



CREDIT NUMBER 5743-KG
GRANT NUMBER D095-KG

Financing Agreement

(Integrated Forest Ecosystem Management Project)

between

KYRGYZ REPUBLIC

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated *January 18*, 2016



CREDIT NUMBER 5743-KG
GRANT NUMBER D095-KG

FINANCING AGREEMENT

AGREEMENT dated January 18, 2016, entered into between the KYRGYZ REPUBLIC ("Recipient") and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant and a credit (collectively, "Financing") in the following amounts to assist in financing the project described in Schedule 1 to this Agreement ("Project"):
 - (a) an amount equivalent to three million nine hundred thousand Special Drawing Rights (SDR 3,900,000) ("Grant"); and
 - (b) an amount equivalent to four million eight hundred thousand Special Drawing Rights (SDR 4,800,000) ("Credit").
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

- 2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are June 15 and December 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.
- 2.07. The Payment Currency is Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project, through SAEPF, in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association 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 IV — EFFECTIVENESS; TERMINATION

- 4.01. The Additional Conditions of Effectiveness consist of the following:
 - (a) The GEF Grant Agreement has been executed and delivered and all conditions precedent to its effectiveness (other than the effectiveness of this Agreement) have been fulfilled.
 - (b) The Recipient, through SAEPF, has adopted the Project Operations Manual in a manner satisfactory to the Association.
 - (c) The Recipient, through SAEPF, has established the Project Implementation Unit and recruited the Project coordinator, and the specialists referred to in Section I.A.1 (b) of Schedule 2 to this Agreement, all in a manner satisfactory to the Association.
- 4.02. The Effectiveness Deadline is the date one hundred and eighty (180) days after the date of this Agreement.

- 4.03. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

- 5.01. The Recipient's Representative is its Minister of Finance.

- 5.02. The Recipient's Address is:

Ministry of Finance
58 Erkindik Blvd.
Bishkek, 720040
Kyrgyz Republic

Facsimile 996-312-661645

- 5.03. The Association's Address is:

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

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI)	1-202-477-6391

AGREED at Bishkek, Kyrgyz Republic, as of the day and year first above written.

KYRGYZ REPUBLIC

By



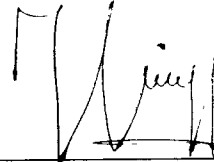
Authorized Representative

Name: AdyLbek Kasymaliev

Title: Minister of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Jean-Michel Happi

Title: Country Manager

SCHEDULE 1

Project Description

The objective of the Project is to strengthen the capacity of government institutions and communities to improve sustainable forest ecosystem management through investments in management planning, ecosystem restoration, and infrastructure.

The Project consists of the following parts:

Part 1: Forest Sector Institutional Reform

- (a) Support the implementation of institutional reforms for the forestry sector including: (i) planning, budgeting and monitoring of Leskhozoes' operations; and, (ii) harmonization of regulations, specifically in relation to the adoption of unified use of forest resources including pasture use.
- (b) Carry out a national public awareness campaign to improve natural resource governance and promote more sustainable natural resource management systems.
- (c) Support designated government agencies working on land issues in defining land boundaries for Leskhozoes, as applicable.
- (d) Build capacity of the relevant government institutions of the Recipient, at all levels with regard to the new approaches to natural resources management.

Part 2: Strategic Investments and Piloting of Sustainable Management Approaches

- (a) Design and prepare the Integrated Natural Resource Management Plans (INRMPs) including: (i) drafting guidelines for the preparation of INRMPs; (ii) assisting Participating Leskhozoes to prepare INRMPs; and (iii) preparing the Annual Operational Plans.
- (b) Provide support to Participating Leskhozoes to implement investments on land use management practices and alternative livelihood opportunities, including, *inter alia*, afforestation, nursery construction, pasture management plans, rehabilitation of existing bridges and roads, all as set forth in the INRMPs.
- (c) Carry out activities to assess and restore municipal degraded forests including: (i) preparing plans to identify key reforestation investments; and (ii) supporting implementation of said identified investments.

Part 3: Information and Monitoring and Evaluation

- (a) Update the National Forest Inventory through the analysis of data, including, *inter alia*, new satellite imagery, geographic information system (GIS) and remote sensing data to define land use types within the territory of the Recipient.
- (b) Develop and implement improvements to the existing Forest Management Information System.
- (c) Carry out research studies on the factors which affect forests resources including:
 - (i) approaches to accounting for all the costs and returns associated with the natural capital of the ecosystems; and
 - (ii) strategic measures on climate change adaptation strategies.

Part 4: Project Management, Monitoring and Evaluation

Strengthen the institutional capacity of SAEPF on Project management and implementation, through: (a) establishing a Project Implementing Unit; (b) providing Training and building the technical capacity of said PIU on Project management, supervision, monitoring and evaluation of Project activities; (c) carrying out of Project audits; (d) acquisition of office equipment and vehicles for the Project; and (e) financing of Operating Costs.

SCHEDULE 2

Project Execution

Section I. Institutional and Implementation Arrangements

A. Institutional Arrangements

1. The Recipient, through SAEPF, shall:
 - (a) be responsible for Project implementation;
 - (b) establish, and thereafter operate and maintain throughout Project implementation, a Project Implementation Unit (PIU) with key staff including a Project coordinator, a financial management specialist, a procurement specialist, and a monitoring and evaluation specialist, all with qualifications, experience and terms of reference acceptable to the Association; and
 - (c) ensure that the PIU is responsible for overall Project Management including operations related to implementation of project activities in Leskhoz.
2. National Coordination Committee: The Recipient, through SAEPF, shall establish and thereafter maintain throughout Project implementation, a National Coordination Committee with a composition, functions and responsibilities acceptable to the Association, including for Project oversight and progress monitoring of Project implementation, and as set forth in the POM.

B. Implementation Arrangements

1. Project Operations Manual

- (a) The Recipient shall carry out the Project in accordance with a manual (the Project Operations Manual), satisfactory in form and substance to the Association, which consists of different schedules setting forth rules, methods, guidelines, specific development plans, standard documents and procedures for the carrying out of the Project, including the following:
 - (i) the detailed description of all Project activities supported under this Agreement, their sequencing and the prospective timetable and benchmarks in relation thereto;

- (ii) the Project administrative, financial, accounting, auditing, procurement and disbursement procedures, including all relevant standard documents;
 - (iii) a detailed selection criteria of the Participating Leskhoz;
 - (iv) a detailed selection criteria of the Participating Municipalities;
 - (v) a model Partnership Agreement, for the carrying out of Leskhoz Investments; and
 - (vi) a model Municipality Participation Agreement, for the carrying out of Municipal Investments.
- (b) The Project Operations Manual may only be amended from time to time in consultation with, and after approval of, the Association. In case of any conflict between the terms of the Project Operations Manual and those of this Agreement, the terms of this Agreement 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. Leskhoz Investments

1. For the purposes of carrying out any Leskhoz Investment, and upon approval of any given INRMP and pertinent Annual Operational Plan setting forth such Leskhoz Investment, the Recipient through SAEPF shall:
- (A) make a portion of the Financing available to the respective Participating Leskhoz; or (B) if applicable, transfer a portion of the same to the Participating Leskhoz (as provide below) pursuant to an agreement (Partnership Agreement) to be entered into with each Participating Leskhoz consistent with the model Partnership Agreement set forth in the POM and on terms and conditions satisfactory to the Association, which shall include, *inter alia*, the following:
- (i) the obligation of the Recipient to carry out on behalf of the Participating Leskhoz the pertinent Leskhoz Investment in accordance with the pertinent provisions of this Agreement;
 - (ii) the right of the Recipient to select one or more Leskhoz Investments to be carried out by the Participating Leskhoz;

- (iii) the right of the Recipient through SAEPF to protect its interests and those of the Association, including the right to:
 - A. suspend or terminate the right of the Participating Leskhoz to use the proceeds of the Financing or, if applicable, obtain a refund of all or any part of the amount of the Financing then withdrawn, upon the Participating Leskhoz's failure to perform any of its obligations under the Partnership Agreement; and
 - B. the obligation of the Participating Leskhoz to:
 - (a) in those cases where the Recipient shall carry out the Leskhoz Investment:
 - (i) provide support to the Recipient with due diligence and efficiency in the carrying out such Leskhoz Investment and in accordance with the pertinent provisions of this Agreement (including the Anti-Corruption Guidelines).
 - (b) In those cases where the Participating Leskhoz will carry out the Leskhoz Investment:
 - (i) carry out such Leskhoz Investment with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the EMF (and any applicable EMP prepared thereunder), the ARF (and any applicable action plans prepared thereunder), and Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient;
 - (ii) provide, promptly as needed, the resources required for the purpose;
 - (iii) procure the goods, works and services for said Leskhoz Investment in accordance with the POM and the provisions of this Agreement;
 - (iv) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the

progress of the Leskhoz Investments and the achievement of their objectives;

- (v) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Leskhoz Investments;
 - (vi) at the Association's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association;
 - (vii) enable the Recipient and the Association to inspect the respective Leskhoz Investment, its operation and any relevant records and documents; and
 - (viii) prepare and furnish to the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.
2. The Recipient shall, through SAEPPF, exercise its rights and carry out its obligations under each Partnership Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, terminate, waive, or fail to enforce any Partnership Agreement or any of its provisions.
3. The Recipient shall ensure the Leskhoz Investments are operated and maintained in a manner satisfactory to the Association.

E. Municipality Investments

1. For the purposes of carrying out any Municipality Investment under Part 2(c)(ii) of the Project, and upon approval of the respective Municipality Investment in form and substance, and in a manner satisfactory to the Association, the Recipient, through SAEPPF, shall enter into a Municipality Participation Agreement with each Participating Municipality consistent with the model Municipality Participation Agreement set forth in the POM and on terms and conditions satisfactory to the

Association, including the obligation of the Participating Municipality to assist the Recipient in the implementation of the Municipality Investment in accordance with the provisions of this Agreement.

2. The Recipient shall, through SAEPF, exercise its rights and carry out its obligations under each Municipality Participation Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, terminate, waive, or fail to enforce any Partnership Agreement or any of its provisions.
3. The Recipient shall ensure the Municipality Investments are operated and maintained in a manner satisfactory to the Association.

F. Environmental and Social Safeguards

1. In implementing Parts 2(b) and 2 (c)(ii) of the Project, the Recipient through SAEPF shall:
 - (a) ensure that the Project, and any applicable Leskhoz Investment, and any applicable Municipality Investment is carried out in accordance with the Environmental Management Framework (EMF) (and any EMPs prepared thereunder), and the Access Restriction Framework (ARF) (and any action plans prepared thereunder) as the case may be. Except as the Association shall otherwise agree, the Recipient, through SAEPF, shall not assign, amend, abrogate, waive or fail to enforce the ARF (or any plans prepared thereunder) and/or EMF (or any EMPs prepared thereunder), or any of their provisions; and
 - (b) provide to the Association for its prior approval, any revision proposed to be introduced into said EMF or ARF as the case may be, and thereafter only introduce such revisions as shall have been agreed with the Association.
2. In case of a conflict between the EMF or the ARF and the provisions of this Agreement, the provisions of this Agreement shall prevail.
3. Without limitation to the provisions set forth in Section I.F.1 above, and for the purposes of carrying out the activities under the Project, the Recipient, through SAEPF, shall maintain a grievance redress mechanism acceptable to the Association, so as to enable an adequate monitoring and resolution of the issues arising as a result of the carrying out of Project activities under said Part of the Project.

4. The Recipient shall ensure that no activities are carried out in connection with the Project that may involve the use or potential pollution of international waterways or the tributaries of any such international waterways, as determined by the Association.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than one month after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. The Recipient shall prepare and furnish to the Association not later than 45 days after the end of each calendar quarter, interim unaudited financial reports for the Project, covering the pertinent quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 4.09 of the General Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.

2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
 3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association 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) National Competitive Bidding subject to the additional provisions set forth in the Annex to this Schedule 2; (b) Shopping; (c) Direct Contracting; and (d) Community Participation procedures which have been found acceptable to the Association.
- 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 contracts 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) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall 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 Association 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 Financing ("Category"), the allocations of the amounts of the Credit and of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Grant Allocated (expressed in SDR)	Amount of the Credit Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, consultants' services, non- consulting services, Training and Operating Costs under Parts 1(a), 2(b) 2(c) and Part 4 of the Project	3,900,000	4,800,000	100%
TOTAL AMOUNT	<u>3,900,000</u>	<u>4,800,000</u>	

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.

2. The Closing Date is September 30, 2021.

Section V. Other Undertakings

Accounting System Installation

Within thirty (30) days from the Effective Date, the Recipient, through SAEPF, shall install an automated accounting system acceptable to the Association, with capacity to, *inter alia*, generate IFRs, statement of expenditures and annual financial statements, and in a manner acceptable to the Association.

ANNEX TO SCHEDULE 2
Modifications to National Competitive Bidding (NCB) Procedures

The procedure to be followed for National Competitive Bidding shall be the “Single-Stage Bidding” method set forth in the Public Procurement Law of the Recipient dated April 3, 2015 № 72 (the “PPL”) provided, however, that such procedure shall be subject to the provisions of Section I and Paragraphs 3.3 and 3.4 of the “Guidelines for Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers” (January 2011, revised July 2014) (the “Procurement Guidelines”) and the following additional provisions:

1. Procuring entities shall use the appropriate standard bidding documents, including forms of contract acceptable to the Association, which shall be prepared so as to ensure economy, efficiency, transparency and broad consistency with the provisions of Section I of the Procurement Guidelines.
2. The eligibility of bidders shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the Association for reasons other than those provided in Section I of the Procurement Guidelines.
3. No restrictions in respect of eligibility to participate in bidding for contracts shall be placed on the basis of nationality of the bidder and/or the origin of goods other than those imposed by primary boycotts.
4. Foreign bidders shall be allowed to participate in National Competitive Bidding procedures without restrictions of any kind.
5. No preference of any kind shall be applied for domestic bidders and/or for domestically manufactured goods.
6. Bidding shall not be restricted to pre-registered firms, and foreign bidders shall not be required to be registered with local authorities as a prerequisite for submitting bids.
7. Foreign firms shall not be required to associate with a local partner in order to bid as a joint venture, and joint venture partners shall be jointly and severally liable for their obligations.
8. Government-owned enterprises in the Recipient’s territory shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not dependent agencies of the Borrower or Sub-Borrower. Such enterprises shall be subject to the same bid and performance security requirements as other bidders.

9. Prequalification procedures acceptable to the Association shall be used for large, complex and/or specialized projects.
10. Bidders shall be given at least thirty (30) days from the date of the invitation to bid or the date of availability of bidding documents, whichever is later, to prepare and submit bids.
11. Bids shall be submitted in a single-envelope.
12. An extension of bid validity, if justified by exceptional circumstances, may be requested in writing from all bidders before the expiration date and for a minimum period required to complete the evaluation or award a contract, but not to exceed thirty (30) days. No further extensions shall be requested without the prior concurrence of the Association.
13. Bids shall be opened in public, immediately after the deadline for their submission in accordance with procedures stated in the bidding documents. No bids should be rejected at bid opening unless they are late.
14. Evaluation of bids shall be made in strict adherence to the quantifiable criteria declared in the bidding documents. Qualification criteria for bid evaluation shall be applied on a pass or fail basis. Evaluation criteria other than price shall be quantified in monetary terms.
15. Bids that are not substantially responsive to the technical specifications, contract conditions, or other critical requirements in the bidding documents shall be rejected.
16. Bid evaluations shall be confidential, and bidding committee meetings shall not be open to bidders and/or their representatives.
17. Post-qualification criteria shall only pertain to past contract performance, financial and technical capabilities of bidders.
18. Contracts shall be awarded to the bidder who submits the lowest-evaluated, substantially-responsive bid, and who is determined to be qualified to perform the contract in accordance with pre-defined and pre-disclosed evaluation criteria. No negotiation as to the price or substance of the bid shall take place.
19. If the procuring entity fails to conclude a contract with the lowest evaluated bidder, a contract may be awarded to the qualified bidder who is next ranked and whose bid is found substantially responsive.

20. All bids (or the sole bid if only one bid is received) shall not be rejected, the procurement process shall not be cancelled, and new bids shall not be solicited without the Association's prior concurrence.
21. Bidders shall be given at least twenty-eight (28) days from the receipt of notification of contract award to submit performance securities.
22. Each bidding document and contract financed out of the proceeds of the Financing shall include provisions stating the Association's policy to sanction firms or individuals, found to have engaged in fraud and/or corruption as defined in the paragraph 1.16(a) of the Procurement Guidelines. The Association will sanction a firm or an individual, at any time, in accordance with prevailing Association sanctions procedures, including by publicly declaring such firm or individual ineligible, either indefinitely or for a stated period of time: (i) to be awarded an Association-financed contract; and (ii) to be a nominated sub-contractor, consultant, supplier, or service provider of an otherwise eligible firm being awarded an Association-financed contract.
23. In accordance with the paragraph 1.16(e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that bidders, suppliers and contractors, and their subcontractors, agents, personnel, consultants, service providers, or suppliers, shall permit the Association to inspect all accounts, records, and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the Association. Acts intended to materially impede the exercise of the Association's inspection and audit rights provided for in the Procurement Guidelines constitute an obstructive practice as defined in the Procurement Guidelines.

Complaints related to the procurement process shall be handled in accordance with the provisions of the Procurement Guidelines

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each June 15 and December 15 commencing December 15, 2021 to and including June 15, 2053	1.5625%

* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

APPENDIX
Definitions

1. “Access Restriction Framework” means the Recipients’ management framework dated June 4, 2015 which sets forth the mitigating, monitoring and institutional measures to be taken during implementation of the Project in cases of restriction of access to natural resources or land and the guidelines for the preparation and implementation of the relevant action plans prior to the enforcement of such restriction, as such framework may be updated from time to time with the Association’s prior written concurrence.
2. “Annual Operational Plans” means the plans prepared by the Participating Leskhazes on an annual basis based on the approved five year Leskhaz INRMPs.
3. “Anti-Corruption Guidelines” means 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.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014).
6. “Environmental Management Framework” or “EMF” means the Recipient’s environmental management framework dated June 4, 2015 for Parts 2(b) and 2(c)(ii) of Project, setting forth the mitigating, monitoring and institutional measures to be taken during the implementation and operation of said Parts of the Project to offset or reduce adverse environmental and natural habitats to levels acceptable to the Association, and the guidelines for the preparation and implementation of the EMPs (as hereinafter defined) as such framework may be updated from time to time with the Association’s prior written concurrence.
7. “Environmental Management Plan” or “EMP” means the Recipient’s site-specific environmental management plan, to be prepared during the Project’s implementation in accordance with the EMF, as the same may be amended and supplemented from time to time with the Association’s prior written approval; and “EMPs” means the plural thereof.
8. “Forest Management Information System” means the Recipient’s database maintained by the SAEPF which records and monitors information at the national and local level, on the baseline of natural resources, land tenure, land degradation, natural disasters and the National Forest Inventory data.

9. “GEF Grant Agreement” means the grant agreement for the Project between the Recipient and the Bank, acting as an Implementing Agency of the Global Environment Facility (GEF), dated as of the date of this Agreement, providing a grant to the Recipient to assist in financing of the Project, as such agreement may be amended from time to time.
10. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.
11. “Integrated Natural Resource Management Plan” or “INRMP” means any detailed management plan prepared by the Leskhoz with participation of stakeholders for purposes of carrying out Leskhoz Investments, and acceptable to the Association.
12. “Leskhoz” means a state forest institution established and operating pursuant to the Recipient’s Forest Code No. 66 dated July 8, 1999 or its legal successor thereto.
13. “Leskhoz Investments” means any of the investments referred to in Part 2(b) of the Project, which meet the criteria set forth in the POM and are set forth in the respective INRMP.
14. “Municipality Investments” means any of the investments referred to in Part 2(c)(ii) of the Project which meet the criteria set forth in the POM.
15. “Municipality Participation Agreement” means any agreement referred to in Section I.E. of Schedule 2 to this Agreement.
16. “National Coordination Committee” means the committee referred to in Section I.A.2 of Schedule 2 to the Agreement.
17. “National Forest Inventory” means SAEPF’s repository of data on types and extent of forest cover, species and age, land use, productivity, degradation as well as any additional country-specific relevant information that would help to assess the state of the Recipient’s national forest resources for the purpose of forest management planning.
18. “Operating Costs” means the reasonable and incremental expenses incurred by SAEPF on account of implementation of the Project, for maintenance of PIU, vehicles including related costs such as car registration and fuel purchase; utility, internet connection and communication costs, support for information systems, translation costs, travel expenses, *per diem*, accommodation costs (lodging) (excluding those associated with Training), bank charges, office rent, office supplies, and other consumables, advertisement costs, printing, mail, as well as other reasonable expenditures directly associated with the implementation of the Project including salaries of PIU staff(excluding any other salaries of the

Recipient's civil servants) Social Charges, all based on an annual budget acceptable to the Association.

19. "Partnership Agreement" means any agreement referred to in Section I.D of Schedule 2 to this Agreement.
20. "Participating Leskhoz" means any Leskhoz which has been selected in accordance with the criteria set forth in the Project Operations Manual to implement Leskhoz Investments under any given INRMP.
21. "Participating Municipality" means any municipality of the Recipient which has been selected in accordance with the criteria set forth in the Project Operations Manual to implement the Municipality Investments.
22. "Project Implementation Unit" or "PIU" means the coordination unit within the SAEPF as hereinafter defined, and referred to in Section I.A.1(b) of Schedule 2 to this Agreement.
23. "Project Operations Manual" or "POM" means the Recipient's manual, satisfactory to the Association and referred to in Section I.B.1(a) of Schedule 2 to this Agreement, as the same may be amended from time to time with the Association's prior written concurrence.
24. "Procurement Guidelines" means 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 (revised July 2014).
25. "Procurement Plan" means the Recipient's procurement plan for the Project, dated September 30, 2015 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
26. "Social Charges" means any payments, *premia*, or contributions for health benefits, unemployment benefits, disability insurance, workers' compensation benefits, retirement (pension or social security) benefits, and life insurance, which constitute payment for the drawdown of future benefits to the staff concerned.
27. "State Agency for Environmental Protection and Forests" or SAEPF means the Recipient's agency responsible for the sustainable management and conservation of forest and land resources established and operating pursuant to Resolution No. 123 dated February 20, 2012, or any legal successor thereto.
28. "Training" means expenditures (other than for consultants' services), incurred during the implementation of the Project, based on periodic budgets acceptable to the Association, for: (i) reasonable travel, room, board and *per diem* expenditures incurred by trainers and trainees in connection with their training; (ii) course fees;

(iii) training/workshop facility and equipment rentals; and (iv) training material preparation, acquisition, reproduction and distribution expenses not otherwise covered under this paragraph.