

Anti-Money Laundering/Combating the Financing of Terrorism

Thematic Fund for Capacity Development



AML/CFT
Anti-Money Laundering/Combating the
Financing of Terrorism Thematic Fund

KEY FACTS

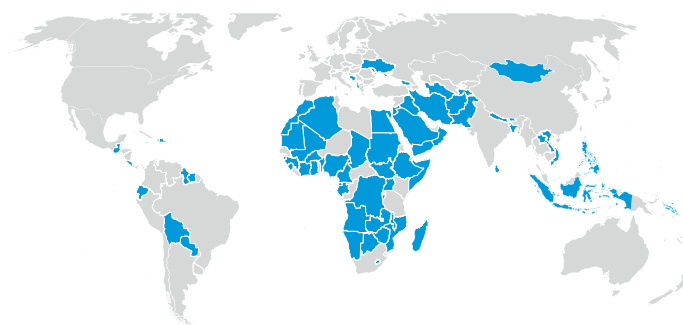
The AML/CFT Thematic Fund, established in 2009 and in its third Phase of operations, is the pre-eminent global initiative for capacity development (technical assistance and training), assisting countries in strengthening the effectiveness of their anti-money laundering, and combating the financing of terrorism (AML/CFT) frameworks and bolstering the integrity of the financial sector and broader economy.

Twelve partners financed over US\$30 million in comprehensive and targeted AML/CFT capacity Development Activities.

Over 40 CD projects have been implemented reaching 57 countries: 22 single-country projects; two regional projects covering seven countries (two Pacific Island countries and five Middle East and North Africa countries); ten thematic projects benefiting 29 countries, two analytical and development (A&D) projects, and CD delivery through five regional advisors (RAs).

The AML/CFT TF III prioritizes increasing the scope in CD delivery to address financial integrity risks.

In line with the IMF CD strategy, the AML/CFT CD program is being implemented in a more flexible, integrated, and tailored model. The TF recently helped **Jordan**, **Jamaica**, and **Uganda** exit the grey list of the Financial Action Task Force, assisted **Haiti** in upgrading its Financial Intelligence Unit, and funded two important publications on counter terrorism financing and beneficial ownership helping policymakers implement effective AML/CFT measures.



Countries that have received
AML/CFT technical assistance activities

OUR APPROACH

To deliver impactful and flexible CD, Phase III employs a combination of country-specific modular long-term approach previously established under Phase II, coupled with thematic short-term engagements.

This approach facilitates the design and delivery of country projects within the IMF's competencies, with clear objectives, outputs, and indicators, against which progress can be measured.

MODULAR

Medium-term, tailor-made engagements for comprehensive reforms

- Tailor-made solution
- For Medium-term engagements (2-3 years)
- For recipients with multiple needs
- Programmatic approach with many outcomes
- More resource-intensive

THEMATIC

Short-term targeted engagements based on themes

- Engagement in one area only
- Shorter engagements (6M-1Y)
- For recipients with specific need
- Smaller teams and more flexible delivery
- Less resource-intensive

RESEARCH AND DEVELOPMENT

Medium-term design of CD tools

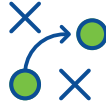
- Highlight AML/CFT challenges and good practices by IMF members
- Research to further design and finetune the available CD toolkit

AML/CFT CD Products



National Risk Assessment

Help members understand their risks and develop policy priorities



National Strategy

Develop AML/CFT and financial integrity strategies



Legal Drafting

Align the AML/CFT legal framework with international standards and good practices



Risk-based Supervision

Enhanced risk-based supervision of banks, non-banks, financial institutions, and designated non-financial businesses and professions



Financial Intelligence Units (FIU)

Enhance the governance, structure and tools of FIUs



AML and Corruption

Prioritize the AML framework to tackle proceeds of corruption



AML and Tax Crimes

Prioritize the AML framework to focus on tax crimes and ensure revenue compliance



Beneficial Ownership (BO)

To prevent misuse of entities for criminal purposes, ensure national or sectoral BO information is collected, accurate, and easily accessible



Central Bank Digital Currency (CBDC) and Financial Integrity

Ensure CBDC design include measures to limit criminal misuse



Combating the Financing of Terrorism (CFT)

Enhance the measures to detect and deter terrorism financing with a focus on fragile and conflict states



Support to AML/CFT Conditionality

Quick TA intervention to help countries meet their AML/CFT conditionality under IMF lending



Countries at Risk of Financial Action Task Force (FATF) Listing

Quick TA engagement to address strategic deficiencies that could prevent an IMF member for FATF listing



Illicit Financial Flows

Analysis of cross-border payments to detect ML risks and a diagnostic of AML/CFT measures to address non-resident risks



Virtual Assets

Ensure proper regulatory framework for virtual asset service providers and appropriate risk-based supervision to prevent misuse of virtual assets for criminal misuse

RESULTS

CD provided under Phase III has had tangible and meaningful results. Enhancing the effectiveness of the AML/CFT framework in these countries is often critical for protecting the integrity of the financial sector and broader economy. Some recent concrete results achieved during AML TF III include the following:

- Passage of a new AML/CFT law in **Bosnia and Herzegovina** and amendments to AML/CFT laws in **Tajikistan**.
- Comprehensive National ML/FT risk assessments conducted in **Bhutan** and **Jordan**.
- Risk-based approach tools to AML/CFT supervision implemented in **Guatemala**.
- Enacted Law organizing the Financial Intelligence Unit in **Haiti**.
- Improvements to AML/CFT frameworks leading to the removal from the FATF's International Cooperation Review Group's (ICRG) grey list of countries such as **Jordan** and **Uganda**.
- Launching thematic projects on emerging issues that benefited a large set of countries.
- The publication of two flagship research books on [Countering the Financing of Terrorism: Good Practices to Enhance Effectiveness](#) and on [Unmasking Control: A Guide to Beneficial Ownership Transparency](#) (TBO), demonstrating the flexibility of the AML TF III in responding to emerging areas. Both books highlighted significant deficiencies in these important areas of AML/CFT reforms, led to launching new CD tools in the form of thematic projects, and benefited the AML/CFT community at large.
- Adoption and implementation of regulations requiring the publication of beneficial ownership information of companies awarded procurement contracts as part of the project on preventing the misuse of COVID-19 emergency-related spending and to [safeguard against the misuse of IMF emergency financing](#).

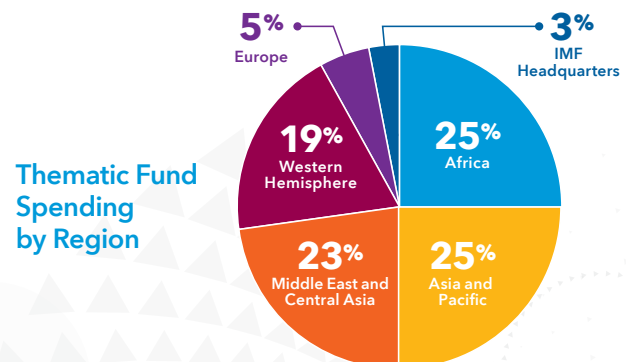


Maximizing Impact through Strategic Coordination and Collaboration. The project teams regularly coordinate with other CD providers, both remotely and in-person, to avoid duplication and enhance complementarity. Regional advisors play a key role through their interactions at FATF-Style Regional Bodies (FSRBs) meetings. Frequent coordination with donor partners, other CD providers, and international/regional organizations ensures the best use of AML TF III resources and maximizes project effectiveness.

The AML/CFT TF Analytics and Development (A&D) component drives continuous innovation in CD by producing cutting-edge AML/CFT publication and tools that shape the future of CD delivery. A&D projects contribute to AML/CFT publications and inform future CD delivery through the development of CD tools. With extensive AML/CFT expertise, Fund staff have a wealth of experience that can inform the A&D projects. Two books on beneficial ownership and counter terrorism financing have been published, and upcoming publications are underway on confiscation and asset recovery issues, along with an e-learning course on risk-based supervision.

The AML/CFT CD program continues to evolve in line with Fund's policies. Current efforts are underway to fully align the AML/CFT CD program with the recently reviewed Fund's CD strategy—towards a more flexible, integrated, and tailored model. The [2023 Review of the AML/CFT strategy](#) endorsed by the Board was also an opportunity to take stock of AML/CFT CD program and agree on a way forward. Feedback from stakeholders (i.e., country authorities, mission chiefs, civil society) discussed in the [background papers](#) highlighted the strengths of the program.

Demand for AML/CFT CD remains high, and is prioritized to achieve regional balance, avoiding duplication of efforts with other technical assistance partners and ensuring synergies between IMF CD and the IMF's Surveillance program.



Regional advisors play a critical role in developing and implementing CD projects, capitalizing on their regional knowledge and engagement with recipient countries.



DEVELOPMENT PARTNERS

