

Annex 4

Legal Due Diligence

to the GCF Funding Proposal

Climate-resilient landscapes in Central Asia

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Version 3

Submitted by:

Deutsche Gesellschaft für internationale Zusammenarbeit (GIZ) GmbH

1. Privileges, protections and taxation

The Federal Republic of Germany has concluded Agreements on Technical Cooperation under international public law with most countries in which the Accredited Entity operates, including the Kyrgyz Republic, Tajikistan, and Uzbekistan. Such Agreements generally provide for certain economic privileges and protections applicable to technical cooperation projects and programmes, including, inter alia, long-term residence and work permits for seconded experts, exemptions from, or refunds of, certain taxes, customs duties, charges, fees and similar levies ("Taxes"). For the avoidance of doubt, such privileges and protections do not apply to Taxes levied outside the Host Country. To the extent that the Framework Agreements on Technical Cooperation do not provide for all required protections, international Project Agreements are concluded between the respective governments in the context of intergovernmental negotiations. Such agreements provide project-specific safeguards for individual projects. Furthermore, GIZ itself enters into implementation agreements with the ministries or other state entities mandated by the partner government to implement the relevant joint technical cooperation projects. The objectives of the cooperation are mutually agreed by the parties. Under the commissioning procedure, GIZ therefore assumes a performance obligation vis-à-vis the partner government.

- In the Kyrgyz Republic, a Framework Agreement on Technical Cooperation was concluded between the Federal Republic of Germany and the Kyrgyz Republic on 31 March 1998. The Agreement provides for full personal protection rights and includes some certain common economic privileges. Since January 2024, VAT has been calculated and paid by regional and global projects. However, the Kyrgyz partners and the German government are working to address this specific area of economic privileges and to ensure such privileges are granted under the international law for technical cooperation projects. To this end, negotiations have been taking place between the governments, with the support of the German Embassy, in order to establish a collective agreement for regional and global projects. This agreement is expected to grant all necessary economic privileges. Signature of the collective agreement is expected by the end of 2026.
- In Tajikistan, a Framework Agreement on Technical Cooperation was concluded between the Federal Republic of Germany and the Republic of Tajikistan on 27 March 2003. The Agreement provides for full personal protection rights as well as economic privileges. All rights covered by the Framework Agreement are granted to regional projects. In addition, regional and global projects are announced by means of unilateral information notes. There have been no challenges in invoking protection rights under the current and valid Framework Agreement for bilateral and regional projects.
- In Uzbekistan, a Framework Agreement on Technical Cooperation was concluded between the Federal Republic of Germany and the Republic of Uzbekistan on 3 April 2001. The Agreement provides for full personal protection rights as well as economic privileges for bilateral projects. For regional and global projects, country-specific implementation agreements are concluded. In addition, regional projects are reflected in the intergovernmental negotiation protocols adopted every two years. Due to the ongoing transition by the Uzbek authorities from an upfront VAT exemption to an ex-post VAT refund mechanism, VAT is currently being charged and paid notwithstanding the nominal exemption provided under the Framework Agreement and is subsequently refunded to GIZ upon application. Such refunds have been granted not only in respect of goods and equipment, but also in relation to services and office-related expenses, although latter categories are not expressly enumerated in the Framework Agreement. VAT reflected on invoices below USD 100 is, however, not refunded due to applicable administrative thresholds. To date, no challenges have arisen in invoking the protection rights available under the current and valid Framework Agreement.

GIZ will endeavour to have the above-mentioned privileges and protections also applied to the "Climate-resilient landscapes in Central Asia" programme (the "Programme"), including GCF proceeds. No problems have been reported to date in exercising the protection rights under the Framework Agreements on Technical Cooperation and additional programme agreements under international law. The essential protection rights (both personal and economic) including exemptions from taxes are always granted in practice by the governments of the Kyrgyz Republic, Tajikistan and Uzbekistan.

GIZ is a federal enterprise with the legal form of a limited liability company (GmbH), registered in the Commercial Register of the Local Court of Frankfurt am Main (under registration number HRB 12394) and the Local Court Bonn (under registration number HRB 18384). The company is wholly owned by the Federal Republic of Germany, represented by the German Federal Ministry for Economic

Cooperation and Development (BMZ) and its operations are non-profit. It acquired its legal identity pursuant to the Merger Agreement dated 16 December 2010.

2. Approvals, permits, licenses and land

In the Kyrgyz Republic, a two-step approach is being followed in accordance with Articles 28, 30, 35, 62 and 71 of the Budget Code of the Kyrgyz Republic, Articles 10 and 17 of the Constitutional Law of the Kyrgyz Republic "On the Government of the Kyrgyz Republic", and in accordance with Law #64 on "International agreements":

- The grant part of the programme financed by GCF and BMZ will be registered under President Order #419, dated December 4, 2025 on "For the purpose of improving the efficiency of coordination and monitoring of international grant and technical assistance, ensuring its compliance with the national development priorities of the Kyrgyz Republic", and is subject for approval by the Cabinet of Ministers of the Kyrgyz Republic.
- The loan part, financed by the EIB, will be registered as a public investment project under the Government of the Kyrgyz Republic Decree 232, dated May 28, 2019, and will be approved by the parliament of the Kyrgyz Republic following national procedures. The loan becomes effective once the signed financing agreement between MoF and EIB is ratified by the Parliament of the Kyrgyz Republic.

In Uzbekistan, the procedures are as follows:

- The grant part financed by GCF and BMZ will be registered and implemented in accordance with the applicable national procedures for internationally financed grant projects. The project will be included in the relevant external grant assistance and donor cooperation programmes approved by the Ministry of Investments, Industry and Trade, in coordination with the Ministry of Economy and Finance and other competent authorities. Following the programme approval, in consultation with relevant government partners, the accelerated procedures envisaged under Presidential Resolution No. PP-51 of 11 February 2025 may be applied.
- The EIB loan will be processed in accordance with Presidential Resolution No. PP-51 of 11 February 2025 governing internationally financed public investment projects. It is subject to approval by the Government Commission, following which the loan agreement will be signed and the project will be incorporated into the national investment implementation programme.

For Tajikistan, the procedures for grant and loan financing are:

- Grant: A Financial Agreement will be signed between the parties. Once the Financial Agreement enters into force, implementation of the grant activities can commence. An interministerial review or ratification by Parliament is not required.
- Loan: The Loan Agreement is subject to the national approval procedures, including an interministerial review, followed by ratification by the Parliament of the Republic of Tajikistan before it can enter into force and implementation can begin.

3. Currency

The local currency in the Kyrgyz Republic is Kyrgyz Som (KGS). The programme's local transactions in Kyrgyz Republic will use Som. The local currency in the Republic of Tajikistan is Tajik Somoni (TJS). The programme's local transactions in Tajikistan will use Somoni. The local currency in the Republic of Uzbekistan is Uzbek Sum (UZS). The programme's local transactions in Uzbekistan will use Sum. The AE will manage GCF proceeds in EUR. GIZ will receive, manage and report GCF proceeds in EUR. The funds will be held in EUR accounts and converted into local currency when transferred to partners or used for local payments. Expenditures incurred in local currencies will be converted into EUR in GIZ's SAP accounting system using GIZ's standard exchange rates applicable at the time of posting.

4. Insurance

GIZ, as the AE, will ensure that programme activities are adequately insured as per GIZ standard operating procedures and common practices. GIZ standard operating procedures require contractors to ensure required insurance cover. GIZ policies provide insurance cover for GIZ staff. At the time of

submitting the Funding Proposal, GIZ does not anticipate additional insurance to cover special risks in the Programme.

5. Executing Entities

As described in the funding proposal (see section A.18.), besides GIZ, there are four Executing Entities foreseen for the Programme who will receive and implement GCF proceeds.

ARIS (Community Development and Investment Agency) is a state-established national development and investment agency operating as a legal entity of the Kyrgyz Republic. The agency was established on October 15, 2003, as a non-commercial non-profit entity by President Decree N330. It was registered on October 23, 2023, and re-registered on May 14, 2020. ARIS was re-registered after its charter was updated and its charter capital increased, following the Government's contribution of their current head office as capital. The official registered address is Kyrgyz Republic, 720040, Bishkek City, Bokonbayev Street, 102. The agency has a registration number, statistical code and tax identification number. Since September 2024 ARIS has been accredited as Direct Access Entity (DAE) to the GCF.

The MoWRAP (Ministry of Water Resources, Agriculture and Processing Industry of the Kyrgyz Republic) as legal entity consists of various divisions and units, with some of them being grouped into departments. Each division has its own role and a set of responsibilities based on the Ministry's functions, as provided by the Regulation on the MoWRAP (Resolution of the Cabinet of Ministers #98, 7 March 2024). In addition, the MoWRAP has subordinate institutions, which are separate legal entities. These include four services (water resources; land and water supervision; veterinary, livestock development, pastures and forage; veterinary and phytosanitary supervision), five stand-alone departments, two research institutions, two state enterprises and numerous regional offices.

The CIIP (Center for the Implementation of Investment Projects) is a state institution of republican status within the Republic of Tajikistan, established as a non-commercial public legal entity under the supervisory mandate of the Committee for Environmental Protection (CEP) pursuant to Government Decree No. 357 of 2 September 2021. The CEP is a central executive authority responsible for environmental protection, climate change response, and natural resource management. In July 2024, CIIP was accredited as a Direct Access Entity (DAE) to the GCF, confirming initial compliance with applicable international fiduciary, governance, and environmental and social safeguards standards.

The National Committee on Ecology and Climate Change (NCECC) is a legal entity and a state body subordinate directly to the President, established by Presidential Decree No. PF-217 and Presidential Resolution No. PP-343 (both dated November 2025). Prior to November 2025, the institution operated as the Ministry of Ecology, Environmental Protection and Climate Change, subordinate to the Cabinet of Ministers. Pursuant to PP-343, the Committee is the legal successor to the rights and obligations of the Ministry.

In addition to the above-mentioned Executing Entities, who will receive and administer GCF proceeds, there are additional three Executing Entities, namely the Ministries of Finance, being responsible for the co-finance from the European Investment Bank (EIB).

The Ministry of Finance of the Kyrgyz Republic is currently operating under government decree 253, dated 15 November 2021. The Ministry of Finance of the Republic of Tajikistan was initially established 23 June 1993 and is currently operating under decree 187 from April 2015. The Ministry of Economy and Finance of the Republic of Uzbekistan is formally established through presidential decree UP-269, dated 21 December 2022. The Ministries of finance will not receive, nor administer any GCF proceeds.

The EIB procedures envisaged for each country, including indicative timelines in brackets, are as follows:

- **European Commission:** Submission of the *strategic fiche*, followed by formal approval at a later stage of the process (approximately 3 months).
- **EIB Management Committee:** Review and approval of the loan documentation (approximately 4 months).
- **EIB Board of Directors:** Final approval of the financing proposal (approximately 2 months)

6. Legal structure

Upstream – agreement(s) between the GCF and the Applicant

GCF and GIZ will conclude a Funded Activity Agreement (FAA) in form of a grant agreement under which GCF will provide a non-reimbursable grant to GIZ. The FAA shall also incorporate the terms and conditions of the Accreditation Master Agreement dated 15 November 2017 entered into by GCF and GIZ (as amended and restated by the first amendment and restatement agreement dated 3 December 2023 and effective as of 18 January 2024) (the “AMA”).

GIZ will be commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ).

Midstream – Covered Agreements

GIZ, in its capacity as Accredited Entity, will enter into the following Subsidiary Agreements:

- a Subsidiary Agreement, in the form of a grant agreement, with ARIS,
- a Subsidiary Agreement, in the form of a grant agreement, with CIIP,
- a Subsidiary Agreement, in the form of a cooperation agreement, with MoF KG,
- a Subsidiary Agreement, in the form of a cooperation agreement, with MoF TJ,
- a Subsidiary Agreement, in the form of a cooperation agreement, with MoEF UZ,
- a Subsidiary Agreement, in the form of grant agreement, with MoWRAP,
- a Subsidiary Agreement, in the form of grant agreement, with NCECC,

Downstream – agreement(s) between Executing Entity(ies) and final beneficiaries

GIZ in its capacity as Executing Entity will enter into the following agreements:

- Cooperation Agreements with MCOs for the asset based No-Till Adoption Accelerator mechanism in the Kyrgyz Republic,
- Concluding further grants as required.

Further cooperation agreements between the national EEs and eligible beneficiaries for forest and pasture investments and matching-grant recipients will be signed. These agreements will regulate beneficiary contributions, eligible expenditure, safeguards, monitoring and reporting provisions.