

TRANSFER AGREEMENT UNDER THE EDUCATION FOR ALL FAST TRACK INITIATIVE UNESCO TRANSFER FOR OFFICE OF THE FTI CHAIR TRUST FUND (TF096795)

WHEREAS the International Bank for Reconstruction and Development and the International Development Association (together, the “Bank”) and the United Nations Educational, Scientific and Cultural Organization (“UNESCO”) (the Bank and UNESCO together, the “Signatories”) are entering into this Transfer Agreement for the transfer of funds from the Education for All-Fast Track Initiative EFA-FTI Secretariat Multi-Donor Trust Fund (TF096795) (“the Trust Fund”) to UNESCO for expenses associated with the Office of the FTI Chair.

WHEREAS the Trust Fund has been established through certain Administration Agreements/Administration Arrangements, including all annexes, as they may be amended from time to time, between the Bank, as Administrator of the Trust Fund (the “Administrator”) and each or the Donors (collectively, the “Donors”) contributing funds to the Education for All – Fast Track Initiative Secretariat Multi-Donor Trust Fund (the “Administration Agreements”/ “Administration Arrangements”). All defined terms used herein not otherwise defined herein are as defined in the Administration Agreements/ Administration Arrangements;

WHEREAS under the Administration Agreements/Administration Arrangements, each activity to be financed by funds from the Trust Fund has been designated as either (i) managed by the Bank (all activities related to the Secretariat of the Education For All Fast Track Initiative) (the “Secretariat”) or (ii) managed by an FTI Partner (activities related to hosting FTI Chair position and its related operations) (FTI Partner Managed Activities), under their respective fiduciary responsibilities.

WHEREAS, the FTI Board of Directors decided at its Board Meeting of November 4, 2009 that for a period of approximately three years, the FTI Partner hosting the FTI Chair position and its related operations will be UNESCO (Minutes of FTI Board of Directors meeting are attached hereto as Attachment 1).Therefore, in accordance with Section C of Annex 1 of the Administration Agreements/Administration Arrangements, UNESCO will receive funds from the Trust Fund for the purposes of covering salaries and other expenses associated with the office of the FTI Chair and related operations (attached hereto as Schedule 1) through transfers of funds as described in this Transfer Agreement and in consistence with the terms of such Administration Agreements/Administration Arrangements.

WHEREAS, in accordance with Section 1.5 of Annex 2 of the Administration Agreements/Administration Arrangements the Bank shall transfer funds to UNESCO under a Transfer Agreement between the Bank and UNESCO (“Transferred Amounts”), provided that in the event of a conflict, the terms of the Administration Agreements/Administration Arrangements shall prevail over the terms of the Transfer Agreement.

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

1. The Transferred Amounts to UNESCO shall be in the amount of up to US\$2,427,786 (two million, four hundred and twenty seven thousand, seven hundred and eighty six United

States dollars). The transfers of funds shall finance FTI Partner -Managed Activities and shall be made in response to requests by UNESCO to the Bank through the FTI Secretariat for the transfer of specific amounts to be used in accordance with the budget prepared by UNESCO (the Budget) (attached hereto as Schedule 2); provided that any amount to be transferred by the Bank to the UNESCO is consistent with and does not exceed the overall funding allocations from the Trust Fund approved by the Board of Directors and confirmed by the Donors via no objection for specific FTI Partner Managed Activities. Following the transfer of funds by the Bank to the UNESCO, the Bank shall have no responsibility, fiduciary or otherwise, to the Donors or UNESCO or otherwise, for the implementation or supervision of activities financed by such funds.

2. The Budget prepared by UNESCO has taken into account the provision of certain amounts allocated to cover United States income tax given that the FTI Chair selected by the FTI Board of Directors is a United States national and in the event that the person appointed as Assistant of the FTI Chair is also a United States national, and therefore, subject to United States tax law. The Signatories understand and agree that in the event that the funds indicated in the Budget (Schedule 2) prove to be insufficient to cover the total cost of the provision for the reimbursement of the United States income tax, UNESCO shall inform the Bank accordingly. The Signatories shall then hold consultations with a view to agreeing on the provisions of additional funds by the Donors through the Bank or to making appropriate modifications to the services so as to ensure that the funds provided by the Donors through the Bank shall be sufficient to cover all expenses for the provision for the reimbursement of the United States income tax. It is agreed that in no event shall UNESCO be liable for or have any responsibility for reimbursement in whole or in part of any income taxes paid or to be paid by the Chair of EFA/FTI or any other person to be hired by UNESCO under this Agreement.

3. The Bank shall, on behalf of the Donors, transfer funds to UNESCO in accordance with the schedule of transfers described below to finance FTI Partner Managed Activities, in each case upon submission by the UNESCO Authorized Representative, (the Director, Division for Cooperation with Funding Sources) to the Bank Contact (as defined below) of a request to transfer such funds (a "Request") substantially in form of Schedule 3 attached hereto. The Bank shall not be required to verify any aspect related to the transfer of such funds except to confirm that each Request is consistent with schedule below.

(a) The first transfer of one million, two hundred and thirteen thousand, eight hundred and ninety three United States Dollars (US\$1,213,893) shall be made within 10 business days following the Effective Date (as defined below) and receipt of the Request.

(b) The second transfer of up to one million, two hundred and thirteen thousand, eight hundred and ninety three United States Dollars (US\$1,213,893) shall be made no later than sixteen months after the first transfer.

4. The Bank shall transfer the funds to UNESCO by wire transfer to the bank account designated by UNESCO, provided the amount of available uncommitted funds in the Trust Fund exceeds such amount.

5. The Funds will be administered and spent in accordance exclusively with the regulations, rules, procedures, practices and administrative instructions and directives of UNESCO, including but not limited to those relating to direct and indirect costs, interest, internal and external audit, procurement, selection and engagement of consultants, and monitoring, evaluation, and reporting.
6. Whenever possible, UNESCO will invest temporary surplus funds in short-term interest bearing bank deposits. Two thirds of accrued interest will be credited to the budget account established for this transfer, and one third to UNESCO for administrative and management commission in accordance with UNESCO's rules and regulations.
7. UNESCO agrees that any Transferred Amounts transferred under the Administration Agreements/Administration Arrangements shall be used by UNESCO only for the FTI Partner Managed Activities, unless otherwise notified by the Bank Contact through written communication to the UNESCO Contact that the Administrative Agreements/Administrative Arrangements with the Donors have been amended to permit other uses; provided that eligible expenditures with respect thereto and the use of any income earned thereon shall follow the UNESCO's regulations, rules, policies and procedures.
8. The Transferred Amounts to UNESCO will be administered in accordance with UNESCO's financial regulations, rules, policies and procedures, which provide *inter alia* that 13% of direct project costs will be charged to cover UNESCO's expenses for technical and administrative supervision. UNESCO represents that it has informed the Donors of the amount of this charge and will inform the Donors of any changes thereto. UNESCO will retain the funds recovered through this charge for UNESCO's own account.
9. Following the transfer of any amounts requested by UNESCO and approved by the FTI Board of Directors and the Donors, UNESCO acknowledges and agrees that (i) UNESCO shall be responsible for the Transferred Amounts and agrees to handle and use these funds, including employment and supervision of consultants and the procurement of goods, in accordance with UNESCO's regulations, rules, policies and procedures; and (ii) notwithstanding any coordination or facilitation provided by the Bank for the Trust Fund through the EFA-FTI Secretariat, the Bank shall have no responsibility, fiduciary or otherwise, for the activities financed by the Transferred Amounts to UNESCO.
10. UNESCO acknowledges and agrees that the Bank has no responsibility, under the Administration Agreements/Administration Arrangements, this Transfer Agreement or otherwise, for (i) confirming the use of the Transferred Amounts to UNESCO; (ii) implementing, monitoring, supervising, evaluating, or providing quality assurance for activities financed by the Transferred Amounts to UNESCO; (iii) providing the Donors with reports on the progress of activities financed by the Transferred Amounts to UNESCO; or (iv) any misuse or misprocurement with respect to the Transferred Amounts to UNESCO. UNESCO acknowledges and agrees that any financial statements with respect to the use of the Transferred Amounts to UNESCO are the responsibility of UNESCO.

11. UNESCO shall (i) maintain separate budget fund accounts in United States Dollars with respect to the Transferred Amounts to UNESCO, and (ii) provide the Donors with annual unaudited financial reports in United States Dollars with respect to the Transferred Amounts to UNESCO in accordance with UNESCO's regulations, rules, policies and procedures, including certification by UNESCO's Head of Accounting. Delivery of such reports to the FTI Secretariat will be deemed to constitute delivery to the Donors to the EFA-FTI Secretariat Trust Fund.

12. UNESCO shall (i) prepare annual reports on progress in carrying out the FTI Partner Managed Activities and submit those reports directly to the Donors and (ii) prepare a final report on the FTI Partner Managed Activities and submit this report directly to the Donors within six months of the End Date. Delivery of such reports to the FTI Secretariat will be deemed to constitute delivery to the Donors to the EFA-FTI Secretariat Trust Fund.

13. The persons listed below (the Bank Contact and UNESCO 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 pursuant to this Transfer Agreement on behalf of its respective organization; provided that any such Contact must be an employee of the respective organization. Any notice or request required or permitted to be given or made under this Transfer Agreement by a Contact shall be in writing delivered to the other Contact at the address set forth below (excluding email) or such other address notified in writing by the Contact to which the notice or request is delivered, to the Contact issuing the notice or making the request.

Bank Contact:

Mr. Robert Prouty
Head, FTI Secretariat
c/o the World Bank
1818 H Street, NW
Washington, DC 20433 USA
Email: rprouty@worldbank.org
Tel: (+1) 202-473-7532
Fax: (+1) 202-522-3233

UNESCO Contact:

Akio Arata
Director, Division for Cooperation with Extrabudgetary Funding Sources
UNESCO
7 Place de Fontenoy
75352 Paris
FRANCE
Email: a.arata@unesco.org
Tel: 00 33 (0) 1 45681414
Fax: 00 33 (0) 1 45685507

14. The Bank and UNESCO shall each be responsible for performing only their respective functions specifically set forth in this Transfer Agreement and shall 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. Nothing in this Transfer Agreement shall be considered a waiver of any privileges or immunities of the International Bank for Reconstruction and Development and the International Development Association under their respective Articles of Agreement, and UNESCO under its constituent documents and Privileges and Immunities agreements, or under any applicable law, all of which are expressly reserved.

15. UNESCO consents to disclosure of this Transfer Agreement and information on the Trust Fund in accordance with the Bank's policy on Access to Information. This provision shall continue in full force and effect following completion of all Trust Fund disbursements and termination of the Administration Agreements/Administration Arrangements. The Bank may furnish a copy of this Transfer Agreement and any amendments thereto to the Donors.

16. This Transfer Agreement may be terminated by either the Bank or UNESCO upon three (3) months prior written notice to the other Contact. In the event of any such termination, unless the Bank and UNESCO agree on another course of action, all commitments incurred by UNESCO prior to the effective date of termination, whether third party or internal (e.g. staff), as well as the charge specified in Section 8 of this Transfer Agreement, will be unaffected by such termination; provided such commitments do not exceed the amount of Transferred Amounts to UNESCO. All other Transferred Amounts remaining with UNESCO after such termination shall be returned to the Bank for deposit in the Trust Fund

17. UNESCO agrees that the Transferred Amounts will be fully disbursed by 31 December 2014 (the "End Date"), unless otherwise notified by the Bank Contact through written communication to the UNESCO Contact that the Administrative Agreements/Administrative Arrangements with the Donors has been amended to permit later disbursements. Any unexpended Transferred Amounts to UNESCO remaining with UNESCO after the End Date shall be returned to the Bank for deposit in the Trust Fund, or returned to the Donors pro-rata to their respective contributions to the Trust Fund if the Trust Fund has been closed.

18. UNESCO shall immediately inform all Donors, with a copy to the Bank, of any illegal or corrupt practice in any activity financed under this Transfer Agreement. After consultation with UNESCO, the Donors collectively based on consensus may ask the Bank to withhold disbursements on the Transfer Agreement in the case of (a) a substantial deviation from work plans and budgets approved by the FTI Board of Directors; (b) failure of UNESCO to provide reports required under the Transfer Agreement; or (c) evidence of financial mismanagement of FTI Partner Managed Activities.

19. The Donors may collectively (based on consensus) or individually (up to their respective pro-rata shares of the uncommitted funds in the Trust Fund in accordance with paragraph 7.2 of Annex 2 of the Administration Agreements/Administration Arrangements with respect to the funds in question under (a), (b) or (c) above or any unmet or breached obligations) claim repayment in full or in part directly from UNESCO to the extent that UNESCO has been able to

obtain repayment from the negligent party if the funds are found to be misused or not satisfactorily accounted for. Such repayment shall be in accordance with the UNESCO's financial regulations and rules. Before withholding disbursement or claiming repayment, UNESCO and the Donors shall consult with a view to resolving the matter promptly.

20. This Transfer Agreement comprises the entire agreement between the Bank and UNESCO relating to the subject matter hereof. It supersedes any prior arrangements, agreements or understandings between the parties hereto relating to the subject matter. This Transfer Agreement may be amended only by written agreement between the Bank and UNESCO. It is understood that unless otherwise specified, any amendments to the originally signed Administration Agreements/Administration Arrangements that affect the terms of the Transfer Agreement shall additionally require the UNESCO's consent to be effective and any amendments to the originally signed Transfer Agreement shall require the Donors' consent to be effective.

21. This Transfer Agreement can be executed in separate counterparts and by each of the Bank and UNESCO separately on a separate counterpart, and each such counterpart, when so executed, shall be an original. Such counterparts shall together constitute one and the same instrument.

22. The Bank and UNESCO agree that upon receipt by the Bank of the copy of this Transfer Agreement countersigned by UNESCO, this Transfer Agreement will become effective as of the date of UNESCO's countersignature (the "Effective Date"). Duly signed by an authorized representative of the:

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION**

By: /s/ Rakesh Nangia
Director, Strategy and Operations
Human Development

Date: July 30, 2010

United Nations Educational, Scientific and Cultural Organization ("UNESCO")

By: /s/ Akio Arata
Director, Division for Cooperation with Extrabudgetary Funding Sources

Date: November 9, 2010

Schedule 1

Description of FTI Partner (UNESCO) Managed Activities

The following terms are taken from Section B of Annex 1 attached to the Administration Agreements/ Administration Arrangements for the EFA FTI Secretariat Trust Fund (TF053689) and are activities that may be financed by the Transferred Amounts to UNESCO:

Contributions to the EFA FTI Secretariat Trust Fund may also be used to fund all costs associated with the office of the FTI Chair and its related operations, which are independent from the Secretariat.

These FTI Chair related activities would be managed by an FTI Partner and conducted under FTI Partner's responsibility, fiduciary and otherwise, in accordance with FTI Partner's policies and procedures.

**Schedule 2
Budget**

Project Title: EFA Fast Track Initiative’s Chair and Assistant Executive Officer

Project Code: -

Cost Elements Description	Year 1	Year 2	Year 3	Total
(10) Staff				
(10’) Travel costs	75 000	150 000	150 000	375 000
(11) International experts/Consultants	257 615	515 230	515 230	1 288 075
(13) Administrative and Technical support staff	2 518	5 035	5 035	12 588
(14) United Nations Volunteers	-	-	-	-
(17) National experts	-	-	-	-
(10) Total Staff	335 133	670 265	670 265	1 675 663
(20) Subcontracts	-	-	-	-
(30) Training, seminars and meetings	-	-	-	-
(40) Equipment	23 385	4 000	4 000	31 385
(50) Miscellaneous	2 436	12 000	12 000	26 436
Subtotal – direct costs	360 954	686 265	686 265	1 733 484
Provision for USA Tax	85 000	170 000	160 000	415 000
(80) Support costs (13%)	57 974	111 314	110 014	279 303
TOTAL	503 927	967 579	956 279	2 427 786
Transfer Schedule	Year 1	Year 2		Total
Each Transfers covers 18 month period	Within 10 days of signing of Transfer Agreement	No later than 16 months after Transfer 1		
	1 213 893	1 213 893		2 427 786

Schedule 3

Form of UNESCO Request for Transfer of Funds

[UNESCO letterhead]

[Date]

Mr. Robert Prouty
Head, FTI Secretariat
c/o The World Bank
1818 H Street, NW
Washington, DC 20433, USA

RE: UNESCO transfer for Office of the FTI Chair Trust Fund (TF096795)

Dear Mr. Prouty:

Reference is made to the Transfer Agreement between the International Bank for Reconstruction and Development and the International Development Association (collectively, the Bank) and the United Nations Educational, Scientific and Cultural Organization (UNESCO), effective *[insert date UNESCO signs Transfer Agreement]* (the Transfer Agreement), in which the Bank has agreed to transfer funds to the UNESCO for FTI Partner Managed Activities consistent with the terms of the Administration Agreements/Administration Arrangements for the EFA - FTI Secretariat Multi-Donor Trust Fund (TF No. 053689).

Pursuant to Section 3 of the Transfer Agreement, UNESCO hereby requests you to transmit one million, two hundred and thirteen thousand, eight hundred and ninety three United States Dollars (US\$1,213,893) from the Office of the Chair Trust Fund (TF096795) for UNESCO's use consistent with the terms of the Transfer Agreement.

Sincerely,

United Nations Educational, Scientific and Cultural Organization ("UNESCO")

Name: Akio Arata Title: Director, Division for Cooperation with Extrabudgetary Funding Sources

**Board of Directors Meeting
Wednesday, November 4, 2009
MINUTES**

The following decisions were agreed by the Board of Directors:

BOD/2009/11-01 — Status of agreed decisions: Approval that future Board meetings will include a status summary and overview of actions and progress of FTI (e.g., how many countries have been endorsed and an overview of disbursements, etc.).

BOD/2009/11-02 — Selection of the New Chair of FTI: Unanimous approval of the selection of Ms. Carol Bellamy as new Chair of FTI from December 1, 2009 through the end of December 2012. The Chair will be contracted by UNESCO.

BOD/2009/11-03 — Selection of the New Chair of FTI: Approval that the Chair and FTI Secretariat be asked to develop a proposal of different options for supporting the Chair in the future.

BOD/2009/11-04 — Selection of the New Chair of FTI: The Board noted that there is a necessity to clarify the relationship between the FTI Chair, the Head of the Secretariat and the World Bank. The World Bank and the Board will work to further clarify this relationship (e.g., reporting lines, etc.).

BOD/2009/11-05 — Selection of the Head of the Secretariat: Approval that the Chair of FTI will be included in the selection panel for the Head of Secretariat.

BOD/2009/11-06 — Replenishment Campaign: Approval of the Strategic Action Plan for the resource mobilization effort, with revisions as noted by the Board.

BOD/2009/11-07 — Replenishment Campaign: Funding of EFA goals is recommended to feature as prominent objectives on the G8 and G20 agendas under the upcoming Canadian presidency. Agreement that all G8 and G20 Board members will lobby to make this happen at the G8 and seek ways of gathering support at the G20.

BOD/2009/11-08 — Replenishment Campaign: Recommendation to seek political support from leaders of government from both partner and donor countries (as champions) in support of EFA FTI replenishment.

BOD/2009/11-09 — Replenishment Campaign: Agreement that December 31, 2009 be the target for signed pledges for Phase I financing.

BOD/2009/11-10 — Replenishment Campaign: Approval that a Phase II pledging event should take place in 2010, along with other high level events targeting the G8 and G20 meetings. The Secretariat will develop a detailed proposal on the pledging event, including the possibility of scheduling the event in conjunction with the launch of the World Cup in June 2010.

BOD/2009/11-11 — FTI Strategic Reform: The Board welcomes the proposals for the EFA Fund and PACE and sees these as important components of the further strategic development of FTI. The Board recognizes the importance of these proposals in addressing some of the key issues highlighted in the FTI evaluation.

BOD/2009/11-12 - FTI Strategic Reform: Approval that the Chair and the Secretariat will prepare a timeline and sequence of decisions/actions to fit into the further strategic development of the FTI, including the follow up on the evaluation.

BOD/2009/11-13 — FTI Strategic Reform: Based on the proposal it was approved to schedule an extraordinary Board meeting (retreat) of max 1 1/2 day in early 2010 to address the further strategic development of FTI, including the elaboration of a business plan.

BOD/2009/11-14 — FTI Secretariat Budget & Work Plan: Approval of the proposed Secretariat Strategic Action Plan and Budget. The size of the FTI Secretariat will be considered in the context of the business plan.

BOD/2009/11-15 — FTI Evaluation: Approval that a management response to the draft full evaluation report will be prepared by the Board. This work will be led by the new Chair, with support from the outgoing Co-chairs as relevant.

BOD/2009/11-16 — FTI Evaluation: Approval that the management response, after clearance by the Board, will be issued simultaneously along with the draft full evaluation report.

BOD/2009/11-17 - FTI Evaluation: Approval that the FTI Secretariat will lead an in-depth analysis and provide detailed comments on the draft full evaluation report. Board members interested in participating should contact the Secretariat.

BOD/2009/11-18 — FTI Evaluation: Approval that the Evaluation Oversight Committee is asked to ensure that the Board receives the draft full evaluation report by November 20, 2009.

BOD/2009/11-19 — FTI Evaluation: Approval that the final evaluation report will be released at the EFA High Level Group meeting in Ethiopia in February 2010.