Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 25-Mar-2021 | Report No: PIDA28321

BASIC INFORMATION

A. Basic Project Data

Country	Project ID	Project Name	Parent Project ID (if any)
Kazakhstan	P171577	Kazakhstan Resilient Landscapes Restoration Project	
Region	Estimated Appraisal Date	Estimated Board Date	Practice Area (Lead)
EUROPE AND CENTRAL ASIA	29-Sep-2020	04-Jun-2021	Environment, Natural Resources & the Blue Economy
Financing Instrument	Borrower(s)	Implementing Agency	GEF Focal Area
Investment Project Financing	Ministry of Ecology, Geology and Natural Resources	Forestry and Wildlife Committee	Multi-focal area

Proposed Development Objective(s)

To pilot agroforestry practices using a community-centered approach and to build government capacity for landscape management and restoration.

Components

Piloting community – centered approach on dryland agroforestry and landscape restoration
Capacity building of the Forestry and Wildlife Committee (FWC) for integrated landscape management
Project coordination and monitoring

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

Total Project Cost	4.34
Total Financing	4.34
of which IBRD/IDA	0.00
Financing Gap	0.00

DETAILS

Non-World Bank Group Financing

Trust Funds	4.34
Global Environment Facility (GEF)	4.34

Environmental and Social Risk Classification

Moderate

Decision

The review did authorize the team to appraise and negotiate

B. Introduction and Context

Country Context

1.   **Kazakhstan has been the economic success story of Central Asia, transitioning from lower-middle-income to upper-middle-income status in less than two decades.** Since 2002, Gross Domestic Product (GDP) per capita has risen six-fold and Kazakhstan currently accounts for nearly two-thirds of the regional GDP while having only a quarter of the population. In 2019 Kazakhstan's economy grew at a higher-than-expected rate of 4.5 percent, driven by a solid growth in domestic demand. The poverty rate fell to 8.4 percent. It has bold ambitions for the future, aspiring to join the Organization for Economic Co-operation and Development (OECD) ranks and be amongst the top thirty economies of the world by 2050.

2.   **Economic success notwithstanding, at the most fundamental level, Kazakhstan needs to boost its productivity and innovation and diversify its economy by transitioning from growth driven by inputs to one driven by efficiency gains.** Kazakhstan's productivity growth has fallen steadily and averaged nil since 2008, underscoring the major structural challenges. Kazakhstan also needs to diversify its economic base by improving competitiveness of its non-extractive sectors, especially in agriculture and forests, and limiting the dominance of a few large State-owned enterprises (SOEs).

3.   **Increase in productivity, innovation and diversification could depend to a great extent on how effectively Kazakhstan manages its natural capital.** The country faces significant environmental challenges, especially with increased pressures from climate variability, economic growth, and population expansion. The combined effects of climate change on land degradation, decrease in agricultural productivity and water pollution and sedimentation will increase an already high vulnerability. This will impose significant costs in a 'business as usual' mode. Most notably, it will restrict the potential for agricultural development and undermine the viability of some rural areas. However, through strategic alignment of policies, regulations and strengthening of key institutions, it is possible to enhance productive and resilient use of natural resources and assets.

4.   **Macroeconomic situation has worsened due to fall in external demand for crude oil and manufactured goods as well as the COVID-19 induced lockdowns.** In Kazakhstan, like in other parts of

the world, the COVID-19 crisis is disrupting livelihoods and communities. The pandemic may pose a serious threat to food security and nutrition of vulnerable segments of population. 2020 GDP has contracted by 2.6 percent, with a modest recovery of 2.5 percent anticipated in 2021. Prior to the COVID-19 outbreak the draft budget for 2020 assumed a slight increase in the deficit, but now given the spending needs, the non-oil fiscal deficit is expected to rise from 8.0 to 13.2 percent of GDP. In response to the crises, the Government announced a comprehensive US$15 billion package (8.4 percent of GDP), which includes US$10 billion (5.7 percent of GDP) of additional spending on health (containment measures and strengthening the health system), household welfare (maintaining household incomes, indexation of social benefit payments, easing household expenses, and shoring up employment), and protecting businesses (tax relief and easing financial obligations, improving firm liquidity and cash flow). Still, rural poverty and unemployment are expected to increase due to the economic impact of COVID 19 and the government is expected to rely more on financing from international financial organizations and donors particularly in areas of global public goods like the environment.

Sectoral and Institutional Context

5.   **Kazakhstan has a unique set of landscapes[1],** including deserts, high mountains with diverse types of vegetation such as meadow, steppe and savanna forests. While rich in mineral resources, Kazakhstan is a forest-scarce country with only 4.7 percent of the total country area covered by forests. The existing forest area consists of 49 percent Saxaul forests, which are of high environmental importance in protecting the soil from erosion.[2] Estimates of land degradation in Kazakhstan vary depending on definition of degradation and estimation technique. A National Aeronautics and Space Administration (NASA) Land-Cover Land-Use Change Program report[3] considers that degradation is occurring on 179.9 million hectares out of the total 272.5 million hectares (66 percent of total area in Kazakhstan). In this case the classification of "degraded" is strongly linked with the degree of plant cover in areas, particularly in the arid zones, which naturally have low levels of plant cover. Using quantitative measurements and visual assessments, the Land Management Committee of the Ministry of Agriculture of the Republic of Kazakhstan, reported as of January 1, 2014, that around 15 percent of rangelands suffered extreme degradation (27.8 million hectares out of a total of 188.9 million hectares)[4].

6.   **The Dry Aral Seabed (DAS) being one of the most degraded landscapes has also an extremely hostile natural environment.** The area around the Sea suffers from salinization and depletion of the soil, substantial amounts of wind-borne salt and dust, and pollution by toxic chemicals. A total of 3.4 million hectares of the former seabed, 1.8 million of which are in Kazakhstan, have dried and turned into desert of sand beds and salt flats. This process has not only contributed to the deterioration of air quality for nearby residents but has reduced crop yields because of the heavily salt-laden particles falling on arable

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[1] It includes arid and sub-humid lands, which cover more than 75 percent of the country's area, and agrosystems include man-made and man-managed plough lands, forests lands and pasturelands. Forest lands are found in regions with Saxaul plantations, including in Zhambyl and Kyzylorda regions, at 15.4 percent and 13.5 percent, respectively.
[2] UNECE (2013). Processing of forest inventory data (workshop presentation). In Russian.
[3] NASA. 2014. Land-Cover Land-Use Change Program (https://lcluc.umd.edu/hotspot/dryland-degradation-kazakhstan)
[4] The Livestock and Forage Production Institute (LFPI) in Almaty estimated that about 14% of Kazakhstan's grazing lands are considered as degraded.

land. The climate around the dry seabed has changed, becoming more continental with shorter, hotter, rainless summers and longer, colder, snowless winters. Also, the most degraded dryland areas are arid zones with Saxaul forests, steppes and pastureland, productivity of which is expected to worsen further as climate changes intensify. Vegetation cover degradation in forests, pasturelands and hayfields is one of the most widespread and visually evident processes, with pasturelands adjacent to villages and their agricultural activities experiencing the most severe degradation.

7.   **The main causes for degradation include both natural factors/conditions and "man-made" ones.** Natural factor for degradation in Kazakhstan is the intra-continental/remote from sea location of the country, which determines the climate continentality and dryness, deficiency and distributional imbalance of water resources. These natural conditions, along with the impacts of climate change, cause poor environment resistance to anthropogenic factors, which are mainly linked to economic activities such as overgrazing on common pastures, plowing-up of fragile steppe areas in the past, mining and irrigation. The main degradation drivers in the Aral Sea had been excessive use of water for cotton production from the Amu Darya and the Syr Darya river basins feeding it, and inadequate drainage.

8.   **Efforts have been made to increase the vegetation rate on DAS.** The Government of Kazakhstan plants annually about 5,000 ha of Saxaul and other drought and salinity resilient species on DAS. In 2006-2014 this was supported by the World Bank Forest Protection and Reforestation Project (FPRP). Currently, out of 1.8 million ha of degraded land, about 300,000 ha is covered by vegetation due to afforestation efforts and natural revegetation. In order to continue afforestation, a long-term strategy needs to be developed as previous plans have been fully completed.

9.   **The Forestry and Wildlife Committee (FWC) under the Ministry of Ecology, Geology and Natural Resources is a government agency responsible for policy in the forestry sector and afforestation programs, on the frontlines in the fight against land degradation.** Nearly all forests in Kazakhstan are state-owned and managed by regional governments under FWC supervision. Regional governments manage 79 percent of the land while FWC via specially established enterprises manages 20 percent of the land, and privately-owned forest area is insignificant at less than 700 hectares.[5] In 2012, the Government of Kazakhstan made a political decision to support private afforestation in the country for timber, firewood and fruit production for commercial use, by financing up to 50 percent of the afforestation costs, thereby increasing the country's forest cover and supporting the sector. However, the implementation of this subsidy program has not yet occurred in practice due to a number of factors, as identified by World Bank Program on Forests (PROFOR)[6] as explained in the Lessons Learned section.

10.   **In view of the insignificant involvement of the private sector in afforestation programs, FWC's role is even more important. However, its capacity and experience in fighting land degradation is**

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[5] World Bank (2018). Kazakhstan Community-Private Plantations: Analysis to better understand the potential for developing forest plantations. Washington DC: Program on Forests (PROFOR).
[14] PROFOR is a multi-donor partnership managed by a core team at the World Bank. PROFOR finances forest related analysis and processes that support the following goals: improving people's livelihoods through better management of forests and trees; enhancing forest governance and law enforcement; financing sustainable forest management; and coordinating forest policy across sectors. See www.profor.info.

limited. FWC priorities traditionally included forest preservation and protection from fire, illegal logging, and pests, while combating desertification and land degradation emerged in the policy agenda relatively recently. Afforestation activities on the Dry Aral Seabed have been and remain priority areas of FWC and the Ministry of Ecology, Geology and Natural Resources. However, FWC faces difficulties in implementing this agenda due to a number of factors, including absence of afforestation plans on degraded areas, limited capacity of existing nurseries, and lack of a forest species seeds depository.

11.   **Whereas over half of grain production is concentrated in large agricultural enterprises of over 10,000 hectares, the livestock sector is dominated by subsistence household farmers and registered individual farmers,** who hold about 80 percent of the cattle and ruminant herd. In the newly formulated National Livestock Development Program for 2018–2027 (Livestock Program) the Government of Kazakhstan declared a farmer-centric (as opposed to industrial agri-corporations-centric) approach to the development of the agriculture sector as the preferred way of achieving an increase in agricultural labor productivity, gross agricultural product and agri-food exports, and investments in the agri-food sector. As the rural population comprises around 42 percent of the total population, this new approach can address the much-needed job creation and economic opportunities for this segment of the population.

12.   **The livestock sector's commercial viability depends a lot on pasture productivity, which is a major source of feed and fodder for animals.** Individual farmers holding sizes of between 10 and 500 heads of cattle are the center of the new government strategy for promotion of the beef and mutton sectors. They typically operate on rented natural pastures and grasslands, use family labor and local hire flexibly. The WBG Country Private Sector Diagnostics (CPSD)[7] analysis of the beef value chain showed that this category of farmers could be competitive and commercially viable in Kazakhstan when linked to value chains and supported by tailored state programs. However, from the viewpoint of vegetative production, most of the land within each of the ecological zones in Kazakhstan are near the lower limit of the productivity scale, which raises the importance of measures to increase pasture productivity, such as planting of trees, forbs and woody herbaceous plants.

13.   **The proposed project is aligned with and directly contributes to the CPF, which was discussed by the World Bank Board on December 12, 2019,**[8] namely, project objectives are a part of the focus Area 3 (Securing Sustainable, Resilient, and Low Carbon Growth), and Objective 7 of Preserving and Restoring Natural Capital. Particularly, "Weak institutions for environmental and forestry planning, management, and coordination" was cited as an institutional constraint to be addressed. In line with the CPF, a proposed Global Environment Facility (GEF) engagement will support capacity building in the Forestry and Wildlife Committee as well as community-centric approach for landscape restoration in targeted degraded landscapes while reinforcing forestry sector planning.

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[7] World Bank Group 2019. Kazakhstan Priority Sectors' Competitiveness. Country Private Sector Diagnostics (CPSD) Report.
[8] World Bank. 2019. Country Partnership Framework for the Republic of Kazakhstan for the Period of FY20-25. Report Number 143372-KZ.

14.   **The proposed project is aligned with World Bank Group COVID-19 Crisis Response Paper as of June 08, 2020**[9], in particular with Pillar 4 on strengthening policies, institutions and investments for rebuilding better. Project activities are designed to ensure resilient and sustainable recovery through a community-centered approach. Capacity building activities both for FWC and the local communities will help them to become more resilient to worsening economic conditions and lay ground for more inclusive growth.

15.   **The project will contribute to fulfillment by Kazakhstan its international obligations.** Kazakhstan joined international efforts to combat climate change for a sustainable low carbon future and has committed to increasing the country's forest cover from 4.7 to 5.0 percent by 2030 at the Astana Ministerial Conference in June 2018. Other country commitments include the realization of Convention of Biodiversity Protection (CBD) since 1994 and ratification of the United Nations Convention to Combat Desertification (UNCCD) in 1997. The World Bank is assisting countries in the region to implement the Astana Resolution with a new Regional Program for Resilient Landscapes (RESILAND CA+). The proposed landscape restoration project will be a part of the RESILAND umbrella program, whose objective in Central Asia is to avoid, reduce, and reverse further degradation, desertification, and deforestation of land and ecosystems in dryland areas, through the sustainable management and restoration of production landscapes, including forest and rangelands.

C. Proposed Development Objective(s)

16.   **The proposed Kazakhstan Resilient Landscapes Restoration Project will be a child project under the Sustainable Forest Management Impact Program on Dryland Sustainable Landscapes financed by the seventh replenishment of the Global Environment Facility Trust Fund (DSL GEF-7)**.[10] The project objective is fully consistent with the global Program objective of the DSL GEF-7 "to avoid, reduce, and reverse further degradation, desertification, and deforestation of land and ecosystems in drylands through the sustainable management of production landscapes". Planned activities are designed to support the implementation of two components of the DSL GEF-7: 1) Strengthening the enabling environment for the sustainable and inclusive management of drylands; and 2) Implementing and scaling up sustainable dryland management.

17.   **The Project Development Objective (PDO)** is to pilot agroforestry practices using a community-centered approach and to build government capacity for landscape management and restoration.

18.   **The project's key results** will cover the following WB and GEF Corporate Results Indicators:

   (a) Identification of the most effective agroforestry practices using a community-centered approach (based on a cost-benefit analysis of the pilots)
   (b) Dryland area restored using community-centered approach
   (c) Land area under sustainable landscape management practices

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[9] World Bank. 2020. Saving Lives, Scaling-up Impact and Getting back on Track. World Bank Group COVID-19 Crisis Response Approach Paper. June 08, 2020
[10] The project was accepted into the GEF-7 Work Program in May 2019.

(d) Capacity built for landscape restoration through mapping of degraded landscapes in Dry Aral Seabed and inventory of unrecorded forests

19.   The project will support forest management plans by financing forest mapping, inventory, and other capacity building activities as shown in Component 2. The indicator "Land area under sustainable landscape management practices" measures the area where physical afforestation, shelterbelt establishment and agroforestry and silvopastoral investments under Component 1 will take place, which are expected to impact a larger watershed area, included in the indicator. As the project will contribute to climate change adaptation, several Predictive Proxy Indicators may be included in the project's results framework, as recommended by the World Bank Climate Action Plan[11]. The project will focus on two regions, with a possibility to expand with additional financing, that were chosen based on the synergies and replicability of the project results by the other IBRD projects, land degradation, and potential for landscape restoration using farmer and community-centered approach. Project job-focused interventions will generate about 350 jobs annually.

D. Project Description

20.   **Project-financed activities will be grouped into the following three components:**

Component 1: Piloting community – centered approach on dryland agroforestry and landscape restoration (US$2.46 million)

21.   **This component will finance grants (cash-for-work), goods and services, works, training and operational costs to conduct several key activities related to actual landscape restoration**: (a) piloting of community-centered[12] afforestation around Kyzylorda city using successful planting technologies of Saxaul and other drought-resistant trees; and (b) piloting of the farmer-centered[20] approach in establishment of 3 agroforestry demonstration plots in Kyzylorda oblast (5 ha each) of fast-growing fruit tree plantations for combining forestry with fruit production and/or horticulture; and 6 plots in degraded pasturelands in Zhambyl oblast (20 ha each but affecting 1,300 ha of surrounding pastures) for combining forestry with livestock production. Sample agro-forestry practices based on existing recommendations will include plantation of fodder trees and pasture improvement.

22.   **Various agro-forestry practices will be evaluated separately based on cost-benefit calculations and beneficiaries' feedback** and will be suggested for scale-up in other donor financed projects and/or government subsidized programs, as well as farms' self-financed investments. The project will also cover (c) construction of a nursery; and (d) purchase of technical and protective equipment necessary to conduct those operations. When possible, if stumps or seeds are present in the soil, Farmer Managed Natural Regeneration (FMNR)[13] will be added to the menu of options for restoration. Actions under (a) will be implemented by local forestry enterprises while hiring local community members to carry out the planting, plantations on pastureland will be carried out by the farmers supported by forestry organizations reporting to the local government, involving: (i) knowledge dissemination to farmers, farmers'

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[11] The World Bank Group's Climate Change Action Plan 2020-2025: Supporting a Sustainable and Inclusive Recovery
[12] Please see para 23 for concept explanation
[13] https://fmnrhub.com.au/

associations, and the national and local administration about the model and its benefits; (ii) developing markets and rewarding farmers for start-up time; (iii) conducting suitability assessments to identify the areas suitable for agroforestry, for FMNR, the tree species to be used, and the conditions under which agroforestry or FMNR should be implemented; and (iv) providing local incentives to participating farmers, for example subsidized inputs.[14]

23.   In the context of the proposed project community-centered landscape restoration refers to the hiring of community members to conduct planting around villages for protection from dust storms or along main roads for land stabilization. Farmer-centered approach means making individual farmers the main beneficiaries of the piloted agro-forestry practices by establishing demonstration plots on their land. This approach reflects the innovative bottom-up approach of the project.

Component 2: Capacity building of the Forestry and Wildlife Committee (FWC) for integrated landscape management (US$1.38 million)

24.   **This component will address FWC key bottlenecks to raise their afforestation capacity and support the evolving institutional needs of the forestry sector to become a sustainable and productive sector** by financing critical capacity building activities including *inter alia* technical studies, consultations and surveys. Preparatory works including mapping, survey, and design will be made on Dry Aral Seabed, which should allow continued long-term afforestation of the degraded area. The project will also support establishment of a depository of forest species' seeds (gene bank), which is needed for scientific and research purposes, and facilitate inventory of unaccounted forest, which should clarify the magnitude of the land degradation problem in Kazakhstan. To further strengthen forest management capacity and to ensure sustainable forest harvesting, the project will support preparation of the forest management plans on selected areas of newly accounted forest in the southern and south-western part of Kazakhstan in close proximity to the project area. Just-in-time technical assistance will be provided to the Ministry of Ecology, Geology and Natural Resources to advance related policies and legislation depending on the policy priorities during the project implementation period. The project will also work with the existing LDN workstreams[15] and help establish additional ones as needed to support the development of an LDN strategy and targets for Kazakhstan. This component will also ensure regional cooperation, exchange of experience and dissemination of best practices within the GEF Drylands Impact Program and with neighboring countries.

Component 3: Project coordination and monitoring (US$0.50 million)

25.   Component 3 will finance technical assistance, goods, training and the operating costs of a Project Implementation Unit (PIU) within the FWC, which will coordinate the project implementation by managing and monitoring and evaluating the implementation of project work plans; ensure collaboration among

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[14] See agroforestry establishment steps for Central Asia countries in Djanibekov, U.; Dzhakypbekova, K.; Chamberlain, J.; Weyerhaeuser, H.; Zomer, R.J.; Villamor, G.; Xu, J. (2015). Agroforestry for landscape restoration and livelihood development in Central Asia. ICRAF Working Paper 186. World Agroforestry Centre East and Central Asia, Kunming, China. 41 pp.
[15] Two workstreams of the LDN Target Setting Programme (TSP) process have been established and are operational, looking at: 1) establishment of an LDN base level; and 2) including LDN indicators in selected national policies and commitments.

stakeholders at the national and local levels; report on progress and financial management performance to the World Bank; ensure timely external auditing of project accounts and the appropriateness of procurement and financial management tasks; and ensure adherence to and implementation of environmental and social measures as appropriate. The PIU will also be responsible for production of communication materials for any program-level meetings and knowledge exchange visits and mobilization of the Kazakhstan representatives' participation in such events. Component 3 will also cover the operating costs of a Project Advisory Committee.

26.   **In view of the recent outbreak of COVID-19 the project activities were adjusted to respond to emerging risks and threats and include:**
  - Purchase of adequate personal protective equipment (PPE) and multi-purpose equipment for the forest enterprises staff and local communities; masks, gloves, and disinfectant sprinklers are included to the list of equipment to be provided by the project;
  - Labor intensive plantation activities will generate employment opportunities and help to mitigate negative social and economic impact of quarantine lockdown;
  - In the short-term support local communities who lost their income due to COVID-related restrictions via grants/cash in growing required berry bushes and orchard species;
  - Purchase of seedlings for berry bushes, orchard species, and other seeds to assist local communities in food security;
  - Additional and new jobs could also be created with the commencement of the new gene bank and expansion of the afforestation programs following mapping/inventory of unregistered forests.

In terms of managing the immediate health risks, forestry is considered one of the least risky activities, with both work and supervision amenable to social distancing.

Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Assessment of Environmental and Social Risks and Impacts

27.   **The Environment Risk Rating is Moderate.** The project will involve pilot initiatives for landscape restoration, reforestation, and pasture management in the now dry Aral Sea Bed and in Southern Kazakhstan. No large, significant, or irreversible adverse environmental impacts are foreseen, in fact, positive environmental benefits are fundamental to the project development objective and outcomes. These include reduced desertification, salt and dust control, reforestation of degraded lands, improved conservation and sustainable use of biodiversity in selected ecosystems, and reduced use of potentially harmful pesticides. The Project financed activities including pilot initiatives will be screened based on the

Environmental and Social Management Framework (ESMF) prepared for the project. The ESMF outlines the guiding principles of environmental screening, assessment, review, management, and monitoring procedures for the landscape restoration, reforestation, and pasture management activities. The ESMF also provides a check-list for determining if and when site-specific Environmental and Social Impact Assessments (ESIA)/Environmental and Social Management Plans (ESMP) might be required for proposed pilot activities. When required, those ESIAs/ESMPs will be prepared, consulted on, and disclosed they will also be reviewed by the World Bank during regular implementation support missions. ESMF was disclosed in February 2021, before negotiations of the legal agreement.

28.   The reforestation is expected to utilize native species including pine, saxaul, tamarix, poplar, willow, and aspen. The sustainable pasture management activities will focus on a multi-species approach to pasture management that encourages increased carbon sequestration. The landscape planning and management activities (including fire management strategies) will address natural habitat considerations in both the site-specific and landscape context. Pilot activity designs will examine the cumulative impacts of proposed activities.

29.   The proposed project does not involve any major civil works, though some small-scale repairs or upgrades on existing facilities may be required. At this point, it is not clear where exactly the proposed pilot initiatives and landscape management activities will take place. Expected environmental risks include temporary minor impact (dust, minor soil loss) that can be expected from planting activities, pest management in the forest nursery, small-scale restoration of existing facilities and occupational health and safety (OHS) during proposed works. While none of the pilot activities are expected to be carried out within protected areas or critical habitats, the ESMF contains guidelines and selection criteria to ensure such areas are not negatively affected.

30.   **The project will take additional precautionary measures due to the risk of COVID-19 spread.** Project activities will follow the requirements of the WB COVID-19 Guidance document and will be mindful of the non-digitalized delivery of cash/in-kind benefits and try to avoid mass gatherings in accordance with the government-provided, WHO and other UN agencies guidance. Contractors will be asked to adjust the work requirement for cash-for-work to focus on usage of protective equipment. The project will monitor food availability and accessibility situation in the project areas to ensure affordable food provision for workers, contractors, and project staff.

31.   **Social risk is rated as Moderate.** The project will be implemented in several pilot areas in Kyzylorda Region and in Zhambyl Region in the south of the country where both agriculture land and State forests exist, allowing the piloting of PPP in 'model farms'. The project's major social impacts/risks emanate from two key interventions: 1) three agroforestry demonstration plots in Kyzylorda oblast (5 ha each) combining forestry with fruit production and horticulture; and 2) six plots in Zhambyl oblast (20 ha each) on the territory of forest pastures for combining forestry with livestock production. The sites within these regions will be selected during implementation in accordance with principles mentioned in para 68. Demo Plots will be created on the existing lands/farms and no new lands will be acquired. Land plots so selected will be such that the farmers and/or local communities already have long-term forest and/or land usage agreements with local authorities and have a proven record of operations in agriculture in the

recent years. No changes in the land usage are envisaged. Nor any access restrictions are likely to happen. The only major social issue the project needs to address relates to effective outreach such as to ensure successful community mobilization. This would demand an inclusive information, education and communication (IEC) campaign and technology demonstrations and dissemination. Further, the project would rely rather exclusively on local or community labor for all the land and tree activities. So, special attention will be needed to ensure that the working atmosphere will be community- friendly. All these are ingrained into the project design and will be further elaborated during the implementation.

E. Implementation

Institutional and Implementation Arrangements

32.   **The institutional framework of the project comprises the FWC under Ministry of Ecology, Geology, and Natural Resources (MEGNR), which will be the project's Implementing Agency and host a Project Implementation Unit (PIU)** staffed with consultants with project administration and coordination functions. Key stakeholders will be the Ministry of Agriculture and regional government offices. The project will support the establishment of an Advisory Committee, which will synthesize the capacities and priorities of the two ministries and ensure coordination and cross-learning between the FAO and World Bank-implemented projects. The project will partner with national scientific institutions to strengthen the innovative aspects of the project, including with the Kazakh Scientific Research Forestry Institute, the Kazakh Scientific Research Institute of Animal Husbandry and Forage Production, as well as other prominent R&D institutions and extension agencies in Kazakhstan.

33.   **FWC is a government agency responsible for forestry policy implementation and control over usage and reproduction of the wildlife.** The central body consists of 30 personnel, however the FWC has territorial bodies in all regions of Kazakhstan and a number of subordinate organizations, including forest reserves, national parks, and specially protected territories. Total number of personnel in regions and subordinate organizations reach 2,000 people. FWC is financed from the national budget and has adequate capacity to implement activities for which it is responsible. However, as mentioned above, FWC has limited capacity in implementing innovative activities like farmer-centered landscape restoration activities due to the lack of previous experience. These would need technical assistance and demonstration of international best practice. FWC fiduciary and safeguards compliance capacity is covered in respective sections.

34.   **Project Advisory Committee will be headed by the Vice-Minister of MEGNR** overseeing the forestry sector and comprise of representatives of MEGNR including FWC, MOA, akimats of Kyzylorda and Zhambyl, Aktobe and Pavlodar regions. The committee will have a strategic oversight role and ensure inter-institutional coordination across project activities and with other WB projects including SLDP and NAS, GIZ, UNDP. PIU will be located in Nur-Sultan with a representative in Kyzylorda and will be responsible for the most administrative work, including arranging procurement and financial transactions. PIU is expected to be very compact and comprise of a director, a technical specialist, a procurement and financial specialist and an environment and social safeguard specialist. A secretary/translator and a local

representative in the project area may be hired on a part time basis. PIU director will be responsible for M&E activities.

35.   **Most of the project activities will be implemented on the forest fund lands that may be leased by private agricultural producers.** Grants (cash-for-work) will be used to implement activities on demonstration plots in Kyzylorda and Zhambyl oblasts. Considering the small number of expected beneficiaries for demonstration plots, they will be selected on a case by case basis with coordination with local authorities depending on their land tenure rights and willingness to contribute to project activities in-kind with labor and/or financial resources. A technical specialist in coordination with local authorities will be responsible for mobilizing the local community to perform activities in accordance with the established plan. Grants' disbursement will be controlled by PIU. A brief grant operations manual is to be included to the Project Operations Manual (POM), which will be developed prior to the project effectiveness. The POM will guide technical solutions on the demonstration plots and disbursement procedures to both beneficiaries and workers. Larger scale afforestation around Kyzylorda city will be implemented by the local forestry enterprise with coordination support from local communities. The local forestry enterprise will be responsible for subsequent maintenance and protection of the afforested areas against illegal harvest and grazing.

36.   **The project will engage with the broader GEF-7 Dryland Program** through its Global Coordination Project and the Program's Steering Committee, in which the World Bank will participate. As part of Component 2, it is planned to take part in the various knowledge exchange mechanisms, global initiatives and platforms which the Program will make available to its child projects, and disseminate its own acquired and generated knowledge products, tools and lessons learned. Being part of the RESILAND umbrella of projects will allow a wider knowledge management and sharing of lessons learnt among the countries.

Monitoring and Evaluation

37.   **PIU will be responsible for project monitoring and evaluation (M&E).** M&E will be done in accordance with the Results Framework and make use of the existing data sources, supplemented by data collection within the project and special surveys and assessment updates undertaken by contracted specialists as needed. The Project implementing agency will have the overall responsibility for the project monitoring and for collecting the appropriate data and reporting on the project progress with periodicity as agreed by the Bank.

38.   **Monitoring Arrangements:** The M&E Plan will be prepared and implemented by PIU. The PIU Director will have overall responsibility for data collection, collating, analysis, and reporting as part of the semi-annual and annual reporting to the World Bank, GEF and other relevant stakeholders. He/she will ensure consistent organization and timely submission of M&E reports and related contributions (e.g., success stories); maintain and update the Results Framework and a data system that links and compiles semi-annual progress results reports; and the mid- and end-term reports. To accomplish these tasks effectively and in a timely manner, PIU may draw on other World Bank staff and consultants from time to

time during project implementation based on the team's assessment of M&E capacity strengthening required and type of results to monitor. PIU will also work in close collaboration with FAO sub-project team and their PIU to implement and maintain appropriate M&E processes, protocols and reporting mechanisms.

39.   **Reporting:** The semi-annual progress report will include the updated Results Framework. On the annual basis these reports will be streamlined with the World Bank's routine reporting requirements, i.e. annual progress reports for BETFs, the obligations for GEF in reporting requirements for the mid-term review (MTR) of the project and the final project completion report.

40.   **Budget Planning:** The M&E Services are budgeted under Component 3: on Monitoring, Evaluation and Reporting. This budget covers the activities described in this section, including focus on updating the GEF Core Indicators, monitoring and reporting on the Results Framework, and managing the work planning tool. The budget expenditure for M&E is expected to be higher in the first and last years, in line with expectations of respective workloads at the start and end of the project.

Fiduciary

41.   **Financial management assessment.** The overall responsibility for financial management will be with the FWC. It will be supported by a dedicated experienced financial management/accounting consultant (FMC), who will be included in the PIU. The FMC will handle daily financial management responsibilities, including planning and budgeting, disbursements, accounting, and financial reporting on project resources. Internal control procedures to be followed for managing project resources will be documented in a Project Operations Manual (POM), to be developed during project preparation. Consistent with the World Bank-financed projects in Kazakhstan, the project will follow transaction-based disbursements and produce quarterly Interim Unaudited Financial Reports (IFRs) for monitoring purposes. The procedures and formats for disbursements and IFRs will be agreed during appraisal and documented in the POM. Annual external auditing of the project will be carried out by an independent private auditor in accordance with the terms of reference acceptable to the World Bank.

42.   **Procurement** under the proposed project will be governed by the World Bank's Procurement Regulations for IPF (July 2016, revised November 2017 and August 2018) (Procurement Regulations), and will also be subject to the World Bank's Anti-Corruption Guidelines (dated July 2016). The procurement approach, procurement risks, arrangements and procurement plan for the project duration recommended by the Borrower will be presented in the Project Procurement Strategy for Development (PPSD). The PPSD is being prepared by the Borrower with the support of the Bank's team and will be finalized before or by negotiations. The PPSD and the Procurement Plan will be updated during the project implementation to reflect any substantial changes in procurement approaches and methods to meet the actual project needs.

43.   Procurement activities and packages envisaged under the project are mainly of low value and typical for the sector. They mainly include mapping/inventory of the forest fund; design of irrigation

system; supply of machinery and some critical equipment; and capacity building activities. Currently procurement functions in the FWC are being performed by a Chief Expert of the Finance Department. All procurement is being conducted on e-platform supporting public procurement. Therefore, additional scope of the proposed project and its implementation following Procurement Regulations will require further strengthening of implementation capacity of the FWC and devoting additional resources to support the FWC in project oversight and procurement. A Procurement Specialist shall be hired as part of the unit including the project implementation support personnel.

Project Beneficiaries

44.   **The project will ensure effective and equitable stakeholder participation**, tailored to the sociocultural conditions and needs of the beneficiary communities. Expected project beneficiaries are members of communities residing in targeted sites in the Kyzylorda Region who will participate in afforestation and shelterbelt establishment activities as paid labor, and farmers in 'pilot farms' in Zhambyl Region who will benefit from new agroforestry-related income and whose pasturelands' productivity will be improved. Additional beneficiaries are private sector stakeholders in Zhambyl and Kyzylorda Regions, Ministry staff whose capacities will be increased to carry out planning and implementation of afforestation programs. The project will strengthen mechanisms for participation of diverse stakeholders, especially the more marginalized, in planning and decision-making regarding the management of dryland landscapes. Wherever possible, this will involve working with existing social structures while providing them with information and orienting their discussion and decision-making processes.

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