

Annex 9.A: Legal Due Diligence

Details of any government or regulatory approvals, licenses or permits required for implementing and operating the project, the relevant issuing authority, and the date of issuance or expected date of issuance.

There are no specific approvals, licenses, or permits required for the project as a whole, other than the Royal Government of Bhutan's standard approval for receiving financing from the World Bank and the Green Climate Fund.

Certain activities under the project may require approvals, licenses, or permits (e.g., approvals of environmental and social instruments, annual work plans and budgets, Project Implementation Manual, and permits for construction and infrastructure-related activities). The processes and requirements for such activities are defined under Bhutanese laws and regulations, as well as under World Bank policies and procedures. It is not practical to list all such requirements here but such licenses or permits will be coordinated by MoIT.

As part of implementation and supervision, the World Bank will monitor that all such requirements are fulfilled in accordance with the applicable processes and timelines.

Describe applicable taxes (or exemptions thereof) and foreign exchange regulations related to the project.

There are no taxes or foreign exchange regulations applicable to the project as a whole. However, taxes may be applicable to certain eligible expenditures procured under the project in accordance with Bhutanese law.

World Bank policies and procedures allow the use of financing proceeds to pay for taxes levied in the territory of Bhutan on or in respect of eligible expenditures, including their importation, manufacture, procurement, or supply. In accordance with these policies, if at any time the World Bank determines that the amount of any such tax is excessive, discriminatory, or otherwise unreasonable, it may, by notice to the Royal Government of Bhutan, adjust the percentage of such expenditures to be financed out of the proceeds.

Foreign exchange requirements related to the project will be managed in accordance with Bhutan's applicable regulations and World Bank disbursement procedures.

Details of any insurance policies or requirements related to the project.

There are no overarching insurance requirements applicable to the project as a whole. However, in accordance with World Bank policies and procedures, adequate provision will be made for the insurance of goods and works financed under the project against risks related to acquisition, transportation, delivery, and installation, as well as construction-

related risks. Such requirements will be specified in procurement documents and contracts and will be monitored during implementation.