

PROJECT STATUS REPORT

01/01/2020 - 06/30/2020

SECTION 1: PROJECT SUMMARY

Operation number: RG-T2924
Suboperation number: ATN/ME-15948-RG

Project Name: Strengthening Financial Transparency: Rebuilding Trust in Correspondent Banking in the Caribbean
Purpose: The specific objective is to help prevent and mitigate the risk of loss of Corre

Country admin	Country beneficiary:	Group:	SubGroup:
BAHAMAS	REGIONAL	C	

Executing Agency: Association Of Supervisors Of Banks Of The Americas
Team Leader: TERRYANNS

Project cycle:

Report Date: 2020 - 07 - 01	Original Execution End Date: 2020 - 04 - 18
Approval Date: 2016 - 12 - 06	Current Execution End Date: 2020 - 04 - 18
Signature Date: 2017 - 04 - 18	Original Last Disbursement Date: 2020 - 10 - 18
First disbursement date: 2017 - 08 - 10	Last Current Disbursement date: 2021 - 10 - 18

SECTION 2: PERFORMANCE

Project's performance summary since the beginning

The project had a number of changes to its human resources (Project Coordinator and ASBA's liaison), which impacted the pace of implementation and caused changes in the logistics of project management. Because of the pandemic, the Association had to reorganize some of the activities of the project and modify the execution calendar. Given this situation, the execution agency requested an extension on the deadline for the conclusion of the project.

Supervision Team Leader comments

A project extension was granted based on the activities remaining under the project and the plans to achieve these activities and outcomes using a virtual model. The project has hosted a series of workshops and continue to build the capacity of the stakeholders.

Project's performance summary in the last 6 months

Because of the pandemic of Covid-19, some adjustments were made to the project. The execution date for some activities changed. However, the new environment also allowed for the inclusion of a new study focusing on improving the resilience of the financial system. The executing agency continued with the activities that started during 2020: (1) the development of the communication strategy; (2) the development of the landing page for de-risking; (3) the Inaugural Global Research Conference on Empirical Approaches to Anti-Money Laundering & Financial Crime (Research Conference). With regards to the Communication Strategy, the consultant is working on the first draft of the document. The webpage for de-risking needed additional security reviews before it could go live. The Advisory Committee supervised this process. Finally, the Association and the Central Bank of The Bahamas held the Research Conference in Nassau Bahamas which provided a forum for the world's leading academic and applied researchers, in areas relevant to data-driven approaches to suppressing financial crime.

Supervision Team Leader comments

The last few months have been challenging and the EA took the last few months to rework the project into a virtual model for implementation.

SECTION 3: INDICATORS AND MILESTONES

C1 : Component I: Strengthening the Implementation of International Financial Integri **Weight** 23% **Qualification** ~not selected~

Indicators	Baseline	Planned	Achieved	Status
I1 Number of National Risk Assessments and/or national action plans completed	0	1 (2021 - 08 - 18)	1 (2019 - 10 - 16)	Finished
I2 Support to Legal and/or regulatory reforms provided (cumulative)	0	1 (2020 - 07 - 18)	2 (2019 - 10 - 16)	Finished
I3 Number of personnel from regulators trained	0	10 (2020 - 07 - 18)	40 (2019 - 10 - 16)	Finished

C2 : Component II: Strengthen the technical capacity of financial institutions to com **Weight** 66% **Qualification** ~not selected~

Indicators	Baseline	Planned	Achieved	Status
I1 Number of financial institutions personnel trained in AML/CFT	0	75 (2020 - 07 - 18)	50 (2019 - 10 - 16)	Finished
I2 Number of financial institutions implementing a new compliance strategy as a result of the training	0	10 (2020 - 03 - 06)	0 (2019 - 10 - 16)	In progress
I3 Documents made public on Caribbean de-risking initiative webpage	0	5 (2020 - 03 - 06)	0 (2019 - 10 - 16)	In progress

C3 : Component III: Improve regional integration and public-private coordination **Weight** 11% **Qualification** ~not selected~

Indicators	Baseline	Planned	Achieved	Status
I1 Regional strategy to approach the de-risking problem	0	1 (2021 - 04 - 06)	0 (2019 - 10 - 16)	In progress
I2 Mechanism for continuous dialogue created	0	1 (2021 - 04 - 06)	0 (2019 - 10 - 16)	In progress
I3 Communication strategy completed	0	1 (2021 - 04 - 06)	0 (2019 - 10 - 16)	In progress
I4 Number of compliance agreements reached between Caribbean public-private sector stakeholders and international banks or regulators	0	5 (2020 - 03 - 06)	0 (2019 - 10 - 16)	In progress

Milestones	Planned Value	Achieved Value	Due Date	Achieved Date	Status
First Advisory Committee meeting	1	1	2017 - 10 - 15	2019 - 10 - 15	Achieved
Pilot regional training completed	1	1	2018 - 04 - 16	2019 - 10 - 15	Achieved
Conditions Prior	6	6	2018 - 04 - 18	2020 - 02 - 27	Achieved
Regional training courses designed	1	1	2018 - 10 - 12	2020 - 04 - 01	Achieved
Launch of de-risking webpage	1	1	2019 - 06 - 28	2020 - 08 - 17	Achieved
Financial institution personnel trained	150	139	2019 - 12 - 31	2020 - 04 - 14	Overdue
Regional training course designed	1	1	2017 - 10 - 15	2020 - 03 - 26	Achieved
First regional training completed	1	1	2019 - 05 - 31	2020 - 03 - 12	Achieved
Online version of regional training course developed	1	0	2019 - 09 - 30		Overdue
Online version of regional training course developed	1	0	2019 - 09 - 30		Overdue
Study Plan for Resilience of the Financial System Developed	1	0	2020 - 06 - 30		Overdue

CRITICAL FACTS THAT HAVE AFFECTED PROJECT'S PERFORMANCE

[There were no aspects reported during this period]

SECTION 4: RISKS

	Impact Area	Severity	Prob.	Date	Responsible	Mitigation action
Coordination - because of the diversity of actors involved in the project, coord	Component II: Strengthen the technical capacity of financial institutions to com	(3) Medium	Very Low 20%	2020 - 02 - 14	Project Coordinator	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.
Lack of commitment from private sector actors, namely financial institutions. F	Component II: Strengthen the technical capacity of financial institutions to com	(2) Low	Very Low 20%	2020 - 02 - 14	Project Coordinator	The project will be devoting resources to conduct analysis on options for reducing compliance.
Lack of commitment on behalf of beneficiary governments. The past trajectory of	Component I: Strengthening the Implementation of International Financial Integri	(3) Medium	Medium 60%	2020 - 02 - 14	Project Coordinator	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.

TOTAL RISKS QUANTITY: 3 IN EFFECT RISKS: 3 NOT IN EFFECT RISKS: 0 MITIGATED RISKS: 0

SECTION 5: SUSTAINABILITY

Indicate likelihood of project sustainability after project completion:

ASPECTS THAT PUT THE PROJECT SUSTAINABILITY AT RISK

[There were no aspects reported during this period]

Actions related to sustainability which have been implemented in the project:

The execution agency is using co-financing funds from the Caribbean Development Bank (CDB) to strengthen the objectives defined for components II and III of the project. An additional activity was added to the project to help supervisors and regulators respond to the pandemic. The funds for this activity will come from the reorganization of the budget.

SECTION 6: PRACTICAL LESSONS

	Relative to	Author	Date
Although the pilot program was very well received in terms of the number of participants, (the attendance doubled the initial programing), 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.	Implementation	Ricardo Toranzo	2019 - 10 - 22
This project was born with an administrative structure different from a traditional project, a Project Coordinator from the IDB based in the Caribbean, a liaison from the executing agency (ASBA in Mexico) and a steering committee composed by representatives from different regional institutions. This implementation mechanism was generating communication deficiencies (mainly because of being a decentralized coordination in different countries) with an effect in the implementation. Team leaders from IDB Headquarters considered that it would be more beneficial to transform the execution mechanism to a more traditional, having Project Coordinator that reports to the executing agency; an Operations Specialist from the Caribbean for procurement and disbursements; and for more strategic issues, a Specialist from the IDB's Headquarters. This adjustment had a positive impact in the implementation of the project. However, the engagement with Caribbean stakeholders constitutes a challenge.	Implementation	Ricardo Toranzo	2019 - 10 - 22
Participation of the future Executing Agency is extremely recommended, given that it is only the agency that knows the administration structure of the project, key allies, budget, etc. This project born as an initiative from the IDB and ASBA took over the project once it was in execution; this led to various changes necessities in its administration to achieve the objectives.	Design	María José Baqueiro	2020 - 08 - 01
ASBA exhausted all possible instances and made every effort to fill the courses and although there were no attendance problems, the availability of venues does represent a challenge. Just for reference, ASBA does not repeat a course during the same year because demand is limited, even though its supply reaches 37 countries	Design	María José Baqueiro	2020 - 08 - 01
An external event, such as the pandemic, had effects on the project, specifically on activities related to onsite events. The execution agency needed to redefine activities to be able to modify them to a virtual environment. This process took most of the first semester, and the majority of the activities had to be pushed to the second semester of the year. The execution agency could have a playbook to be able to implement the project activities in a virtual environment.	Implementation	María José Baqueiro	2020 - 08 - 01