GLOBAL PARTNERSHIP for EDUCATION

BOD/2013/04 DOC 02
Board of Directors
Decision by No Objection
April 2013

REVOCATION OF THE AUTOMATIC CANCELLATION OF THE GUINEA BISSAU PROGRAM IMPLEMENTATION GRANT

For Decision

1. PURPOSE

The purpose of this paper is to seek a decision from the Board of Directors approving the revocation of the automatic cancellation of the Guinea Bissau program implementation grant that took place after the expiration of the extension on 31 December 2012.

2. DECISION REQUESTED

The Secretariat recommends that the Board of Directors approves the following decision:

BOD/2013/04-02 – Revocation of the automatic cancellation of the Guinea Bissau Program Implementation Grant: The Board of Directors refers to its decision:

i. taken on 4 September 2012 approving a US$12,000,000 allocation to Guinea Bissau for a program implementation grant allocation;

ii. approving a change in the implementation arrangements for the Guinea Bissau program from the World Bank as Supervising Entity to UNICEF as Managing Entity;

iii. approving an agency fee of US$840,000 payable to UNICEF; and

iv. requesting the Secretariat to advise the Trustee that the funds approved under this decision must be transferred to the Managing Entity no later than 31 December 2012, otherwise the allocation would be automatically cancelled.

As a result of the decision taken on 3 April 2013 approving the content of the Financial Procedures Agreement between UNICEF as Managing Entity for the

GPE Fund and the World Bank as Trustee of the GPE Fund, the Board of Directors:

a. approves the revocation of the automatic cancellation of the Guinea Bissau program implementation grant that took place after the expiration of the extension on 31 December 2012.

3. BACKGROUND AND REASONS FOR RECOMMENDATION

3.1 At its audio-conference meeting on 15 December 2011, the Board of Directors approved an allocation of US$12,000,000 to Guinea Bissau for a program implementation grant.[1] This decision approved the World Bank serving as the Supervising Entity with the applicable supervision allocation. Under the Policy on Timelines, the initial deadline for signing the grant was 15 June 2012.

3.2 On 12 April 2012 a *coup d'etat* took place and a Military Command was put in charge of the government of Guinea Bissau. Subsequently, a Transition Government was set up for a one year term on 22 May 2012. As a result and pursuant to its internal rules, the World Bank may no longer serve as Supervising Entity in the country.

3.3 As notified by the Secretariat at the Board of Directors meeting on 7-8 June 2012, the Coordinating Agency, on behalf of the Development Partner Group[2] (the "DPG") requested and was provided with a three-month extension to the signing deadline from 15 June 2012 to 15 September 2012. Under the Timelines policy, the allocation would be automatically cancelled if a grant agreement was not signed by that time, unless the Board of Directors decided otherwise.

3.4 On 12 July 2012, the DPG decided to change the Supervising Entity arrangement to a Managing Entity arrangement, with UNICEF acting in this role. The activities would now be implemented by UNICEF as Managing Entity. The allocation amount requested was unchanged from US$12,000,000. The Timelines Policy does not impose a signing deadline for Managing Entity arrangements, as it refers to the signing of a grant

[1] http://www.globalpartnership.org/media/docs/board/meetings/Final_Audioconference_Board_Decision_15_Dec_2011.pdf

[2] Guinea Bissau's Development Partner Group is comprised of local donors, including Brazil, the European Union, Japan, Portugal, and Spain; multilateral agencies, including UNICEF, UNDP, the World Bank, and World Food Programme; and local civil society groups.

agreement. Nonetheless, the Secretariat recommended that a deadline for the transfer of funds under the transfer agreement be set for 31 December 2012.

3.5 Therefore, on 4 September 2012, the Board of Directors approved the following decision by no objection:

> **BOD/2012/09-01 – Revisions to the Guinea Bissau Program Implementation Grant:** The Board of Directors refers to its decision:
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> i. taken on 15 December 2011 approving a US$12,000,000 allocation to Guinea Bissau for a program implementation grant allocation (BOD/2011/12-01), including an applicable supervision allocation; and
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> ii. taken on 31 July 2012 approving US$210,000 as the applicable agency fee to the World Bank serving as Supervising Entity for the grant to Guinea Bissau (BOD/2012/07-03).
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> As a result of a request made by the Development Partner Group in Guinea Bissau, the Board of Directors:
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> a. approves a change in the implementation arrangements for the Guinea Bissau program from the World Bank as Supervising Entity to UNICEF as Managing Entity and cancels its approval of the applicable supervision allocation and agency fee to the World Bank;
>
> b. approves an agency fee of US$840,000 payable to UNICEF; and
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> c. requests the Secretariat to advise the Trustee that the funds approved under this decision must be transferred to the Managing Entity no later than 31 December 2012. If the funds are not transferred by that time, the allocation shall be automatically cancelled.

3.6 During a Board audio-conference in December 2012, the Secretariat informed the Board that the Secretariat and World Bank (as Trustee) were still working with UNICEF to finalize the Financial Procedures Agreement ("FPA"). Given that the delay in finalizing the agreement had nothing to do with the readiness of the Guinea Bissau program, the Secretariat was working on the assumption that the allocation to Guinea Bissau would not be cancelled because funds would not be transferred by 31 December 2012.

3.7 During a Board audio-conference in February 2013, the Board of Directors was asked to approve alternative provisions in the FPA, proposed by UNICEF, that deviated from some of the requirements of the Contribution Agreements between the Trustee and

Contributors to the GPE Fund. Following discussion from the Board, there was not a consensus among the Board members present on the call. As a result, negotiations continued between the Board members not fully satisfied with the proposal, UNICEF and the Secretariat, with the intention of reaching a consensus of this group.

3.8 Following these negotiations, all parties who indicated they had outstanding issues reached a consensus and the Board was asked to consider a revised agreement that was discussed on 3 April 2013 for decision. At this time, the Board approved the following decision:

> **BOD/2013/04-01 — Financial Procedures Agreement with UNICEF:** The Board of Directors, in agreement with the World Bank as Trustee for the Global Partnership for Education Fund ("GPEF"), approves the content of the Financial Procedures Agreement between UNICEF as Managing Entity for the GPEF and the World Bank as Trustee of the GPEF as provided in Annex 1 of BOD/2013/04 DOC 02 (the "Financial Procedures Agreement"), including alternative provisions to those in the Standard Provisions of GPEF Contribution Agreements.

3.9 At the time of this decision, the Chair informed the Board of Directors that once the FPA was finalized, the Secretariat would present the Board with a resolution, by no objection, overturning the automatic cancellation that took place after the expiration of the extension on 31 December 2012.

3.1o Guinea Bissau should not be penalized for the delay that was directly related to ongoing negotiations on the Financial Procedures Agreement, as it had nothing to do with the readiness of the Guinea Bissau program. Indeed, Guinea Bissau has been waiting for a resolution on this agreement in order to move forward with its program implementation grant.

4. NEXT STEPS

4.1 Upon approval from the Board of Directors of the revocation of the automatic cancellation of the Guinea Bissau grant program implementation grant, the World Bank as trustee will be authorized to initiate the transfer of funds to UNICEF as Managing Entity for Guinea Bissau's grant.