

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	REGIONAL/IDB
▪ TC Name:	Promoting Transparency & Strengthening Control Systems in Caribbean countries
▪ TC Number:	RG-T3419
▪ Team Leader/Members:	De Simone, Francesco (IFD/ICS) Team Leader; De Michele, Roberto (IFD/ICS) Alternate Team Leader; Vasquez Jordan, Darinka Giovanna; Dassen, Nicolas; Jarquin Ramos, Maria Jose; Vieyra, Juan Cruz; Veyrat-Pontet, Alexandre; Catano Guzman, Mariana; Von Horoch, Jorge Luis (CCB/CCB); Ruddock, Sheries Alethea (CCB/CJA);
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	04 Feb 2019
▪ Beneficiary:	IDB Caribbean borrowing country members
▪ Executing Agency:	Inter-American Development Bank
▪ IDB funding requested:	\$ 300,000.00
▪ Local counterpart funding:	\$ 0.00
▪ Disbursement period:	30 months
▪ Types of consultants:	Individuals
▪ Prepared by Unit:	Innovation in Citizen Services Division
▪ Unit of Disbursement Responsibility:	Country Office Jamaica
▪ TC included in Country Strategy (y/n):	No
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Institutional capacity and rule of law

II. Objective and Justification

- 2.1 The objective of this TC is to support Caribbean countries in fostering transparency and open government, improve internal control and prevent money laundering through regional initiatives. The specific objectives are: (i) Support to the implementation of access to information, transparency, open data and open government initiatives; (ii) support the strengthening of Supreme Audit Institutions in the Caribbean; and (iii) support anti-money laundering and financial transparency efforts.
- 2.2 Despite the difficulty of measuring the overall level of transparency, integrity and openness, some indicators can help shed light on the main challenges for the Caribbean region in this area. A review of these indicators shows that, compared to Latin American countries, Caribbean countries traditionally score better on indicators of perception and control of corruption. Yet, there is ample room for improving government effectiveness and transparency in the Caribbean region, as shown below; the implementation of transparency and open government initiatives and the strengthening of government controls, including those related to money laundering, can be instrumental in this.
- 2.3 The Transparency International Corruption Perception Index (CPI), captures the perceived levels of corruption, as determined by expert assessments and opinion surveys. The CPI generally defines corruption as "the misuse of public power for private

benefit". Caribbean countries report an average CPI of 49.5 points on a scale of 0 to 100, where 0 is highly corrupt and 100 is very clean, significantly higher than Latin American countries, which on average score 37.6 points.

- 2.4 Supreme Audit Institutions are critical for the prevention of integrity issues in the public sector. In this sense, a priority for the region is to increase the effectiveness of SAIs, particularly filling gaps that have been identified under the SAI Performance Management Framework exercises, as well as by increasing follow up on recommendations formulated by the SAIs. Some of these activities could be supported by international and regional organizations of SAIs, such as INTOSAI and the Caribbean Organization of Supreme Audit Institutions (CAROSAI), which represents all of the IDB Caribbean member countries.
- 2.5 In this overall regional context, money laundering can become an enabler of irregularities, and the Caribbean region, with its important financial centers, is particularly vulnerable to it, as confirmed by the fact that two IDB Caribbean member countries currently appear on the Financial Action Task Force so-called gray-list, of countries with weak Anti-Money Laundering Frameworks, while one country also appears on the OECD list of countries that fail to comply with tax transparency standards. In light of the above, this TC will support activities aimed at improving the transparency and openness of the public-sector in IDB Caribbean member countries. Transparency and open government have been widely shown to be important tools to prevent corruption, conflict of interest, undue influence and other similar. Open Government in particular promotes a citizen-centric approach based on the principles of transparency, accountability and collaboration, enabled by new technologies as way to strengthen democratic systems and improve public sector delivery.
- 2.6 The TC will also support the strengthening of control systems, particularly SAIs, in the region; these are critical to detect instances of corruption and other forms of malfeasance in the public sector. The TC will also support IDB Caribbean member countries in their efforts to prevent money laundering and terrorist financing, by complying with the FATF Standards. Finally, the TC will support specific research and dissemination activities, in recognition of the fact that transparency and anti-corruption are significantly understudied in the region, and that countries can learn from each other in this area.

III. Description of Activities and Outputs

- 3.1 The proposed TC is organized in four components: (i) Support to the implementation of access to information, transparency, and open data/government initiatives in the region; (ii) Support to Supreme Audit Institutions in the region, including through regional initiatives; (iii) Support to anti-money laundering and financial transparency; (iv) support research and knowledge activities.
- 3.2 **Component I. Transparency and Open Government (US\$100,000).** The objective is to support for the development of Open Government solutions and Action Plans. Activities and outputs in this component include: (i) support the design and implementation of transparency and access to information laws and regulations, institutions, and mechanisms (such as portals), both in general and at the sectoral level (namely in the areas of SOEs and Extractives); (ii) provide technical support to countries in the design and implementation of their Open Government Action Plan; (iii) support the review or regulatory and institutional frameworks in the areas of civil society participation, conflict of interest, asset declaration, revolving doors and other related.
- 3.3 **Component II. Support to Supreme Audit Institutions in the region (US\$100,000).** This component will support regional and national initiatives aimed at strengthening Supreme Audit Institutions and regional SAIs organizations. Activities include: i) implementation of SAI best practices and international standards, such as those

issued by INTOSAI and CAROSAI in Caribbean countries SAIs; ii) implementation of the action plans stemming from the application of the SAI-PMF tools in Caribbean countries; iii) strengthening the capacity (technical, communication and organizational) of CAROSAI to implement regional initiatives; iv) implementation of tools to strengthen follow up on SAIs recommendations.

- 3.4 **Component III. Support to anti-money laundering and financial transparency (US\$60,000).** This component will support activities aimed at increasing transparency in the financial sector and strengthening countries' ability to counter money laundering, including by improving their record of compliance with the main international standards in this area. Specific activities are: i) organization of a regional workshop on beneficial ownership, to launch the upcoming joint IDB-OECD publication on the topic; ii) support to the implementation of activities stemming from FATF evaluations in 2 countries; iii) preparation of a regional study on the impact of de-risking on financial flows.
- 3.5 **Component IV. Support to research and knowledge activities (US\$40,000).** This component will support the implementation of knowledge and dissemination activities in the thematic areas of the TC. Main activities are: i) preparation of two publications, on topics to be defined related to the topic areas of the TC; ii) organization of one regional event disseminating the results of publications produced.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Transparency and Open Government (US\$100,000)	\$ 100,000.00	\$ 0.00	\$ 100,000.00
Support to Supreme Audit Institutions in the region (US\$100,000)	\$ 100,000.00	\$ 0.00	\$ 100,000.00
Support to anti-money laundering and financial transparency (US\$60,000)	\$ 60,000.00	\$ 0.00	\$ 60,000.00
Support to research and knowledge activities (US\$40,000)	\$ 40,000.00	\$ 0.00	\$ 40,000.00

V. Executing Agency and Execution Structure

- 5.1 The TC will be executed by the Inter-American Development Bank (IDB). The Innovation for Citizen Services Division (ICS) will be in charge of the general coordination and technical supervision.
- 5.2 The TC will rely on the significant body of knowledge accumulated by the IDB in recent years, with an important series of publications that have helped build knowledge in specific thematic areas such as conflict of interest, sovereign rating and corruption, gender and transparency, ultimate beneficial ownership, and politically exposed persons, just to mention the main ones. In addition, the TC will closely coordinate with other ongoing efforts in this area in the Caribbean, including a regional project with FOMIN focusing on de-risking (RG-T2924) and recent efforts to support AML in Guyana (GY-T1155) and Suriname (RG-T2224).

VI. Project Risks and Issues

- 6.1 No significant risks are expected. However, the low technical capacity of the counterparts in these topics might slow down the implementation of components. In component I, the team has identified the risk of limited number of providers in the market to develop open government solutions enabled by technology. In order to mitigate this risk, the Bank will provide assistance through specialized teams that will facilitate

drafting Terms of Reference and help them throughout the procurement process from start to implementation.

- 6.2 In component II, the team does not identify significant risks associated with its implementation. All the activities proposed are consistent with the Bank's role supporting countries in their efforts to strengthen national systems. In addition, it is aligned with commitments that SAIs have already agreed at the international level within the framework of their participation in INTOSAI and CAROSAI; both, instances in which the Bank maintains close collaboration and dialogue.
- 6.3 Regarding component III, the team has identified the risk that legal and regulatory reforms designed with the support of the program may not be implemented or recommendations in other areas not being followed or applied. To mitigate this risk, the project team will ensure that interventions are targeted to countries that have manifested without a clear statement of project goals and understanding of the enabling or constraining environment in which projects take place.
- 6.4 All technical support at country-level will require a letter of request or a non-objection for components I, II and III.

VII. Environmental and Social Classification

- 7.1 The ESG classification for this operation is "undefined".