Global Environment Facility
Grant Agreement
(Capturing Coral Reef and Related Ecosystem Services Project)

between

University of Queensland

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
(acting as an Implementing Agency of the Global Environment Facility)

Dated November 6, 2013
GLOBAL ENVIRONMENT FACILITY
GRANT AGREEMENT

AGREEMENT dated November 6, 2013, entered into between: The University of Queensland ("Recipient"); and The INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("World Bank"), acting as an implementing agency of the Global Environment Facility ("GEF").

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

1.01. The Standard Conditions for Grants Made by the World Bank out of Various Funds, dated February 15, 2012 ("Standard Conditions"), 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 Standard Conditions or in this Agreement.

Article II
The Project

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall carry out the Project through the Global Change Institute, for the benefit of the Republic of Indonesia and Republic of the Philippines ("Indonesia" and "Philippines", respectively) (collectively referred to as the "Participating Countries"), in accordance with the provisions of Article II of the Standard Conditions.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank 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 III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to four million five hundred thousand United States Dollars ($4,500,000) ("Grant") to assist in financing the Project.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

3.03. The Grant is funded out of the above-mentioned GEF trust fund for which the World Bank receives periodic contributions from the donors to the GEF trust fund. In accordance with Section 3.02 of the Standard Conditions, the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the above-mentioned GEF trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV
Recipient’s Representative; Addresses

4.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Director, Research Partnerships, University of Queensland.

4.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

The University of Queensland
Research and Innovation Division
St Lucia QLD 4072 Australia
Phone: + 61 7 3365 3559
Facsimile:

Email: i.harris@research.uq.edu.au
Website: www.uq.edu.au/research/rid/

4.03. The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America
Cable: INTBAFRAD
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391

Washington, D.C.

AGREED at District of Columbia, United States of America, as of the day and year first above written.

UNIVERSITY OF QUEENSLAND

By

Authorized Representative

Name: PETER B Høj
Title: PRESIDENT & Vice Chancellor

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
acting as an Implementing Agency of the Global Environment Facility

By

Authorized Representative

Name: PAUL SEVEN HAUGEN
Title: Dir Ops Services
SCHEDULE 1

Project Description

The objective of the Project is to design and support the uptake of innovative models for valuing mangrove, seagrass and coral reef ecosystem services with the potential to enhance the sustainability of marine-based enterprise and marine spatial planning in select coastal communities in Indonesia and the Philippines.

The Project consists of the following parts:

Part 1. Quantifying the Value and Market Potential of Coral Reef, Seagrass and Mangrove Ecosystem Services

A. Quantifying the value of key coral, mangrove and seagrass ecosystem services as a function of system state, including exploring the link between changes in ecosystem state and ecosystem services (such as reef fisheries production, boutique diving-based ecotourism), as well stability of islands and cultural associations, associated with health and wellbeing.

B. Mapping the distribution of ecosystem service benefits among stakeholders: developing/modification of modeling and mapping tools such as InVEST to visualize the production and flows of ecosystem services and evaluate the consequences of different scenarios for development and management.

C. Designing marine reserves to reconcile ecosystem service trade-offs: developing a set of tools (using Marxan with Zones software) that enable information such as design criteria and objectives to guide practical reserve design.

D. Drawing on the result from A-C above and lessons learned from Project implementation, develop a system of integrated marine spatial planning.

Part 2. Forging Community-led Innovation in Capturing and Sustaining Benefits from Marine Ecosystem Services and Enhancing Resilience to Climate Change

A. Development of systems maps for each selected Project Pilot Site, detailing interactions between specific ecosystems services and social-economic sectors (direct and indirect), including, inter alia, conducting focus group meetings and interviews with stakeholders to map interactions among problems, ecosystem services and resource use/business activities.

B. Identifying the essential balancing and reinforcing loops impacting ecosystem service-business linkages, as well as key leverage points affecting those loops; parameterizing models with field data and running initial simulations; testing and validating models with stakeholders.
C. Providing advice on development of self-managed, community-based businesses that offer products and services, giving consumers a clear value proposition while directly or indirectly benefiting from and contributing to coastal and marine ecosystems, including, *inter alia*, testing business scenarios using certain systems models.

D. Toolkit development for use by business entrepreneurs, including, *inter alia*, development of an affordable decision toolkit, incorporating ecosystem services considerations and other criteria, which are applicable across all selected Project Pilot Sites.

Part 3. **Promoting Behavioral Change through Outreach, Decision Support and Regional Learning**

A. Defining the drivers, incentives and interventions needed to facilitate behavioral change including undertaking analysis of the values, drivers and interventions of behavioral change associated with ecosystem services in selected Project Pilot Sites.

B. Communication, engagement and outreach including: (i) development of effective engagement mechanisms with clearly identified target stakeholders at the global and regional levels (corporate communications), and at the national and local levels (in-country communications); (ii) development of key messaging and mechanisms such as media engagement, a web presence, social media etc., and; (iii) development and dissemination of synthesized results, information and tools for target audiences which includes, *inter alia*, models, frameworks, toolkits, based on the results from Parts 1 and 2 above and broader communication products e.g., website, policy briefs, technical manuals, information packages etc.

Part 4. **Project Coordination and Management**

Provision of support for Project management, monitoring and evaluation, networking and coordination with other projects in the region including facilitating operational links with the Beneficiary Projects.
SCHEDULE 2
Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Global Change Institute of the University of Queensland

The Recipient shall: (a) through the Global Change Institute be responsible for the management, implementation, and monitoring and evaluation of the Project; and (b) maintain within the Global Change Institute staff with qualifications, experience and terms of reference satisfactory to the World Bank including an executive officer, and a Project coordinator and program/finance manager who shall assist the executive officer in the daily management of the Project.

2. Project Advisory Board

The Recipient shall no later than four (4) months after the date of this Agreement establish and maintain throughout the period of implementation of the Project, the Project Advisory Board (a) comprising a representative from the Project Partners; a government representative from each Participating Country; a World Bank representative and a representative from each of the Beneficiary Projects; and (b) responsible for review of annual work programs and making decisions about funding allocations under the Project, consistent with performance and research priorities as approved by the Project Advisory Board.

3. Technical Steering Committee

The Recipient shall no later than four (4) months after the date of this Agreement establish and maintain throughout the period of implementation of the Project a Technical Steering Committee (a) comprised of an independent chair, component team leaders, and the Project executive officer, invited external experts representing research disciplines as appropriate; and (b) responsible for ensuring integration and synthesis of activities across the Project components in accordance with the Project Operations Manual.

B. Implementation Arrangements within Participating Countries

1. Country Advisory Groups

The Recipient shall in accordance with the Project Implementation Plans and no later than nine (9) months after the date of this Agreement establish in the Participating Countries and maintain throughout the period of implementation of the Project the Country Advisory Groups, each: (a) comprised of representatives from the national governments, district and local governments, national and local
non-governmental organizations, and local experts as appropriate, with qualifications, experience and terms of reference satisfactory to the Recipient and the World Bank; and (b) responsible for providing guidance on the Project activities being undertaken in each Participating Country, including knowledge dissemination on research and findings, and engaging stakeholders and beneficiaries.

2. **Component Teams**

For the purposes of implementation of the Project the Recipient shall in accordance with the Project Implementation Plan and no later than four (4) months after the date of this Agreement establish the Component Teams (a) comprised of the Team Leader, staff seconded from other institutions, as well as other staff with qualifications, experience and terms of reference satisfactory to the World Bank; and (b) responsible for planning and delivering detailed work programs for the Project Advisory Board’s approval, and implementation of their respective components under the Project.

C. **Project Operations Manual**

1. The Recipient shall:

   (a) ensure that the Project is carried out in accordance with the Project Operations Manual; and

   (b) except as the World Bank shall otherwise agree in writing, not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the Project Operations Manual or any provision thereof.

2. In the event of a conflict between the provisions of the Project Operations Manual and those of this Agreement, the latter shall govern.

D. **Project Implementation Plans**

1. The Recipient shall:

   (a) ensure that the Project is carried out in accordance with the Project Implementation Plans; and

   (b) except as the World Bank shall otherwise agree in writing, not assign, amend, abrogate, or waive, or permit to be assigned, amended, abrogated, or waived, the Project Implementation Plans or any provision thereof.
2. In the event of a conflict between the provisions of the Project Implementation Plans and those of this Agreement, the latter shall govern.

E. Safeguards

The Recipient shall ensure that the terms of reference for any consultancies related to studies, technical assistance and/or capacity building activities under this Agreement shall be satisfactory to the World Bank following its review thereof and, to that end, such terms of reference shall duly incorporate the requirements of the World Bank’s Safeguard Policies then in force, as applied to the advice conveyed through such studies, technical assistance and/or capacity building activities.

F. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of 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 (“Anti-Corruption Guidelines”).

G. Donor Visibility and Visit

1. The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the donors’ support for the Project.

2. For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request take necessary measures to facilitate a donor’s request to visit any part of the Participating Countries’ territories for purposes related to the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth in the Project Operations Manual. Each Project Report shall cover the period of one (1) calendar semester and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.

2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report
shall be furnished to the World Bank not later than six (6) months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07(b) of the Standard Conditions. Each such audit of the Financial Statements of the Project shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements of the Project for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. All goods, non-consulting services and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(a) Section I of 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 (“Procurement Guidelines”), in the case of goods and non-consulting services, and Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”), in the case of consultants' services; and

(b) the provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).
2. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank 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 and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (a) Shopping; and (b) Community Participation in Procurement.

**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 assignments which are specified in the Procurement Plan: (a) Selection under a Fixed Budget; (b) Selection based on Consultants’ Qualifications; (c) Single-source Selection of consulting firms; (d) Selection of Individual Consultants; and (e) Single-source procedures for the Selection of Individual Consultants.

**D. Review by the World Bank of Procurement Decisions**

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

**Section IV. Withdrawal of Grant Proceeds**

**A. General**

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may 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 World Bank 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 Grant (“Category”), the allocations of the amounts of the Grant to the Category, and the percentage of expenditures to be financed for Eligible Expenditures in the Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed inclusive of Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods, non-consulting services, consultants’ services, Training and Operating Costs</td>
<td>4,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>4,500,000</td>
<td></td>
</tr>
</tbody>
</table>

For the purposes of this paragraph the terms: (i) “Training” means seminars, workshops, and study tours, along with the cost of travel and subsistence for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation; and (ii) “Operating Costs” means the reasonable incremental costs incurred by the Recipient for purposes of Project implementation, management, and monitoring and evaluation, on account of Project management fees, utilities and supplies, bank charges, honoraria, communications, consumables, vehicle operation, maintenance, and insurance, office space rental, building and equipment maintenance, public awareness-related publicity and media expenses, travel and subsistence, and salaries of temporary staff.

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, except that withdrawals up to an aggregate amount not to exceed $400,000 equivalent may be made for payments made prior to this date but on or after September 1, 2013, for Eligible Expenditures.

2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is December 31, 2018.
APPENDIX
Definitions

1. "Beneficiary Projects" means, collectively the Indonesia Coral Reef Rehabilitation and Management Program – Support to the Coral Triangle Initiative (COREMAP-CTI) and the Philippines Rural Development Program, both supported by the World Bank and GEF financing, which are expected to be beneficiaries of the knowledge products offered by this Project, and whose representatives serve in the Project Advisory Board in accordance with Section I.A.2 of Schedule 2 to this Agreement.

2. "Component Teams" means teams consisting of developing and developed countries researchers, technical experts and practitioners who will undertake the activities within the Participating Countries.

3. "Country Advisory Group" means a group to be established in accordance with Section I.B.1 of Schedule 2 to this Agreement in each of the Participating Countries to provide guidance and advice on the activities being undertaken within the respective countries.

4. "Global Change Institute" means the institute established within the University of Queensland whose mission includes advancing discovery, creating solutions and advocating change to policies that respond to challenges presented by climate change, technological innovation and population change.

5. "InVEST" or "Integrated Valuation of Environmental Services and Tradeoffs" mean a family of tools to map and value the goods and services from nature which are essential for sustaining and fulfilling human life.

6. "Marxan with Zones" means software designed to aid systematic reserve design in conservation planning.

7. "Project Advisory Board" means the board established for the purpose of overseeing the Project whose Secretariat is the Recipient, and referred to in Section I.A.2 of Schedule 2 to this Agreement.

8. "Project Implementation Plans" means the plans September 30, 2013 setting out the Project activities planned for implementation during the period of October 1, 2013 to December 28, 2018 and referred to in Section I.D of Schedule 2 to this Agreement.

9. "Project Operations Manual" means the Recipient's manual, dated September 30, 2013, agreed with the World Bank and setting out terms, procedures and conditions for the carrying out of the Project, including: the
procedures for identification and the criteria for eligibility of Project Pilot Sites, the indicators for the monitoring of the progress of the Project, and organizational, administrative, monitoring and evaluation, environmental and social monitoring and mitigation, financial management, disbursement, and procurement arrangements as such Manual may be amended from time to time with the prior written agreement of the World Bank, and such term includes any annexes or schedules to such manual.

10. “Project Partners” means institutions, governments, representatives from relevant regional projects, non-governmental organizations, and foundations with an interest in the activities and implementation of the Project.

11. “Project Pilot Sites” means the sites to be selected under the Project in accordance with the criteria set out in the Project Operations Manual.

12. “Technical Steering Committee” means the committee to be established by the Recipient in accordance with Section I.A.3 of Schedule 2 to this Agreement.