

# PROJECT STATUS REPORT

JANUARY 2018 - JUNE 2018

## 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

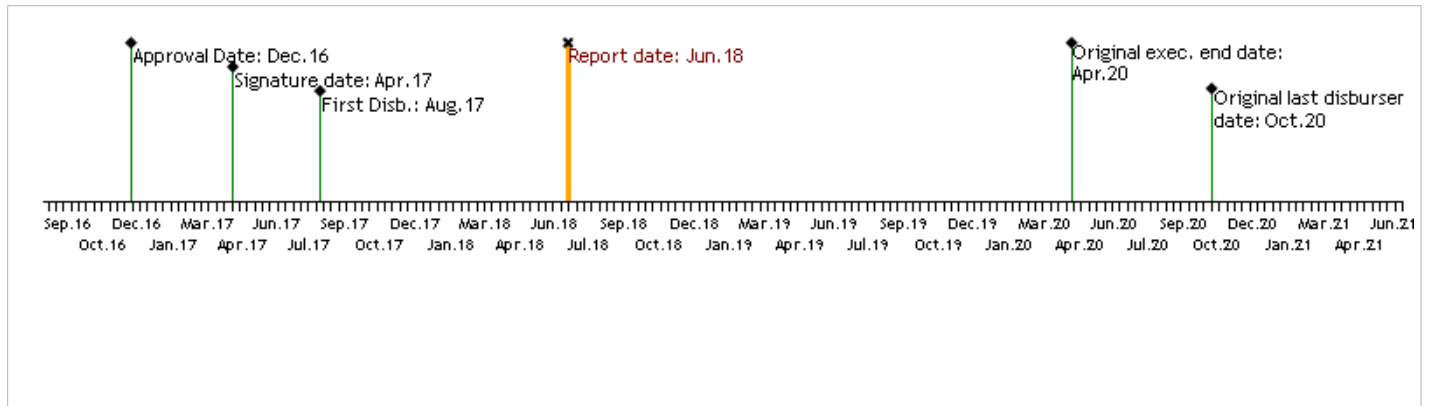
**Design Team Leader:**

SEGEE TERRY-ANN SHARLENE

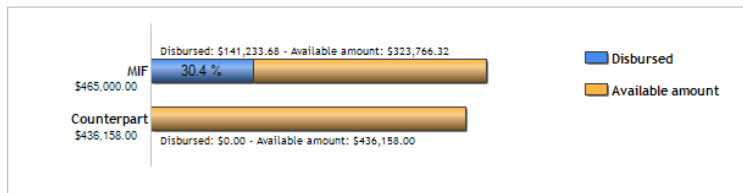
**Supervision Team Leader:**

SEGEE TERRY-ANN SHARLENE

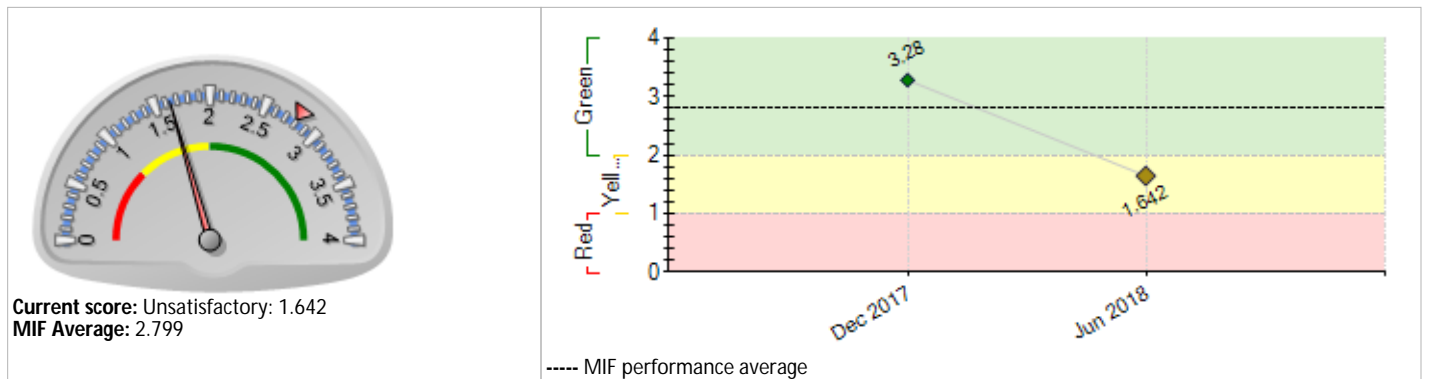
### PROJECT CYCLE



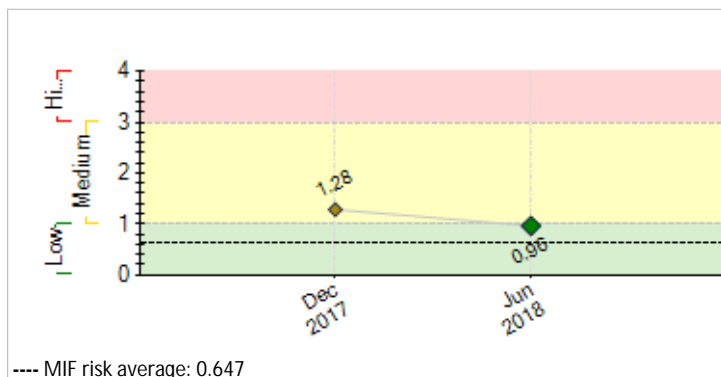
### FUNDS



### PERFORMANCE SCORE



### EXTERNAL RISKS



### INSTITUTIONAL CAPACITY

**Risk**

Financial Management: Low  
Procurement: Low  
Technical Capacity: Low

## SECTION 2: PERFORMANCE

## Summary of project performance since inception

The project activities (Component II and III) started through the coordinated work of the Project Coordinator and the ASBA's liaison. One of the Project Coordinator's duties was to inform the Advisory Committee, what she did in two occasions.

As planned in the Annual Operations Plan, two consultancy works were initiated: (1) the development of the curricula for strengthening the technical capacity of financial institutions officials and bank supervisors; (2) the development of the landing page for de-risking. The former includes the development of the curricula, a training baseline and assessing methodology; and the latter, once is finished, it must be transferred to a Caribbean institution that agrees to support this initiative through hosting the webpage.

In addition, the project contemplates the organization of 6 training activities, during its execution. The first activity was held on March 2018, which had a great acceptance reflected in the number of attendees that was twice the planned number.

For the next semester, an immediate activity will be to define the Component III's activities to be initiated during 2018. The programing of activities will be made with the collaboration and authorization of the IDB team.

## Comments from the Supervision Team Leader

Agree with the Executing Agency comments

## Summary of project performance in the last six months

During this semester (January – June 2018) the Association started with the execution of the project's activities. First, the consultant for the development of the training curricula to increase the technical capacity of financial institutions and supervisory entities to conduct customer due-diligence and adopt AML/CFT best practices was hired (Component II).

Second, ASBA started the development of the de-risking website (Component III). This webpage has the objective of disseminating knowledge, raise public awareness, facilitate training activities and establish an advocacy initiative about de-risking in the Caribbean.

Finally, the project's pilot seminar "An AML/CFT and Blockchain Training for Caribbean Countries" was held on March 14 – 16, 2018 in Miami, FL., USA (Component II). The seminar was organized with the collaboration of the MIF and the Caribbean Development Bank and had the participation of 60 representatives (from 14 countries) from the private and public sector. This seminar was an input for the consultant to understand the needs and priorities to conclude the training curricula and its training materials.

## 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 Apr 2020	0	
<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 Apr 2020	0	
<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 Apr 2017	1 Apr 2019	1 Apr 2020		1 Apr 2020	1 Apr 2017	Finished
	C1.I2 Support to Legal and/or regulatory reforms provided (cumulative)	0 Mar 2018	1 Mar 2020	1 Mar 2021		1 Mar 2019	2 Jun 2018	Finished
	C1.I3 Number of personnel from regulators trained	0 Mar 2018	10 Mar 2020	10 Mar 2021		10 Mar 2019	40 Feb 2018	Finished

**Component 2:** Component II: Strengthen the technical capacity of financial institutions to comply with international financial integrity best practices.

**Weight:** 66%

**Classification:** Satisfactory

<b>C2.I1</b>	Number of financial institutions personnel trained in AML/CFT	0	75	75		75		
		Mar 2018	Mar 2020	Mar 2021		Mar 2019		
<b>C2.I2</b>	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		
<b>C2.I3</b>	Documents made public on Caribbean de-risking initiative webpage	0	5	5		5		
		Mar 2018	Mar 2020	Mar 2021		Mar 2019		

**Component 3:** Component III: Improve regional integration and public-private coordination

**Weight:** 11%

**Classification:** Unsatisfactory

<b>C3.I1</b>	Regional strategy to approach the de-risking problem	0	1	1		1		
		Mar 2018	Apr 2018	Apr 2019		Apr 2020		
<b>C3.I2</b>	Mechanism for continuous dialogue created	0	1	1		1		
		Mar 2018	Apr 2018	Apr 2019		Apr 2020		
<b>C3.I3</b>	Communication strategy completed	0	1	1		1		
		Mar 2018	Apr 2018	Apr 2019		Apr 2020		
<b>C3.I4</b>	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
<b>M0</b>	First Advisory Committee meeting	1	Oct 2017	1	Aug 2017	Achieved
<b>M1</b>	[*] Pilot regional training completed	1	Apr 2018	1	Mar 2018	Achieved
<b>M2</b>	Conditions Prior	6	Apr 2018	0	Apr 2018	Not Achieved
<b>M3</b>	[*] Regional training courses designed	1	Oct 2018			
<b>M4</b>	[*] Launch of de-risking webpage	1	Oct 2018			
<b>M5</b>	[*] Financial institution personnel trained	150	Apr 2019			
<b>M6</b>	First regional training completed	1	May 2019			
<b>M7</b>	Online version of regional training course developed	1	Sep 2019			
<b>M8</b>	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.	Low	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
<b>PROJECT RISK LEVEL:</b> Medium <b>TOTAL NUMBER OF RISKS:</b> 3 <b>IN EFFECT RISKS:</b> 3 <b>NOT IN EFFECT RISKS:</b> 0 <b>MITIGATED RISKS:</b> 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

1. Although the pilot program was very well received in terms of the number of participants, (the attendance doubled the initial programming), for future training events it is highly recommended that the registration of the participants (public and private sector representatives) must be done only by one of the organizing institutions. Additionally, it is recommended that in the case of the private sector, to have participants' selection process to know the profile of the participants and increase the level of discussions.

**Relative to**  
Implementation

**Author**  
Toranzo, Ricardo