in the bidding documents, in a format and specified period agreed with the World Bank;

(d) bids shall be opened in public in one place, immediately after the deadline for submission of bids;

(e) foreign bidders shall not be precluded from bidding and no preference of any kind shall be given to national bidders;

(f) qualification criteria (in case pre-qualifications were not carried out) shall be stated in the bidding documents, and if a registration process is required, a foreign firm declared as the lowest evaluated bidder shall be given a reasonable opportunity of registering, without let or hindrance;

(g) contracts shall be awarded to the lowest evaluated bidders;

(h) post-bidding negotiations shall not be allowed with the lowest evaluated bidders or any other bidders;

(i) bids shall not be rejected merely on the basis of a comparison with an official estimate without the prior concurrence of the World Bank;

(j) annual rate contracts entered into by the implementing entity shall not be acceptable as a substitute for National Competitive Bidding Procedure; such contracts shall be acceptable for any procurement under Shopping as one of the quotation;
(k) re-bidding shall not be carried out without the prior concurrence of the World Bank;

(l) all bidders/contractors shall provide bid/performance security as indicated in the bidding/contract documents;

(m) a bidder’s bid security shall apply only to a specific bid, and a contractor’s performance security shall apply only to the specific contract under which it was furnished;

(n) split award or lottery in award of contracts shall not be carried out when two (2) or more bidders quote the same lowest price, an investigation shall be made to determine any evidence of collusion, following which:

(i) if collusion is determined, the parties involved shall be disqualified and the award shall then be made to the next lowest evaluated and qualified bidder; and

(ii) if no evidence of collusion can be confirmed, then fresh bids shall be invited after receiving the concurrence of the World Bank;

(o) extension of bid validity shall not be allowed without the prior concurrence of the World Bank: (i) for the first request for extension if it is longer than eight (8) weeks, and (ii) for all subsequent requests for extension irrespective of the period;

(p) bids shall not be invited on the basis of percentage premium or discount over the estimated cost; and

(q) there shall not be any restrictions on the means of delivery of the bids except electronic submission of bidding documents.
APPENDIX

Definitions


2. "Beneficiary" means a department of the Ministry of Agriculture and Forest that is eligible to receive a Sub-grant under the Interim Grant Implementation Handbook and has entered into a Sub-grant Agreement with the BTFEC.

3. "Bhutan Trust Fund for Environmental Conservation" or "BTFEC" means the independent conservation grant-making organization, established as a non-profit organization under the Royal Charter of the Trust Fund of 1996, which is the Project Implementing Entity.

4. "Environmental and Social Assessment and Management Framework" or "ESAMF" means framework prepared and adopted by the Recipient and dated March 14, 2013, defining the set of mitigation, enhancement, monitoring, and institutional measures to be taken during implementation of the Project to eliminate any adverse environmental and social impacts, offset them, reduce them to acceptable levels, or to enhance positive impacts of the Project activities, as such framework may be amended by the Recipient from time to time, with the prior written agreement of the World Bank.

5. "Interim Grant Implementation Handbook" means the manual for the BTFEC dated March 13, 2013, outlining implementation arrangements for the Project, including organizational, administrative, monitoring and evaluation, environmental and social monitoring and mitigation, financial management and procurement arrangements, eligibility criteria for Sub-projects, terms and conditions for Sub-grants and implementation arrangements for Sub-projects.

6. "Ministry of Agriculture and Forests" means the Recipient's ministry responsible for agriculture and forests or any successor thereto.

7. "Ngultrum" means the official currency of the Recipient.

8. "Sub-grant" means a grant to be made out of the proceeds of the Grant to finance implementation of a Sub-project.

9. "Sub-grant Agreement" means an agreement between the BTFEC and a Beneficiary, providing for a Sub-grant.
10. "Sub-project" means a specific development project to be carried out under Part 2 of the Project and to be financed by a Sub-grant.

11. "Subsidiary Agreement" means the agreement to be entered into between the Recipient and BTEFC on terms and conditions acceptable to the World Bank, as described in paragraph 1 of Section I.A of Schedule 2 to this Agreement.

12. "Training" means the reasonable incremental expenditures approved by the World Bank to finance the cost of training activities, workshops and seminars related to the Project including expenses for rental of conference rooms, acquisition of materials and supplies, course fees and travel and subsistence for trainees.