Honorable Cesar Purisima  
Secretary  
Department of Finance  
Department of Finance Building  
Bangko Sentral Complex  
Roxas Blvd., Manila  

Dear Secretary Purisima:  

Philippines Wealth Accounting and Valuation of Ecosystem Services Project  
(Grant No. TF016218) – Grant Agreement  

In response to the request for financial assistance made on behalf of the Republic of the Philippines (“Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development (“World Bank”), acting as administrator of Multi-Donor Trust Fund for Wealth Accounting and Valuation of Ecosystem Services, proposes to extend to the Recipient a grant in an amount not to exceed seven hundred thousand six hundred fifteen United States Dollars (U.S.$700,615) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the financing of the project described in the Annex (“Project”).  

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), 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 abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.  

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.
Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature.

Sincerely

M. Kanai

Motoo Konishi
Country Director, Philippines
East Asia and Pacific Region

AGREED:

REPUBLIC OF THE PHILIPPINES

By:

Authorized Representative
Name: cesar v. purisima
Title: Secretary
Date: 25 April 2014

Enclosures:


(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
Grant No. TF016218
ANNEX

Article I
Standard Conditions; Definitions


1.02. Definitions. 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.

(1) “Incremental Operating Costs” means the incremental operating costs under the Project incurred by the Recipient for purposes of Project management and implementation, on account of office supplies and consumables, utilities, bank charges, communications, mass media and printing services, vehicle rental, operation, maintenance, and insurance, building and equipment maintenance, domestic travel, lodging and subsistence allowances, and salaries of contractual and temporary staff, but excluding salaries and any salary supplements of officials and staff of the Recipient’s civil service.

(2) “NEDA” means the National Economic and Development Authority, or any successor thereto.

(3) “NSCB” means the National Statistical Coordination Board, established pursuant Executive order No. 121 issued on January 30, 1987, or any successor thereto.

(4) “Operations Manual” means the manual approved and adopted by the Recipient on December 19, 2013, acceptable to the Bank setting forth implementation, organizational, administrative, monitoring and evaluation, financial management, disbursement, and procurement arrangements for purposes of Project implementation, as the same may be modified from time to time with the prior written agreement of the World Bank, and such term includes any annexes or schedules to such implementation plan.

(5) “PWSC” means the Philippine-WAVES Steering Committee established under Special Order No. 352-2013 dated October 4, 2013, comprising of officials headed by the NEDA and co-chaired by the Department of Budget and Management, with members from the NSCB, Department of Finance, Department of Environment and Natural Resources, Department of Agriculture, Climate Change Commission, Office of the Presidential Adviser for Environmental Protection, and the Union of Local Authorities of the Philippines.
(6) "SEEA" means the System of Environmental-Economic Accounting Central Framework, which was adopted as an international standard by the United Nations Statistical Commission at its forty-third session in 2012. The SEEA Central Framework is a multipurpose conceptual framework for understanding the interactions between the economy and the environment, and for describing stocks and changes in stock of environmental assets.

(7) "Training" means training activities financed under the Project, incurred for the purpose of the Project, and attributable to seminars, study tours, and workshops, along with the cost of domestic and international 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 training preparation and implementation.

(8) "WAVES" means the Wealth Accounting and Valuation of Ecosystem Services which is a Global Partnership Program (GPP) financed by a multi-donor trust fund of which the World Bank is the trustee. The objective of the WAVES GPP is to promote sustainable development worldwide through the implementation of wealth accounting that focuses on the value of natural capital and on integrating Natural Capital Accounting in development planning and policy analysis.

Article II

Project Execution

2.01. Project Objectives and Description. The objective of the Project is to support institutionalization of selected modules of the System of Environmental-Economic Accounting 2012. The Project consists of the following parts:

(a) Developing macroeconomic indicators based on World Bank’s methodology for computing adjusted net investment, adjusted net savings, and comprehensive wealth.

(b) Developing physical and monetary accounts for minerals and mangroves based on the United Nation’s 2012 SEEA.

(c) Building capacity for the institutionalization of the selected SEEA modules, focusing on methodologies and components of SEEA, data collection, survey, and data storage and management skills.

(d) Providing overall guidance and strategic direction in the implementation of the Project, review of work plans, and Project preparation, implementation and monitoring.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through NSCB in accordance with the provisions of: (a) Article II of the Standard Conditions; (b)
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"); and (c) this Article II.

2.03. **Institutional and Other Arrangements.**

A. **Institutional Arrangement**

The PWSC shall ensure prompt and smooth implementation and support institutionalization of SEEA 2013. In particular, PWSC shall:

1. provide overall guidance and advice relating to policy and technical work;

2. facilitate communications and liaison with appropriate national government agencies, non-government organizations, civil society organizations supporting the Project; and

3. promote synergy and collaboration with global WAVES initiatives and other related activities.

B. **Operations Manual**

1. The Recipient shall ensure that NSCB shall:

   (a) carry out the Project in accordance with the 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 Operations Manual or any provision thereof.

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

C. **Safeguard**

1. The Recipient shall ensure that the terms of reference for any consultants’ services in respect of any activity under the Project shall be satisfactory to the World Bank following its review thereof, and to that end, such terms of reference shall duly incorporate applicable environmental and social standards equivalent to the World Bank Safeguards Policies then in force, as applied to the advice conveyed through such technical assistance.
2.04. *Donor Visibility and Visit.* (a) 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.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, enable the representatives of the Donors to visit any part of the Recipient’s territory for purposes related to the Project.

2.05. *Project Monitoring, Reporting and Evaluation.* (a) 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 indicators acceptable to the World Bank. 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.

(b) 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.

2.06. *Financial Management.* (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

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

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard 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 World Bank not later than six (6) months after the end of such period.

2.07. *Procurement*

(a) **General.** 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:


(ii) 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
(iii) The provisions of this Section, 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").

(b) Definitions. The capitalized terms used in the following paragraphs of 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.

(c) Particular Methods of Procurement of Goods

Goods and non-consulting services shall be procured under contracts awarded on the basis of: (A) Shopping; and (B) Direct Contracting.
(d) **Particular Methods of Procurement of Consultants’ Services**

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Selection based on Consultants’ Qualifications; (D) Single-source Selection of consulting firms; (E) Selection of Individual Consultants; and (F) Single-source procedures for the Selection of Individual Consultants.

(e) **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.

**Article III**

**Withdrawal of Grant Proceeds**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) 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 following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), and the percentage of expenditures to be financed for Eligible Expenditures:

<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>(1) Goods, consultants’ services, non-consulting services, Training, and Incremental Operating Costs</td>
<td>700,615</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>700,615</td>
<td></td>
</tr>
</tbody>
</table>
3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2015.

### Article IV

**Recipient’s Representative; Addresses**

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is Secretary of Finance.

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

- Department of Finance
- Department of Finance Building
- Bangko Sentral Complex
- Roxas Boulevard
- Manila, Philippines

  Facsimile:
  (63-2) 523-9216

4.03. **World Bank’s Address.** 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