GRANT AGREEMENT

BETWEEN

THE GOVERNMENT OF AUSTRALIA
represented by the Australian Agency for International Development
(AusAID)

and

GLOBAL INTEGRITY

FOR

NATIONAL INTEGRITY ASSESSMENTS 2012-14

AUSAID AGREEMENT NUMBER 61667

GRANT AGREEMENT

THIS GRANT AGREEMENT expresses the understandings of the Government of Australia (represented by the Australian Agency for International Development) (hereinafter referred to as "AusAID") and Global Integrity (hereinafter referred to as "Global Integrity") (hereinafter referred to as the "Organisation") (collectively referred to as "the Parties") regarding the provision of grant funding by AusAID to the Organisation for AusAID support to Global Integrity National Assessments in South-East Asia and the Pacific (hereinafter referred to as the "Project") as further described and detailed in the Project Proposal dated 19 December 2012 at Annex 1 to this Agreement (hereinafter referred to as the "Project Proposal").

1. OBJECTIVES

The objectives of the Project are as follows:

(a) Global Integrity will conduct a national integrity assessment in each of Cambodia, East Timor, Indonesia, Solomon Islands and Vanuatu in the period 2012-13, in accordance with the Project Proposal;

(b) Each national integrity assessment will include a quantitative Integrity Indicators Scorecard report and a qualitative Reporter's Notebook report; and

(c) Each completed national integrity assessment will be published on the Global Integrity website (www.globalintegrity.org).

2. DURATION OF AUSAID SUPPORT TO THE PROJECT

2.1 AusAID support for the Project will commence on the date of last signature to this Agreement (hereinafter referred to as the "Commencement Date").

2.2 AusAID support for the Project will continue until no later than **30 June 2014** (hereinafter referred to as the "Completion Date") unless otherwise mutually determined by the Parties in writing.

2.3 The Organisation will inform AusAID in writing when the Project has been completed.

3. CONTACT REPRESENTATIVES

3.1 The contact representatives for each of the Parties will be:

(a) **For the Government of Australia:**
(represented by the Australian Agency for International Development (AusAID))

Contact Representative:

Name:	Layton Pike
Position/Section:	Assistant Director General Governance and Social Development Branch

	Sectoral Policy Division
Street Address:	255 London Circuit Canberra ACT 2601 Australia
Postal Address:	GPO Box 887 Canberra ACT 2601 Australia
Telephone:	+61 2 6178 5756
Facsimile:	+61 2 6206 4880
Email:	layton.pike@ausaid.gov.au

or other contact representative(s) and details as AusAID may notify to the Organisation in writing.

(b) For the Organisation:

Contact Representative(s):

Name:	Nathaniel Heller
Position/Section:	Executive Director
Street Address:	1029 Vermont Avenue NW Suite 600 Washington DC 20005 USA
Postal Address:	1029 Vermont Avenue NW Suite 600 Washington DC 20005 USA
Telephone:	+1-202-449-4100
Facsimile:	+1-866-681-8047
Email:	nathaniel.heller@globalintegrity.org

or other contact representative(s) and details as the Organisation may notify to AusAID in writing.

4. THE CONTRIBUTION

4.1 AusAID will contribute to the Organisation a total amount of up to **USD175,000** (hereinafter referred to as "the Contribution") within thirty (30) days of AusAID receiving a payment request from the Organisation in accordance with this Agreement.

4.2 AusAID will deposit the Contribution into the following bank account:

Square 1 Bank
406 Blackwill Street, Suite 240
Durham, NC 27701, USA
SWIFT Number: SQARUS33
Account Number: 2021525
Beneficiary: Global Integrity

4.3 The Organisation will immediately acknowledge to AusAID in writing receipt of the Contribution.

4.4 Payment of the Contribution will be subject to AusAID's budget allocation and the aid priorities of the Australian Government.

5. ADMINISTRATION AND UTILISATION OF THE CONTRIBUTION AND IMPLEMENTATION OF THE PROJECT

5.1 The Organisation will:

(a) maintain a sound administrative and financial management system capable of verifying financial statements;

(b) keep proper detailed accounts and records and asset registers and adequate Project records, providing clear audit trails in relation to expenditure of the Contribution;

(c) use the Contribution as outlined in the Project Proposal; and

(d) use any interest income earned on and attributable to the Contribution in accordance with the Organisation's regulations, rules, policies and procedures.

5.2 The Organisation will immediately inform AusAID of any circumstance which may interfere or threaten to interfere with the successful implementation of the Project and, with a view to resolving the issue, will consult with AusAID.

5.3 If, following consultation with the Organisation, AusAID is of the view that the Contribution has not been used as outlined in the Project Proposal, or in a manner consistent with the provisions of this Agreement, or if AusAID is of the view that changes have occurred that could negatively affect achievement of the objectives of the Project, AusAID may:

(a) withhold or suspend any further payments to the Organisation, until AusAID is of the view that the issue has been satisfactorily resolved;

(b) reclaim all or part of the Contribution already paid to the Organisation that has not been disbursed or irrevocably committed by the Organisation in accordance with this Agreement; and/or

(c) terminate this Agreement (in which case the paragraph headed 'Termination' will apply).

5.4 Any part of the Contribution and any interest income earned on and attributable to the Contribution that has not been expended on or committed for expenditure to the Project prior to the Completion Date will be refunded to AusAID by the Organisation with the final financial statement.

6. RECOGNITION OF THE CONTRIBUTION

6.1 The Organisation will acknowledge Australia's support of the Organisation on the Organisation's website. Unless otherwise agreed between AusAID and the Organisation in writing, the Organisation will not specifically acknowledge Australian support for the Project or any part of it. In acknowledging Australia's support of the Organisation, the Organisation will make it clear that the Organisation is responsible for implementation of its activities.

7. PROJECT PLANNING

7.1 The Organisation will provide AusAID with its implementation planning documentation (including annual plans) for the Project in accordance with the Project implementation schedule that outlines the services/activities, governance, coordination and monitoring arrangements and budget.

7.2 The Organisation will update the risk management plan for the Project provided as part of the Project Proposal at least annually, based on performance information assessments. The Organisation will provide AusAID with updates to the risk management plan made during the term of this Agreement.

8. PROJECT OUTPUTS AND OUTCOMES REPORTING

8.1 The Organisation will provide AusAID with a final report summarising the Project activities undertaken, key outputs, outcomes and achievement of or progress towards achievement of the Project within one month of the Completion Date or any earlier termination of this Agreement.

9. FINANCIAL REPORTING

9.1 The Organisation will provide AusAID with a financial statement covering the period from the Commencement Date to the Completion Date, certified by the Comptroller of the Organisation, within one month of the Completion Date or any earlier termination of this Agreement.

10. PROCUREMENT

10.1 If the Contribution is used for procurement, the Organisation will ensure that:

(a) the procurement is undertaken in a manner that achieves value for money;

(b) the procurement promotes the use of resources in an efficient, effective and ethical manner; and

(c) decisions regarding the procurement are made in an accountable and transparent manner.

11. ANTI-CORRUPTION

11.1 AusAID and the Organisation are committed to preventing and detecting corruption and bribery. The Organisation through its employees, agents or representatives will not make or cause to be made, or receive or seek to receive, any offer, gift or payment, consideration or benefit of any kind, which would or could be construed as an illegal or corrupt practice, either directly or indirectly to any party, as an inducement or reward in relation to the execution of this Agreement or any arrangement or provision of funds in relation to the Project.

11.2 The Organisation will use its best endeavours to ensure that any employee, agent, representative or other entity involved in the Project will also comply with this paragraph headed 'Anti-Corruption'.

12. FRAUD

12.1 The Organisation and its employees, agents, representatives and subcontractors will not engage in any Fraudulent Activity. The Organisation is responsible for preventing and detecting Fraud.

12.2 If the Organisation becomes aware of any detected, suspected or attempted Fraudulent Activity involving the Project, the Organisation will report it to AusAID in writing within five (5) working days. AusAID may direct the Organisation to investigate the alleged Fraud and the Organisation will undertake an investigation at the Organisation's cost and in accordance with any directions or standards required by AusAID.

12.3 Following the conclusion of any investigation which identifies Fraudulent Activity, the Organisation will:

(a) make every effort to recover any part of the Contribution, the subject of Fraudulent Activity;

(b) refer the matter to the relevant police or other authorities responsible for prosecution of Fraudulent Activity; and

(c) be liable for the repayment of any part of the Contribution misappropriated by the Organisation or its employees, agents, representatives or subcontractors.

12.4 The obligations of the Organisation under paragraphs 12.3(b) and (c) above will survive the termination or expiration of this Agreement.

12.5 For the purposes of this paragraph headed 'Fraud':

"Fraudulent Activity", "Fraud" or "Fraudulent" means dishonestly obtaining a benefit by deception or other means.

13. AUDIT

13.1 The Contribution and all financial statements will be subject to the internal and external independent auditing procedures provided for in the Organisation's financial regulations, rules, policies and procedures.

13.2 The Organisation will promptly provide AusAID with copies of its internal and external independent audit reports when requested by AusAID.

13.3 If an audit report or auditing procedure reveals any irregularities relevant to the Contribution, the Organisation will immediately bring the information to the attention of AusAID.

13.4 AusAID and its authorised representatives may audit and inspect the Organisation's financial records which relate to this Agreement. The Organisation will provide adequate facilities for audit and inspection of its financial records pertaining to this Agreement at all reasonable times and allow copies and extracts to be taken.

14. COUNTER TERRORISM

14.1 The Organisation acknowledges that the Australian Government has adopted a policy and laws consistent with relevant international counter-terrorism treaties and UN Security Council Resolutions 1267 (1999), 1373 (2001) and successor resolutions of not providing direct or indirect support or resources to organisations and individuals associated with terrorism.

14.2 The Organisation will use its best endeavours to ensure that funding provided under this Agreement is expended in a manner consistent with international counter-terrorism treaties, UN Security Council Resolutions on terrorism and related Australian laws. If, during the term of this Agreement, the Organisation discovers any link whatsoever with any organisation or individual listed by the United Nations 1267 Committee or the Australian Government as associated with terrorism, it will inform AusAID immediately.

15. ASSETS, EQUIPMENT AND SUPPLIES

15.1 Ownership of any assets, equipment or supplies purchased with the Contribution will vest in the Organisation. The Organisation may transfer the ownership of those assets, equipment or supplies in accordance with its relevant policies and procedures.

16. MONITORING, REVIEW AND EVALUATION

16.1 AusAID may participate in any formal review or evaluation of the Project undertaken by the Organisation. The Organisation will inform AusAID of any planned formal reviews or evaluation and will invite AusAID to participate in such reviews or evaluation.

17. AMENDMENTS

17.1 This Agreement (including any annexes, attachments or the like) may be amended at any time as mutually determined between the Parties in writing by way of exchange of letters.

18. TERMINATION

18.1 This Agreement may be terminated at any time by either Party by way of notice in writing to the other Party.

18.2 Prior to terminating this Agreement, the Party contemplating termination will endeavour to consult with the other Party.

18.3 If this Agreement is terminated by either Party, the Organisation will continue to hold any unexpended amount of the Contribution paid to the Organisation, until all payment commitments incurred, in accordance with this Agreement, prior to the date of receipt of the notice of termination, have been satisfied. The Organisation will promptly refund to AusAID any part of the Contribution (including any interest income) that remains unexpended after any such payment commitments have been satisfied, unless AusAID at its absolute and sole discretion agrees formally in writing that the Organisation may use any such funds for the same purpose and consistent with the provisions of this Agreement.

19. STATUS OF AGREEMENT

19.1 This Agreement serves only as a record of its Parties' intentions and does not constitute or create (and is not intended to create) rights or obligations under domestic or international law and will not give rise to any legal process and will not be deemed to constitute or create any legally binding or enforceable rights or obligations (expressed or implied).

20. DISPUTE SETTLEMENT

20.1 Any dispute, controversy, or claim, which arises out of the interpretation or application of this Agreement, will not be subject to adjudication or arbitration; but will instead be dealt with through amicable consultations and negotiations as the only method of achieving the peaceful settlement of that dispute, controversy, or claim.

21. USE OF AGREEMENT INFORMATION

The Parties may disclose matters relating to this Agreement, including this Agreement.

22. REQUEST FOR PAYMENT

22.1 The Organisation will submit to AusAID a request for payment of the Contribution within seven (7) days of final signature of this Agreement, in a form identifying the Agreement title, the Agreement number and the Payment Event number(s) notified by AusAID.

22.2 All requests for payment must be made to:

Chief Finance Officer
Australian Agency for International Development
GPO Box 887
CANBERRA ACT 2601 AUSTRALIA

22.3 Requests for payment should be sent to the above address. Alternatively AusAID will accept electronic requests for payment. These can be sent to: accountsprocessing@ausaid.gov.au and should also be copied to the AusAID contact representative/s specified in this Agreement.

23. CHILD PROTECTION

23.1 The Organisation acknowledges AusAID's Child Protection Policy (http://www.ausaid.gov.au/publications/pdf/child_protection.pdf) and will use its best endeavours to act in accordance with the principles of AusAID's Child Protection Policy in addition to abiding by other relevant international declarations, conventions and agreements.

Signed by authorised officials of the Parties in duplicate in the English language

FOR the **GOVERNMENT OF AUSTRALIA**
represented by the Australian Agency
for International Development:

[redacted]

Signature

LAYTON PIKE.

Name

ASSISTANT DIRECTOR GENERAL.

Position
FMA Act s44 Delegate

9/1/12.

Date

FOR GLOBAL INTEGRITY:

[redacted]

Signature

Nathaniel Heller

Name

Executive Director

Position

1/4/2012

Date

ANNEX 1

GLOBAL INTEGRITY

Independent Information on Governance & Corruption

Scaling up Global Integrity National Assessments in Southeast Asia & the Pacific (2012-13)
ACTIVITY PROPOSAL (FINAL 19 December 2011)

Summary: Global Integrity proposes to scale up its coverage of Southeast Asian and Pacific countries as part of its ongoing collaboration with AusAID in the region. The intent of this activity proposal is to ensure coverage of key countries in the region not assessed through the Global Integrity process in recent years. (In-country Global Integrity Dialogue workshops would be organized separately following the release of the assessments should there be demand from local stakeholders.)

Background: Global Integrity's country assessments, of which there are now more than 225, blend qualitative, journalistic analysis of the state of corruption with actionable data gathering to assess the existence, effectiveness, and citizen access to key public sector anti-corruption mechanisms. Global Integrity works with teams of in-country and independent journalists and researchers to generate the assessments through a rigorous and standardized research process supported by a web-based technology platform (see http://getindaba.org for details). The award-winning Global Integrity methodology breaks down both the *de jure* existence and *de facto* implementation of key public sector governance mechanisms through more than 300 discrete and actionable indicators that provide a snapshot of the strengths and weaknesses of the national-level anti-corruption architecture. Those actionable indicators range from questions assessing the media's ability to report on corruption to conflicts of interest regulations to transparency surrounding procurement and privatization practices. All 300-plus indicators are anchored by detailed scoring criteria to ensure inter-coder reliability and include narrative comments and references that defend the choice of score. For a full description of the methodology and our latest assessments see:

http://www.globalintegrity.org/report

Proposed Country Coverage: Under the auspices of this proposal, Global Integrity proposes the following country coverage for 2012-2013:

Cambodia, Indonesia, Solomon Islands, Timor Leste, Vanuatu

As with all Global Integrity assessments, the assessments for these countries will be prepared by teams of in-country experts with the technical and project management support of Global Integrity staff. Global Integrity has previously conducted assessments in all of the above countries, and has existing relationships with in-country analysts from leading non-governmental organizations, think tanks, research centers, and media houses. There are three key roles on each country team: a lead researcher who scores the country's Integrity Indicators, a lead reporter who prepares the country's Reporter's Notebook, and 2-4 peer reviewers who blindly review both the data and the reporting to provide unvarnished feedback and suggested corrections before publication.

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Washington DC 20005 USA
Phone: +1 202.449.4100 Fax: +1 866.681.8047
www.globalintegrity.org

2nd Floor, The Armoury, Buchanan Square
160 Sir Lowry Road, Woodstock
Cape Town, South Africa
Direct: +1 202.652.4775 Main: +27 21.461.7211

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Once the local teams have been identified and contracted for this particular fieldwork, Global Integrity will provide its standard methodological and technical training via phone and video (or in person if possible, especially if we are able to locate a part-time project manager in the region, as discussed below). This training is designed to familiarize team members with our research methods (which employ an "expert assessment" methodology blending desk research with original interviews of key informants, including government officials); our expectations with respect to the quality and breadth of the research; and our Indaba technology platform, through which all research will be submitted, reviewed, edited, and published. For a detailed description of our national-level assessment methodology, please visit:

http://www.globalintegrity.org/report/methodology

(In Cambodia, we anticipate partnering with TI-Cambodia, a relatively new Transparency International chapter that has expressed interest to both AusAID-Cambodia and Global Integrity in carrying out a national-level integrity assessment of the country in 2012. Following discussions with both post and TI-Cambodia in December 2011, we believe there is merit in collaborating with the TI chapter on a single assessment rather than having the two organizations generate separate but similar assessments. We have agreed with TI-Cambodia to explore options for blending the best of both assessments' methodologies (TI's National Integrity Systems approach and Global Integrity's Global Integrity Report methodology) and will determine the exact methodology to be employed in Cambodia in early-2012.)

Following initial submissions of the raw data and reporting, Global Integrity staff will rigorously review the material for inaccuracies, lack of sourcing, and other methodological inconsistencies. Once this initial "staff review" is complete, and Global Integrity staff are satisfied with the initial submission, the material will be made available to the country peer reviewers, who will perform a systematic review of all indicators and the Notebook to flag additional inconsistencies, errors, or poorly sourced judgments. Following the peer review phase, Global Integrity staff will perform another "staff review" of the material, returning portions of the scorecard and reporting flagged by peer reviewers to the lead researcher and reporter for corrections and clarifications. Once Global Integrity staff are satisfied with the corrections and final changes, the indicators and Notebook will be marked as ready for publication. Publication will occur on Global Integrity's website. (Should hard copy versions of the assessments be desired, we can have the material printed and shipped to countries at cost.)

Global Integrity welcomes AusAID missions' recommendations of local researchers and analysts in any of the countries who might be qualified and interested in contributing to the assessments.

Timeframe: We propose splitting the fieldwork in the target countries into two groups, one to be covered in 2012 (Cambodia and Solomon Islands) and the other in 2013 (Indonesia, Timor-Leste, and Vanuatu). Specific project milestones will be:

- **April 2012**: Finalization of any updates/enhancements to the 2012-2013 Integrity Indicators methodology.
- **May 2012**: Fieldwork begins in the initial three target countries (in-country lead researchers and lead journalists).
- **October 2012**: Raw data and reporting received from field teams; first-round staff review begins.

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- **November 2012**: First-round corrections to data and reporting completed; peer review process begins.
- **January 2013**: Peer review process completed; second-round staff review begins.
- **February 2013**: Second-round staff review completed; final changes made.
- **February/March 2013**: First three assessments publicly released.
- **April 2013**: Above process repeats for second set of two countries (Indonesia, Timor-Leste, and Vanuatu), with publication slated for February/March 2014.

Resources Required: US$35,000/assessment (US$175,000 total).

<u>Per assessment cost itemization</u>

1) Costs for country lead reporters and lead researchers	US$10,000
2) Costs for country peer reviewers	US$5,000
3) Global Integrity staff review costs	US$15,000
4) Technology costs (Indaba)	<u>US$5,000</u>
TOTAL	**US$35,000**

Key personnel: The Global Integrity Executive Director will have ultimately responsibility for ensuring the on-time publication of quality assessments under this proposal. In addition, at least two senior Global Integrity directors or managers will lead the day-to-day activities associated with these assessments, including all training, data review, and project management activities. Although no final decisions have yet been made, it is likely that Raymond June (Director, Research) will be involved in helping to coordinate this project on a day-to-day basis (Raymond has extensive experience in running Global Integrity fieldwork in Papua New Guinea and Indonesia). As part of Global Integrity's broader engagement with AusAID in 2012 and 2013, we are also hoping to locate a part-time project manager in the region (most likely in Southeast Asia or Australia) to provide additional project management support for these assessments.

For full biographies of all Global Integrity staff please visit our website.

Proposed Reporting Schedule:

January 2013: In-process annual report submitted to AusAID describing progress to date on 2012 assessments, anticipated final publication date for 2012 assessments, and planning updates for the 2013 assessments.

May 2014: Completion report and final acquittal.