

# PROJECT STATUS REPORT

JULY 2017 - DECEMBER 2017

## SECTION 1: PROJECT SUMMARY

**PROJECT NAME:** Strengthening Financial Transparency: Rebuilding Trust in Correspondent Banking

Project Number: RG-T2924 - Project Num.: ATN/ME-15948-RG

**Purpose:**

The specific objective is to help prevent and mitigate the risk of loss of Correspondent Banking Relations in the Caribbean region.

**Country Admin**

BAHAMAS

**Country Beneficiary**

BAHAMAS, BELIZE

**Executing Agency:**

Association of Supervisors of Banks of the Americas

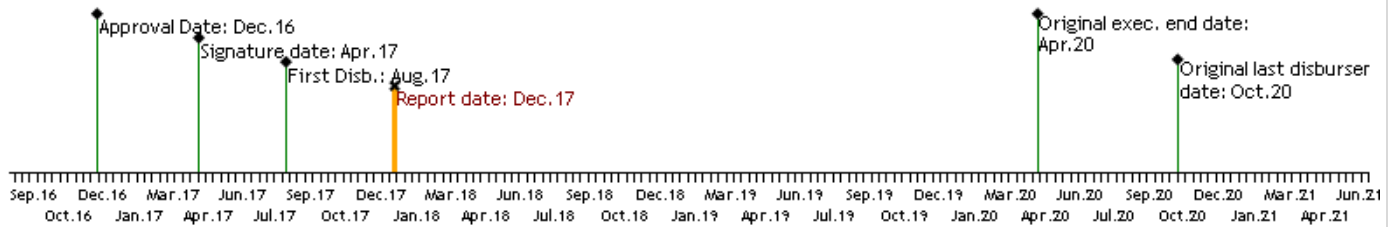
**Design Team Leader:**

SEGREE TERRY-ANN SHARLENE

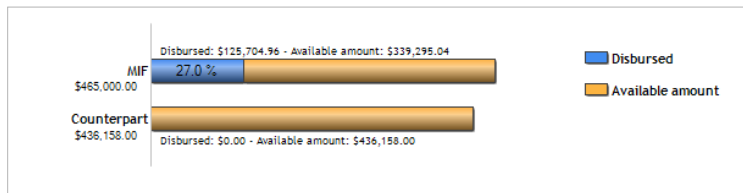
**Supervision Team Leader:**

SEGREE TERRY-ANN SHARLENE

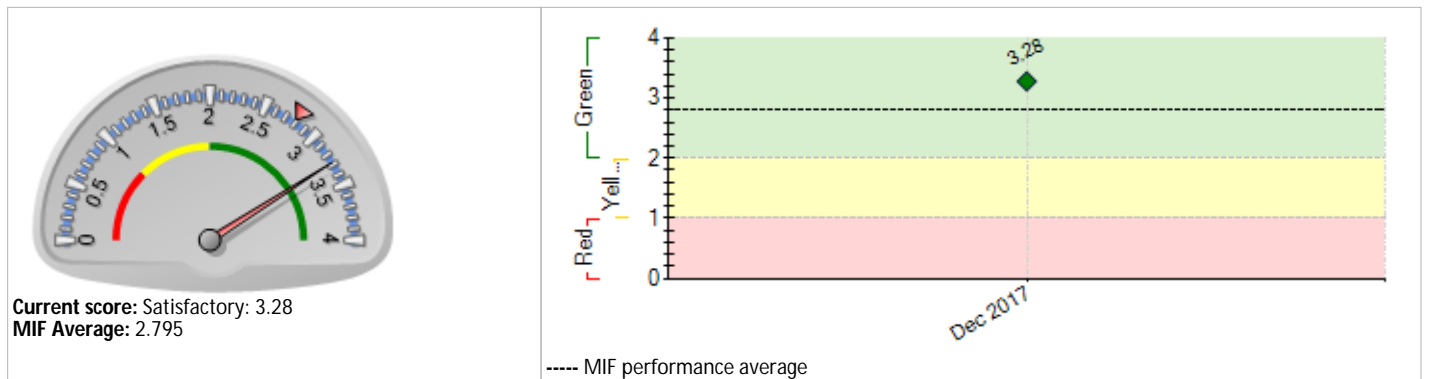
### PROJECT CYCLE



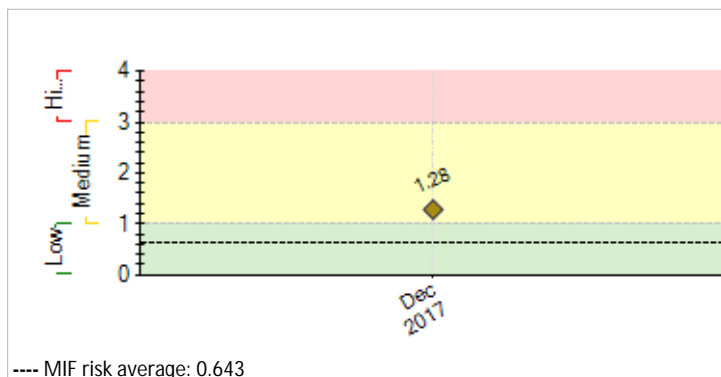
### FUNDS



### PERFORMANCE SCORE



### EXTERNAL RISKS



### INSTITUTIONAL CAPACITY

**Risk**

**Financial Management:** Low

**Procurement:** Low

**Technical Capacity:** Low

## SECTION 2: PERFORMANCE

## Summary of project performance in the last six months

This project brings together different regional groups for its implementation, which represents a challenge in terms of coordination. The initial administrative structure is composed by a Project Manager hired by the IDB, an ASBA representative as liaison with the Project Manager and an Advisory Committee with representatives from the IDB, CDB, CFATF, CAB, CCCU and ASBA.

During the months corresponding to this report (July – December, 2017) the main activity was the fulfillment of the prior conditions. This process was carried out by the Project Manager of that moment with the support of the ASBA's liaison. As result of the fulfillment of the prior conditions, ASBA received the first disbursement in November 2017 for the amount of US\$ 105,000.00.

It is important to clarify that, according to the signed agreement, ASBA will have to establish a small project unit responsible for the implementation of Components II and III. The IDB through the Institutional Capacity of the State Division department will be in charge of the execution of Component I.

## Comments from the Supervision Team Leader

Agree with the Executing Agency comments

## SECTION 3: INDICATORS AND MILESTONES

Indicators		Baseline	Intermediate 1	Intermediate 2	Intermediate 3	Planned	Achieved	Status	
<b>Goal:</b>  The overall objective of this project is to increase the level economic activity by micro, small and medium-sized enterprises and individuals by increasing financial transparency in Caribbean countries.	I.1	Number of CB relationships created or maintained in selected countries	0				3	0	
							Apr 2020		
<b>Purpose:</b>  The specific objective is to help prevent and mitigate the risk of loss of Correspondent Banking Relations in the Caribbean region.	R.1	Number of CB relationships created or maintained in selected countries	0				3	0	
							Apr 2020		
<b>Component 1:</b> Component I: Strengthening the Implementation of International Financial Integrity Standards by Beneficiary Countries  <b>Weight:</b> 23% <b>Classification:</b> Satisfactory	C1.I1	Number of National Risk Assessments and/or national action plans completed	0	1	1		1		
			Apr 2017	Apr 2019	Apr 2020		Apr 2020		
	C1.I2	Support to Legal and/or regulatory reforms provided (cumulative)	0	1	1		1		
			Mar 2018	Mar 2020	Mar 2021		Mar 2019		
C1.I3	Number of personnel from regulators trained	0	10	10		10			
		Mar 2018	Mar 2020	Mar 2021		Mar 2019			
<b>Component 2:</b> Component II: Strengthen the technical capacity of financial institutions to comply with international financial integrity best practices.  <b>Weight:</b> 66% <b>Classification:</b> Satisfactory	C2.I1	Number of financial institutions personnel trained in AML/CFT	0	75	75		75		
			Mar 2018	Mar 2020	Mar 2021		Mar 2019		
	C2.I2	Number of financial institutions implementing a new compliance strategy as a result of the training	0	8	8		10		
			Mar 2018	Mar 2020	Mar 2021		Mar 2019		
	C2.I3	Documents made public on Caribbean de-risking initiative webpage	0	5	5		5		
			Mar 2018	Mar 2020	Mar 2021		Mar 2019		
<b>Component 3:</b> Component III: Improve regional integration and public-private coordination  <b>Weight:</b> 11% <b>Classification:</b> Satisfactory	C3.I1	Regional strategy to approach the de-risking problem	0	1	1		1		
			Mar 2018	Apr 2018	Apr 2019		Apr 2020		
	C3.I2	Mechanism for continuous dialogue created	0	1	1		1		
			Mar 2018	Apr 2018	Apr 2019		Apr 2020		
	C3.I3	Communication strategy completed	0	1	1		1		
			Mar 2018	Apr 2018	Apr 2019		Apr 2020		
C3.I4	Number of compliance agreements reached between Caribbean public-private sector stakeholders and international banks or regulators	0	5	5		5			
		Mar 2018	Mar 2020	Mar 2021		Mar 2019			
Milestones			Planned	Due Date	Achieved	Date of achievement	Status		
M0	First Advisory Committee meeting		1	Oct 2017	1	Aug 2017	Achieved		
M1	[*] Pilot regional training completed		1	Apr 2018					
M2	Conditions Prior		6	Apr 2018	0	Oct 2017			
M3	[*] Regional training courses designed		1	Oct 2018					
M4	[*] Launch of de-risking webpage		1	Oct 2018					
M5	[*] Financial institution personnel trained		150	Apr 2019					

M6	First regional training completed	1	May 2019			
M7	Online version of regional training course developed	1	Sep 2019			
M8	Online version of regional training course developed	1	Sep 2019			

[\*] Indicate that the milestone has been reformulated

**CRITICAL ISSUES THAT HAVE AFFECTED PERFORMANCE***[None reported in this period]***SECTION 4: RISKS****MOST IMPORTANT RISKS AFFECTING FUTURE PERFORMANCE**

	Level	Mitigation action	Responsible
1. Lack of commitment on behalf of beneficiary governments. The past trajectory of the Bank's work on financial integrity suggests that it may be challenging to ensure sustained support on behalf of the beneficiary entities for work in this area.	Medium	To mitigate this risk, the team will proceed first with the countries that demonstrate a clear commitment in writing to advance with the proposed project activities. The beneficiary countries cited are the most affected by de-risking and have demonstrated a strong interest in IDBG assistance. In addition, the key regional organizations representing financial institutions have expressed interest in participating in this project, and will be providing formal letters of commitment as project partners. Commitment will also come from the realization of the high cost to be paid from lack of compliance.	Project Coordinator
2. Lack of commitment from private sector actors, namely financial institutions. Financial institutions receiving training may not adhere to implementing best practices like customer due diligence, KYC measures as these will represent more costs and may be perceived as requirements that do not facilitate business relationships.	Medium	The project will be devoting resources to conduct analysis on options for reducing compliance.	Project Guest
3. Coordination - because of the diversity of actors involved in the project, coordination between the different entities involved may hamper the achievement of project goals.	Medium	The risk will be mitigated by establishing points of contact among the beneficiaries of the project and managing coordination through the IDB, which has a track record in playing this type of facilitating role.	Project Coordinator

**PROJECT RISK LEVEL:** Medium **TOTAL NUMBER OF RISKS:** 3 **IN EFFECT RISKS:** 3 **NOT IN EFFECT RISKS:** 0 **MITIGATED RISKS:** 0**SECTION 5: SUSTAINABILITY****Likelihood of project sustainability after project completion:** P - Probable**CRITICAL ISSUES THAT MAY AFFECT PROJECT SUSTAINABILITY***[None reported in this period]***Actions related to sustainability which have been taken in the reporting period:**

Once there is progress in the project's activities, the Association will focus in the coordination with the regional groups, actors and stakeholders to identify measures for the sustainability of the project results.

**SECTION 6: PRACTICAL LESSONS***[No lessons learned found]*