

**Report on the First Year of Implementation of the Policy on the Use of Offshore Financial Centers in World Bank Group Private Sector Operations**

The Policy on the Use of Offshore Financial Centers in World Bank Group Private Sector Operations (the “OFC Policy”) went into effect on November 10, 2011 and has been applied to IFC’s operations since that date. The OFC Policy imposes restrictions on IFC’s investment operations based on the published results of the Peer Review Process of the Global Forum on Transparency and the Exchange of Information for Tax Purposes (the “Global Forum”). Updates on the implementation of the OFC Policy were provided to IFC’s Board of Directors in February 2013 and March 2014. This is a summary of IFC’s experience during the first year of implementation.

During the first year of implementation, IFC’s investment operations in the Latin America and Caribbean regions were impacted as a number of transactions were found not to comply with the Policy and therefore did not proceed. Some of these transactions involved projects in IDA countries.

On November 22, 2013 the Global Forum issued the ratings from the results of the Phase 2 Peer Reviews of 50 jurisdictions. As a result of the Global Forum ratings, 6 additional jurisdictions were deemed to be ineligible as Intermediate Jurisdictions under the OFC Policy. The impact of the new ineligible jurisdictions may affect IFC transactions in East Asia and the Pacific and Europe and Central Asia.

The Global Forum also updated its procedures for Peer Reviews and Non-Member Reviews. These included revising the methodology for dealing with developments in a jurisdiction after the assignment of a Peer Review rating and the timing for when jurisdictions can ask the Global Forum to reassess them via Supplementary Review.

Also, during this timeframe technical assistance was provided by the World Bank Group to countries that requested assistance to improve tax transparency and to meet the standards of the Global Forum. The technical assistance consisted of: (1) providing technical assistance to a number of individual jurisdictions; (2) conducting multilateral sessions around the world to assist jurisdictions in preparing for Global Forum reviews and providing a forum for discussing technical challenges and potential legislative and administrative solutions; (3) co-developing tools to assist countries to operationalize exchange of information procedures in their tax authority.