

Date: 22-Apr-2024

H.E. Mr. Yerlan Nyssanbayev
Minister of Ecology and Natural Resources
Ministry of Ecology and Natural Resources
Mangilik El Ave., Entrance 15
Astana, 010000
Republic of Kazakhstan

Re: PROGREEN Grant No.TF0C1608
Kazakhstan Resilient Landscapes Restoration Project
Letter Agreement

Excellency:

In response to the request for financial assistance made on behalf of the Republic of Kazakhstan (“Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development and the International Development Association (“Bank”), acting as administrator of the Global Partnership for Sustainable and Resilient Landscapes Multi-Donor Trust Fund, proposes to extend to the Recipient a grant in an amount not to exceed two million United States Dollars (USD 2,000,000) (“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 Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the 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 this Agreement, and returning one duly executed copy to the Bank.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as administrator of the Global Partnership for Sustainable and Resilient Landscapes Multi-Donor Trust Fund)

By *Andrei Mikhnev*
Andrei Mikhnev
Country Manager for Kazakhstan

AGREED:
REPUBLIC OF KAZAKHSTAN

By *Nyssa*
Authorized Representative

Name Yerlan Nyssanbayev

Title Minister of ecology and natural resources of the Republic of Kazakhstan

Date 25-Apr-2024

Enclosures:

- (1) "International Bank for Reconstruction and Development and International Development Association Standard Conditions for Grant Financing Made by the Bank out of Trust Funds" dated February 25, 2019
- (2) Disbursement and Financial Information Letter of the same date as this Agreement, together with the "Disbursement Guidelines for Investment Project Financing", dated February 2017

**PROGREEN Grant No. TF0C1608
ANNEX**

**Article I
Standard Conditions; Definitions**

1.01. **Standard Conditions.** The Standard Conditions (as defined in Section 1.02 below) 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 Section:

- (a) “Aksu Zhabagly and Karatau State Natural Reserves” means the protected areas with the status of nature conservation and scientific institutions, which purpose is to preserve and study there the natural processes and phenomena, flora and fauna, individual species and communities of plants and animals, typical and unique ecological systems and their restoration.
- (b) “Anti-Corruption Guidelines” means, for purposes of paragraph 2 of the Appendix to the Standard Conditions, 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, and as of July 1, 2016.
- (c) “Category” means a category set forth in the table in Section 3.01 of this Agreement.
- (d) “Eligible Beneficiary” means the individual or entity, which has met the criteria set forth in the Project Operations Manual, selected to receive a Subgrant under Part 1(a) of the Project for the implementation of a Subproject; “Eligible Beneficiaries” means the plural thereof.
- (e) “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated October 9, 2023, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
- (f) “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder

Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.

- (g) “FWC” means the Forestry and Wildlife Committee, which is a state body and agency within the competence of the Ministry of Ecology and Natural Resources of the Republic of Kazakhstan, performing strategic, regulatory, implementation and control functions in the forestry, protection, reproduction and use of wildlife and protected areas.
- (h) “Kazakh Scientific Research Institute of Forestry and Agroforestry” or “KAZSRIFA” means the A.N. Bukeikhan Kazakh Scientific Research Institute of Forestry and Agroforestry Limited Liability Partnership which conducts scientific research on forestry, agroforestry, landscaping and biodiversity conservation.
- (i) “Karatau Nature Reserve” means the youngest among the national reserves, founded by governmental order no. 240 of March 1, 2004, located within the Turkestani region and the southern district of the Recipient’s territory.
- (j) “MENR” means the Ministry of Ecology and Natural Resources of the Republic of Kazakhstan, which is a state body of the Republic of Kazakhstan that manages development and implementation of state policy, coordination of management processes in the environmental protection, meteorological and hydrological monitoring, development of the “green economy”, waste management (except for medical, biological and radioactive waste), protection, control and supervision of the rational use of natural resources, use and protection of water resources, water supply, sanitation, forestry, protection, reproduction and use of wildlife, protected areas, protection, restoration and use of flora, conservation and reproduction of Kazakh dog breeds, or any of its the legal successor acceptable to the Bank..
- (k) “Ministry of Agriculture” means the Ministry of Agriculture of the Republic of Kazakhstan, which is a state body of the Republic of Kazakhstan that manages the agro-industrial complex, irrigated agriculture and agro-reclamation, land resources, or any of its legal successor acceptable to the Bank.
- (l) “Operating Costs” means the incremental expenses incurred on account of Project implementation, including office furniture and supplies, vehicle operation and maintenance, communication and insurance costs, Designated Account banking charges, rental expenses, office maintenance costs, utilities, travel cost for Project staff and salaries of support contractual staff for the Project, but excluding salaries of officials of the Recipient’s civil service.
- (m) “Procurement Regulations” means, for purposes of paragraph 20 of the Appendix to the Standard Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated September 2023.
- (n) “Project Advisory Committee” means the committee referred to in Section 2.03(b) of this Annex.
- (o) “Project Operations Manual” means the manual adopted by the Recipient in form and substance satisfactory to the Bank, as referred to in Section 2.03(c) of this Annex.

- (p) “Project Implementing Unit” or “PIU” means the unit established within FCW, as referred to in Section 2.03(a) of this Annex.
- (q) “Sairam-Ugam State Nature Park” means a specially protected area with the status of an environmental and scientific institution, intended for conservation of biological and landscape diversity, use of unique natural complexes and objects of the state nature reserve fund, having a special ecological, scientific, historical, cultural and recreational value for environmental, ecological, educational, scientific, tourist and recreational purposes.
- (r) “Standard Conditions” means the “International Bank for Reconstruction and Development and International Development Association Standard Conditions for Grant Financing Made by the Bank out of Trust Funds”, dated February 25, 2019.
- (s) “Subgrant” means a grant (out of the proceeds of the Grant) made or to be made available to an Eligible Beneficiary, in accordance with criteria set forth in the Project Operations Manual, for the implementation of a Subproject under Part 1(a) of the Project; “Subgrants” means the plural thereof.
- (t) “Subgrant Agreement” means any of the agreements referred to in Section 2.03(f) of the Annex to this Agreement.
- (u) “Subproject” means any project under Part 1(a) of the Project; “Subprojects” means the plural thereof.
- (v) “Training” means expenditures in connection with the Project related to study trips, training courses, seminars, practical training and other training activities related to the Project, including costs for the development of training materials, rental of premises and equipment, transportation costs, accommodation costs and payment of travel expenses to trainees and trainers, trainers' fees and other costs related to training, which are approved by the Bank.

Article II Project Execution

2.01. ***Project Objectives and Description.*** The objectives of the Project are to pilot agroforestry practices using a community-centered approach and to strengthen government capacity for landscape management and restoration in protected areas. The Project consists of the following parts:

Part 1. Piloting Agroforestry Practices for Landscape Restoration

- (a) Provision of Subgrants to support the establishment of demonstration plots near natural reserves to offset the harmful impact of livestock operations.
- (b) Provision of support to develop a fruit orchard at Sairam-Ugam State Nature Park transforming the land into a demonstration plot for farmers to enhance and restore natural systems and boost the region’s economy.
- (c) Provision of support to the restoration and preservation of the unique plant collection and arboretum at KAZSRIFA, including: (i) scientific work on adaptation of the arboretum introducers, (ii) replenishment and expansion of existing range of breeds, and the creation a new collection; (iii) reconstruction of low-value plantations; and

(iv) development and arrangement of new arboretum routes for scientific and educational events.

Part 2. Boosting Capacity for Biodiversity and Nature-based Tourism

Supporting protected areas in South Kazakhstan to boost capacity for nature-based tourism and biodiversity preservation efforts through:

- (a) Developing infrastructure for nature-based tourism in Aksu Zhabagly and Karatau State Natural Reserves through: (i) supporting technical assistance and infrastructure investment to enhance ecotourism potential of the reserves and efficiently preserve their ecological systems; (ii) developing a roadmap for the development of ecotourism in the reserves; (iii) setting up an observation deck and a tourist trail along the excursion route in the canyons; and (iv) building a stained-glass modular visitor center along the tourist route in the canyons.
- (b) Capacity building for the preservation of biodiversity through: (i) the modernization of equipment for the protection of wild animals and biotechnical methods to build a fodder base for wild animals and state inspectors' horses; (ii) the acquisition of modern technologies to enable state inspectors to monitor wildlife, including optical tools, camera traps, monitoring drones, thermal imaging binoculars and machinery to secure fodder for wild animals and horses of state inspectors; and (iii) support for the development of a medium-term biodiversity preservation strategy.

Part 3. Project Management and Monitoring

Provision of support to the Project Implementing Unit (PIU) through goods, consulting services, Operating Costs and Training for Project coordination and monitoring, recruitment of procurement and technical staff, the acquisition of office supplies, equipment and basic communication materials, the carrying out of program-level meetings and organization of knowledge exchange visits.

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 a PIU in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the Anti-Corruption Guidelines; and (c) this Article II.

2.03. ***Institutional and Other Arrangements.*** Without limitation upon the provisions of Section 2.02 above:

Institutional Arrangements

- (a) The Recipient shall maintain, throughout Project implementation, the PIU with functions, staffing, budgetary resources and responsibilities acceptable to the Bank to be responsible for the overall implementation of the Project, including the administrative, environmental and social requirements, disbursement, financial management and procurement, and monitoring and evaluation of the Project. To this end, the PIU shall, at all times, comprise a director, a technical specialist, two procurement specialists, one of whom shall be recruited not later than sixty (60) after the Project Effective Date, a financial management specialist, an environmental and social protection specialist, a part-time secretary and civil society representatives.

- (b) The Recipient shall maintain, throughout Project implementation, a Project Advisory Committee, chaired by the vice minister of MENR or his designee, and comprising of representatives of FWC, the Ministry of Agriculture, Akimats of Akmola and Turkestan regions, or such composition acceptable to the Bank, to be responsible for strategic oversight, and coordination and monitoring of Project progress.

Project Operations Manual

- (c) The Recipient shall carry out the Project in accordance with the Project Operations Manual, setting forth, rules, methods, guidelines and procedures, including, *inter alia*: (i) detailed description of the Project and institutional arrangements for its implementation; (ii) monitoring, evaluation, reporting, and governance procedures for the Project; (iii) disbursement, financial management, auditing and safeguards procedures for the Project; (iv) procurement rules, procedures, and standard bidding documents for the Project; (v) Training; (vi) a chapter on the specific procedures for the processing of Subgrants, setting forth the eligibility criteria, detailed rules and procedures for identification, registration and selection of Eligible Beneficiaries to receive Subgrants; and (vii) such other technical and organizational arrangements and procedures as shall be required for the Project.
- (d) Except as the Bank shall otherwise agree, the Recipient shall not amend, abrogate or waive the Project Operations Manual, or any provisions thereof.
- (e) In the event of any conflict between the provisions of the Project Operations Manual and those of this Agreement, the provisions of this Agreement shall prevail.

Subgrants

- (f) To facilitate the implementation of Part 1(a) of the Project, the Recipient shall make Subgrants to Eligible Beneficiaries in accordance with detailed criteria as set forth in the Project Operations Manual and pursuant to the relevant Sub-grant Agreement.
- (g) The Recipient shall exercise its rights and carry out its obligations under each Subgrant Agreement in a manner as to protect the interests of the Recipient and the Bank and to accomplish the purposes of the Grant. Except as the Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate, terminate, waive or fail to enforce any Subgrant Agreement or any of its provisions.
- (h) In the event of any conflict between the provisions any Subgrant Agreement and those of this Agreement, the provisions of this Agreement shall prevail.

2.04. Environmental and Social Standards

- (a) The Recipient shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.

- (b) Without limitation upon paragraph (a) above, the Recipient shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Bank. To this end, the Recipient shall ensure that:
 - (i) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and provided in the ESCP;
 - (ii) sufficient funds are available to cover the costs of implementing the ESCP;
 - (iii) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (iv) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
- (c) In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
- (d) The Recipient shall ensure that:
 - (i) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, inter alia: (A) the status of implementation of the ESCP; (B) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (C) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (ii) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
- (e) The Recipient shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.
- (f) The Recipient shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and supervising entities to:
 - (i) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and
 - (ii) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

2.05 **Documents; Records**

In addition, and without limitation to the obligations set forth in Section 2.05 of the Standard Conditions, the Recipient shall ensure that:

(a) all records evidencing expenditures under the Project are retained for seven years and six months after the Closing Date, such records to include: (i) this Agreement, all *addenda* thereof, and any amendments thereto; (ii) the Recipient's financial and narrative progress reports submitted to the Bank; (iii) the Recipient's financial information related to the Grant, including audit reports, invoices and payroll records; (iv) the Recipient's implementation documentation (including sub-agreements, procurement files, contracts, purchase orders); and (v) the corresponding supporting evidence referred to in Section 3.04 of the Standard Conditions; and

(b) the representatives of the Bank are: (i) able to examine all records referred to above in paragraph (a); (ii) provided all such information concerning such records as they may from time-to-time reasonably request; and (iii) able to disclose such records and information to the donors.

2.06. **Project Monitoring, Reporting and Evaluation.** The Recipient shall ensure that each Project Report is furnished to the Bank not later than forty-five (45) days after each calendar semester, covering the calendar semester.

**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; and (b) this Section; to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table.

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Operating Costs and Training under the Project, except for Part 1(a)	1,780,000	100%
(2) Goods, works, non-consulting services and consulting services financed through Subgrants under Part 1(a) of the Project	220,000	100%
TOTAL AMOUNT	2,000,000	

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 is July 31, 2026.

Article IV Effectiveness; Termination

4.01. This Agreement shall not become effective until evidence satisfactory to the Bank has been furnished to the Bank that the following condition, namely, the execution and delivery of this Agreement on behalf of the Recipient have been duly authorized by all necessary governmental action.

4.02. As part of the evidence to be furnished pursuant to Section 4.01, there shall be furnished to the Bank an opinion or opinions satisfactory to the Bank of counsel acceptable to the Bank or, if the Bank so requests, a certificate satisfactory to the Bank of a competent official of the Member Country, showing the following matters on behalf of the Recipient, that this Agreement has been duly authorized by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.

4.03. Except as the Recipient and the Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 4.01 (“Effective Date”). If, before the Effective Date, any event has occurred which would have entitled the Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

4.04. *Termination for Failure to Become Effective.* This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The Bank shall promptly notify the Recipient of such later date.

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 its Minister in charge of Ecology and Natural Resources.

5.02. **Recipient’s Address.** For purposes of Section 7.01 of the Standard Conditions:

(a) the Recipient’s Address is:

Ministry of Ecology and Natural Resources
8 Mangilik El Avenue
Astana 010000
Republic of Kazakhstan; and

(b) the Recipient’s Electronic Address is:

Facsimile:

(7) (7172) 750201

5.03. **Bank's Address.** For purposes of Section 7.01 of the Standard Conditions:

(a) the Bank's address is:

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

(b) the Bank's Electronic Address is:

Telex:

Facsimile:

248423 (MCI) or
64145 (MCI)

1-202-477-6391