

CONFORMED COPY

GEF TRUST FUND GRANT NUMBER TF022498

Global Environment Facility  
Trust Fund Grant Agreement

(Central Asia Transboundary Biodiversity Project)

between

REPUBLIC OF KAZAKHSTAN, KYRGYZ REPUBLIC AND  
REPUBLIC OF UZBEKISTAN

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

acting as an Implementing Agency of the Global Environment Facility

Dated November 30, 1999

GEF TRUST FUND GRANT NUMBER TF022498

GLOBAL ENVIRONMENT FACILITY TRUST FUND GRANT AGREEMENT

AGREEMENT, dated November 30, 1999, between REPUBLIC OF KAZAKHSTAN, KYRGYZ REPUBLIC AND REPUBLIC OF UZBEKISTAN (individually "the Recipient" and jointly "the Recipients") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the "Bank") acting as an implementing agency of the Global Environment Facility (the "GEF") in respect of grant funds provided to the GEF Trust Fund by certain members of the Bank as participants of the GEF.

WHEREAS (A) the Bank, pursuant to Resolution No. 91-5 of March 14, 1991 of the Executive Directors of the Bank, established the GEF to assist in the protection of the global environment and promote thereby environmentally sound and sustainable economic development;

(B) following the restructuring of the GEF, such arrangements continued in place on the basis set forth in Resolution No. 94-2 of May 24, 1994, of the Executive Directors of the Bank which, inter alia, established the GEF Trust Fund and appointed the Bank as trustee of the GEF Trust Fund (Resolution No. 94-2);

(C) the second replenishment of the GEF Trust Fund was approved on the basis set forth in Resolution No. 98-2 of July 14, 1998, of the Executive Directors of the Bank (Resolution No. 98-2); (D) the Recipients, having satisfied themselves as to the feasibility and priority of the project described in Schedule 2 to this Agreement (the Project), have requested assistance from the resources of the GEF Trust Fund for funding the Project, and said request having been approved in accordance with the

provisions of the Instrument for the Establishment of the Restructured Global Environment Facility approved under Resolution 94-2, and to be funded from contributions to the GEF Trust Fund under Resolution No. 98-2, which may include funds carried over from the first replenishment of the GEF Trust Fund under Resolution No. 94-2; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the GEF Trust Fund Grant to the Recipient 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 (a) The following provisions of the General Conditions Applicable to Loan and Guarantee Agreements for Currency Pool Loans of the Bank, dated January 1, 1985 (as amended through December 2, 1997), with the modifications set forth in paragraph (b) of this Section (the General Conditions) constitute an integral part of this Agreement:

- (i) Article I;
  - (ii) Sections 2.01 (2), (3), (4), (6), (7) (8), (9), (10), (11), (15), (16), (17), (19) and (20), 2.02 and 2.03;
  - (iii) Section 3.01;
  - (iv) Section 4.01 and the first sentence of Section 4.09;
  - (v) Article V;
  - (vi) Sections 6.01, 6.02 (c), (e), (f), (i), (l), (m), (n), (o) and (p), 6.03, 6.04 and 6.06;
  - (vii) Section 8.01 (b);
  - (viii) Sections 9.01 (a) and (c), 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09;
  - (ix) Sections 10.01, 10.03 and 10.04;
  - (x) Article XI; and
  - (xi) Sections 12.01 (c), 12.03 and 12.04.
- (b) The General Conditions shall be modified as follows:
- (i) a new paragraph shall be added at the end of Section 2.01 to read as follows: "21. 'Special Drawing Rights' and the symbol 'SDR' mean special drawing rights as valued by the International Monetary Fund in accordance with its Articles of Agreement";
  - (ii) the term "Bank", wherever used in the General Conditions, other than in Sections 2.01 (8) and 6.02 (f) thereof and the last use of such term in Section 5.01 thereof, means the Bank acting as an implementing agency of the GEF, except that in Section 6.02, the term "Bank" shall also include the Bank acting in its own capacity;
  - (iii) the term "Borrower", wherever used in the General Conditions, means the Recipient;
  - (iv) the term "Loan Agreement", wherever used in the General Conditions, means this Agreement;
  - (v) the term "Loan" and "loan", wherever used in the General Conditions, means the GEF Trust Fund Grant;
  - (vi) the term "Loan Account", wherever used in the General Conditions,

means the GEF Trust Fund Grant Account; and

- (vii) a new subparagraph is added after subparagraph (o) in Section 6.02 of the General Conditions, to read as follows: "(p) an extraordinary situation shall have arisen in which any further disbursement under the GEF Trust Fund Grant would exceed the resources available for disbursement from the GEF" and subparagraph (p) of Section 6.02 is re-lettered as sub-paragraph (q).

Section 1.02. Wherever used in this Agreement, unless the context otherwise requires, the several terms defined in the General Conditions and in the Recitals to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "General Consultant" means an internationally selected consultant who is responsible for assisting the National Directors and Project Managers in the management and supervision of the Project;

(b) "Kazakhstan Forestry Committee" means the Forestry, Hunting and Fishery Committee of the Ministry of Agriculture of the Republic of Kazakhstan, or any successor thereto;

(c) "Kazakhstan Ministry of Natural Resources and Environmental Protection" means the Ministry of Natural Resources and Environmental Protection of the Republic of Kazakhstan, or any successor thereto;

(d) "KPIU" means the national project implementation unit to be established in the Kazakhstan Ministry of Natural Resources and Environmental Protection, and responsible for day-to-day implementation of Parts A.2 (a), B.2 (a), C.2 (a), D.2 (a), E.2 (a), and F of the Project, or any successor thereto;

(e) "KzPIU" means the national project implementation unit to be established in the Ministry of Environmental Protection of the Kyrgyz Republic, and responsible for day-to-day implementation of Parts A.2 (b), B.2 (b), C.2 (b), D.2 (b), E.2 (b), and F of the Project, or any successor thereto;

(f) "Ministry of Environmental Protection of the Kyrgyz Republic" means the Ministry of Environmental Protection of the Kyrgyz Republic, or any successor thereto;

(g) "National Director" means an official of the Forestry, Hunting and Fishery Committee of the Ministry of Agriculture of the Republic of Kazakhstan, Ministry of Environmental Protection of the Kyrgyz Republic, and Uzbekistan State Committee for Nature Protection, responsible for the Project implementation on behalf of each of the Recipient;

(h) "National Steering Committee" means the cross-sectoral committee of each Recipient, which includes representatives of the environmental and forestry agencies, Ministry of Finance of each Recipient regional authorities, scientific community, and non-governmental organizations;

(i) "RPIU" means the regional project implementation unit, established in the Ministry of Environmental Protection of the Kyrgyz Republic and responsible for day-to-day implementation of Parts A.1, B.1, C.1, D.1, E.1 and F of the Project, or any successor thereto;

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

(k) "State Agency on Forestry of the Kyrgyz Republic" means the State Agency on Forestry under the Government of the Kyrgyz Republic, or any successor thereto;

(l) "Trans-national Steering Committee" means the committee composed of members of the National Steering Committees, including their chair persons, representatives of regional administration, scientific community, and representatives of non-government organizations, responsible for overall Project coordination and

trans-national coordination;

(m) "UPIU" means the national project implementation unit to be established in the Uzbekistan State Committee for Nature Protection, and responsible for day-to-day implementation of Parts A.2 (c), B.2 (c), C.2 (c), D.2 (c), E.2 (c), and F of the Project, or any successor thereto;

(n) "Uzbekistan State Committee of Forestry" means the State Committee on Forestry of the Republic of Uzbekistan, or any successor thereto; and

(o) "Uzbekistan State Committee for Nature Protection" means the State Committee for Nature Protection of the Republic of Uzbekistan, or any successor thereto.

## ARTICLE II

### The GEF Trust Fund Grant

Section 2.01. The Bank agrees to make available to the Recipients, on the terms and conditions set forth or referred to in this Agreement, the GEF Trust Fund Grant in an amount in various currencies equivalent to seven million seven hundred thousand Special Drawing Rights (SDR 7,700,000).

Section 2.02. (a) The amount of the GEF Trust Fund Grant may be withdrawn from the GEF Trust Fund Grant 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, services, grants, training and incremental operating costs required for carrying out the Project and to be financed out of the proceeds of the GEF Trust Fund Grant.

(b) The Recipients may, for the purposes of the Project, open and maintain in Dollars a special deposit account in a commercial bank on terms and conditions satisfactory to the Bank, including appropriate protection against set off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 5 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 Recipients of such later date.

## ARTICLE III

### Execution of the Project

Section 3.01. (a) The Recipients declare their commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate environmental, administrative, financial, and technical practices, and with due regard to the Operational Strategy of the Global Environmental Facility (dated February, 1996), 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 Recipients and the Bank shall otherwise agree, the Recipients shall carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

Section 3.02. 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 GEF Trust Fund Grant shall be governed by the provisions of Schedule 3 to this Agreement.

Section 3.03 The Recipients shall during the term of the Project maintain the RPIU, KPIU, KzPIU and UPIU with staff and resources required under the Project and satisfactory to the Bank.

Section 3.04. For the purposes of Section 9.07 of the General Conditions and without limitation thereto, the Recipients 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 Recipient and the Bank, a plan for the future operation of the Project; and

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

#### ARTICLE IV

##### Financial Conditions

Section 4.01. (a) The Recipients shall maintain or cause to be maintained records and accounts adequate to reflect in accordance with sound accounting practices the operations, resources and expenditures in respect of the Project of the departments or agencies of the Recipients responsible for carrying out the Project or any part thereof.

(b) The Recipients shall:

(i) have the records and accounts referred to in paragraph (a) of this Section, including those for the Special Account, for each fiscal year audited, in accordance with appropriate 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; and

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

(c) For all expenditures with respect to which withdrawals from the GEF Trust Fund Grant Account were made on the basis of statements of expenditure, the Recipients shall:

(i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;

(ii) retain, 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 GEF Trust Fund Grant Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;

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

(iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors 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.

#### ARTICLE V

##### Effectiveness, Termination

Section 5.01. The following events are specified as additional conditions to the effectiveness of this Agreement within the meaning of Section 12.01 (b) of the General Conditions:

(a) the Recipients have established the RPIU, KPIU, KzPIU and UPIU, respectively, and engaged consultants and provided resources to these units necessary for their effective operation, and satisfactory to the Bank;

(b) the Recipients have established financial management and accounting systems adequate to reflect Project-related activities and financial transactions, and satisfactory to the Bank; and

(c) the Recipients have appointed independent auditors referred to in Section 4.01 (b) (i) of this Agreement, with experience and qualifications, and under terms of reference satisfactory to the Bank.

Section 5.02. 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.

Section 5.03. This Agreement shall continue in effect until the GEF Trust Fund Grant has been fully disbursed and the parties to this Agreement have fulfilled all their obligations hereunder.

## ARTICLE VI

### Representatives of the Recipients; Addresses

Section 6.01. The Minister of Natural Resources and Environmental Protection of the Republic of Kazakhstan, the Minister of Environmental Protection of the Kyrgyz Republic and the Chairman of the Uzbekistan State Committee for Nature Protection are jointly designated as representatives of the Recipients for the purposes of Section 11.03 of the General Conditions.

Section 6.02 The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Recipients:

Ministry of Natural Resources and Environmental Protection  
of the Republic of Kazakhstan  
81 Karl Marx St.  
Kokchetau 475000  
Republic of Kazakhstan

Ministry of Environmental Protection of the Kyrgyz Republic  
131 Isanov Street  
720033 Bishkek  
Kyrgyz Republic

State Committee for Nature Protection of the Republic of Uzbekistan  
5-A Kadiriy Street  
Tashkent 700128  
Republic of Uzbekistan

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)  
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, by representatives of Republic of Kazakhstan, Kyrgyz Republic and International Bank for Reconstruction and Development, and in the city of Tashkent by the representative of Republic of Uzbekistan, as of the day and year first above written.

REPUBLIC OF KAZAKHSTAN

By /s/ Bolat Nurgaliyev

Authorized Representative

KYRGYZ REPUBLIC

By /s/ Baktybek Abdrisaev

Authorized Representative

REPUBLIC OF UZBEKISTAN

By /s/ Bahtior Hamidov

Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT  
as an implementing agency of the Global Environment  
Facility

By /s/ Johannes Linn

Regional Vice President  
Europe and Central Asia

SCHEDULE 1

Withdrawal of the Proceeds of the GEF Trust Fund Grant

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

Category	Amount of the GEF Trust Fund Grant Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed
(1) Works:		70%
(a) for Part B.2 (a) of the Project	160,000	
(b) for Part B.2 (b) of the Project	460,000	
(c) for Part B.2 (c) of the Project	70,000	
(2) Goods:		100% of foreign expenditures 100% of local expenditures ex-factory cost and 85% of

local expenditures

(a)	for Parts A.1, B.1 the Project	1,270,000	
(b)	for Parts A.2 (a), B.2 (a), D.2 (a), and E.2 (a) of the Project	140,000	
(c)	for Parts A.2 (b), B.2 (b), D.2 (b) and E.2 (b) of the Project	190,000	
(d)	for Parts A.2 (c), B.2 (c), D.2 (c) and E.2 (c) of the Project	270,000	
(3)	Consultants' services:		100%
(a)	for Parts A.1, B.1, D.1, and E.1 of the Project	1,320,000	
(b)	for Parts A.2 (b), B.2 (b), D.2 (b), and E.2 (b) of the Project	230,000	
(c)	for Parts A.2 (c), B.2 (c), D.2 (c) and E.2 (c) of the Project	10,000	
(d)	for Part F.2 of the Project	70,000	
(4)	Subgrants under Part C of the Project	380,000	100%
(5)	Training for Part D of the Project	1,140,000	100%
(6)	Incremental Operating Costs for Part F.1 of the Project	1,700,000	90% until Dec. 30, 2000, 80% until December 31, 2002, and 60% thereafter
(7)	Unallocated	290,000	
	TOTAL	7,700,000	

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 Recipients for goods or services supplied from the territory of any country other than that of the Recipients;

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

(c) the term "Subgrants" means regional, national and local subgrants to be provided under Part C of the Project; and

(d) the term "Incremental Operating Costs" means the incremental expenses on account of Project implementation, management and monitoring incurred under Part F.1



of the Project, including office supplies, vehicle operation, travel and supervision costs, and RPIU, KPIU, KzPIU and UPIU consultants' costs, as applicable, but excluding salaries of government officials of the Recipients.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for: (a) expenditures prior to the date of this Agreement; and (b) expenditures in respect of Category (4) of this Schedule, unless the Trans-national Steering Committee has adopted the operating manual referred to in paragraph 3 of Section B of Schedule 4 to this Agreement.

4. The Bank may require withdrawals from the GEF Trust Fund Grant Account to be made on the basis of statements of expenditure for expenditures for goods under contracts costing less than \$200,000 equivalent, works under contracts costing less than \$100,000 equivalent, consulting services under contracts with firms costing less than \$100,000, consulting services under contracts with individuals costing less than \$50,000, training under contracts costing less than \$50,000 equivalent, subgrants costing less than \$10,000 each, and incremental operating costs, all under such terms and conditions as the Bank shall specify by notice to the Recipient.

5. If the Bank shall have determined at any time that any payment made from the GEF Trust Fund Grant Account was used for any expenditure not consistent with the provisions of this Agreement, the Recipient shall, promptly upon notice from the Bank, refund to the Bank for deposit into the GEF Trust Fund Grant Account, an amount equal to the amount so used or the portion thereof as specified by the Bank.

## SCHEDULE 2

### Description of the Project

The primary objectives of the Project are to support the protection of vulnerable and unique biological communities located within the West Tien Shan area, and to assist the Recipients to strengthen and coordinate their national policies, laws, regulations, and institutional arrangements in the area of biodiversity protection. Additional and related objectives of the Project are to help the Recipients to: (a) strengthen and expand the network of protected areas in the West Tien Shan area; (b) identify alternative and sustainable income-generating activities for local communities and other stakeholders in the West Tien Shan area, to reduce pressures on the biological resources of the protected areas in the West Tien Shan area; (c) strengthen local and national capacity in the area of biodiversity conservation; (d) raise public awareness of biodiversity value and participation in biodiversity conservation; and (e) establish trans-national (regional) coordination and cooperation mechanisms for biodiversity conservation activities to strengthen protected areas management and wildlife protection, and prevent the fragmentation of habitat corridors.

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

#### Part A: Legal and Financial Reform

##### 1. Regional Component

(a) Improvement and harmonization of national legal and regulatory frameworks in the area of environmental protection, and in particular, biodiversity conservation, and assessment of legal, technical, and financial aspects of establishing a trust fund that could finance long-term biodiversity conservation activities in the West Tien Shan area, through the provision of services and goods.

(b) Improved regional coordination among governmental agencies of the Recipients through the establishment and support of a regional trans-national supervisory committee, through the provision of goods and services.

##### 2. National Components

(a) Strengthening national and local environmental legislation and

regulations of the Republic of Kazakhstan, in particular, those related to protected areas, through the provisions of services and goods.

(b) Strengthening national and local environmental legislation and regulations of the Kyrgyz Republic, in particular, those related to protected areas, through the provision of services and goods.

(c) Strengthening national and local environmental legislation and regulations of the Republic of Uzbekistan, in particular, those related to protected areas, through the provision of services and goods.

Part B: Strengthening the Protected Area Network

1. Regional Component

Strengthening and expanding the West Tien Shan protected area network to improve management techniques, design and implement an integrated electronic communication system and undertake environmental surveys and studies, through the provision of goods and services.

2. National Components

(a) Strengthening the management and operation of the Aksu-Djabagly protected area in the Republic of Kazakhstan, through the provision of works, goods, and services.

(b) Strengthening the management and operation of the Besh-Aral and Sary Chelek protected areas in the Kyrgyz Republic, through the provision of works, goods, and services.

(c) Strengthening the management and operation of the Chatkal/Ugam protected area in the Republic of Uzbekistan, through the provision of works, goods, and services.

Part C: Sustainable Uses of Biodiversity

Development of regional model programs, based on national studies and assessments, designed to maintain biodiversity resources in the West Tien Shan areas, and, in particular, the provision of small regional grants to local communities, non-governmental organizations and individuals to support small scale regional initiatives related to biodiversity conservation which will improve local livelihoods and enhance socio-economic development.

Part D: Strengthening Local and National Capacity Through Education and Training

1. Regional Component

Co-ordination and implementation of the regional parts of the education and training plan to develop knowledge, skills and systems related to protected area management (planning, survey techniques, social participation, monitoring systems, operational management and business planning), through the provision of training, goods and services.

2. National Components

(a) Co-ordination and implementation of the Republic of Kazakhstan components of the education and training plan to develop knowledge, skills and systems related to protected area management (planning, survey techniques, social participation, monitoring systems, operational management and business planning), through the provision of training, goods and services.

(b) Co-ordination and implementation of the Kyrgyz Republic components of the education and training plan to develop knowledge, skills and systems related to

protected area management (planning, survey techniques, social participation, monitoring systems, operational management and business planning), through the provision of training, goods and services.

(c) Co-ordination and implementation of the Republic of Uzbekistan components of the education and training plan to develop knowledge, skills and systems related to protected area management (planning, survey techniques, social participation, monitoring systems, operational management and business planning), through the provision of training, goods and services.

Part E: Public Participation in Biodiversity Conservation

1. Regional Component

Co-ordination of public participation activities in the protected areas of the West Tien Shan area, which address significant biodiversity issues, particularly where natural resource use by local communities is threatening the integrity of the protected areas, through the provision of goods, services, consultative forums and workshops.

2. National Components

(a) Implementation of public participation activities in the protected area of the West Tien Shan are located in the Republic of Kazakhstan, which address significant biodiversity issues, particularly where natural resource use by local communities is threatening the integrity of the protected areas, through the provision of goods, services, consultative forums and workshops.

(b) Implementation of public participation activities in the protected area of the West Tien Shan are located in the Kyrgyz Republic, which address significant biodiversity issues, particularly where natural resource use by local communities is threatening the integrity of the protected areas, through the provision of goods, services, consultative forums and workshops.

(c) Implementation of public participation activities in the protected area of the West Tien Shan are located in the Republic of Uzbekistan, which address significant biodiversity issues, particularly where natural resource use by local communities is threatening the integrity of the protected areas, through the provision of goods, services, consultative forums and workshops.

Part F: Project Management

1. Strengthening the Recipients' Project implementation and management capability, through the financing of incremental operating expenses of the RPIU, KPIU, KzPIU and UPIU.

2. Preparation of the accounts and financial statements referred to in Article IV of this Agreement and audit of such accounts and financial statements, through the financing of accounting and auditing services.

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

SCHEDULE 3

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 Section I of this Schedule.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods and works 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 and works to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

(a) 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 Recipients.

Part C: Other Procurement Procedures

1. National Competitive Bidding

Works estimated to cost less than \$400,000 equivalent per contract, up to an aggregate amount not to exceed \$680,000 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 estimated to cost less than \$200,000 equivalent per contract, up to an aggregate amount not to exceed \$1,320,000 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 \$30,000 equivalent per contract, up to an aggregate amount not to exceed \$30,000 equivalent, 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.

4. Procurement Under the Small Grants Program

Goods and works required under the small grants program under Part C of this Project shall be procured in accordance with the procedures acceptable to the Bank.

5. Procurement of Small Works

Works estimated to cost less than \$100,000 equivalent per contract, up to an aggregate amount not to exceed \$220,000 equivalent, may be procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three (3) qualified domestic contractors in response to a written invitation. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Bank, and relevant drawings, where applicable. The award shall be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the contract successfully.

Part D: Review by the Bank of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to prequalify for bidding or 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

(a) With respect to each contract for goods and works procured in accordance with the international competitive bidding procedures, each contract procured under national competitive bidding procedures, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

(b) With respect to each contract for goods procured under the international shopping or national shopping procedures, the following procedures shall apply:

- (i) prior to the execution of the first contract under international shopping procedures, first contract under national shopping procedures, and first contract under small works procedures, the Recipient shall provide to the Bank a report on the comparison and evaluation of quotations received; and
- (ii) the procedures set forth in paragraphs 2(f), 2(g) 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, revised in September 1997, (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 Based on Consultants' Qualifications

Services for training and study tours estimated to cost less than \$150,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

#### 2. Least-Cost Selection

Services for financial management, accounting, and auditing estimated to cost less than \$200,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

### 3. Individual Consultants

Services for tasks that meet the requirements set forth in paragraph 5.1 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 estimated to cost the equivalent of \$200,000 or more, the procedures set forth in paragraphs 1, 2 and (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 estimated to cost the equivalent of \$100,000 or more, but less than the equivalent of \$200,000, the procedures set forth in paragraphs 1, 2 (other than the second subparagraph of paragraph 2(a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(c) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 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 the said approval shall have been given.

##### 3. Post Review

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

#### SCHEDULE 4

##### Implementation Program

##### A. Overall Project Implementation

1. The following agencies of the Recipients shall be principally responsible for the overall Project implementation: in the Republic of Kazakhstan, the Ministry of Natural Resources and Environmental Protection; in the Kyrgyz Republic, the Ministry of Environmental Protection of the Kyrgyz Republic; and in the Republic of Uzbekistan, the Uzbekistan State Committee for Nature Protection.

2. The Recipients shall establish and maintain during the time of the Project a Trans-national Steering Committee which shall provide overall Project guidance to the agencies and ministries referred to in paragraph 1 above and to the National Steering Committees and the RPIU, KPIU, KzPIU, and UPIU.

3. The Recipients shall: (a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with the indicators acceptable to the Bank, 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 June 1, 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 achievement of the objectives thereof during the period following such date; and (c) review with the Bank, by August 1, 2001, or such later date as the Bank shall request, the report referred to in paragraph (b) of this Section, 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.

B. Implementation of Trans-national Project Parts

1. The Trans-national Steering Committee which shall also be responsible for: (a) providing overall direction and supervising the implementation of Parts A.1, B.1, C, D.1 and E.1 of the Project; and (b) approving the terms of reference and selection of contractors in connection with Parts A.1, B.1, C, D.1 and E.1 of the Project.

2. Parts A.1, B.1, C, D.1 and E.1 of the Project shall be implemented on day-to-day basis by the RPIU. The RPIU shall be assisted in its duties by the General Consultant and other consultants and advisers.

3. The Trans-national Steering Committee shall ensure that small grants under Part C of this Project are selected and implemented in accordance with procedures, selection criteria, and under terms and conditions satisfactory to the Bank and described in an operating manual to be prepared by the RPIU and adopted by the Trans-national Steering Committee.

C. Implementation of National and Local Project Parts

1. Each Recipient shall establish a National Steering Committee which shall be responsible for the selection of consultants and overall implementation of the national components of the Project.

2. Each Recipient shall appoint a National Director who shall be responsible for the oversight of the project implementation unit in the respective country and for ensuring that the decisions and recommendations of the National Steering Committee are implemented by such a unit.

3. The KPIU shall be responsible for the day-to-day implementation of Parts A.2 (a), B.2 (a), D.2 (a), E.2 (a) and F of the Project.

4. The KzPIU shall be responsible for the day-to-day implementation of Parts A.2 (b), B.2 (b), D.2 (b), E.2 (b) and F of the Project.

5. The UPIU shall be responsible for the day-to-day implementation of Parts A.2 (c), B.2 (c), D.2 (c), E.2 (c) and F of the Project.

6. The RPIU shall be responsible for the day-to-day implementation of Parts A.1, B.1, C, D.1, E.1 and F of the Project

SCHEDULE 5

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) (2), (3) (4), (5), and (6) 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, works, services, subgrants, training, and incremental operating costs required for the Project and to be financed out of the proceeds of the GEF Trust Fund Grant 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 \$700,000 to be withdrawn from the GEF Trust Fund Grant 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 \$300,000 until the aggregate amount of withdrawals from the GEF

Trust Fund Grant 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 SDR 1,500,000.

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 satisfactory 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 Recipients 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 Recipients, withdraw from the GEF Trust Fund Grant Account and deposit into the respective Special Account such amount or amounts as the Recipients shall have requested.

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

(ii) Prior to or at the time of each such request, the Recipients 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 Recipients, withdraw from the GEF Trust Fund Grant Account and deposit into the Special Account such amount as the Recipients 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 GEF Trust Fund Grant 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 Recipients out of the Special Account, the Recipients 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 Recipients directly from the GEF Trust Fund Grant 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 Recipients 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 Accounts;

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

(d) once the total unwithdrawn amount of the GEF Trust Fund Grant allocated to the eligible Categories for the Special Account, 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 GEF Trust Fund Grant Account of the remaining unwithdrawn amount of the GEF Trust Fund Grant allocated to the eligible Categories shall follow such procedures as the Bank shall specify by notice to the Recipients. 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 respective Recipient shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the respective 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 Recipients have 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 Recipients shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

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

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

