

CONFORMED COPY

March 22, 2011

Mr. Douglas Williams
Director General, Caribbean Program
Canadian International Development Agency
Canadian High Commission
Bishop's Court Hill
P.O. Box 404
Bridgetown, Barbados

Trust Fund Administration Arrangement (the "Arrangement") between the Government of Canada represented by the Minister of International Cooperation acting through the Canadian International Development Agency and International Bank for Reconstruction and Development and the International Development Association concerning the Support for Entrepreneurship Program for Innovation in the Caribbean Multi-Donor Trust Fund (TF No.071619)

1. We are pleased to acknowledge on behalf of the International Bank for Reconstruction and Development ("**IBRD**") and the International Development Association ("**IDA**") (collectively, the "**Bank**") the intention of the Government of Canada as represented by the Minister of International Cooperation acting through the Canadian International Development Agency (the "**Donor**") to make available as a grant the sum of twenty million Canadian Dollars (CAD 20,000,000) (the "**Contribution**") for the Support for Entrepreneurship Program for Innovation in the Caribbean Multi-Donor Trust Fund (the "**EPIC Trust Fund**") (TF No.071619) in accordance with the terms of this Arrangement. Other donors are also expected to contribute to the Trust Fund on the terms and conditions specified in the Annexes to this Arrangement.
2. The Contribution will be used to finance the activities and the categories of expenditure set forth in the "Description of Activities, Expenditures and Governance Arrangements for the Support for Entrepreneurship Program for Innovation in the Caribbean Multi-Donor Trust Fund" attached hereto as Annex 1 to this Arrangement ("**Annex I**") and will be administered by the Bank on behalf of the Donor in accordance with the terms of this Arrangement including the "Standard Provisions Applicable to the Support for the Entrepreneurship Program for Innovation in the Caribbean Multi Donor Trust Fund" (the "**Standard Provisions**") set forth in Annex 2 to this Arrangement. All annexes hereto constitute an integral part of this Arrangement, and will form an integral part of all agreements entered into between the Bank and donors that provide Contributions to be administered by the Bank for the EPIC Trust Fund.
3. The Donor will deposit the Contribution into such bank account designated by the Bank in installments in accordance with the following schedule:
 - (a) Promptly following countersignature of this Arrangement by the Donor and submission of a payment request by the Bank, an amount of eight million Canadian Dollars (CAD 8,000,000);

- (b) on or before January 15, 2012 and upon submission of a payment request by the Bank, an amount of two million Canadian Dollars (CAD 2,000,000);
- (c) on or before January 15, 2013 and upon submission of a payment request by the Bank, an amount of three million Canadian Dollars (CAD 3,000,000);
- (d) on or before January 15, 2014 and upon submission of a payment request by the Bank, an amount of two million Canadian Dollars (CAD 2,000,000);
- (e) on or before January 15, 2015 and upon submission of a payment request by the Bank, an amount of three million Canadian Dollars (CAD 3,000,000); and
- (f) on or before January 15, 2016 and upon submission of a payment request by the Bank, an amount of two million Canadian Dollars (CAD 2,000,000).

4. When making each such deposit, the Donor will instruct its bank to include in its payment details information (remittance advice) field of its SWIFT payment message, information indicating: the amount paid, that the payment is made by the Donor for EPIC Trust Fund (TF071619), and the date of the deposit (the “*Deposit Instruction*”). In addition, the Donor will provide a copy of the Donor’s Deposit Instruction to the Bank’s Accounting Trust Funds Division by e-mail sent to tfremitadvice@worldbank.org or by fax sent to (202) 614-1315.

5. The Bank will convert the Contribution funds into the holding currency of the Trust Fund, namely United States Dollars, promptly upon receipt of the Contribution funds and the Deposit Instruction containing the information specified in paragraph 4 at the exchange rate obtained by the Bank on the date of the conversion. Where the Contribution proves to be insufficient to complete the activities as a result of an exchange rate fluctuation, neither the Bank nor the Donor will bear any responsibility for providing any additional financing.

6. Except as provided for in paragraph 4 above, any notice, request, or other communication to be given or made under this Arrangement will be in writing and delivered by mail, facsimile, or e-mail to the respective party’s address specified below or at such other address as such party notifies in writing to the other party from time to time:

For the Bank

Josef Trommer
Sr. Operations Officer
infoDev
The World Bank
1818 H Street NW
Washington, DC 20433
USA

Telephone: (202) 473-6242
Fax: (202) 522-3186
Email: jtrommer@worldbank.org

For the Donor

Mr. Douglas Williams
Director General, Caribbean Program
Canadian International Development Agency
Canadian High Commission
Bishop's Court Hill
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Bridgetown, Barbados

Telephone: (246) 629-3550

Fax: (246) 629-3623

7. No offer, gift or payment, consideration or benefit of any kind, which constitutes an illegal or corrupt practice, was 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.
8. No member of the House of Commons of Canada will be admitted to any share or part of this Arrangement or to any benefit to arise there from.
9. 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.
10. Any payment to be 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 Donor's appropriation is changed by the Parliament of Canada, the Donor may reduce the Contribution or terminate this Arrangement.
11. This Arrangement may be amended only by written approval between the Bank and the Donor; provided, however, that Annex 1 and Annex 2 to this Arrangement may only be amended with the agreement of all donors contributing to this trust fund.
12. This Arrangement is not an international treaty. It is an administration arrangement between the Bank and the Donor.
13. All references made in Annex 1 or in the Standard Provisions to "Administration Agreement" will have the same meaning as the term "Administration Arrangement" used herein. All references made in Annex 1 or in the Standard Provisions to "shall" will have the same meaning as the term "will" used herein.

Please confirm your agreement with the foregoing, on behalf of the Donor, by signing and dating the two originals, retaining one original for your records and returning the other original to the Bank. Upon receipt by the Bank of the original countersigned by you, this Arrangement will become effective as of the date of the countersignature.

Sincerely,

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

/s/ Françoise Clottes
Director
Caribbean Country Management Unit
Latin America and the Caribbean Region

AGREED:

CANADIAN INTERNATIONAL DEVELOPMENT AGENCY

By: /s/ Douglas Williams
Authorized Representative
Name: Douglas Williams
Title: Director General, Caribbean Program
Date: March 23, 2011

ANNEX 1

Description of Activities, Expenditures and Governance Arrangements for the Support for Entrepreneurship Program for Innovation in the Caribbean Multi-Donor Trust Fund

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

A. Description of Activities

1.1. The objective of the EPIC Trust Fund is to assist the Support for Entrepreneurship Program for Innovation in the Caribbean (“*EPIC*”) to design, create, and grow competitive micro, small and medium enterprises (“*MSMEs*”) across the Caribbean region by: (i) using business incubation to provide sustainable services for start-up entrepreneurs; (ii) upgrading skills and capabilities of regional incubator managers and policymakers for supporting MSME development; (iii) targeting women through the program; and (iv) providing seed funding to MSMEs to help them scale their operations.

1.2. The EPIC Trust Fund will be used to benefit countries in the Caribbean sub-region. For the purposes of the Trust Fund, the Caribbean sub-region comprises: (i) the following countries: Barbados, Belize, Cooperative Republic of Guyana, Haiti, Saint Kitts & Nevis, and Trinidad & Tobago; and (ii) any other country as may be added to, or subtracted from, this list by writing between the Bank and all Donors.

1.3. The activities to be supported under the Trust Fund are as follows:

(a) **Recipient-executed Activities** designed to support activities aimed at establishing foundations and strengthening capacities to expand the Caribbean network of business incubators, provide job related skills upgrading for incubator managers and resources for policymakers, and develop a regional MSME seed fund.

(b) **Bank-executed Activities** in support of expanding the Caribbean network of business incubators, providing job related skills upgrading for incubator managers and resources for policymakers, and developing a regional MSME seed fund by providing technical assistance, capacity building and facilitating knowledge sharing at the country and regional levels.

B. Categories of Expenditure

2.1. **For Recipient-executed activities** the Contributions may be used to finance goods, works, services and grants including: (a) grants to other organizations and entities to support and expand Caribbean network of business incubators; (b) grants to other organizations and entities for skills upgrading and access to resources; and (c) grants to other organizations and entities to develop a regional micro, small and medium enterprise seed fund.

2.2. **For Bank-executed activities** the Contributions may be used to finance: (a) consultant fees; (b) staff costs; (c) media and workshop costs; (d) travel expenses; (e) contractual services; (f) associated overheads.

C. Governance Structure

3.1. Project Management Team

3.1.1. The Project Management Team will be established by the Bank and will be located at the Bank within the Financial and Private Sector Development Vice-Presidency. It will be headed by an *infoDev* senior staff who will be assisted by suitably qualified and experienced staff in adequate numbers. The Project Management Team will be responsible for, *inter alia*: (i) preparing annual work plans (together with a budget and financing plans) for endorsement by the Steering Committee; (ii) appraising Recipient-executed Projects proposed for financing out of Trust Fund proceeds; (iii) supervising and reporting on the progress of Recipient-executed Projects; (iv) reporting on Bank-executed Activities; and (v) monitoring and evaluating the Trust Fund.

3.1.2 The Project Management Team will prepare and submit to the Steering Committee semiannual progress reports on the activities, referred to in Section 7 of Annex 2, which will describe in detail the operations of the Program, including the receipt and use of Contributions and the activities financed therefrom.

3.2. Steering Committee

3.2.1. The Steering Committee will be responsible for endorsing the annual work plans in view of priority activities taking into account the collective commitment to the Program by the respective stakeholders in the Caribbean Sub-region.

3.2.2. The Steering Committee will be comprised of all contributing donors and the World Bank. It will be chaired by the World Bank's Financial & Private Sector Development Vice President, or designee. Decision-making members will include all donors who are contributing to the EPIC Trust Fund and such donors will become members as soon as they sign Administration Agreements with the World Bank. The Steering Committee may invite representatives of other institutions to assist the Steering Committee from time to time as observers or advisors. It is anticipated that the role of advisors to the Steering Committee would be to impart technical information relating to the subject matter of work plans and other ongoing activities. Neither advisors nor observers will be decision makers. Observers and/or advisers may include, for example, representatives from the Caribbean Development Bank, recipient countries, regional governments and the Caribbean Business Incubator Association.

3.2.3. The Steering Committee will determine its procedures and regulate its proceedings. It will meet as often as its members consider necessary to conduct its business and, in any event, not less than once every year.

ANNEX 2

Standard Provisions Applicable to the Support for the Entrepreneurship Program for Innovation in the Caribbean Multi Donor Trust Fund

This Annex shall be applicable to and forms an integral part of all agreements entered into between the Bank and the Donors that provide Contributions to be administered by the Bank for the Trust Fund.

1. Administration of the Contributions

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

1.2. The Contribution shall be administered in accordance with the Bank's applicable policies and procedures, as the same may be amended from time to time, including its framework to prevent and combat fraud and corruption and its screening procedures to prevent the use of Bank resources to finance terrorist activity, in line with 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 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 shall 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 shall be accounted for as a single trust fund and shall be kept separate and apart from the funds of the Bank. The Contributions may be commingled with other trust fund assets maintained by the Bank.

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

2.3. The Bank shall invest and reinvest the Contributions pending their disbursement in accordance with the Bank's policies and procedures for the investment of trust funds administered by the Bank. The Bank shall credit all income from such investment to the Trust Fund to be used for the same purposes as the Contributions.

3. Administrative Cost Recovery

3.1. In order to assist in the defrayment of the costs of administration and other expenses incurred by the Bank under this Agreement, the Bank may deduct and retain for its own account an amount equal to two percent (2%) of each Contribution. In addition, costs for program management as defined in Annex 1 up to a maximum of seven percent (7%) will be charged to the Trust Fund on an actual basis. If the contributions increase beyond what was originally expected at the time of countersignature of the first administration agreement, and the

administrative costs increase as a result, the Donors acknowledge that an additional administrative fee may be applied to such new contributions.

4. Grants to Recipients

4.1. The Bank shall, as administrator of the Trust Fund on behalf of the Donors, enter into grant agreements (the “*Grant Agreements*”) with eligible recipients selected in accordance with the terms of Annex 1 (the “*Recipients*”) consistent with the purposes of this Agreement and on the terms and conditions set forth in the Grant Agreements. Grant Agreements may be entered into up to the maximum amount of the Contributions that all Donors have agreed to make available under the Administration Agreements between the Bank and the Donors. Upon request by a Donor, the Bank shall furnish a copy of the Grant Agreements to the Donors.

4.2. The Bank shall be responsible for the supervision of the activities financed under the Grant Agreements. Subject to the consent of the relevant Recipients, representatives of the Donors may be invited by the Bank to participate in Bank supervision missions related to the Trust Fund.

4.3. The Bank shall promptly inform the Donors of any significant modification to the terms of any Grant Agreements and of any contractual remedies that are exercised by the Bank under any Grant Agreements. To the extent practicable, the Bank shall afford the Donors the opportunity to exchange views before effecting any such modification or exercising any such remedy.

5. Procurement

5.1. For Recipient-executed activities, the Grant Agreements shall provide that the Contributions shall be used by the Recipients to finance expenditures for goods and services, as the case may be, in accordance with the Bank’s Guidelines on “Procurement under IBRD Loans and IDA Credits” and the Bank’s Guidelines on the “Selection and Employment of Consultants by World Bank Borrowers,” as in effect at the date of entry into the respective Grant Agreements.

5.2. For Bank-executed activities, the employment and supervision of any consultants and the procurement of any goods financed by the Contributions shall be the responsibility of the Bank and shall be carried out in accordance with its applicable policies and procedures.

6. Accounting and Financial Reporting

6.1. The Bank shall maintain separate records and ledger accounts in respect of the Contributions deposited in the Trust Fund account and disbursements made therefrom.

6.2. The Bank shall furnish to the Donors current financial information relating to receipts, disbursements, and fund balance in United States Dollars of the Trust Fund with respect to the Contributions via the World Bank’s Trust Funds Donor Center secure website. Within six (6) months after all commitments and liabilities under the Trust Fund have been satisfied and the Trust Fund has been closed, the final financial information relating to receipts, disbursements, and fund balance in United States Dollars of the Trust Fund with respect to the Contributions will be made available to the Donors via the World Bank’s Trust Funds Donor Center secure website.

6.3. The Bank shall provide to the Donors, within six (6) months following the end of each Bank fiscal year, an annual single audit report, comprising (1) a management assertion together

with an attestation from the Bank'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 Bank's external auditor's opinion thereon. The cost of the single audit shall be borne by the Bank.

6.4. If a Donor wishes to request, on an exceptional basis, a financial statement audit by the Bank's external auditors of the Trust Fund, the Donor and the Bank shall first consult as to whether such an external audit is necessary. The Bank and the Donor shall agree on the appropriate scope and terms of reference of such audit. Following agreement on the scope and terms of reference, the Bank shall arrange for such external audit. The costs of any such audit, including the internal costs of the Bank with respect to such audit, shall be paid by the requesting Donor.

6.5. The Bank shall provide the Donors with copies of all financial statements and auditors' reports received by the Bank from the Recipients pursuant to the Grant Agreements.

7. Progress Reporting

7.1. The Bank shall provide the Donor with semi-annual reports on the progress of activities financed by the Contributions from the Trust Fund. Within six (6) months of the final disbursement date specified in paragraph 8.1, the Bank shall furnish to the Donor a final report on the activities financed by the Trust Fund.

7.2. Any Donor may review or evaluate activities financed by the EPIC Trust Fund. The Donor and the Bank shall agree on the scope and conduct of such review or evaluation and the Bank shall provide all relevant information within the limits of its policies and procedures. All associated costs shall be borne by the Donor. It is understood that any such review or evaluation will not constitute a financial, compliance, or other audit of the Trust Fund.

8. Disbursement; Cancellation; Refund

8.1. It is expected that the Contributions will be fully disbursed by the Bank by May 31, 2018. The Bank shall only disburse Contributions for the purposes of this Agreement after such date with the written approval of the Donors.

8.2. 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 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, including the Grant Agreements.

8.3. Following the final disbursement date specified in paragraph 8.1, the Bank shall return any remaining balance of the Contributions to the Donors or to the relevant Donor Balance Account on a pro rata basis based on the Donors' paid Contributions. In the event of a cancellation the Bank shall promptly return to the relevant Donor or to the relevant Donor Balance Account the Donor's pro rata share of uncommitted Contributions in accordance with paragraph 8.2.

9. Disclosure

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