



**REQUEST FOR APPROVAL OF ALTERNATIVE PROVISIONS IN THE FINANCIAL PROCEDURES AGREEMENT BETWEEN THE UNITED NATIONS CHILDREN'S FUND (UNICEF) AND THE WORLD BANK AS TRUSTEE FOR THE GLOBAL PARTNERSHIP FOR EDUCATION FUND**

**For Decision**

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**1. PURPOSE**

The purpose of this paper is to seek approval of the Board of Directors of certain proposed provisions to be included in the Financial Procedures Agreement between UNICEF and the World Bank as Trustee for the Global Partnership for Education Fund ("GPEF").

**2. RECOMMENDED DECISION**

The Secretariat requests that the Board of Directors approve the following decision:

**BOD/2013/04-XX—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. Further, the Board of Directors, in agreement with the World Bank as Trustee for the GPEF, approves this content as the basis for the Financial Procedures Agreement between UNICEF as Supervising Entity for the GPEF and the World Bank as Trustee of the GPEF.

**3. BACKGROUND**

3.1 The terms under which the Trustee administers GPEF Contributions on behalf of all Contributors are defined in, among other things, the Standard Provisions of the Contribution Agreements between the Trustee of the GPEF and Contributors to the GPEF.

3.2 The Standard Provisions of the Contribution Agreements set out a list of fourteen provisions that should be included in all Financial Procedures Agreements, but allows the Trustee and Board of Directors the flexibility to agree otherwise.

3.3 At its meeting of 7 February 2012, the Board of Directors was asked to exercise its flexibility with respect to the fourteen provisions and to consider a draft version of the Financial Procedures Agreement between UNICEF and the Trustee which contained alternate provisions to some of those included in the Standard Provisions of the signed donor Contribution Agreements. Following discussion of the draft, the Chair found that there was not a consensus among the Board members to approve the alternate provisions and recommended that a vote not be taken. The Chair requested that the Secretariat, together with the Trustee, work with those Board members not fully satisfied with the alternate provisions and with UNICEF, to craft language on which this group could agree. Following agreement among members of this group, a revised draft Financial Procedures Agreement was to be presented at an audio-conference of the Board of Directors for consideration and approval.

3.4 The request to the Board was to exercise its flexibilities with respect to the following two provisions:

*“Except as the Trustee and Board may otherwise agree, each Transfer Agreement or Transfer Memorandum shall provide that: [...] (c) If the Board notifies the Trustee through the Secretariat that the Board has determined, following consultation with the Supervising Entity or Implementer, that Transferred Funds have been used in a manner inconsistent with the terms of the corresponding Transfer Agreement or Transfer Memorandum or the applicable decisions of the Board, the Trustee shall withhold transfers to such Supervising Entity or Implementer and/or require the Supervising Entity or Implementer to promptly return such funds to the Trustee or as otherwise instructed by the Board.*

*Except as the Trustee and the Board may otherwise agree, each Transfer Agreement and Transfer Memorandum shall name the Contributors as third party beneficiaries with direct rights on the part of the Contributors to seek recourse under the Transfer Agreement or Transfer Memorandum and will provide the Trustee with the rights of novation and assignment to enable the Contributors to seek direct recourse against a Supervising Entity or Implementer.”*

3.4 The proposed alternative language, shown below, incorporates reference to the Policy and Communications Protocol on Misuse of GPE Trust Funds approved by the Board of Directors on 7-8 June 2012.

**REVISED LANGUAGE:**

**Section 5.4.** (a) *UNICEF recognizes the importance of taking all necessary precautions to avoid the misuse of funds and, to this end, UNICEF will maintain standards of conduct that govern the performance of its staff, including the prohibition of the misuse of funds, in accordance with its relevant regulations and rules.*

(b) *UNICEF recognizes that, in accordance with the Misuse of Funds Policy, the Board of Directors' approval of UNICEF as Managing Entity reflects the Board of Directors' assessment that UNICEF has policies and procedures to mitigate risk of misuse of funds, as such misuse is defined in the Misuse of Fund Policy, and to address misuse should it occur. UNICEF confirms that these policies and procedures will be fully applied and that the communications protocol set out in paragraphs 3.c.ii, 9, 10 and 11 of the Misuse of Funds Policy will be observed with regard to each Allocation. In addition, any investigation conducted by UNICEF, in consultation with the United Nations' Office of Legal Affairs, may, where appropriate, involve a referral to law enforcement authorities. UNICEF will also cooperate with all investigations into possible fraud by law enforcement authorities as per its regulations, rules, policies and procedures.*

(c) *UNICEF further confirms that UNICEF will, through the Secretariat, advise the Board of Directors and the Trustee if, in the application of its accountability and oversight framework it initiates an investigation into allegations that some part of a Cash Transfer has been used in a manner inconsistent with the purposes for which it was provided by the GPE, and will continue to provide information about such investigation and any follow-up action in accordance with UNICEF's Information Disclosure Policy and other relevant policies and procedures and decisions of its Executive Board. If it is agreed between the Board of Directors and UNICEF that there is evidence of misuse of funds, UNICEF will use its best efforts, consistent with its regulations, rules, policies and procedures to recover any funds misused. If an investigation initiated under this Section 5.4. (c) establishes that such misuse has occurred or if there are reasonable grounds for suspicion of such misuse, UNICEF will*

*promptly notify the Board of Directors, through the Secretariat, and the Board of Directors may instruct the Trustee to withhold further Cash Transfers and suspend any further commitment under the relevant Allocation. In addition, if UNICEF has determined that such misuse occurred while the funds were under UNICEF's direct control, UNICEF will promptly return an amount equal to the misused funds to the Trustee. If the misuse of funds was due to the action of a third party UNICEF shall take the necessary actions within its control to address the matter, including, in accordance with its policies and procedures, using reasonable efforts to recover such Cash Transfers from such third party and return such recovered funds to the Trustee; it being understood that UNICEF shall not be required to return any funds which are not so recovered.*

**Section 5.5.** *The Contributors may designate a representative to act on their behalf to request, and UNICEF agrees to provide, all relevant information within the limits of UNICEF's policies and procedures, regarding the implementation of Activities. In the event that, based on the information provided, the Contributors determine that UNICEF has failed to comply with any provision of this Agreement and has failed to take action within the specified time period to the satisfaction of the Board of Directors, then: (a) the Contributors' representative may request the Board of Directors to instruct the Trustee to (i) suspend any further commitment and/or Cash Transfers, (ii) require UNICEF to return funds to the Trustee or as otherwise instructed by the Board of Directors, and/or (iii) terminate this Agreement; and (b) the Trustee may (i) assign its rights under this Agreement to the Contributors' representative, and (ii) novate its obligations under this Agreement to the Contributors' representative, and UNICEF irrevocably consents to such assignment and novation by the Trustee.*

*If the Contributors do not agree to act jointly through the Contributors' representative, each Contributor shall unilaterally have the same rights as mentioned above (with the exception of (a) (iii) as regards termination of this Agreement) with respect, solely, to its own contribution.*

**Section 5.6.** *UNICEF, with agreement as needed from the Developing Country Partner or other entity as appropriate, may invite Contributors to observe implementation of the Activities funded with an Allocation from the Trust Fund. If any Contributor wishes to request to review or evaluate the Activities, UNICEF and the*

*Contributor will agree on the scope and conduct of such review or evaluation, and UNICEF will provide all relevant information within the limits of its policies and procedures. It is understood that any such review or evaluation will not constitute a financial, compliance or other audit of the Allocation. All associated costs will be borne by the Contributor, unless otherwise agreed.*

3.5 The Trustee is willing to accept the proposed alternative provisions, if the Board of Directors also accepts them. UNICEF's proposal does not change the Trustee's obligations and responsibilities under the Contribution Agreements and/or the Financial Procedures.

#### **4. NEXT STEPS**

4.1 Assuming the Board approves the content of the Financial Procedures Agreement between the UNICEF as Managing Entity and the World Bank as Trustee for the GPEF as provided in Annex 1, including the proposed alternative provisions, the Trustee and UNICEF will proceed to finalize and execute this Financial Procedures Agreement. In addition, the Trustee and UNICEF will prepare, finalize and execute the Financial Procedures Agreement between UNICEF as Supervising Entity and the World Bank as Trustee for the GPEF on the same basis.

**ANNEX 1**

**FINANCIAL PROCEDURES AGREEMENT**

between

**THE UNITED NATIONS CHILDREN'S FUND**

Acting as a Managing Entity designated to receive funds from

**THE GLOBAL PARTNERSHIP FOR EDUCATION FUND**

and

**THE INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**

as Trustee of

**THE GLOBAL PARTNERSHIP FOR EDUCATION FUND**

## **FINANCIAL PROCEDURES AGREEMENT**

**FINANCIAL PROCEDURES AGREEMENT** (this “Agreement”) between the International Bank for Reconstruction and Development (the “World Bank”), as Trustee (the “Trustee”) of the Global Partnership for Education Fund (the “Trust Fund”), and the United Nations Children’s Fund (“UNICEF”) as a Managing Entity, (the Trustee and UNICEF, collectively, the “Parties”).

### **PREAMBLE**

**WHEREAS**, the Trust Fund has been established through Contribution Agreements (as such term is defined below);

**WHEREAS**, the Contribution Agreements provide that, subject to the availability of applicable funds held in the Trust Fund as determined by the Trustee, the Trustee shall make commitments, transfer, and/or use the Trust Fund funds for any purpose approved and in the amount allocated by the Board of Directors (as such term is defined below) and that the Trustee shall commit the amount of the Trust Fund funds allocated by the Board of Directors and transfer such amounts to Supervising Entities and Implementers (now referred to as “Managing Entities”) in accordance with the Transfer Agreements (now referred to as “Financial Procedures Agreements”) (as such terms are defined in the Global Partnership for Education Fund Governance Document (formerly referred to as “Trust Fund Governance Document”));

**WHEREAS**, pursuant to the Global Partnership for Education Fund Governance Document, the Board of Directors (A) approves all Allocations (as such term is defined below) in support of all country-level and global and regional level activities, and (B) with respect to a proposal submitted to the Board of Directors seeking Trust Fund funds for an activity, approves the Supervising Entity or Managing Entity for such proposal, in consultation with the Trustee;

**WHEREAS**, the Board of Directors, in consultation with the Trustee, may from time to time approve UNICEF as Managing Entity for Allocations from the Trust Fund based on Proposals, including, but not limited to, proposals developed in collaboration with relevant Local Education Groups seeking financial support from the Trust Fund for national government education sector programmes; and

**WHEREAS**, UNICEF and the Trustee now wish to enter into this Agreement to establish standard terms and conditions that will, unless otherwise mutually agreed, apply to the commitment, transfer and management of funds allocated to UNICEF as Managing Entity by the Board of Directors.

**NOW, THEREFORE**, the Trustee, and UNICEF as Managing Entity agree as follows:

## **1. DEFINITIONS**

**Section 1.1.** Unless the context otherwise requires, the several terms defined in the Preamble to this Agreement shall have the respective meanings set forth therein and the following additional terms shall have the following meanings:

**“Activity”** or **“Activities”** means an activity, a set of activities, or part thereof to be financed with funds from the Trust Fund, as approved by the Board of Directors based upon a Proposal;

**“Agency Fee”** means the fees charged by a Managing Entity and agreed by the Board of Directors in order to assist in the defrayment of administrative and other costs incurred in connection with the management and administration of Cash Transfers. For the purpose of this Agreement and the Trustee’s administration of the Contribution Agreements, the UNICEF Recovery Charge shall be treated as the Agency Fee.

**“Allocation”** means the portion of the Trust Fund funds that has been approved by the Board of Directors for allocation to Activities, including the related UNICEF Recovery Charge;

**“Authorized Officer”** means a person who is authorized to sign in the name and on behalf of UNICEF for the purposes of this Agreement;

**“Board of Directors”** means the Board of Directors of the Global Partnership for Education, as described in the Charter;

**“Cash Transfer”** means Trust Fund funds transferred to UNICEF for approved Activities, including the related UNICEF Recovery Charge;

**“Cash Transfer Request”** means a request submitted by UNICEF to the Trustee for a Cash Transfer for an Allocation or Allocations;

**“Charter”** means the Charter of the Global Partnership for Education adopted by the Board of Directors, as may be amended from time to time in accordance with its terms, which establishes the governance arrangements and roles and responsibilities of the partners in the Global Partnership for Education;

**“Contribution”** means the funds provided and to be provided by a Contributor to the Trust Fund, as specified in the Contribution Agreement or Arrangement, and



“Contributions” means the aggregate of all the funds provided and to be provided to the Trust Fund;

“**Contribution Agreement/Arrangement**” means any agreement or arrangement between the Trustee and a Contributor setting forth specific terms for the receipt and use of a Contribution;

“**Contributor**” means any country (including any ministry and agency thereof) or, if agreed by the Board of Directors and the Trustee, such other public or private entity that provides a Contribution to the Trust Fund;

“**Developing Country Partner**” means a country government in partnership with which UNICEF will implement an Activity or Activities for which an Allocation has been made;

“**Dollars**” or “**\$**” means dollars in the currency of the United States of America;

“**Fiscal Year**” means, for purpose of the Global Partnership for Education Fund, the period between January 1 and December 31 of each calendar year;

“**Global Partnership for Education**” means the global partnership formerly known as the Education for All Fast Track Initiative, established in 2002, of developing and donor countries, agencies, civil society organizations, the private sector and private foundations and other development stakeholders, with the aim of accelerating progress towards the Education for All goals;

“**Global Partnership for Education Fund Governance Document**” means the document adopted by the Board of Directors, in consultation with the Trustee, that establishes the operational and decision-making procedures of the Trust Fund, as may be amended by the Board of Directors from time to time in consultation with the Trustee. For the purposes of this Agreement, the Global Partnership for Education Fund Governance Document in effect as of the date on which UNICEF signs this Agreement shall be the applicable version unless UNICEF and the Trustee agree otherwise;

“**Letter of Commitment**” means a letter from the Trustee to UNICEF confirming the commitment of an Allocation to UNICEF.

“**Letter of Commitment Cancellation**” means a letter from the Trustee to UNICEF confirming the cancellation of the commitment of Trust Fund funds to UNICEF;

“**Managing Entity**” means UNICEF in its capacity as Managing Entity under this Agreement;

“**Misuse of Funds Policy**” means the Policy and Communications Protocol on Misuse of GPE Trust Funds approved by the Board of Directors on 7-8 June 2012.

“**Proposal**” means any proposal submitted to the Board of Directors seeking Trust Fund funds for an Activity or Activities;

**“Secretariat”** means the unit established within the World Bank to support the work of the Board of Directors and the Global Partnership for Education, as described in the Charter; and

**“UNICEF Recovery Charge”** means the charge mandated by the UNICEF Executive Board on all restricted-purpose contributions to UNICEF in an effort to capture UNICEF’s incremental indirect costs of administering such contribution and implementing the programme funded from such contribution.

## **2. UNICEF ACCOUNT**

**Section 2.1.** UNICEF shall keep in separate ledger accounts in its records a complete, true and fair record of the receipt and expenditure or disbursement of all the Cash Transfers with respect to each individual Allocation. All such Cash Transfers shall be held by UNICEF in UNICEF’s account, and may be commingled with other assets maintained by UNICEF pending their use for the purposes for which the Allocation has been approved by the Board of Directors.

## **3. COMMITMENT OF FUNDS BY THE TRUSTEE**

**Section 3.1.** Commitments are always subject to availability of resources in the Trust Fund.

**Section 3.2.** Unless otherwise agreed between the Trustee and UNICEF, the following procedures shall apply to the commitment of an Allocation by the Trustee to UNICEF:

- (a) Once the Secretariat has notified the Trustee of (i) the approval by the Board of Directors of an Allocation or Allocations to UNICEF as Managing Entity; and (ii) the amount the Board of Directors has instructed the Trustee to commit in respect of such Allocation(s), the Trustee shall commit Trust Fund funds in the amount so notified by the Secretariat.
- (b) The Trustee shall confirm commitment of funds to UNICEF on a monthly basis or at such frequency as the Trustee and UNICEF may agree by means of a Letter of Commitment, substantially in the form attached to this Agreement as Annex A.

**Section 3.3.** The amount of the Trust Fund funds committed by the Trustee to UNICEF may be adjusted as follows:

- (a) Subject to paragraph (e) below, in the event that the Secretariat has notified the Trustee that an Allocation or Allocations have been decreased as a result of a subsequent cancellation by the Board of Directors of all or a portion of such Allocation after the Trustee has committed the funds to UNICEF for such Allocation under Section 3.2(a) above, the corresponding amount of funds committed by the Trustee pursuant to Section 3.2(a) above shall be cancelled to reflect such decrease.

- (b) In the event that UNICEF has notified the Trustee, pursuant to Section 10.2 below, that an Allocation or Allocations have been decreased as a result of a subsequent cancellation by UNICEF after the Trustee has committed the funds to UNICEF for such Allocations under Section 3.2(a) above, the corresponding amount of funds committed by the Trustee pursuant to Section 3.2(a) above shall be cancelled to reflect such decrease.
- (c) In the event that there are any unused funds from an Allocation or Allocations, for which no further expenses or disbursements are due to be made by UNICEF, the amount of funds committed by the Trustee pursuant to Section 3.2(a) above shall be cancelled to reflect the amount of unused funds. Such reduction shall be made based on the information provided by UNICEF pursuant to Section 10.2 below.
- (d) The Trustee shall notify UNICEF of the cancellation of the Trust Fund funds committed by the Trustee by means of a Letter of Commitment Cancellation, substantially in the form attached to this Agreement as Annex B.
- (e) In the event of a decision by the Board of Directors to cancel an Allocation or a part thereof, after the Trustee has committed and transferred funds to UNICEF in respect of such Allocation, the Trustee shall only cancel commitments after UNICEF has confirmed to the Trustee that all outstanding financial obligations and liabilities incurred in the implementation of Activities related to such Allocation prior to the date of receipt by UNICEF of notice of the Board of Directors' decision have been satisfied in full. UNICEF will hold in its account referred to in Section 2.1 above unused or undisbursed funds from any such Allocation and account for such unused funds in accordance with Section 6.2.

#### **4. TRANSFER OF FUNDS BY THE TRUSTEE**

**Section 4.1.** The following procedures shall apply to the transfer of Trust Fund funds by the Trustee to UNICEF for Allocations.

- (a) Conditions to be met: UNICEF may request a Cash Transfer for an Allocation after commitment of Trust Fund funds for an Allocation by the Trustee pursuant to Section 3.2. The Cash Transfer Request by UNICEF shall be submitted to the Trustee in accordance with Sections 4.1(b) and (c) below.
- (b) Frequency of Cash Transfer Request: Every twelve (12) months (or at such other frequency as the Trustee and UNICEF may agree) UNICEF shall submit, by email, facsimile or as otherwise agreed with the Trustee, a Cash Transfer Request to the Trustee.

(c) Content of each Cash Transfer Request: Each Cash Transfer Request shall be substantially in the form attached to this Agreement as Annex C, signed by an Authorized Officer, and shall indicate, in respect of each Allocation:

(i) the projected cash requirements for such Allocation for a twelve (12) month period (or such other period as the Trustee and UNICEF may agree) following the date of the Cash Transfer Request;

(ii) a statement of the net cash position (net cumulative Cash Transfers received from the Trustee for such Allocation, less net cumulative expenditures and/or disbursements by UNICEF against such Cash Transfers) as of the date of the request, including the amount of unused funds held by UNICEF from one or more financially closed Allocations pursuant to Section 6.2; and

(iii) the amount of funds requested for UNICEF Recovery Charges, which shall not exceed the cumulative committed amount for UNICEF Recovery Charges less the amount previously transferred to UNICEF.

(d) Amount of Funds in Cash Transfer Request: The amount of funds requested by UNICEF in each Cash Transfer Request shall be based on the twelve (12)-month projections (or such other period as the Trustee and UNICEF may agree) referred to in Section 4.1(c)(i) above and the amount for UNICEF Recovery Charges referred to in Section 4.1(c) (iii) above, less the net cash position referred to in Section 4.1(c)(ii) above.

(e) Verification by the Trustee of the Cash Transfer amount: Upon receipt of a Cash Transfer Request, the Trustee shall verify that the amount requested does not exceed the net cumulative commitments by the Trustee less the net cumulative Cash Transfers transferred by the Trustee to UNICEF. Upon such verification, the Trustee shall transfer to UNICEF the amount of funds requested by UNICEF in each Cash Transfer Request.

**Section 4.2.** Cash Transfers are always subject to availability of resources in the Trust Fund. It is understood that UNICEF will not be required to initiate or continue implementation of any Activities with regard to a particular Allocation pending receipt of a Cash Transfer(s).

**Section 4.3.** Cash Transfers from the Trustee to UNICEF shall be made by crediting the amount to the account specified by UNICEF as notified to the Trustee from time to time. The Trustee shall notify UNICEF of each such transfer.

## **5. USE OF FUNDS**

**Section 5.1.** Upon completing a Cash Transfer, the Trustee shall have no responsibility, fiduciary or otherwise, for the use of such funds or Activities carried out therewith. UNICEF shall use the funds transferred to it under this Agreement for the purpose for which they have been provided in accordance with Section 8.2.

**Section 5.2.** Subject to the terms of this Agreement, UNICEF shall invest all funds held in the account referred to in Section 2.1 above, pending their use or disbursement, in accordance with the rules, regulations, policies, procedures and administrative practices and directives of UNICEF. UNICEF may convert all funds received by it under this Agreement into other currencies to facilitate their administration but shall not be entitled to receive any additional funding from the Trust Fund if funds received prove insufficient to complete Activities as a result of exchange rate fluctuations. UNICEF shall notify the Board of Directors if funds are insufficient to implement Activities for which an Allocation has been made as the result of exchange rate fluctuations.

**Section 5.3.** The Trustee shall have no responsibility for collection of funds due to UNICEF from any other entity under any Activity for which there is an Allocation. When UNICEF has received any unused funds with respect to an Allocation from any other entity, UNICEF shall report and return such funds to the Trust Fund in accordance with Section 6 below.

**Section 5.4.** (a) UNICEF recognizes the importance of taking all necessary precautions to avoid the misuse of funds and, to this end, UNICEF will maintain standards of conduct that govern the performance of its staff, including the prohibition of the misuse of funds, in accordance with its relevant regulations and rules.

(b) UNICEF recognizes that, in accordance with the Misuse of Funds Policy, the Board of Directors' approval of UNICEF as Managing Entity reflects the Board of Directors' assessment that UNICEF has policies and procedures to mitigate risk of misuse of funds, as such misuse is defined in the Misuse of Fund Policy, and to address misuse should it occur. UNICEF confirms that these policies and procedures will be fully applied and that the communications protocol set out in paragraphs 3.c.ii, 9, 10 and 11 of the Misuse of Funds Policy will be observed with regard to each Allocation. In addition, any investigation conducted by UNICEF, in consultation with the United Nations' Office of Legal Affairs, may, where appropriate, involve a referral to law

enforcement authorities. UNICEF will also cooperate with all investigations into possible fraud by law enforcement authorities as per its regulations, rules, policies and procedures.

(c) UNICEF further confirms that UNICEF will, through the Secretariat, advise the Board of Directors and the Trustee if, in the application of its accountability and oversight framework it initiates an investigation into allegations that some part of a Cash Transfer has been used in a manner inconsistent with the purposes for which it was provided by the GPE, and will continue to provide information about such investigation and any follow-up action in accordance with UNICEF's Information Disclosure Policy and other relevant policies and procedures and decisions of its Executive Board. If it is agreed between the Board of Directors and UNICEF that there is evidence of misuse of funds, UNICEF will use its best efforts, consistent with its regulations, rules, policies and procedures to recover any funds misused. If an investigation initiated under this Section 5.4(c) establishes that such misuse has occurred or if there are reasonable grounds for suspicion of such misuse, UNICEF will promptly notify the Board of Directors, through the Secretariat, and the Board of Directors may instruct the Trustee to withhold further Cash Transfers and suspend any further commitment under the relevant Allocation. In addition, if such misuse occurred while the funds were under UNICEF's direct control, UNICEF will promptly return an amount equal to the misused funds to the Trustee. If the misuse of funds was due to the action of a third party UNICEF shall take the necessary actions within its control to address the matter, including, in accordance with its policies and procedures, using reasonable efforts to recover such Cash Transfers from such third party and return such recovered funds to the Trustee; it being understood that UNICEF shall not be required to return any funds which are not so recovered.

**Section 5.5.** The Contributors may designate a representative to act on their behalf to request, and UNICEF agrees to provide, all relevant information within the limits of UNICEF's policies and procedures, regarding the implementation of Activities. In the event that, based on the information provided, the Contributors determine that UNICEF has failed to comply with any provision of this Agreement and/or has failed to take action within the specified time period to the satisfaction of the Board of Directors, then: (a) the Contributors' representative may request the Board of Directors to instruct the Trustee to (i) suspend any further commitment and/or Cash Transfers, (ii) require UNICEF to return funds to the Trustee or as otherwise instructed by the Board of Directors, and/or (iii) terminate this Agreement; and (b) the Trustee may (i) assign its rights under this Agreement to the Contributors' representative, and (ii) novate its

obligations under this Agreement to the Contributors' representative, and UNICEF irrevocably consents to such assignment and novation by the Trustee.

If the Contributors do not agree to act jointly through the Contributors' representative, each Contributor shall unilaterally have the same rights as mentioned above (with the exception of (a) (iii) as regards termination of this Agreement) with respect, solely, to its own contribution.

**Section 5.6.** UNICEF, with agreement as needed from the Developing Country Partner or other entity as appropriate, may invite Contributors to observe implementation of the Activities funded with an Allocation from the Trust Fund. If any Contributor wishes to request to review or evaluate the Activities, UNICEF and the Contributor will agree on the scope and conduct of such review or evaluation, and UNICEF will provide all relevant information within the limits of its policies and procedures. It is understood that any such review or evaluation will not constitute a financial, compliance or other audit of the Allocation. All associated costs will be borne by the Contributor, unless otherwise agreed.

## **6. DISBURSEMENT OF FUNDS**

**Section 6.1.** Implementation (and continuation of implementation) by UNICEF of Activities shall be dependent upon the receipt by UNICEF of Cash Transfers in accordance with this Agreement. Disbursement of funds from UNICEF to other entities shall be made in accordance with the regulations, rules and policies and applicable disbursement procedures of UNICEF.

**Section 6.2.** (a) Unused funds from Allocations for which no further expenditures or disbursements are due to be made (including, when relevant, funds returned to UNICEF by any entity), as accounted for in the certified final financial statement for the relevant Allocation issued by UNICEF in accordance with Section 10.2, shall be held by UNICEF in the account referred to in Section 2.1 above. UNICEF shall maintain a record of such unused funds and report to the Trustee pursuant to Section 10.2 below. Any unused funds reported by UNICEF shall be reflected in cancellation of commitments by the Trustee pursuant to Section 3.1(b) (ii) and shall be reflected in the net cash position referred to in Section 4.1(c) (ii) above, so that the amount of the unused funds shall be taken into account to determine the amount of future Cash Transfers to UNICEF.

(b) Notwithstanding paragraph (a) above, upon the request of the Trustee, UNICEF shall return to the Trust Fund, to such account as the Trustee may designate, any unused funds from

Allocations accounted for in the certified final financial statements for such Allocations issued by UNICEF in accordance with Section 10.2 and held by UNICEF pursuant to the first paragraph of this Section; provided that such unused funds have not been reflected in the net cash position in respect of a Cash Transfer Request referred to in Section 4.1(c) (ii) above.

## **7. INVESTMENT INCOME**

**Section 7.1.** Income earned on the investment of Cash Transfers to UNICEF shall be applied by UNICEF in accordance with UNICEF's financial rules and regulations.

## **8. STANDARD OF CARE**

**Section 8.1.** UNICEF shall exercise the same degree of care and diligence in the discharge of its functions under this Agreement as it exercises with respect to the administration and management of its own resources. UNICEF shall be responsible for performing those functions specifically set forth in this Agreement and in each Proposal approved for funding by the Board of Directors. Subject to the terms of this Agreement, UNICEF shall do any and all such acts as UNICEF may deem necessary or appropriate for the proper administration of the account referred to in Section 2.1 above with respect to Cash Transfers, in accordance with its rules, regulations and policies for the administration of accounts.

**Section 8.2.** UNICEF shall be responsible for the use of Cash Transfers received and the Activities carried out therewith, in accordance with: (i) its rules, regulations, policies and procedures and administrative practices and directives (including those related to eligible expenditures, employment and supervision of consultants and the procurement of goods and works and its framework to combat fraud and corruption); and (ii) the applicable decisions of the Board of Directors approving the relevant Allocations, including the purpose for which the specific Allocations have been approved by the Board of Directors.

**Section 8.3.** Recognizing the obligations of the Contributors under various United Nations Security Council Resolutions and the Contributors' intent that the Trust Fund funds not be used to finance terrorists, UNICEF shall use reasonable efforts, consistent with its policies and procedures, to ensure that the Trust Fund funds provided to it by the Trustee are used for their intended purposes and are not diverted for purposes of terrorism.

## **9. VERIFICATION**

**Section 9.1.** For the purposes of verifying amounts in connection with the commitment and transfer of Trust Fund funds by the Trustee under this Agreement, the Trustee shall rely upon



the information provided by the Secretariat or by UNICEF, as appropriate, in writing to the Trustee and shall use such information to verify the information provided by UNICEF as necessary.

## **10. RECORDS AND REPORTING**

**Section 10.1.** Unless the Trustee and UNICEF agree otherwise, all financial accounts and reports related to the Trust Fund funds shall be expressed in Dollars.

**Section 10.2.** UNICEF shall provide the following information to the Trustee, prepared in accordance with the accounting and reporting procedures of UNICEF and provided in a form and means agreed with the Trustee:

(a) Cancellation by UNICEF: Within thirty (30) days after the end of each Fiscal Year (or such other frequency agreed with the Trustee), the dates and amounts of cancellation by UNICEF of Activities, for the period reported, broken down by each Allocation (Annex D);

(b) Activity Closures by UNICEF: Within thirty (30) days after the end of each Fiscal Year (or such other frequency agreed with the Trustee), the dates on which any Allocation is financially closed, the final amount disbursed and the amount of any unused funds from such an Allocation (as indicated in UNICEF's final financial statement for such Allocation referred to in 10.2(d)), for the period reported, broken down by each Allocation (Annex E);

(c) Annual Financial Statements: Within six (6) months after the end of the fiscal year of UNICEF during which UNICEF is Managing Entity of an Allocation or Allocations, an annual financial statement for each Allocation, certified by an authorized financial officer of UNICEF of amounts received from the Trustee pursuant this Agreement and expenditures and disbursements thereof (Annex F);

(d) Final Financial Statement: (i) Within eighteen (18) months after the expiry or termination of all Allocations for an Activity or Activities, a final financial statement, certified by an authorized financial officer of UNICEF (Annex G) and (ii) within eighteen (18) months after termination of this Agreement, an uncertified final consolidated financial statement for all Allocations outstanding as of the date of termination of this Agreement.

(e) Such other ad hoc uncertified financial reports showing indicative expenditures and liabilities for Allocations for which UNICEF is Managing Entity and for which Cash Transfers have been made as the Trustee may reasonably request.

**Section 10.3.** UNICEF shall provide the Trustee with a list containing the names and signatures of the Authorized Officers of the UNICEF, substantially in the form attached to this Agreement as Annex H.

**Section 10.4.** UNICEF shall provide the Secretariat with implementation reports for Activities for which an Allocation was approved, and Trust Fund funds transferred in accordance with this Agreement, on an annual basis (or with such other frequency as UNICEF and the Secretariat may agree). UNICEF will prepare such implementation reports in accordance with UNICEF's standard reporting formats and practices. UNICEF will use its reasonable endeavors to provide additional implementation reports on an ad hoc basis where possible when requested by the Secretariat to update the Board of Directors.

## **11. NOTICES**

**Section 11.1.** All communications concerning this Agreement shall be made to the relevant person at the address, facsimile number, telephone number or electronic mail address, from time to time designated by that party to the other for that purpose. The address, facsimile number, telephone number and electronic mail address so designated are set out below:

(a) For the Trustee:

Name: International Bank for Reconstruction and Development, as Trustee of the Global Partnership for Education Trust Fund

Address: 1818 H. Street, N.W.  
1.1.a.1.1.1.1 Washington, D.C. 20433  
U.S.A.

Attention: Director, Multilateral Trusteeship and Innovative Financing Department

Telephone: (202) 458 0019  
Facsimile: (202) 614 0795  
Electronic mail: MTOTrustee@worldbank.org

(b) For UNICEF:

1.1.a.1.1.1.1 Name: United Nations Children's Fund  
1.1.a.1.1.1.2 Address: 3 UN Plaza, East 44<sup>th</sup> Street  
New York, NY, 10016, U.S.A.

Attention: Director, Public Alliances and Resource Mobilisation  
Office; Senior Advisor for GPE  
*1.1.a.1.1.1.1.3 Telephone: (212) 3267313*  
*1.1.a.1.1.1.1.4 Facsimile: (212) 3267165*  
*1.1.a.1.1.1.1.5 Electronic mail: jcauldwell@unicef.org*

## **12. AMENDMENT**

**Section 12.1.** This Agreement may be amended at any time by the written agreement of the Trustee and UNICEF.

## **13. TERMINATION**

**Section 13.1.** This Agreement shall terminate upon the termination of the Trust Fund. This Agreement may be terminated before such date by either party, and shall cease to be in force sixty (60) days after either party gives to the other written notice of its desire to terminate the Agreement. The Trustee will make all efforts to notify UNICEF of any Board decision with respect to termination of this Trust Fund not less than six (6) months prior to the date of termination as set out in any such decision.

**Section 13.2.** Notwithstanding termination of this Agreement, UNICEF shall continue to receive from the Trustee into its account referred to Section 2.1 above, any amounts due to UNICEF under any Allocation until all UNICEF's financial obligations in respect of such Allocation have been satisfied in full. UNICEF will hold in its account referred to in Section 2.1 above unused or undisbursed funds from any Allocation until all outstanding financial obligations and liabilities incurred in the implementation of Activities related to such Allocation have been satisfied.

**Section 13.3.** UNICEF shall return to the Trustee, on terms agreed with the Trustee, (i) any such unused funds after all such financial obligations and liabilities have been satisfied, as indicated in the final financial statement for all Allocations for an Activity or Activities issued by

UNICEF to the Trustee in accordance with Section 10.2(d), and (ii) any other funds received by UNICEF through Cash Transfers after the termination of Agreement, which are otherwise due to be returned to the Trustee under the terms of this Agreement.

#### **14. DISCLOSURE**

**Section 14.1.** This Agreement and related information on the Trust Fund will be disclosed in accordance with the World Bank Policy on Access to Information and UNICEF's Information Disclosure Policy, it being understood that in case of a conflict in the treatment of a specific document or information between UNICEF's Information Disclosure Policy and the World Bank's Policy on Access to Information, both entities will use their best efforts to arrive to a satisfactory resolution.

#### **15. ENTIRE AGREEMENT**

**Section 15.1.** This Agreement constitutes the entire agreement and understanding of the parties with respect to its subject matter and supersedes all oral communication and prior writings with respect thereto.

**Section 15.2.** Each of the Trustee and UNICEF will be responsible only for performing their respective functions specifically set forth in this Agreement and will not be subject to any other duties or responsibilities, including, without limitation, any duties or obligations that might otherwise apply to a fiduciary or trustee under general principles of trust or fiduciary law.

**Section 15.3.** Nothing in this Agreement will be considered a waiver of any privileges or immunities of the World Bank or the International Development Association under their respective Articles of Agreement, or UNICEF under the Convention on the Privileges and Immunities of the United Nations, 1946 or the Basic Cooperation Agreement between the respective government and UNICEF, or any applicable law, all of which privileges and immunities are expressly reserved.

**Section 15.4.** This Agreement shall be effective on the date on which it has been duly signed by both Parties.

**16. EXECUTION IN COUNTERPARTS**

**Section 16.1.** This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

**IN WITNESS WHEREOF**, the undersigned, being duly authorized thereto, have signed this Agreement.

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT, AS TRUSTEE OF THE  
GLOBAL PARTNERSHIP FOR EDUCATION FUND**

Name:

Title: [Acting] Vice President, Concessional Finance and Global Partnerships

Date:

**THE UNITED NATIONS CHILDREN'S FUND**

Name: June Kunugi

Title: Deputy Director and Officer in Charge, Public Sector Alliances and Resource Mobilisation office

Date:

Letter of Commitment

[date]

The United Nations Children's Fund

[Address]

**Global Partnership for Education Fund  
Commitment of Funds**

Dear Sir or Madam:

Reference is made to the Financial Procedures Agreement dated [ ], 2013, between the International Bank for Reconstruction and Development, as Trustee (the "Trustee") of the Global Partnership for Education Fund (the "Trust Fund") and the United Nations Children's Fund ("UNICEF") as Managing Entity (the "Agreement").

In accordance with Section 3 of the Agreement, the Trustee hereby commits the sum of US\$[amount] to UNICEF as Managing Entity, such amount reflecting the amounts allocated by the Board of Directors of the Global Partnership for Education and requested to be committed by the Secretariat of the Global Partnership for Education, to UNICEF for the Activities and UNICEF Recovery Charges and the relevant periods listed in the Annex attached hereto; provided, however, that pursuant to Section 3.3 of the Agreement, the amount of the commitment hereunder may be subject to adjustment to reflect any subsequent decrease of Trust Fund funding allocated for any Activity, or UNICEF Recovery Charge for which the commitment was made by the Trustee.

Funds will be transferred by the Trustee to the account of UNICEF, in accordance with the Financial Procedures Agreement.

International Bank for Reconstruction and Development,  
as Trustee of the Global Partnership for Education Fund

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Name:  
Title:

Letter of Commitment Cancellation

[date]

[name of Supervising Entity/Managing Entity]

[address]

**Global Partnership for Education Fund  
Cancellation of Commitment of Funds**

Dear Sir or Madam:

Reference is made to the Financial Procedures Agreement dated [ ], 2012, between the International Bank for Reconstruction and Development, as Trustee (the “Trustee”) of the Global Partnership for Education Fund (the “Trust Fund”) and the United Nations Children’s Fund (“UNICEF”) as Managing Entity (the “Agreement”).

In accordance with Section 3.3 of the Agreement, the Trustee hereby notifies you that the commitment made by the Trustee to UNICEF as Managing Entity pursuant to the letter of commitment dated [DATE] is hereby cancelled by an amount equal to US\$[ amount ], reflecting the cancellation or amendment to the Allocation(s) for the Activities and UNICEF Recovery Charge listed in the Annex attached hereto.

International Bank for Reconstruction and Development,  
as Trustee of the Global Partnership for Education Fund

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Name:  
Title:

**Global Partnership For Education Fund**

UNICEF Ref. No. \_\_\_\_\_

UNICEF

**Cash Transfer Request**

As of [date] \_\_\_\_\_

(in [US dollars])

Project Title		Net Cumulative Cash received from the Trustee	Net Cumulative Expenditures and/or Disbursements by	Net Cash Position		Projected Cash Requirements for Next 12 Months	Projected Net Cash Position	Amount of Cash Transfer Request
		(1)	(2)	(3) = (1) - (2)		(4)	(5) = (3) - (4)	(6)
[Project 1] Name & UNICEF Grant Number	Activities excluding Agency fees/UNICEF Recovery Charge	0.00	0.00	0.00		0.00	0.00	0.00
	Agency Fees/UNICEF Recovery Charge	0.00	0.00	0.00		0.00	0.00	0.00
[Project X] Name & UNICEF Grant Number	Activities excluding Agency fees/UNICEF Recovery Charge	0.00	0.00	0.00		0.00	0.00	0.00
	Agency Fees/UNICEF Recovery Charge	0.00	0.00	0.00		0.00	0.00	0.00
<b>TOTAL</b> <b>[Projects 1-X]</b>	Activities excluding Agency fees/UNICEF Recovery Charge	0.00	0.00	0.00		0.00	0.00	0.00
	Agency Fees/UNICEF Recovery Charge	0.00	0.00	0.00		0.00	0.00	0.00

Bank Account Details

Bank name:

Bank address:

Bank SWIFT code:

Bank account name/number:

If payment Via CHIPS:

If payment via Fed Wire:

Signed \_\_\_\_\_ Date \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_



**Global Partnership for Education Fund**

**UNICEF**

**Annual Report on Cancellations of Global Partnership for Education Fund Activities**

As of [date] \_\_\_\_\_  
(in [US dollars])

Trustee ID	UNICEF Grant Number	Project Title	Beneficiary Country	Original Global Partnership for Education Funding Approved Amount	Allocation Amount Adjustment	Date of Adjustment	Net Project Amount	Project Status
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (5) - (6)	(9)
		[Project 1]						
		[Project X]						

**TOTAL**

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Signed \_\_\_\_\_ Date \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

\* Column (6) and (8) include amounts that may be drawn from UNICEF's standard financial utilization report (as per Annex G) which are indicative.

**Global Partnership for Education Fund**

**UNICEF**

**Annual Report on Unused Funds from Global Partnership for Education Fund Activity Closure**

As of [date] \_\_\_\_\_

(in [US dollars])

Trustee ID	UNICEF Grant Number	Project Title	Beneficiary Country	Total Global Partnership for Education Funding Approved Amount	Final Disbursed Amount	Final Project Closure Date	Final Unused Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) = (5) - (6)
		[Project 1]					
		[Project X]					

**TOTAL**

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Signed \_\_\_\_\_ Date \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

\* Figures in column (8) are drawn from UNICEF final financial statement (referred to under section 10.2 (d) (i)).

Funds are not "unused" until such statements are issued by UNICEF.

UNITED NATIONS CHILDREN'S FUND (UNICEF)  
OTHER RESOURCES CONTRIBUTIONS RECEIVED FROM XXX  
STATEMENT OF ACCOUNT AS OF 31 DECEMBER XXX IN US DOLLARS

Status of Contribution  
Executive Board Approval Reference:  
Donor Reference:  
Contribution Ref:  
Expiry Date:  
Object of Assistance: (Country)

	Amount in Pledged Currency XXX	Amount in USD	Expenditure to Date
Contribution Pledged	---	---	---
Funds Received	---	---	---
Contribution Receivable	---	---	---
<u>Summary of Expenditure</u>			
	Prior Years' Expenditures	Current Year's Expenditures	Expenditure to Date
Programmable	---	---	---
Cost Recovery 7.00000 %	---	---	---
<b>Total</b>	<b>-----</b>	<b>-----</b>	<b>-----</b>
Balance of Funds Received			<b>-----</b>

Prepared by:  
\_\_\_\_\_  
Accountant

Approved by:  
\_\_\_\_\_  
Comptroller

UNITED NATIONS CHILDREN'S FUND (UNICEF)  
OTHER RESOURCES CONTRIBUTIONS RECEIVED FROM XXX  
STATEMENT OF ACCOUNT AS OF 31 DECEMBER XXX IN US DOLLARS

Status of Contribution  
Executive Board Approval Reference:  
Donor Reference:  
Contribution Ref:  
Expiry Date:  
Object of Assistance: (Country)

Summary of Expenditure by Programme and Project

	Prior Years' Expenditures	Current Year's Expenditures	Expenditure to Date
XXX	---	---	---
Programmable	---	---	---
Cost Recovery 7.00000 %	---	---	---
<b>Total</b>	<b>-----</b>	<b>-----</b>	<b>-----</b>

UNITED NATIONS CHILDREN'S FUND (UNICEF)  
OTHER RESOURCES CONTRIBUTIONS RECEIVED FROM XXX  
STATEMENT OF ACCOUNT AS OF 31 DECEMBER XXX IN US DOLLARS

Status of Contribution  
Executive Board Approval Reference:  
Donor Reference:  
Contribution Ref:  
Expiry Date:  
Object of Assistance: (Country)

Details of Expenditure

	Prior Years' Expenditures	Current Year's Expenditures	Expenditure to Date
XXX			
Advocacy & Programme			
Consultants			
Freight			
International posts			
Operating Expenses			
Programme Assistance			
Travel	---	---	---
Programmable	---	---	---
Cost Recovery 7.00000 %	---	---	---
<b>Total</b>	<b>-----</b>	<b>-----</b>	<b>-----</b>



**Funds Utilization Report**

Donor:  
 Sponsor Code:  
 External Reference:  
 Recipient UNICEF Office:

UNICEF Grant  
 Reference:  
 Grant Description:  
 Grant Duration:  
 Reporting Period:

Programmable Amount:  
 Total Funds Utilized:  
 For Reporting Period:  
 Previous Reporting  
 Period:  
 Prior to 2012:  
 Programmable Balance:

**Part 1. Cumulative Total Funds Utilized from Grant by Results and Activity**

Programme Component Result Intermediate Result Activity	Funded by this Grant	Funds Utilized for Reporting Period	Funds Utilized Previous Reporting Period	% of Grant Utilized
<b>Total</b>				

**Part 2. Cumulative Total Funds Utilized from Grant by UNICEF Cost Category**

Cost Category	Funds Utilized			
	For Reporting Period	Previous Reporting Period	Prior to 2012	Total
CONTRACTUAL SERVICES	\$0	-	\$0	\$0
EQUIPMENT, VEHICLES AND FURNITURE	\$0	-	\$0	\$0
GENERAL OPERATING + OTHER DIRECT COSTS	\$0	-	\$0	\$0
INCREMENTAL INDIRECT COST	\$0	-	\$0	\$0
STAFF AND OTHER PERSONNEL COSTS	\$0	-	\$0	\$0
SUPPLIES AND COMMODITIES	\$0	-	\$0	\$0
TRANSFERS AND GRANTS TO COUNTERPARTS	\$0	-	\$0	\$0
TRAVEL	\$0	-	\$0	\$0
<b>Total</b>	<b>\$0</b>	<b>-</b>	<b>\$0</b>	<b>\$0</b>

**Annex H**

[DATE]

International Bank for Reconstruction and Development,  
As Trustee of the Global Partnership for Education Fund  
1818 H Street, N. W.  
Washington, D.C. 20433  
United States of America

Attention: Director, Multilateral Trusteeship and Innovative Financing Department

Dear Director:

Re: Financial Procedures Agreement between the Trustee and the [name of Supervising Entity and/or Managing Entity]

I refer to the Financial Procedures Agreement (“Agreement”) between the International Bank for Reconstruction and Development, as Trustee (the “Trustee”) of the Global Partnership For Education Fund (the “Trust Fund”) and the United Nations Children’s Fund (“UNICEF”) a managing entity (the “Managing Entity”) for the Trust Fund, dated [-----]. For the purposes of the Agreement, with the exception of certified financial statements, any one of the persons whose authenticated specimen signatures appear below is authorized on behalf of UNICEF to sign any request or report under the Agreement:

_____	[Name], [position]	Specimen Signature:
_____	[Name], [position]	Specimen Signature:
_____	[Name], [position]	Specimen Signature:

Yours truly,  
/ signed /

\_\_\_\_\_  
[Position]