ADMINISTRATION ARRANGEMENT

AMONG

THE GOVERNMENT OF CANADA AS REPRESENTED BY
THE MINISTER FOR INTERNATIONAL COOPERATION ACTING THROUGH
THE CANADIAN INTERNATIONAL DEVELOPMENT AGENCY (CIDA)

AND

INTERNATIONAL FINANCE CORPORATION

AND

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/
INTERNATIONAL DEVELOPMENT ASSOCIATION

FOR

THE FINANCIAL SUPPORT

RELATING TO

"STRENGTHENING THE INVESTMENT CLIMATE
IN LATIN AMERICA AND THE CARIBBEAN (LAC)"

ARRANGEMENT dated July 23, 2012 among:

1. THE GOVERNMENT OF CANADA AS REPRESENTED BY THE MINISTER FOR
INTERNATIONAL COOPERATION, acting through THE CANADIAN INTERNATIONAL
DEVELOPMENT AGENCY (the “Donor” or “CIDA”); and

2. INTERNATIONAL FINANCE CORPORATION (“IFC”), an international organization
established by Articles of Agreement among its member countries (including Canada)
and a member of the World Bank Group¹ (“WBG”); and

3. INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“IBRD”) and
INTERNATIONAL DEVELOPMENT ASSOCIATION (“IDA”, and together with IBRD, the
“Bank”), each an international organization established by Articles of Agreement among its
member countries (including Canada), and each a member of the WBG.

The Donor, IFC and the Bank (collectively, the “Signatories”)

¹ The World Bank Group consists of the International Finance Corporation (IFC), the International Bank for
Reconstruction and Development (IBRD), the International Development Association (IDA), the Multilateral
Investment Guarantee Agency (MIGA), and the International Centre for Settlement of Investment Disputes
(ICSID)
WHEREAS:

(A) IFC and the Bank have agreed to coordinate their support to the Latin America and the Caribbean Region (the “Region”) in the area of investment climate, as a comprehensive package of technical assistance, analytical and advisory services and policy support (“TA Program”). The objectives of the TA Program are:

i. to foster enterprise creation and growth through reforms of the legal and regulatory framework by allowing firms to easily enter markets, access credit, register property, build premises, compete, and exit business; and

ii. to facilitate integration of foreign markets and investments by improving key procedures and regulations as they are measured by the Doing Business Report and other indicators, strengthen the competition policy framework and improve tax procedures and processes to make it easier for businesses to comply with their tax requirements.

(B) The TA Program is not a separate legal entity, but rather is a program of IFC and the Bank currently administered by IFC’s Latin America and Caribbean Advisory department and by the Bank’s Finance and Private Sector Development Department Network. Nothing in this Arrangement is intended to create or imply a legal partnership between or among the Donor, IFC and the Bank, and any other donor and/or any other person.

(C) The Donor has expressed strong support for the TA Program and wishes to provide funding for the activities undertaken by IFC and the Bank under such TA Program.

(D) Each of IFC and the Bank is prepared to utilize funds provided by the Donor for the purpose of financing activities undertaken by IFC (the “IFC Activities”) and activities undertaken by the Bank (the “Bank Activities”, and collectively with the IFC Activities, the “Activities”) within the framework of the TA Program.

(E) For the above purpose, IFC and the Bank have set up on the provisions set forth below two trust funds, identified by: (i) the number TF071867 (the “IFC Donors’ Trust Fund”) to administer the funds allocated for the IFC Activities; and (ii) the number TF071884 (the “WB Multi-Donor Trust Fund”; and collectively with the IFC Donors’ Trust Fund, the “Trust Funds”) to administer the funds allocated for the Bank Activities.

NOW THEREFORE, the Signatories hereto decide as follows:

1 The Contribution

1.1 The contribution of the Donor under this Arrangement is ten million eight hundred fifteen thousand Canadian dollars (CAD 10,815,000.00) (the “Contribution”) of which:

(a) Seven million, seven hundred eighty-eight thousand, three hundred sixty-three Canadian dollars (CAD7,788,363) is for the IFC Activities and is to be credited to the IFC Donors’ Trust Fund TF071867; and

(b) Three million, twenty-six thousand six hundred thirty-seven Canadian dollars (CAD3,026,637) is for the IBRD Activities and is to be credited to the WB Multi-Donor Trust Fund TF071884.
1.2 The Contribution will be used to finance the activities in the Region and the categories of expenditure set forth in the “Description of Activities and Expenditures under the IFC Donors Trust Fund” attached hereto as Annex A (“IFC Activities”), and in the “Description of Activities and Expenditures under the WB Multi-Donor Trust Fund” attached hereto as Annex B (“Bank Activities”), respectively.

1.3 The Contribution will be administered by IFC in relation to the IFC Donors Trust Fund and the Bank in relation to the WB Multi-Donor Trust Fund for the account of the Donor in accordance with the provisions of this Arrangement including the “Standard Provisions Applicable to the IFC Donors’ Trust Fund (TF071867) and the WB Multi-Donor Trust Fund (TF071884)” (the “Standard Provisions”) attached hereto as Annex C.

1.4 The Donor may later decide jointly with IFC and/or the Bank to contribute additional funds to support the IFC Activities or the Bank Activities, as the case may be, which will be governed in all respects by this Arrangement unless otherwise decided jointly.

1.5 Other donors are also expected to contribute to the Trust Funds on the provisions specified in the Annexes to this Arrangement. When other donors contribute funds to the IFC Donors’ Trust Fund and/or to the WB Multi-Donor Trust Fund, the aggregate of all the Donors’ contributions to either Trust Fund will be commingled in each Trust Fund and are referred to in this Arrangement as the “Contributions”.

2 Deposit of the Contribution

2.1 The Donor’s Contribution under this Arrangement will be provided in accordance with the following instalment payment schedule:

(a) Upon signature of this Arrangement, the Donor hereby authorizes IBRD to transfer from the Donor’s balance account TF029048 the amount of two million, one hundred and ten thousand Canadian dollars (CAD2,110,000), being the first instalment of the Donor’s Contribution for the Donor’s fiscal year 2011-2012, as specifically detailed in line one of each of (b) and (c) below, into the IFC Donors’ Trust Fund TF071867 and the WB Multi-Donor Trust Fund TF071884 respectively.

(b) the IFC Donors’ Trust Fund (TF071867) as follows:

<table>
<thead>
<tr>
<th>Amounts</th>
<th>Payment to be made to IFC on/or before:</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAD 1,519,505</td>
<td>Upon signature for the Donor’s fiscal year 2011-2012</td>
</tr>
<tr>
<td>CAD 2,160,433</td>
<td>March 31st, 2013 for the Donor’s fiscal year 2012-2013</td>
</tr>
<tr>
<td>CAD 1,987,599</td>
<td>March 31st, 2014 for the Donor’s fiscal year 2013-2014</td>
</tr>
<tr>
<td>CAD 1,249,451</td>
<td>March 31st, 2015 for the Donor’s fiscal year 2014-2015</td>
</tr>
<tr>
<td>CAD 871,375</td>
<td>March 31st, 2016 for the Donor’s fiscal year 2015-2016</td>
</tr>
</tbody>
</table>

TOTAL: CAD 7,788,363
(b) the WB Multi-Donor Trust Fund (TF071884) as follows:

<table>
<thead>
<tr>
<th>Amounts</th>
<th>Payment to be made to the Bank on/or before:</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAD 590,495</td>
<td>Upon signature for the Donor’s fiscal year 2011-2012</td>
</tr>
<tr>
<td>CAD 839,567</td>
<td>March 31st, 2013 for the Donor’s fiscal year 2012-2013</td>
</tr>
<tr>
<td>CAD 772,401</td>
<td>March 31st, 2014 for the Donor’s fiscal year 2013-2014</td>
</tr>
<tr>
<td>CAD 485,549</td>
<td>March 31st, 2015 for the Donor’s fiscal year 2014-2015</td>
</tr>
<tr>
<td>CAD 338,625</td>
<td>March 31st, 2016 for the Donor’s fiscal year 2015-2016</td>
</tr>
<tr>
<td>TOTAL</td>
<td>CAD3,026,637</td>
</tr>
</tbody>
</table>

This installment schedule may only be amended in writing between the Donor, IFC and the Bank, as applicable.

2.2 Either of IFC and the Bank will submit a written payment request before each payment.

2.3 The amounts will be deposited by the Donor into such account with such bank designated in the corresponding payment request submitted by IFC or the Bank.

2.4 Except for the portion of the Contribution to be transferred from the Donor’s balance account (TF029048) as described in paragraph 2.1 (a), when making each such deposit, the Donor will instruct its bank to include in its payment details information (remittance advice) field of their SWIFT payment message, information indicating:

a. the amount paid;

b. that the payment is from the Donor and specifying what portion of the amount paid is to be allocated to each of (or entirely to either of):

   (i) the Investment Climate in LAC IFC Donors’ Trust Fund, TF071867; and
   (ii) the Investment Climate in LAC WB Multi-Donor Trust Fund, TF071884; and

c. the date of the deposit;

   (the “Deposit Instruction”)

In addition, the Donor will provide a copy of its Deposit Instructions to the IBRD’s Accounting Department, Trust Funds Division (by fax to +1-202-614-1315 or by email to tfremitadvice@worldbank.org) and, in case of any deposit to the IFC Donors’ Trust Fund, also to the Manager, Advisory Services in Latin America and the Caribbean Department (Lima, Perú), by fax to +51-1-611-2525.

2.5 Promptly upon receipt of the Contribution funds and the Deposit Instructions as specified in paragraph 2.4, if funds are received in a currency other than United States dollars, the funds will be converted into United States dollars at the exchange rate obtained by the Bank, on the date of the conversion. Where the Contribution funds prove to be insufficient to complete the Activities as a result of any exchange rate fluctuation, neither IFC, nor the Bank, nor the Donor will bear any responsibility for providing any additional financing.
3 Other Provisions

3.1 Annexes A, B and C to this Arrangement constitute an integral part of this Arrangement.

3.2 This Arrangement may be amended only by written agreement between the IFC, the Bank and the Donor; provided, however, that the annexes may be amended only with the understanding of all donors contributing to the IFC Donors' Trust Fund or WB Multi-Donor Trust Fund.

3.3 This Arrangement will become effective on the date it is signed by all Signatories.

3.4 It is understood that this Arrangement is not an international treaty. It is an administrative arrangement among the Donor, IFC and the Bank.

3.5 All references made in Annexes and related documents to “Administration Agreement” will have the same meaning as the term “Administration Arrangement” used herein.

3.6 No member of the House of Commons of Canada will be admitted to any share or part of this Administration Arrangement, or to any benefit arising therefrom.

3.7 No current or former public office holder or public servant of the Government of Canada who is not in compliance with the Conflict of Interest and Post-Employment Code for Public Office Holders or the Values and Ethics Code for the Public Service will derive a direct benefit from this Arrangement.

3.8 Any subsequent funding, if any, made under this Arrangement is subject to there being an appropriation by the Parliament of Canada for the fiscal year in which the payment is to be made. If the Donor's appropriation is changed by the Parliament of Canada, the Donor may reduce the funding, or cancel this Arrangement subject to the provisions of paragraphs 7.2 (a) and (b) of the Standard Provisions (Annex C).

3.9 No offer, gift or payment, consideration or benefit of any kind, which constitutes an illegal or corrupt practice, has or will be made to anyone, either directly or indirectly, as an inducement or reward for the award or execution of this Arrangement. Any such practice will be grounds for terminating this Arrangement or taking any other corrective action as required.

3.10 With respect to the acknowledgment of the Donor's contribution pursuant to paragraph 9 of Annex C, IFC and the Bank will refer to the Donor's contribution as CIDA's “Canada Americas Business Environment Reform (CANAMBER) initiative”.

4 Communications

4.1 Except as provided in paragraph 2.4 above, any notice, request or other communication required or permitted to be given under this Arrangement will be in writing and will be delivered by mail, courier service, email or facsimile to the respective Signatory's address specified below or at such other address as such Signatory notifies in writing to the other Signatories from time to time:
For the Donor:

Canadian International Development Agency (CIDA)
200 Promenade du Portage, 11th Floor
Gatineau, Quebec
CANADA K14 064

Attention: Sr. Director, Americas Directorate (GPB)
Fax: +1-819-997-6637

For IFC:

International Finance Corporation
The World Bank Group
Avenida Alvarez Calderón 185
San Isidro
Lima, Perú

Attention: Manager, Latin America and the Caribbean Facility
Fax: +51-1-611-2525

With copy to:
The Director, Partnerships and Advisory Services Operations Department
International Finance Corporation
2121 Pennsylvania Ave., N.W.
Washington, D.C. 20433
United States of America
Fax: +1-202-974-4344

For the Bank:

THE WORLD BANK
1818 H St NW
Washington, DC 20433
United States of America

Attention: Director, Finance and Private Sector Development,
Latin America and Caribbean Region
and Co-Director, Investment Climate Global Practice
Fax: +1 202-522-0048

with copy to:
Manager, Business Regulation, Investment Climate Department,
Fax: +1 202-522-3262
IN WITNESS WHEREOF, the authorized representatives of the Signatories hereto have signed this Arrangement.

THE GOVERNMENT OF CANADA
as represented by THE MINISTER FOR INTERNATIONAL COOPERATION
acting through
THE CANADIAN INTERNATIONAL DEVELOPMENT AGENCY (CIDA)

By: [Signature]
Name: Diana M. Mercini
Title: IFR Director, Americas
Date: 2012-07-23

INTERNATIONAL FINANCE CORPORATION (IFC)

By: [Signature]
Name: Mary Porter Bounka
Title: Regional Head
Date: July 16th, 2012

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/INTERNATIONAL DEVELOPMENT ASSOCIATION (IBRD/IDA)

By: [Signature]
Name: Maria Luisa Kotta
Title: Director, Finance & Private Sector Development, Latin America & Caribbean Region
Date: July 11, 2012
DESCRIPTION OF IFC ACTIVITIES AND EXPENDITURES UNDER THE IFC DONORS' TRUST FUND (TF071867)

This Annex will be applicable to, and form an integral part of, all agreements entered into between IFC, the Bank and entities that provide contributions (collectively, the “Donors”) (the aggregate of all contributions from the Donors, the “Contributions”) to be administered by IFC for the IFC Donors’ Trust Fund (TF071867).

IFC Activities will cover tax simplification, business regulations and indicator based reform advisory.

The activities described below will contribute to the following expected results:

Ultimate outcome: Increased competitiveness in the Latin America and Caribbean region.

Intermediate outcomes:

- Improved regulatory and administrative frameworks and processes for doing business in selected participating countries;
- Increased efficiency and transparency in business entry procedures and licensing regimes in selected participating countries;
- Enhanced efficiency and inclusiveness of tax regimes in participating countries.

I Tax Simplification

The Tax Simplification Program is divided into 2 phases: During the first 2 years the program will focus on supporting the implementation of reform in business taxation with 3 key pillars:

- Undertake key diagnostics of tax compliance burdens and administrative efficiencies to inform a tax simplification program;
- Simplify key tax administration processes for businesses;
- Simplify tax regimes for MSMEs with the aim to reduce their compliance costs to encourage voluntary compliance and deter rent-seeking by the tax administration.

During this first phase, this program component will focus on the following core activities, geared to conduct benchmarking exercises to both assess and develop baselines for key indicators of reform outcomes and provide inputs into the design of a business tax simplification design:

a) Conduct compliance cost surveys to determine the time and financial costs of compliance (and non-compliance) with tax procedures;

b) Carry out process mapping studies to complement the compliance cost survey to determine where the bottlenecks in the tax processes lie;

c) Analyze compliance cost survey and process mapping studies to identify key issues and areas of focus for reform of taxpayer facing processes;

d) Make recommendations for reform of tax processes and administration to reduce compliance cost for taxpayers and save time/cost of administration.
c) Design special, simplified tax regime for small and micro businesses. Determine needed changes in tax laws, procedures, rules, forms and systems. Redraft tax laws, as required, to support the new regime;

f) Develop communications strategy including promotion and information campaigns for MSMEs;

g) Strengthen E-governance: Support the implementation of e-filing, e-payment, and e-services programs of the tax administration pertaining to business taxpayers;

h) Design “one-stop” tax service centers for small business.

Program Activities in the second phase of the program, at the end of the first two years, will focus on rationalizing region-wide tax incentives and avoiding harmful tax competition. Planned activities:

a) Review of current incentives regime in each country, both per laws as well as per practice;

b) Estimations of foregone tax revenues, where needed;

c) Conduct investor motivation surveys to understand key drivers of investment and role of tax incentives in attracting investment;

d) Carry out cost-benefit analyses in the countries to assess the effectiveness of tax incentives;

e) Design a set of policy guidelines on tax incentives;

f) Organize several regional workshops and conferences on the issue of tax incentives to share best practices;

g) Attempt to agree on a common regional policy and framework on tax incentives.

During both phases of the tax simplification program, the IFC team will closely coordinate and involve the World Bank team (in particular the LAC Poverty Reduction and Economic Management Network team) in the delivery of the work to ensure full consistency and coordination with the World Bank engagements in the tax area in the LAC region.

II Business Regulation

The Business Regulation Program is divided into 2 components: Business Entry and Construction Permits and Green Building Regulations.

Business Entry:

a) Consolidation and strengthening Regional Network of Public Registrars for Latin America and the Caribbean (ASORLAC for its acronym in Spanish): Created on April 2010 under the initiative of the IFC with the support of Colombia’s Chamber of Commerce of Bogota, the Regional Network of Public Registrars for Latin America and the Caribbean will promote the exchange of good practices in the reform to start a business. To consolidate the network, IFC will hire a team of professionals to enhance the dynamism of this network as well as to promote and manage all activities.

b) Coordination of knowledge sharing meetings: Activities of knowledge sharing at the regional level are essential to provide to senior officials in charge of the public registrars a space to interact, share experiences and solidify partnerships. The program plans to have one annual meeting to present the progress accomplished by ASORLAC as well as to highlight the plans for future activities. The program expects to coordinating 3 annual events in the next 3 years.
c) **Harmonization of Business Entry Reforms for regional regulatory convergence:** Once ASORLAC has a team to organize knowledge sharing activities, it is envisioned that this staff would manage the following tasks:

i) **Identification of potential regulatory synchronicities to detect opportunities for knowledge exchange**

ii) **Coordination of consultancies to promote concrete and specific reforms:**

iii) **Promote working virtual tables around key topics for reform:** ASORLAC team will promote the exchange of good practices around key topics for reform including: one stop shops, the role of notaries, legal reforms, and inspections. The exchange of information could be accomplished virtually or as part of the consultancies.

**Construction Permits and Green Building Regulations**

Activities for the Construction Permits and Green Building Regulations include:

a) **Peer-to-peer knowledge sharing activities:** The knowledge sharing activities that will be planned around this component will be accomplished through the creation of specific working tables around particular reforms that have had a positive impact in a country. These activities could include specific workshops on key subject areas such as construction permit, ICTs, and inspection of constructions. In addition, the regional peer-to-peer knowledge sharing could be accomplished through the exchange of consultants identified by IFC.

b) **Mapping for Green Building Regulations:** Leveraging on the vast amounts of information WBG local offices have collected on the regulatory framework of construction permits, WBG Activities will expand on this knowledge and conduct mapping studies on the GBC execution potential in chosen countries. These mapping studies will provide with the background and framework to identify the opportunities to implement the GBC in these countries.

**III Indicator Based Reform Advisory (IBRA) Activities**

The Indicator Based Reform Advisory component is composed of two main groups of Activities: Activities at the national level in each participating country, and Activities at the regional and sub-regional levels aimed for the LAC region as a whole.

a) **Activities at the national level:**

The IBRA technical assistance will be organized as follows:

i. **Prepare a reform memorandum.**

The reform memorandum for each country will outline country performance on the Doing Business report and possibly other relevant indicators (e.g. Women, Business and the Law, enterprise surveys) and recommended actions for reform in specific areas of investment climate reforms.
ii. Discuss recommended actions in the memorandum of reform with the government.

(a) Identify key areas where impact of reforms could be substantial and where government intervention is most likely to succeed in the short- to medium-term;

(b) Discuss proposed reforms in these areas and the feasibility of their implementation;

(c) Identify any need for further technical assistance.

The results of the discussions are summarized in “Action Plans,” which are shared with the governments shortly after the mission. Follow-up missions are organized as needed to provide more in-depth support and monitor ongoing progress.

iii. Provide technical assistance to governments.

Following identification of priorities, a WBG team will design a technical assistance program. Key deliverables include:

a) Detailed process mappings and recommendations for improvement;

b) Legislative reviews to suggest amendments to business laws that will bring these laws into line with international best practices;

c) Advice on institutional design and needed technology investments.

b) Activities at the regional and sub-regional level:

At the regional and sub-regional levels, IBRA technical assistance will support a peer-to-peer learning network to encourage reform momentum and collaboration across the LAC region. These activities will include:

a) A series of regional and sub-regional learning events with attendance of countries seeking to reform and those that are active reformers consistently pursuing improvements to the investment climate.

The events will be conducted in two phases. The first year of the peer-to-peer network will focus on regulatory areas covered by Doing Business report indicators. At the end of the first 24 months of the program, the program will emphasize training on topics that go beyond Doing Business report indicators to include other key competitiveness issues in LAC that have been identified, and may be included in the remaining period of the program.

b) Webinars every six months that will continue dialogue amongst the countries between the events. This will allow the team to also follow up on progress and reform efforts.

c) “Peer assist” activities that can take several forms:
   a. Staff from reforming governments to travel to other countries in the region to see how a similar reform was completed.
   b. Country experts travel to the reforming countries to advise directly on ongoing reforms.

2 The rationale for the phased approach is to distribute limited capacity and resources in the participating governments over a sustainable period of time, and to heed lessons of experience which suggest that simpler project design increases the chances to successful implementation.
This peer-to-peer technical assistance will complement the WBG’s direct technical assistance to provide regional examples of success and work towards harmonizing regulation at the regional and sub-regional levels.

**Categories of Expenditures**

Expenditures will include those of WBG’s consultants and staff dedicated to the implementation of the IFC Activities, equipment, workshops/training, grants, office space and furniture, travel and communications, public relations and business development expenses, and any other costs, all to the extent incurred for the implementation of the IFC Activities. IFC will utilize the Donors’ Funds for the payment of salaries and benefits for WBG’s staff and consultants only to the extent that their work is dedicated to the implementation of the IFC Activities.

**Start of Implementation of the IFC Activities**

Funds from the IFC Donors’ Trust Fund may be used by IFC to pay for any expenditure incurred in connection with the implementation of the IFC Activities on or after April 15th, 2012 until the date determined in accordance with paragraph 7.1 of the Standard Provisions (Annex C).

**Coordination Arrangements**

a) IFC and the Bank will coordinate to provide the Donors with consolidated annual work plans covering the planned Activities and expected outcomes annually. IFC and the Bank will provide the Donors with an initial annual work plan following a mutually agreeable template.

b) IFC and the Bank will organize an annual consultation with the Donors on a mutually agreed place and date to:

   (i) discuss the overall TA Program strategic direction;
   ii) identify priorities;
   (iii) review progress and results achieved; and
   (iv) discuss and provide inputs on annual work plans.
ANNEX B

DESCRIPTION OF ACTIVITIES AND EXPENDITURES UNDER THE WB MULTI-DONOR TRUST FUND (TF071884)

This Annex will be applicable to, and form an integral part of, all agreements entered into between IFC, the Bank and entities that provide contributions (collectively, the “Donors”) (the aggregate of all contributions from the Donors, the “Contributions”) to be administered by the Bank for the WB Multi-Donor Trust Fund (TF071884).

A. DESCRIPTION OF BANK ACTIVITIES

The activities described below will contribute to the following Expected Results:

Ultimate outcome: Increased competitiveness in the Latin America and Caribbean region

Intermediate outcomes:
- Improved regulatory and administrative frameworks and processes for doing business in selected participating countries
- Increased efficiency and transparency in business entry procedures and licensing regimes in selected participating countries
- Enhanced efficiency and inclusiveness of tax regimes in participating countries

The Bank Activities will cover competition policy and indicator based reform activities

I. Competition Policy Activities

Activities that will be carried out in each jurisdiction are grouped in three components: Feasibility of removal of key competition constraints; Implementation of reform plans; and Dissemination of results and exchange of international and regional best practices among countries.

1. Feasibility of removal of key competition constraints: Assessing competition issues economy-wide and in focus sectors and reviewing the competition policy framework

a) Roll-out of a Rapid Assessment Tool to identify competition issues economy-wide and in focus sectors: Application of competition checklists that identify barriers to competition and entry bottlenecks at the economy-wide level and in relevant sectors for doing business and coping with household needs.

b) Identification of relevant competition constraints to improve the business environment: Weakness of the economy-wide competition framework as well as sectoral policies that affect market competition will be identified, giving special attention to provisions that are not aligned to international practices.

c) Design and Implementation of an Action Plan to remove competition constraints in the country: The plan will consider key counterparts, strategic definition of steps to ensure broad support, key milestones, participation of ad hoc consultants with international expertise on relevant topics, and mission planning. Action plan will be discussed with relevant stakeholders.
2. Implementation of reform plans: Providing technical assistance to government officials and key stakeholders on key competition policy reforms

a) **Provision of technical assistance to improve the competition policy framework:** Technical assistance includes recommendations on the amendment, elimination or issuance of regulations, laws, secondary legislation, guidelines, etc. National legislation and practices will be compared to international best practices and relevant international best practices will be tailored to the national context. Carrying out of legal analyses will seek to support the creation, by the relevant country(ies), of standard regulations that can be relevant for other countries in the region, especially for neighboring countries that are part of the same regional community.

b) **Follow-up to support the implementation of reform plans:** The team will maintain a fluent communication channel with the institutions responsible for implementing the respective reform plan, in order to provide timely support thereto. Policy memos will be prepared.

3. Dissemination of results: Delivering workshops on competition policy and private sector development, and peer-to-peer learning events on competition policy

a) **Carrying out of workshops aimed at explaining the impact of attained reforms:** Workshops will focus on explaining the importance of competition policy to improve the business environment, the regional effects of the reforms, and the positive effects on specific markets. The final objective of this component is also to mainstream competition as a principle within government policies.

b) **Organization of a peer-to-peer learning event to disseminate lessons learnt:** Countries in similar context (and belonging to the same regional body) will be invited to the event, as well as other countries with more advanced competition policy frameworks in order to ensure a productive exchange of information for all participants.

II. Indicator Based Reform Advisory (IBRA) Activities

The Indicator Based Reform Advisory component is composed of two main groups of activities: Activities at the national level in each participating country; and Activities at the regional and sub-regional levels aimed for the LAC region as a whole.

a) **Activities at the national level:**

The IBRA technical assistance will be organized as follows:

i. **Prepare a reform memorandum.**

The reform memorandum for each country will outline country performance on the Doing Business report and possibly other relevant indicators (e.g. Women, Business and the Law, enterprise surveys) and recommended actions for reform in specific areas of investment climate reforms.

ii. **Discuss recommended actions in the memorandum of reform with the government.**

(a) Identify key areas where impact of reforms could be substantial and where government intervention is most likely to succeed in the short- to medium-term;

(b) Discuss proposed reforms in these areas and the feasibility of their implementation;

(c) Identify any need for further technical assistance.
The results of the discussions are summarized in “Action Plans,” which are shared with the governments shortly after the mission. Follow-up missions are organized as needed to provide more in-depth support and monitor ongoing progress.

iii. Provide technical assistance to governments.

Following identification of priorities, a WBG team will design a technical assistance program. Key deliverables include:

a) Detailed process mappings and recommendations for improvement.
   b) Suggest amendments to business laws that will bring these laws into line with international best practices.
   c) Advice on institutional design and needed technology investments.

b) Activities at the regional and sub-regional levels:

At the regional and sub-regional levels, IBRA technical assistance will support a peer-to-peer learning network to encourage reform momentum and collaboration across the LAC region. These activities will include:

   a) A series of regional and sub-regional learning events with attendance of countries seeking to reform and those that are active reformers consistently pursuing improvements to the investment climate.

   The events will be conducted in two phases. The first year of the peer-to-peer network will focus on regulatory areas covered by Doing Business report indicators. At the end of the first 24 months of the program, the program will emphasize training on topics that go beyond Doing Business report indicators to include other key competitiveness issues in LAC that have been identified, and may be included in the remaining period of the program.

   b) Webinars every six months that will continue dialogue amongst the countries between the events. This will allow the team to also follow up on progress and reform efforts.

   c) “Peer assist” activities that can take several forms:
      a. Staff of reforming governments to travel to other countries in the region to see how a similar reform was completed.
      b. Country experts travel to the reforming countries to advise directly on ongoing reforms.

This peer-to-peer technical assistance will complement the WBG’s direct technical assistance to provide regional examples of success and work towards harmonizing regulation at the regional and sub-regional levels.

B. CATEGORIES OF EXPENDITURE

The Contributions may be used to finance (a) associated overheads; (b) consultant fees (individuals and firms); (c) contractual services; (d) field assignment benefits; (e) media, workshop, conference and meeting costs; (f) staff costs (with and without indirect cost); (g) temporary support staff costs; and (h) travel expenses.

3 The rationale for the phased approach is to distribute limited capacity and resources in the participating governments over a sustainable period of time, and to heed lessons of experience which suggest that simpler project design increases the chances to successful implementation.
C. COORDINATION ARRANGEMENTS

a) IFC and the Bank will coordinate to provide the Donors with consolidated annual work plans covering the planned Activities and expected outcomes annually. IFC and the Bank will provide the Donors with an initial annual work plan following a mutually agreeable template.

b) IFC and the Bank will organize an annual consultation with the Donors on a mutually agreed place and date to:

   (i) discuss the overall TA Program strategic direction;
   (ii) identify priorities;
   (iii) review progress and results achieved; and
   (iv) discuss and provide inputs on annual work plans.
ANNEX C

STANDARD PROVISIONS APPLICABLE TO THE IFC DONORS’ TRUST FUND (TF071867) AND THE WB MULTI-DONOR TRUST FUND (TF071884)

This Annex will be applicable to, and form an integral part of, all agreements entered into between IFC, the Bank and entities (collectively, the “Donors”) that provide contributions (the aggregate of all contributions from the Donors, the “Contributions”) to be administered by IFC or the Bank, as applicable, for the IFC Donors’ Trust Fund and the WB Multi-Donor Trust Fund.

1. Administration of the Contributions

1.1 IFC and the Bank will be responsible only for performing those functions specifically set forth in this Agreement for its respective trust fund and will not be subject to any other duties or responsibilities to the Donor, 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 Agreement will be considered a waiver of any of the privileges and immunities of IFC, IBRD and IDA under their Articles of Agreement or any applicable law, all of which are expressly reserved.

1.2 The Contributions in each of the IFC Donors’ Trust Fund and the WB Multi-Donor Trust Fund will be administered in each case in accordance with the applicable policies and procedures of IFC or the Bank, as the case may be, as the same may be amended from time to time, including IFC’s or the Bank’s framework to prevent and combat fraud and corruption and their respective screening procedures to prevent the use of IFC or Bank resources to finance terrorist activity, in line with IFC’s and the Bank’s obligations to give effect to the relevant decisions of the Security Council, taken under Chapter VII of the Charter of the United Nations. The Donor acknowledges that this provision does not create any obligations of IFC and the Bank under the anti-terrorist financing and asset control laws, regulations, rules and executive orders of an individual member country that may apply to the Donor nor will it be deemed a waiver, express or implied, of any of the privileges and immunities of the Bank.

2. Commingling, Exchange and Investment of the Contributions

2.1 The Contributions in either of the IFC Donors’ Trust Fund and the WB Multi-Donor Trust Fund will be accounted for as a single trust fund in each case. Each of IFC and the Bank will have the right to commingle the funds in the trust fund administered by it with other trust funds assets maintained by IFC and the Bank, provided however that all such assets will be kept separate and apart from those of IFC and the Bank.

2.2 The Contributions may be freely exchanged into other currencies as may facilitate their disbursement by IFC or the Bank.

2.3 IBRD, acting for the Bank or on behalf of IFC, may invest and reinvest the Contributions in either of the Trust Funds pending their disbursement in accordance with its policies and procedures for the investment of trust funds administered by IBRD on behalf of IFC or IBRD on behalf of the Bank. The income earned by each trust fund from such investment and reinvestment will be credited respectively to the IFC Donors’ Trust Fund for use for the implementation of the IFC Activities, and to the WB Multi-Donor Trust Fund for use for the implementation of the Bank Activities.
3. **Administrative Cost Recovery**

3.1 In order to assist in the defrayment of the costs of administration and other expenses incurred by IFC and the Bank under this Agreement:

(a) IFC may deduct and retain for its own account an amount equal to five percent (5%) of each Contribution from a Donor to the IFC Donors’ Trust Fund; and

(b) the Bank may deduct and retain for its own account an amount equal to five percent (5%) of each Contribution from a Donor to the WB Multi-Donor Trust Fund.

3.2 In addition, in order to assist in the defrayment of the costs associated with the establishment of the WB Multi-Donor Trust Fund, the Bank may following deposit of the first Contribution from any Donor to the WB Multi-Donor Trust Fund, deduct and retain for its own account an amount equal to and not greater than thirty-five thousand United States dollars (USD35,000).

3.3 If the donor contributions increase beyond what was originally expected at the time of counter-signature of this Agreement, and the administrative costs increase as a result, the Donor acknowledges that an additional administrative fee may be applied by the Bank to such new contributions.

4. **Procurement**

The employment and supervision of any consultants and the procurement of any goods financed by the Contributions for each respective Trust Fund will be the responsibility of IFC or the Bank, as applicable, and will be carried out in accordance with their respective applicable policies and procedures.

5. **Accounting and Financial Reporting**

5.1 IBRD, acting for the Bank and on behalf of IFC, will maintain separate records and accounts in respect of the Contributions in the IFC Donors’ Trust Fund and in the WB Multi-Donor Trust Fund, and funds disbursed from either of them by IFC or the Bank, respectively.

5.2 IBRD, acting for the Bank and on behalf of IFC, will make available to the Donor current financial information relating to receipts, disbursements and fund balance in United States dollars with respect to the Donors’ Funds in the IFC Donors’ Trust Fund and the WB Multi-Donor Trust Fund separately via the World Bank’s Trust Funds Donor Center secure website (https://clientconnection.worldbank.org). Within six (6) months after all commitments and liabilities under either of the IFC Donors’ Trust Fund and the WB Multi-Donor Trust Fund have been satisfied and such trust fund has been closed, the final financial information relating to receipts, disbursements and fund balance in United States dollars with respect to such trust fund will be made available to the Donor via the World Bank’s Trust Funds Donor Center secure website.

5.3 IBRD, acting for the Bank and on behalf of IFC, will provide to the Donor, within six (6) months following the end of each IFC’s and the Bank’s fiscal year, an annual single audit report, comprising (1) a management assertion together with an attestation from the WBG’s external auditors concerning the adequacy of internal control over cash-based financial reporting for all cash-based trust funds as a whole; and (2) a combined financial statement for all cash-based trust funds together with the WBG’s external auditor’s opinion thereon. The cost of the single audit will be borne by the WBG.

5.4 In addition, if the Donor wishes to request, on an exceptional basis, a financial statement audit of the IFC Donors’ Trust Fund or the WB Multi-Donor Trust Fund by WBG’s external auditors, the Donor and IFC or the Bank, as the case may be, will first consult as to whether such an external audit is
necessary with respect to its trust fund. The Donor and IFC or the Bank, as the case may be, will agree on the most appropriate scope and terms of reference of such audit. Following agreement on the scope and terms of reference, IFC or the Bank, as the case may be, will arrange for such external audit. The cost of such an audit, including the internal costs of IFC or the Bank, as the case may be, with respect to such audit, will be borne by the Donor.

6. Progress Reporting

6.1. IFC and the Bank will coordinate to provide the Donors with consolidated annual reports covering the progress of both IFC Activities and Bank Activities financed by the Contributions. Within six (6) months of the final disbursement date specified in paragraph 7.1, IFC and the Bank will furnish to the Donors a final consolidated report on the activities financed by the IFC Donors’ Trust Fund and the WB Multi-Donor Trust Fund.

7. Disbursement; Cancellation; Refund

7.1. It is expected that the Contributions will be fully disbursed by IFC and the Bank for their respective Trust Funds by June 30, 2017. IFC and/or the Bank will only disburse Contribution funds for the purposes of this Agreement after such date with the written approval of the Donors.

7.2. (a) Any Donor or the Bank may, upon three (3) months’ prior written notice, cancel all or part of the Donor’s pro rata share of any remaining balance of the Contributions on the WB Multi-Donor Trust Fund that is not committed pursuant to any agreements entered into between the Bank and any consultants and/or other third parties for the purposes of this Agreement prior to the receipt of such notice.

(b) Any Donor or IFC may, upon three (3) months’ prior written notice, cancel all or part of the Donor’s pro rata share of any remaining balance of the Contributions on the IFC Donors’ Trust Fund that is not committed pursuant to any agreements entered into between IFC and any consultants and/or other third parties for the purposes of this Agreement prior to the receipt of such notice.

7.3. Following the final disbursement date specified in paragraph 7.1 above, each of IFC and the Bank shall return any remaining balance of the Contributions on its Trust Fund to the Donors or to the relevant Donor Balance Account on a pro rata basis based on the Donors’ paid Contributions to that Trust Fund. In the event of a cancellation, IFC and/or the Bank, as the case may be, shall promptly return to the relevant Donor or Donors or to the relevant Donor Balance Account such Donor’s pro rata share of uncommitted Contributions in its Trust Fund in accordance with paragraph 7.2.

8. Disclosure

The Bank will disclose this Agreement and related information on the WB Multi-Donor Trust Fund in accordance with the World Bank Policy on Access to Information. By entering into this Agreement, the Donor consents to disclosure of this Agreement and related information on the WB Multi-Donor Trust Fund.

9. Acknowledgements

Where appropriate to do so in the opinion of IFC or the Bank, IFC and the Bank will acknowledge the Donor’s contribution in any reference made by IFC or the Bank with respect to the projects in the Activities in publications, speeches, press releases or other similar publications.