AFGHANISTAN CATALYTIC FUND TRANSFER ARRANGEMENT

GRANT FUND NUMBER TF012264

WHEREAS the International Bank for Reconstruction and Development and the International Development Association (together, the “Bank”) and the United Nations Children’s Fund (“UNICEF” or the “Supervising Entity”, and together with the Bank, the “Signatories”) are entering into this Transfer Arrangement for the transfer of funds from the Education for All Fast Track Initiative Catalytic Trust Fund (TF No. 051061) (the “Trust Fund”), which is part of the Global Partnership for Education, formerly known as the “Education for All Fast Track Initiative” (the “Partnership”) established in 2002.

WHEREAS the Trust Fund has been established through certain Administration Arrangements and Administration Agreements (the “Administration Arrangements”), including all annexes and attachments, as they may be amended from time to time (the “Annexes”), between the Bank, as Administrator (the “Administrator”), and each of the donors (collectively, the “Donors”) contributing funds to the Trust Fund. All defined terms used herein not otherwise defined herein are as defined in the Administration Arrangements.

WHEREAS a country presentation and a proposal both dated September 2011 (together, the “Application Package”), attached hereto as Exhibit 1, to support Afghanistan’s endorsed Education Interim Plan was developed by the Afghanistan Local Education Group (the “LEG”) under the leadership of the Government of Afghanistan (the “Government”), and counter-signed by UNICEF and was submitted by the Danish International Development Assistance Ministry, as Coordinating Agency for the LEG, to the Global Partnership for Education Board of Directors (the “Board”).

WHEREAS the Board reviewed the Application Package at its meeting on 15 December 2011 and approved the following: (i) an allocation of fifty five million seven hundred thousand United States dollars (US$ 55,700,000) to support activities set out in the Application Package; (ii) the designation of UNICEF as the Supervising Entity, it being understood that the Bank has not participated in this approval, with UNICEF discharging its responsibilities as Supervising Entity solely through undertaking the actions referred to in pages 71 through 80 of the proposal which is part of the Application Package; and (iii) waiver of Donors’ third party rights to seek direct recourse against UNICEF in relation to the above-mentioned allocation. The Board
approval is recorded in the minutes of its 15 December 2011 meeting, which are attached hereto as Exhibit 2 (the “Board Approval”).

On this basis, the Administrator is accordingly entering into this Transfer Arrangement on behalf of the Board.

NOW THEREFORE, the Signatories hereto come to the following understanding:

1. Based on the Board Approval of the Application Package, the amount of funds to be transferred to UNICEF as the Supervising Entity is fifty six million two hundred fifty seven thousand United States dollars (US$ 56,257,000), which includes:

(i) fifty-five million seven hundred thousand United States dollars (US$55,700,000) (the “Funds”). UNICEF accepts that this amount will be disbursed by UNICEF to the Government in accordance with the Application Package and will be governed by the terms and conditions of this Transfer Arrangement.

(ii) five hundred fifty-seven thousand United States dollars (US$557,000) equivalent to one percent (1%) of the Funds, to be retained by UNICEF to assist with its administrative expenses incurred as Supervising Entity.

(iii) The Administrator will transfer the Funds to UNICEF in three tranches. Each transfer will be made within ten (10) business days following receipt by the Administrator Contact (as defined below) from the UNICEF Contact (as defined below) of a duly completed transfer request (the “Request”) substantially in the form attached hereto as Exhibit 3, to a bank account designated by UNICEF, provided the amount of available uncommitted funds in the Trust Fund exceeds such amount. Each transfer request will include an additional amount equal to one percent (1%) of the amount transferred, to defray expenses related to the administration of the account and these additional funds will be retained by UNICEF. This amount will be identified separately in the transfer request. The first tranche will be in the amount of nine million United States dollars (US$9,000,000) plus ninety thousand United States dollars (US$90,000) and will be paid promptly following the Effective Date (defined below) and on the receipt of a duly completed transfer request; and subsequent tranches will be in the amounts of twenty-two million four hundred and eighty six thousand United States dollars (US$22,486,000) plus two hundred twenty-four thousand eight hundred and sixty United States dollars (US$224,860) ard twenty-four million two thousand and fourteen thousand United States dollars (US$24,214,000) plus two hundred forty two thousand one hundred and forty United States dollars (US$242,140), and will
be paid approximately twelve (12) months and twenty-four (24) months respectively, after the transfer of the first tranche and upon receipt of a duly completed transfer request. The Administrator shall not be required to verify any aspect related to the transfer of such funds. No further funding shall be transferred under this Transfer Arrangement.

(iv) When making the transfer, the Administrator will notify UNICEF, Division of Financial and Administrative Management, Finance-NY (for the Attention Treasury Operations), by fax (212-326-7425) or by e-mail (tnyhq-dfam@unicef.org), of the following: (a) the amount transferred; (b) the value date of the transfer; and (c) that the transfer is from the Bank in accordance with this Transfer Arrangement. UNICEF will have no liability to the Administrator or the Donors under this Transfer Arrangement in case of any failure by UNICEF's designated bank.

2. The Funds received by UNICEF pursuant to this Transfer Arrangement will be held on behalf of the Government, in a "special account"; and this account will be administered in accordance with the Financial Regulations and Rules of UNICEF together with its relevant policies, procedures and administrative instructions, and standard operating arrangements (including those related to interest, oversight, audit, and accountability for funds disbursed).

3. UNICEF will maintain in a separate ledger account in its records a complete, true and fair record of the receipt and disbursement of the Funds. The Funds may be commingled with other financial resources administered by UNICEF and may be freely exchanged by UNICEF into other currencies as may facilitate their further disbursement.

4. The Funds transferred to UNICEF pursuant to this Transfer Arrangement will be disbursed by UNICEF to the Government exclusively in accordance with the Application Package approved by the Board and such other agreements as the Government and UNICEF may enter into in this regards which are fully consistent with the Application Package.

5. Following transfer by the Administrator, (i) UNICEF will have responsibility to the Donors and the Board for its handling of the Funds in accordance with the terms of this Transfer Arrangement; and (ii) the Bank will have no responsibility to the Donors or the Board or otherwise for UNICEF’s handling of the Funds or the activities carried out with the Funds. UNICEF accepts to further disburse the Funds in accordance with Paragraph 6 above, and to discharge its responsibilities as Supervising Entity solely through undertaking the actions referred to in pages 71 through 80 of proposal which is part of the Application Package, and to do so in accordance with the regulations, rules, procedures and administrative instructions and directives of UNICEF.
6. UNICEF will prepare, on an annual basis, interim unaudited financial reports pursuant to the Financial Regulations and Rules of UNICEF and in the standard reporting format of UNICEF, to reflect the disbursements of the Funds by UNICEF, and will forward a copy of such reports to each Donor. Delivery of such reports to the GPE Secretariat will be deemed to constitute delivery to the Donors. The Funds will be subject exclusively to the internal and external audit arrangements applicable to UNICEF. UNICEF will make its externally-audited financial statements and accompanying reports of its external auditors on its financial statements available to the Board.

7. UNICEF will provide each Donor with an annual programmatic report on the activities financed by the Funds. Within six (6) months of the completion of the activities or of full expenditure of Funds for such activities, whichever comes later, UNICEF will provide a final programmatic report of such activities to each Donor. Delivery of such reports to the GPE Secretariat will be deemed to constitute delivery to the Donors. The programmatic narrative reports on the implementation of activities financed by the Funds will be based on reports provided to UNICEF by the Government and will draw on such additional sources, if any, as UNICEF and the Government may agree. In accordance with the Application Package (page 72), the Afghanistan Global Partnership for Education Programme is not a UNICEF programme and as such UNICEF does not assume accountability for programme implementation and achievement of results, nor accountability in respect of management and disbursement of funds once transferred to the Government of Afghanistan.

8. In the event that UNICEF has concerns that funds transferred to the Government of Afghanistan may have been used for purpose other than the purposes for which they were transferred, UNICEF will bring those concerns to the attention of the Government of Afghanistan (Minister of Finance, Minister of Education, and head of the Supreme Auditing Institution), the LEG, and the Board of Directors, and will request that the Government of Afghanistan take appropriate actions and use reasonable efforts to recover the amounts in question and return such recovered funds to UNICEF for transfer to the Trust Fund.

9. If the Board of Directors notifies the Trustee that the Board of Directors and UNICEF (a) have agreed that prior to disbursing Transferred Funds to the Government of Afghanistan UNICEF failed to manage such funds in accordance with this Transfer Agreement and (b) have agreed that UNICEF will therefore transfer a specific amount of money to the Trust Fund, then the Trustee will deposit to the Trust Fund any funds transferred to the Trustee by UNICEF pursuant to such agreements between the Board of Directors and UNICEF.
10. Each of the Bank and UNICEF will be responsible only for performing their respective functions specifically set forth in this Transfer Arrangement 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.

11. Nothing in this Transfer Arrangement will be considered a waiver of any privileges or immunities of the Bank and UNICEF under their respective Articles of Agreement, the Convention on the Privileges and Immunities of the United Nations, 1946, the Basic Cooperation Agreement between the Government of Afghanistan and UNICEF dated September 22, 1970, or any applicable law, all of which are expressly reserved.

12. UNICEF shall provide a copy of this Transfer Arrangement to the Government. The Supervising Entity and the Administrator consent to disclosure of this Transfer Arrangement and related information in accordance with their respective policies on access to information, including UNICEF’s disclosure of this Transfer Agreement on the internet. This provision shall continue in full force and effect following completion of all Trust Fund disbursements and termination of the Administration Agreements/Administrative Arrangements. The Bank may furnish a copy of this Transfer Arrangement and any amendments thereto to any Donor.

13. The end date of this Transfer Agreement is September 30, 2015 (the “End Date”). Notwithstanding the End Date, this Transfer Arrangement may be terminated at any time by either Signatory for any reason upon three (3) months’ written notice, it being understood that the Administrator may only give notice of termination of this Transfer Arrangement upon receipt of written instructions from the Chair of the Board acting on behalf of the Board. In respect of Funds already disbursed or irrevocably committed to the Government or any other third party in accordance with this Transfer Arrangement, UNICEF will not be required to return any such Funds to the Bank or the Donors, unless and only to the extent that UNICEF receives repayments of such amounts from the Government. All other Funds remaining with UNICEF after such termination or after the End Date will be returned to the Administrator for (i) deposit in the Trust Fund, or (ii) return to the Donors pro rata to their respective contributions to the Trust Fund if the Trust Fund has been closed.

14. The persons listed below (the “Administrator Contact” and the “UNICEF Contact”, respectively, and each a “Contact”), or any other person authorized for the purpose in writing by one Contact and notified to the other Contact, may take any action required or permitted to be taken, and execute any documents required or permitted to be executed, pursuant to this Transfer Arrangement on its behalf. Any notice or request required or permitted to be given or made under this Transfer Arrangement by a Contact will be in writing delivered to the other Contact at the
address set forth below or such other address notified in writing by one Contact to the other.

The Administrator Contact:

Kouassi Soman  
Task Team Leader  
EFA FTI Catalytic Fund  
Human Development Network  
The World Bank  
Mailstop P5-500  
1818 H Street, NW  
Washington, DC 20433 USA  
Email: Ksoman@worldbank.org  
Tel: 202-473-4713

The UNICEF Contact:

Mr. Omar Abdi  
Comptroller  
United Nations Children’s Fund  
Three United Nations Plaza  
New York, New York 10017  
Tel: (212) 326-7000

15. UNICEF accepts that it will (i) not disburse the Funds if such disbursement, to UNICEF’s knowledge or belief, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and (ii) include a provision in any agreements that UNICEF enters into with entities to which UNICEF makes any of the Funds available not to use the Funds for the purpose of any payment to persons or entities, or for the import of goods, if such use, to such entity’s knowledge or belief, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations.

16. This Transfer Arrangement may be amended only by written statement signed by both Signatories. The Administrator confirms that as of the date of the signing of this Arrangement, it has no knowledge of any conflict between the Transfer Arrangement and the Administration Arrangements. In the event of future modification of the Administration Arrangements that might affect the terms of this Transfer Arrangement or which may conflict with the terms of this Transfer Arrangement, the Administrator will notify UNICEF promptly of such modification and the Signatories will endeavor to reach a mutually satisfactory resolution. In the event that the
Signatories are unable to reach a satisfactory resolution, either Signatory may terminate this Transfer Arrangement in accordance with Paragraph 13 of this Transfer Arrangement.

17. The Signatories will seek to resolve any dispute, controversy, or claim arising out of or relating to this Transfer Arrangement through amicable negotiation.

18. This Transfer Arrangement is not an international treaty. It is an administrative arrangement between the Administrator and UNICEF.

19. This Transfer Arrangement will come into operation on the date of the last duly authorized signature provided below (the “Effective Date”).

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT

Tamar Manuelyan Atnc
Vice President & Head of Network
Human Development

Date: 18th August 2012

UNITED NATIONS CHILDREN’S FUND

Omar Abdi
Comptroller

Date: 3 August 2012