



INTERNATIONAL MONETARY FUND



**AML/CFT THEMATIC FUND PHASE III
FIFTH ANNUAL REPORT (MAY 2024–APRIL 2025)**

AND

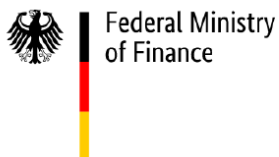
WORKPLAN FOR YEAR SIX

JUNE 2025

AML/CFT Thematic Fund Phase III supported by:



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CONTENTS

ABBREVIATIONS	4
EXECUTIVE SUMMARY	7
ANNUAL REPORT FOR YEAR FIVE OF THE AML TTF III	11
A. Progress to Date	11
B. CD Requests and Spending	22
C. Challenges and Lessons Learnt from CD Delivery in the Reporting Year	25
D. Coordination with Donors, Other CD Providers, and Organizations	25
E. Financial Highlights	26
II. WORKPLAN FOR YEAR SIX OF THE AML TTF III	32
A. Workplan Outline	32
B. Workplan Financial Outline	33
C. Mid-Term Evaluation of the AML/CFT Thematic Fund	47
BOXES	
1. Decision Points	10
2. Key Achievements of CD projects completed in Year 5 of Phase III	14
3. Status of ongoing CD projects during Year 5 of Phase III	15
FIGURES	
1. Overview of Outcome Ratings—Active Projects in CY2025	12
2. Percentage of Rating per Outcome—Active Projects in FY2025	13
3. CD allocation by Income Level, May 1, 2024–April 1, 2025	22
4. CD Spending by Region, May 1, 2023–April 30, 2024	23
5. IMF Inter-Agency Coordination Dashboard on AML/CFT CDs	26
6. AML TTF III Recipient Countries by Income Level Active in FY2025 and Proposed	46
7. Number of Countries Covered by Region (Existing and Proposed) FY2025 and Onward	47
TABLES	
1. Requests for AML/CFT CD entered in CDMAP (May 1, 2024–April 30, 2025)	24
2. Financial Contributions	28
3. Cash Flow Statement	29
4. Budget Execution Report	30
5. Proposed Revisions to Workplan (As of end-May 2023, in Thousands of U.S. Dollars)	34
6. Proposed Budget Changes by Project	35
7. Overview of Ongoing and Proposed Projects	37
8. Budget Reduction due to Project Merging, Suspension and Closure	44

ABBREVIATIONS

A&D	Analytics and Development
AfDB	African Development Bank
AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism
AML TTF III	Phase III of the Anti-Money Laundering/Combating the Financing of Terrorism Thematic Fund
APG	Asia Pacific Group on Money Laundering
BFIU	Bangladesh Financial Intelligence Unit
BiH	Bosnia and Herzegovina
BoA	Bank of Algeria
BoB	Bank of Botswana
BoJ	Bank of Jamaica
CBDC	Central Bank Digital Currency
CBE	Central Bank of Egypt
CBR	Correspondent Banking Relationships
CBvS	Central Bank of Suriname
CD	Capacity Development
CDSC	Capacity Development Strategy Concept
CDMAP	Capacity Development Management and Administration Program
COM	IMF Communications Department
DNFBP	Designated Non-Financial Businesses and Professions
ECCB	Eastern Caribbean Central Bank
ECCU	Eastern Caribbean Currency Union
ECF	Extended Credit Facility
EPSP	Electronic Payment Service Providers
ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group
ESC	Evaluation Sub-Committee
EU	European Union
FAD	IMF Fiscal Affairs Department
FATF	Financial Action Task Force
FCS	Fragile and Conflict-Affected States

FIC	Namibia’s Financial Intelligence Centre
FIG	Financial Integrity Group
FIU	Financial Intelligence Unit
FMD	Financial Monitoring Department
FY	Fiscal Year
FSAP	Financial Sector Assessment Program
GAC	IMF Governance and Anti-Corruption Division
ICD	IMF Institute for Capacity Development
ICRG	International Co-Operation Review Group
IDB	Inter-American Development Bank
IFF	Illicit Financial Flows
IMF	International Monetary Fund
LEG	Legal Department
MCM	IMF Monetary and Capital Market Department
ME	Mutual Evaluation
MENA	Middle East and North Africa
MENAFATF	Middle East and North Africa Financial Action Task Force
MER	Mutual Evaluation Report
ML/TF	Money Laundering/Terrorist Financing
NBFIRA	Non-Bank Financial Institutions Regulatory Authority
NBU	National Bank of Ukraine
NPO	Non-Profit Organizations
NRA	National Risk Assessment
PF	Proliferation Financing
PEP	Politically Exposed Person
RA	Regional Advisor
RBA	Risk-Based Approach
RBM	Results-Based Management
RBS	Risk-Based Supervision
SRA	Sectoral Risk Assessment
SBV	State Bank of Vietnam
SC	Steering Committee

SCUML	Special Control Unit Against Money Laundering
STI	IMF-Singapore Regional Training Institute
STR	Suspicious Transaction Reports
TBO	Transparency of Beneficial Ownership
TFS	Targeted Financial Sanctions
UN	United Nations
VA	Virtual Asset
VASP	Virtual Asset Service Provider
WB	World Bank

EXECUTIVE SUMMARY

Phase III of the Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) Thematic Fund (AML TTF III) has successfully wrapped up its fifth year of capacity development (CD) initiatives, achieving outstanding outcomes overall. The AML TF III consistently supports countries globally through the programmatic approach focusing on concrete outcomes over the medium-term, with a marked enhancement in thematic services resulting in shorter term engagements focusing on one outcome. During the fifth reporting period of the AML TF III, strong momentum persisted in most recipient countries. There has been a notable rise in in-person missions, while the use of virtual mission formats has been strategically deployed in accordance with the Fund's CD approach to optimize effectiveness.

Thanks to the generosity of our donor partners, AML/CFT TTF III has been able to deliver an extensive and impactful program over the past five years. Throughout the current phase, donor partners have pledged around US\$36.2 million (as of April 30, 2025), providing financing through the end of the Phase (April 2026) and beyond. The current number of donor countries now stands at 12, with Italy joining in 2024 through its Ministry of Economy and Finance. Thanks to additional support from partners, cash flow projections indicate that there will be enough resources to extend Phase III by one year (until April 2027). This will allow the Thematic Fund (TTF) to respond to the increase in CD demand and ensure adequate attainment of results within this Phase. Central to the TTF strategy in Phase III is the appropriate regional distribution of long-term customized CD delivery, as well as the integration of thematic and research projects. These efforts aim to foster greater synergy with other IMF workstreams through the multipronged approach of covering AML/CFT, including through surveillance, lending, Financial Sector Assessment Program, and assessment workstreams.

In its fifth year of operations, TTF continued to deliver tailored and strategic CD activities designed to strengthen AML/CFT frameworks and mitigate risks stemming from predicate crime. For IMF FY2025, the TTF outlined a workplan encompassing 36 projects reaching 50 countries, including 18 single-country projects, one multi-country project covering four countries, 10 thematic projects¹ that have covered 29 countries, two analytics and development projects (encompassing research and training), and CD delivery via five Regional Advisors (RAs). The emphasis on a modular, thematic approach efficiently responds to CD demands, optimizing budget utilization. This approach not only benefits multiple countries by addressing a continuous influx of CD requests but also ensures timely CD delivery tailored to country-specific needs.

During the reporting period, various projects have achieved substantial outcomes. In South Sudan, a comprehensive AML/CFT law was approved. In Bangladesh, the CD team helped develop an upgraded AML/CFT supervisory tool for the offsite risk-based supervision (RBS) of banks. In

¹ Thematic projects allow engaging with multiple countries in one area only over a short period (six month to one year-1Y). They are intended for recipients with specific needs in one area of AML/CFT reform (e.g., virtual assets, beneficial ownership). The multi-country project allows engaging several countries in one region and might include several topics (e.g., PICs).

South Sudan, there was a substantial legislative drafting effort in developing the new AML/CFT law covering key aspects of the framework, including the ML/TF offences, preventative measures, powers of the Financial Intelligence Unit (FIU) and its financial arrangements, powers of law enforcement, asset recovery, and international co-operation. A review of the legislative amendments to Ukraine's Beneficial Ownership (BO) regime was conducted.

TTF projects helped several countries expedite de-listing from the Financial Action Task Force (FATF) enhanced monitoring list through follow-up re-ratings or achieve significant reforms in the context of IMF lending. In Cote D'Ivoire, the International Co-operation Review Group (ICRG) thematic project, TA helped the country make significant progress with its ICRG Action Plan, resulting in a shorter duration of its grey listing. TTF-funded TA led to the adoption of five laws, two decrees, one interministerial order, two circulars, and one manual. As a result, the number of outstanding items in Cote d'Ivoire's Action Plan was significantly reduced, as five recommended actions were deemed "addressed" or "largely addressed" in the post observation period report. In Ukraine, the preparation of a Ministerial Decree requiring the collection, verification, and publication of BO information in land transfers was a structural benchmark under an IMF financing program. The CD project for Benin assisted in the preparation of a Ministerial Decree requiring the collection, verification, and publication of BO information in land transfers (a structural benchmark under an IMF financing program).

The IMF continues to receive a high level of AML/CFT-related CD requests from its membership. During the reporting year 43 formal requests for new CD were received. Out of these, six were jointly requested from the IMF's Legal Department (LEG) and the Monetary and Capital Markets Department (MCM) and from LEG and the Fiscal Affairs Department (FAD).

Fund staff have developed several supplementary tools and dashboards to leverage technology in effectively managing the program. With the addition of a data management analyst to the team, FIG has developed specific CD dashboards that aggregate all available data into one convenient source. In addition, FIG developed CD coordination dashboards to keep track of the work conducted by other international organizations. These tools significantly streamline the process of receiving, accepting, managing, and reporting CD activities as well as providing more transparency. Further outreach materials, including a CD Factsheet, have been made available online and during the Spring and Annual Meetings.

Geopolitical developments are expected to influence the number and types of requests for IMF technical assistance on AML/CFT. Some international organizations are navigating pressures to mobilize resources, as shifts in donor policies present new challenges. In this context, Fund staff received enquiries about whether CD could step in to fill gaps (including in areas not usually covered in Fund CD, such as law enforcement training) as some other providers withdrew due to funding constraints. This means that enhanced coordination and shared responsibility remain crucial to effectively addressing these evolving dynamics.

As part of the Fund's fiduciary requirements, SEO Amsterdam Economics conducted an external evaluation of Phase III of the AML/CFT TTF, following a competitive IMF-led

selection process. The evaluation confirmed the AML TF III's strong relevance in helping countries meet FATF standards and address ML/TF risks. While short-term CD objectives are generally met, sustaining long-term impact remains challenging. Coordination with IMF workstreams has improved, though engagement with area departments and external partners could be further strengthened. Donor reporting is valued but could be streamlined, and there is room to enhance efficiency through more flexible delivery and resource use. The evaluation offered suggestions to reinforce the program's focus and operational effectiveness.

Summary of the Year 6 Workplan of the AML TTF III

For the sixth-year workplan, the AML TTF III will continue to deliver targeted TA and training to strengthen countries' compliance and effectiveness with international AML/CFT standards.

Support will continue to be provided through tailored policy and operational advice, development of practical tools, expert missions, and workshops. Country selection will remain guided by eight established criteria, prioritizing countries with high ML/TF risks, strong reform commitments, and alignment with IMF surveillance and lending programs. Special attention will be given to fragile and conflict-affected states, as well as small island states, to ensure broad geographic and income-level coverage.

A one-year extension of AML TTF III to April 2027, already supported by additional donor contributions, is proposed to address pandemic-related delays and rising CD demand. The FY2026 workplan proposes a total budget of approximately US\$35.6 million covering 25 projects, including 11 country-specific, 2 regional, and 10 thematic initiatives, 5 resident advisor positions and 2 analytical-and-development (A&D) projects. One new regional initiative—focused on supporting AML/CFT systems in Middle East and North Africa (MENA) countries ahead of their 2026 mutual evaluations—is proposed with a budget of US\$215,000.

The workplan maintains a flexible delivery model, balancing in-person engagement with hybrid and virtual formats to adapt to security and logistical constraints. This blended approach ensures continuity and responsiveness while preserving the impact of technical engagement. Continued coordination with IMF programs and other CD providers ensures a coherent, well-aligned response to global financial integrity challenges.

The mid-term evaluation of AML TTF III, conducted by SEO Amsterdam Economics, confirmed the IMF's strong macro-financial relevance and the high quality of its CD delivery. It recognized the IMF's unique comparative advantage in combining macroeconomic expertise with operational support to help countries meet FATF standards and address ML/TF risks. At the same time, the evaluation identified areas for improvement, including the need to better target jurisdictions and sectors with high, macro-relevant ML/TF risks, strengthen coordination with IMF departments and improve traction by linking new CD phases to the completion of prior phases. It also recommended easing reporting burdens, enhancing strategic impact measurement, and expanding macro-relevant research beyond the current five percent cap. These recommendations are being integrated into operations to improve strategic focus, responsiveness, and delivery impact.

This report contains the following key sections:

- Analysis of progress made to date: this section summarizes progress made in CD delivery;
- Financial highlights: this section provides the status of fundraising efforts and expenditures during the reporting period;
- Presentation of the Workplan for Year Six of the AML TTF III;
- Annex A which includes interim assessments of active projects, reports from RAs, and final assessments of completed projects;
- Annex B which includes project summaries for new projects being proposed for Year Six of the AML TTF III; and
- Annex C which includes a summary and key takeaways from the external evaluation.

All the projects covered in this report are delivered by the staff of the IMF’s LEG FIG and field experts working under their direct supervision.

Box 1. Decision Points

The SC is invited to consider and endorse:

1. The Annual Report for Year Five of AML TTF III operations.
2. The Workplan and Budget for Year Six of the AML TTF III operations that include:
 - One-year extension of AML TTF III from April 2026 to April 2027 to address earlier pandemic-related delays, and sustain delivery momentum with high demand from members, supported by additional donor contributions.
 - Approval of one new regional project: strengthening AML/CFT Systems in MENA Countries (US\$215,000), focused on supporting mutual evaluations preparation and capacity building in selected MENA jurisdictions, particularly lower-income and fragile and conflict-affected states.
 - Budget increases totaling approximately US\$5.2 million for 14 ongoing projects, to meet increased demand, extend project duration, and expand scope of activities.
 - Time extensions for seven CD projects and five Resident Advisor (RA) accounts to ensure full delivery of project objectives and continued support for country implementation.
 - Next SC meeting will occur virtually in June or July 2026 and will be chaired by Saudi Arabia. The proposed revisions to the workplan for the sixth year of the AML TTF III are detailed in Table 6.

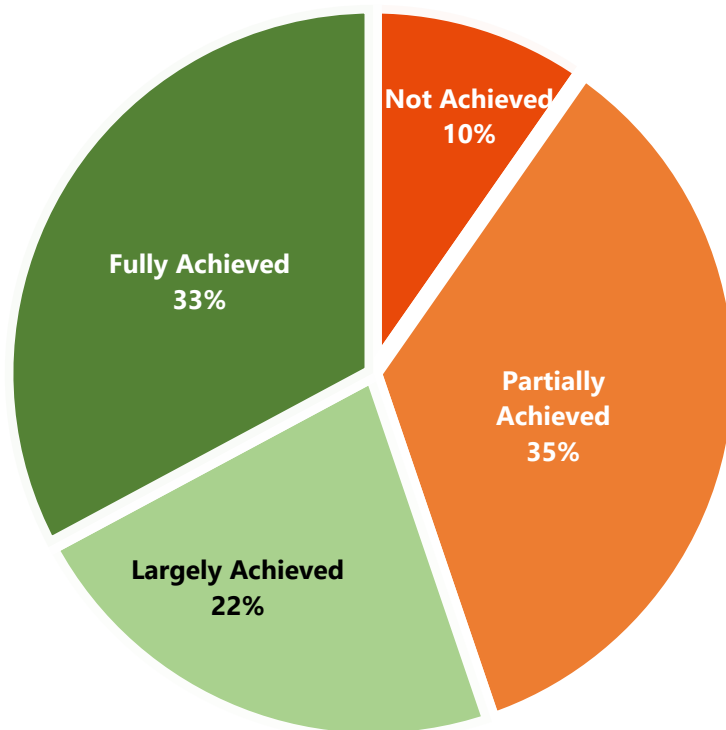
ANNUAL REPORT FOR YEAR FIVE OF THE AML TTF III

A. Progress to Date

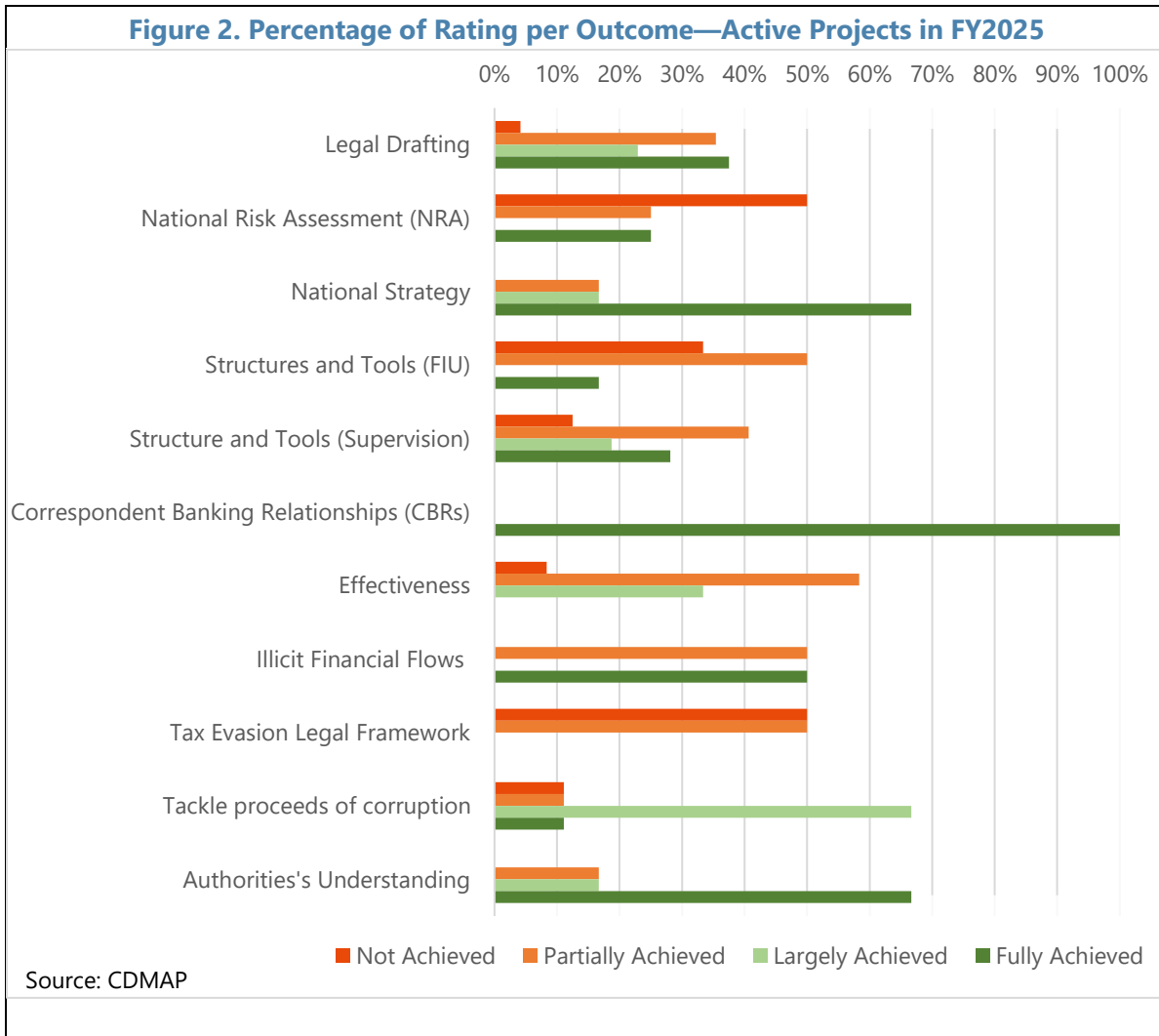
1. The fifth year of the AML TTF III was marked by progress in most projects. For IMF FY2025, the AML TTF III outlined a workplan encompassing 36 projects reaching 50 countries, including 18 single-country projects, 1 multi-country project covering four countries, 10 thematic projects that have covered 29 countries, 2 analytics and development projects (encompassing research and training), and CD delivery via 5 Regional Advisors (RAs). The emphasis on a modular, thematic approach allows for an efficient response to CD demands, optimizing budget utilization. This approach not only benefits multiple countries by addressing a continuous influx of CD requests but also ensures timely CD delivery tailored to country-specific needs. Assessment reports for each of these projects are set out in Annex A.

2. Progress is satisfactory, with more than 55% of the active projects in FY25 finished or close to completion. Among others, significant achievements of the year include country removal from FATF's ICRG process, improvement of AML/CFT frameworks, enactment of relevant laws, and more effective AML/CFT supervision. The IMF's Results-Based Management (RBM) framework is used to monitor the progress of CD work by providing feedback on how the Fund's advice and training translates into tangible outcomes. Following the RBM framework, all existing and closed projects under AML TTF Phase III most outcomes stand at either fully achieved (33%) or largely achieved (22%). 10 percent of outcomes have minimal progress, mostly due to having been recently created.

Figure 1. Overview of Outcome Ratings—Active Projects in FY2025



Source: Capacity Development Management and Administration Program (CDMAP)



3. Due to the approaching closure date of the AML TTF III, country modular projects continue to deliver on their planned outcome while the focus on thematic projects with short term CD engagement has grown. Overall, the country projects are achieving strong results in line with the proposals approved by the SC. Due to the high demand and the significant influx of requests, countries are often being accepted through the thematic offering which aims to ensure a targeted and flexible delivery, avoiding the overcommitment of resources during the last two years of this phase of the AML TTF. In addition to thematic projects created since 2022, last year, a new thematic project to support conditionality was created to assist countries with AML/CFT related structural benchmarks included on their lending arrangements or staff-monitored programs.

Completed Single Country Projects with Concrete Results

4. Completed single-country projects focused on strengthening AML/CFT frameworks across Botswana, Bhutan, Guatemala, Namibia, and South Sudan through legal reforms, supervisory enhancements, and capacity building. Staff assisted these countries in undertaking

initiatives to strengthen their financial regulatory frameworks and address concerns related to AML/CFT. These efforts have involved refining supervisory practices (Botswana and Guatemala), enhancing legal structures (Namibia, South Sudan), and training law enforcement agencies (Egypt). In some cases, TA has facilitated the development of methodologies, regulatory tools, and training programs to ensure effective implementation. Legal reforms have played a crucial role in improving compliance ratings, with adjustments to existing legislation aimed at increasing efficiency in supervisory functions. Ongoing support remains a key component of these initiatives, ensuring sustained progress and adaptation to emerging challenges within the financial sector.

5. Given the complexities and ongoing challenges encountered during the execution of the Egypt project, a strategic reassessment has resulted in the decision to close the initiative. This decision comes in light of persistent delays and limited progress from the authorities in both criminal justice and supervisory workstreams. Nevertheless, the project has made significant contributions to enhancing the criminal justice framework and has cultivated valuable institutional relationships. These accomplishments may serve as a solid foundation for future engagement, contingent upon renewed interest and readiness from the authorities.

Box 2. Key Achievements of CD projects completed in Year 5 of Phase III

- **Botswana:** Delivered risk-based supervisory tools and trained supervisors on the implementation of the newly developed tools (e.g., methodologies, data gathering templates, manuals) for banks, and non-banks financial institutions. Supervisors are in the process of developing similar AML/CFT supervision manuals for bureaux de change and asset managers by applying the same approach used in developing the manuals mentioned above.
- **Bhutan:** The project has successfully updated the National Risk Assessment (NRA) dataset and perception surveys, incorporating expanded risk modules for Non-Profit Organizations, Virtual Assets, and Proliferation Financing. This effort has strengthened the authorities' understanding of Bhutan's ML/TF risks and culminated in the dissemination of the NRA findings to relevant stakeholders.
- **Egypt:** the project trained 30+ prosecutors and investigators on financial investigations to enhance criminal justice efforts. The project reviewed the Central Bank of Egypt's AML/CFT strategy, regulations, and internal policies.
- **Guatemala:** The project successfully developed and fully implemented a comprehensive set of risk-based supervision tools tailored to various financial and non-financial sectors. In addition, the project enhanced the FIU's intelligence capabilities by automating suspicious transaction report ratings, advancing strategic analysis, and supporting legislative review ahead of the 2027 AML/CFT assessment.
- **Namibia:** Improved compliance ratings and optimized supervisory structures through recommended institutional changes. Deficiencies from the 2024 FATF grey listing were addressed by providing legal drafting assistance, leading to amendments in over 16 pieces of legislation, resulting in significant improvements in ratings. Going forward, the project team suggests that the AML/CFT Council in Namibia transfer supervisory functions to the Bank of Namibia and the Namibia Financial Institutions Supervisory Authority, enhancing the effectiveness and

sustainability of supervision. In February 2025, the authorities expressed interest in additional TA in areas that have been proposed for coverage under existing thematic projects.

- **South Sudan:** Assisted in legislative drafting, resulting in the passage of a new AML/CFT law in 2025. The law covers key aspects of the framework, including ML/TF offenses, preventative measures, FIU powers, law enforcement powers, asset recovery, and international cooperation. Supported authorities in shifting focus to CFT framework development. The authorities have requested the Fund to assist in this area, including to set up a regime for high-risk NPO supervision and targeted financial sanctions. Those will be proposed for coverage under the CFT thematic project.

Ongoing Single Country Projects

6. There has been good progress in several ongoing single country projects during this reporting year. Efforts to enhance AML/CFT frameworks across several countries have focused on improving risk-based supervision, legal transparency, and enforcement mechanisms. In Algeria, the team developed risk assessment tools and strengthened risk-based supervision. Ethiopia's assessment of its AML/CFT framework highlighted key areas for improvement, with recommendations under review. Guyana worked on refining supervisory tools and risk analysis frameworks for AML/CFT oversight. These initiatives aim to strengthen financial integrity and compliance with international standards. The progress status of the ongoing projects is summarized as follows:

Box 3. Status of ongoing CD projects during Year 5 of Phase III

Algeria

- ✓ Strengthened supervisors' understanding of ML, TF, and proliferation financing (PF) risks.
- ✓ Developed risk-based supervisory tools and an interim risk assessment matrix for 2025.
- ✓ Improved transparency of legal entities and reviewed the regulatory framework.

Ethiopia

- ✓ Identified gaps in AML/CFT legislation, financial intelligence utilization, and institutional independence.
- ✓ Ahead of mutual evaluation, provided recommendations to improve financial analysis and law enforcement cooperation.

Guyana

- ✓ Assisted the Bank of Guyana (BoG) in strengthening risk-based AML/CFT supervision. More precisely, enhanced offsite supervisory tools, including business risk analysis and expanded data collection.
- ✓ Developed a framework to generate ML/TF risk scores for FIs for future implementation.

Jamaica

- ✓ Developed offsite tools for remittance institution supervision using a questionnaire and risk matrix.
- ✓ Established supervisory priorities based on residual risk scores.
- ✓ Created an AML/CFT supervision manual outlining supervisory methodologies and tool usage. Conducted a two-day workshop on risk-based supervisory approaches.

Paraguay

- ✓ Customized and pilot-tested risk-based supervisory tools across multiple financial sectors.
- ✓ Initiated legal and financial intelligence work, supported by the Inter-American Development Bank (IADB).

✓ Delivered operational analysis training to FIU analysts with U.S. Department of State resources. Planned IT system modifications to enhance FIU's strategic analysis capabilities.

Suriname

- ✓ Reviewed and refined AML/CFT legislation and related regulations.
- ✓ Developed offsite supervision tools for banks and risk assessment matrices.
- ✓ Designed tools to assess DNFBP risk exposure and mitigation measures.

Turkmenistan

- ✓ Assisted the Central Bank in enhancing risk-based AML/CFT supervision of banks.
- ✓ Developed guidance mechanisms to improve bank compliance with AML/CFT obligations.
- ✓ Strengthened inspection methodologies, including compliance with financial sanctions.
- ✓ Commenced work on proportionate and dissuasive sanctioning frameworks.

Uganda

- ✓ Developed and recalibrated risk-rating tools for banking and remittance sectors.
- ✓ Provided detailed recommendations for improving the supervisory sanction framework.
- ⚠ Staffing shortages of supervisors in Bank of Uganda hindered full implementation; updates to the risk assessment framework needed.

Ukraine

- ✓ Reviewed amendments to Ukraine's BO regime.
- ⚠ Identified challenges in publishing BO information within the ProZorro system due to restrictions.
- ✓ Proposed refinements to the risk-based AML supervision model for banks.

Vietnam

- ✓ Advanced the development of offsite supervision tools following pilot testing and data collection.
- ✓ Recommended risk scoring methodologies for all banks.

Yemen

- ✓ Drafted amendments to the AML/CFT Law for TFS.
- ✓ Reviewed CBY regulations and assisted in legislative updates.
- ✓ Conducted virtual sensitization sessions for stakeholders to facilitate the legislative process.

Thematic Projects

7. FIG is spearheading thematic projects aimed at enhancing financial integrity and regulatory frameworks, which include addressing key AML/CFT challenges such as corruption, tax crimes, and the implications of digital currencies, in collaboration with other LEG divisions and Fund departments. Efforts include Governance Diagnostics to mitigate corruption risks, TA for Mongolia's tax and AML agencies, training and capacity building for beneficial ownership frameworks, and analysis of Central Bank Digital Currency (CBDC) implications. Additionally, legal reforms are advancing in South Sudan and Kyrgyz Republic, while targeted assistance is being provided to several countries under the ICRG framework. The illicit financial flows (IFF) project is developing analytical tools for financial flows monitoring, supporting Moldova and Curaçao. Risk assessments are underway in Palau and Nigeria to strengthen AML/CFT data management. Fund-supported programs in Sri Lanka and Equatorial Guinea integrate AML/CFT measures, and a specialized initiative is refining AML/CFT supervision for Virtual Asset Service Providers (VASPs).

These activities aim to enhance financial integrity, regulatory frameworks, and international cooperation. Additional information on the thematic projects follows:

a) *AML and Corruption*

The project team has continued to work with colleagues from LEG’s Governance and Anticorruption division and FAD to provide insights on AML to tackle proceeds of corruption as part of the Governance Diagnostics. Upon request, Fund could also assist in implementing the key recommendations highlighted in the published reports. The primary beneficiaries are fragile and conflict-affected states, where corruption is often the main risk related to ML. Staff have successfully participated in a targeted manner on 12 Governance Diagnostics, with an even distribution of approximately six per year. New engagements were initiated for FY2025 including Burkina Faso, Kenya, Madagascar, Niger, Pakistan, and Sierra Leone.

b) *AML and Tax*

In October, a scoping mission in Mongolia assessed legislative deficiencies and operational barriers to effective information sharing and cooperation between the Mongolian Tax Authority (MTA) and the AML/CFT agencies. The team discussed the main types of tax crimes in Mongolia and the resources and coordination needed to effectively address them. The team delivered a two-day workshop on effective approaches to information-sharing and cooperation, highlighting key legislative issues in the Mongolian tax and AML/CFT laws.

c) *Beneficial Ownership*

The project has delivered a comprehensive training and TA package to over 90 participants from Asia, Middle/ East North Africa, and Caribbean regions. It has also delivered targeted bilateral CD projects for Benin and Zambia. The training includes modules, presentations, practical exercises, case studies, group work, and interactive panel discussions to help participants establish comprehensive beneficial ownership frameworks. The CD project for Benin helped prepare a Ministerial Decree for collecting, verifying, and publishing BO information in land transfers (a structural benchmark under an IMF financing program). The CD project for Zambia improved the authorities’ understanding of FATF recommendations and legal amendments, and improved Zambia’s corporate registry.

d) *CBDC*

The project is analyzing the financial integrity implications of CBDCs and how the FATF recommendations would likely be applied in the context of a CBDC arrangement. The main output is a chapter on financial integrity implications of CBDCs to be included in the Fund’s virtual CBDC Handbook—a project funded by Japan. The team contributed to other knowledge products that had an intersection with financial integrity issues, including a chapter of the CBDC Handbook on data protection and privacy in FY25. This fintech note was published in August 2024. The project also

contributed to bilateral TA delivery and regional seminars, including for Bolivia, Dominican Republic, Guatemala, Nepal, and Pakistan.

e) CFT Legal Reform

A training course based on the findings of the CFT Handbook was presented in Kuwait and Qatar to junior to mid-level government officials and policymakers tasked with combatting the financing and terrorism activities. The project is now moving to direct delivery for South Sudan and Kyrgyz Republic, to support them overhaul their CFT frameworks, particularly for the Non-Profit sector and Targeted Financial Sanctions. The team has completed a draft of a potential NPO law for South Sudan aligned with the amended FATF Standards and it is currently discussing it with the relevant authorities.

f) ICRG

The ICRG thematic project has been providing TA to several countries, including Angola, Cameroon, Côte D'Ivoire, Lao PDR, Nepal, and Nigeria. In Angola, the project team provided legal drafting assistance for the supervision of DNFbps. In Cameroon, the team worked closely with authorities to propose an initial draft Circular on AML/CFT/CPF Control and Supervision of the DNFbp sector. In Côte D'Ivoire, assistance has been focusing on advising authorities in setting a strategy and addressing technical compliance deficiencies. The authorities have displayed good traction, leading to the adoption of several important legal reforms. The project has contributed to tangible outcomes such as the adoption of a prioritized AML/CFT strategy, the adoption of five laws, two decrees, one interministerial order, two circulars, and one manual, and the shortening of Côte D'Ivoire's ICRG action plan and duration of its grey listing. Nepal's TA is now focusing on the implementation of the United Nations Security Council Resolutions' TFS and drafting of sanctioning guidance for AML/CFT supervisors. TA is always linked to IMF lending conditionality to speed up the AML/CFT reform and shorten the time needed to meet the countries' action plan.

g) IFF

The IFF project continues refining its methodology and analytical toolkit to enhance financial flows analysis to identify ML/TF risks. The project is currently engaged with Moldova and Curaçao. In Moldova, the first financial flows monitoring system was launched on October 3, 2023, using 43 scenarios to identify suspicious patterns of payments and banks exposed to elevated cross-border payments risks. The tax administration is supporting these efforts by providing scenarios related to tax evasion risks. Staff are assisting with the integration of the financial flows analysis which results in the risk-based approach to supervision of banks. In Curaçao, staff conducted a scoping mission to present and discuss the financial flows analysis for Curaçao and St. Martin and the ML/TF risk implications. The authorities took onboard recommendations on financial integrity monitoring of

cross-border wire transfers, strengthening the risk-based approach to AML/CFT supervision and assessment of ML/TF risks.

h) Risk and Context

A project team is supporting Palau with its NRA, conducting virtual and in-person missions. The project is close to finalization and is expected to be completed in June 2025. A project team has also been supporting Nigeria's authorities strengthen their AML/CFT data management framework to inform future NRAs and understand their ML/TF risks. Some simplification of the IMF NRA tool has taken place while ensuring that it remains in-line with the international AML/CFT standards. A methodology and tools for the analysis of data on ML/TF risk and other contextual information of member countries have been developed. The dashboard for this is being used to inform understanding of member states ML/TF risk and is being incorporated into efforts to enhance ML/TF knowledge management, including by placing the tool on the financial integrity group's intranet page.

i) Support IMF Lending

The project has been implemented in Equatorial Guinea and Sri Lanka, with IMF-supported programs integrating CD activity with IMF lending and strengthening AML/CFT frameworks in line with FATF standards. Equatorial Guinea is developing an action plan to tackle the deficiencies identified in their recent Mutual Evaluation. With Fund staff support, the draft has been approved and published by the authorities. Sri Lanka is enacting a comprehensive Asset Recovery Law in line with the United Nations Convention Against Corruption. The draft asset recovery law, developed with Fund staff technical support, was approved by the Cabinet of Ministers and submitted to Parliament.

j) VA and VASP

The project aimed to deepen focus on risk-based AML/CFT supervision of VASPs in FY 24/25. Key achievements included workshops and training, legal drafting assistance, and refinement of the Supervisory Risk Assessment Methodology for VASPs. The project delivered a workshop for 25 countries in Eastern and Southern Africa hosted by the Africa Training Institute, a 3-day workshop for member countries of the Gulf Cooperation Council hosted by the IMF Regional Office in Riyadh, and a bilateral training for Vietnam. Legal drafting assistance was provided to Kosovo, Samoa, and Suriname to align laws on VAs/VASPs to FATF requirements. A Methodology for supervisory risk assessment for VASPs was developed as part of the IMF's toolkit to provide CD on VASP supervision. The project team is identifying countries to pilot the Methodology and developing risk assessment tools based on it.

Multi-Country Projects

k) Pacific Island Countries (PIC)

Solomon Islands and Tonga (legal drafting and AML/CFT RBS). The project team has engaged with the authorities from Palau, Samoa, the Solomon Islands, and Tonga on reviewing and finalizing amendments to the AML/CFT legal framework to ensure they meet the FATF Recommendations and provide a sound underpinning for the implementation of an effective risk-based AML/CFT supervisory framework. The project team is also providing CD to the authorities in improving the implementation of risk-based approach to AML/CFT supervision, with a focus on banks and money remittance service providers. Work on the development of risk based offsite supervisory tools has commenced and pilot testing of the tools has been undertaken in Tonga and is about to begin in Solomon Islands. Work on onsite supervisory tools has also commenced. Work on onsite and offsite tools is augmented by risk-based supervisory training.

A&D Projects

8. A&D projects undertaken contribute to AML/CFT themes of international relevance, inform future CD delivery, and lead to the development of CD modules. With expertise in AML/CFT MEs and knowledge of the FATF standard, staff have a wealth of experience that can inform the A&D projects it is undertaking or has completed. The A&D projects currently include the development of confiscation of the proceeds of crime technical notes and an e-learning course.

l) Confiscation of the Proceeds of Crime (A&D)

The project team has developed the first drafts of the Technical Notes. The drafts incorporate both 2023 revisions to the FATF Recommendations 4 and 38 but also seek to incorporate emerging trends in confiscation including public and private intelligence sharing, private sector freezing based on contractual terms, INTERPOL Police to Police freezing, utility of IFF Analysis to trace assets, laws establishing cross border extra-territoriality (such as the U.S. GHOST Act), the use of specialized courts, and confiscation of assets of sanctioned parties. The team has requested approval for the hosting of a reviewers round table which would see a panel of external reviewers providing the input on the notes.

m) E-learning (A&D)

The course on risk-based AML/CFT supervision for financial institutions was launched on April 15, 2025. More than 500 people registered for the course. It comprises four modules. All modules incorporate assessment questions and activities to validate the participant's understanding of the topics presented, as well as links to relevant online readings and related standard setters, including the FATF, BCBS, IOSCO, and IAIS, as applicable. During the year in the buildup to the launch, the project team completed the Media/Production stage where scripts, storyboards, video recording and other audio and visual materials were finalized, and all graphic and audio materials were reviewed by LEG to ensure quality and consistency. More information about the course is

available here: [Anti-Money Laundering Combating the Financing of Terrorism AML CFT Risk-based Supervision of Financial Institutions](#).

Regional Advisors (RAs)

9. RAs² continue to play an important role in supporting CD projects endorsed by the SC of the AML TTF III. RAs have supported CD projects including by assisting in relation to legal drafting, improving risk based supervisory frameworks, strengthening FIUs and training on VAs and VASPs and helping countries in the ME and ICRG processes.

n) AFR RA

During FY 2024/2025, the RA supported several CD projects, including implementing a risk-based approach to AML/CFT supervision in Botswana, Namibia, South Sudan, Uganda, Ghana, and Tanzania. The RA represented the IMF in relevant AFR FSRBs.

o) AFR Francophone Africa RA

The RA has been involved in several projects, including reviewing a draft regional AML/CFT law in CEMAC member countries, implementing an effective AML/CFT risk-based supervision of non-financial sectors in Cameroon, and participating in Governance Diagnostic Missions in Madagascar and Sierra Leone. The RA represented the Fund in relevant AFR FSRBs.

p) APD RA

The RA participated in several missions to Vietnam, Bangladesh, Tonga, Solomon Islands, and Lao PDR to develop risk-based tools for offsite supervision of banks. The RA represented the Fund in relevant APD FSRB.

q) MENA RA

The Advisor has been actively involved in several CD projects in the region, including Yemen, Tajikistan, Algeria, Egypt, Turkmenistan, Kyrgyzstan, Kuwait, and the MENA region. The RA represented the Fund in relevant MCD FSRBs.

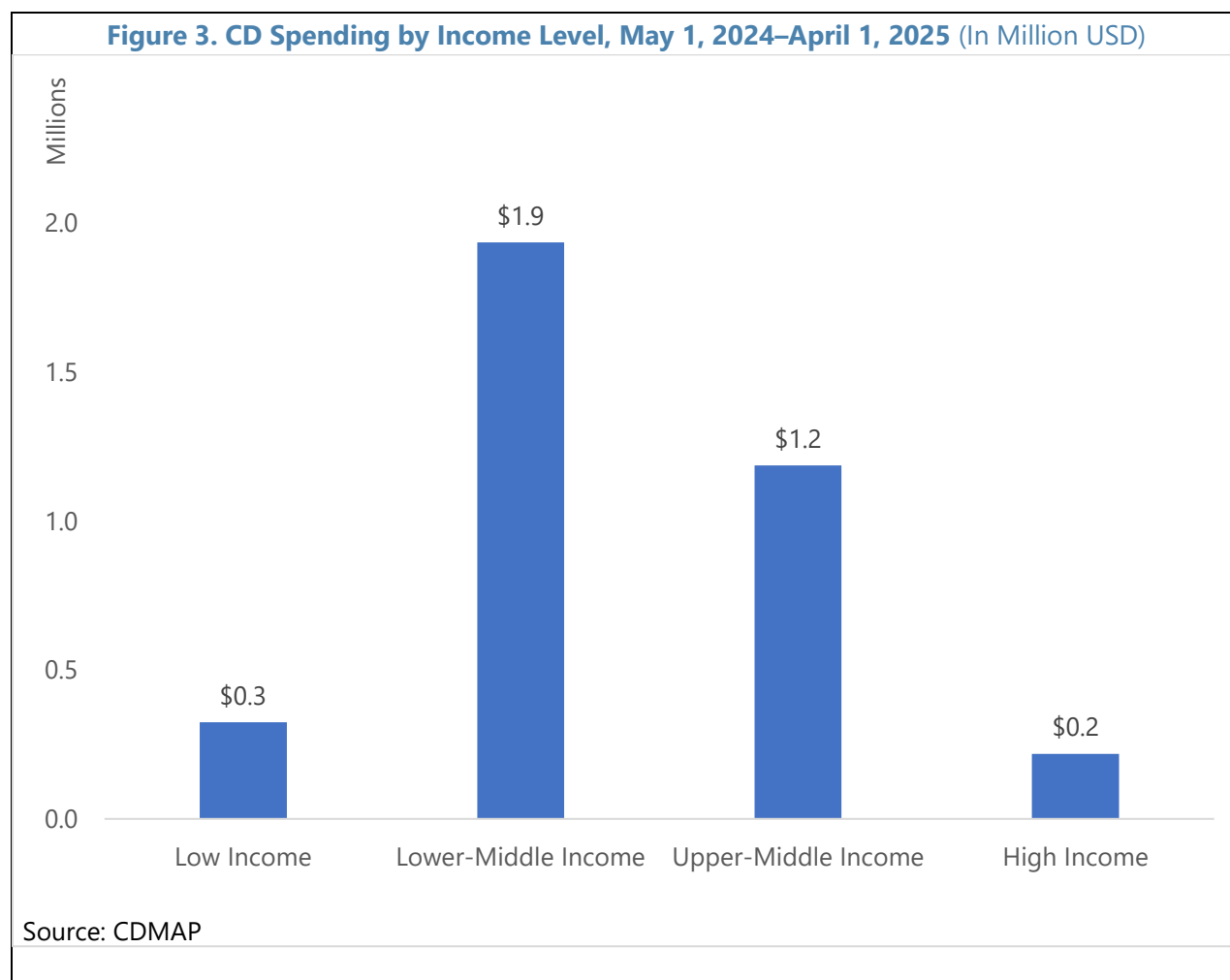
r) WHD RA

The RA managed a CD project assisting Jamaica, Suriname, Guyana, Eastern Caribbean Currency Union, and participated in regional conferences. The RA represented the Fund in relevant WHD FSRBs.

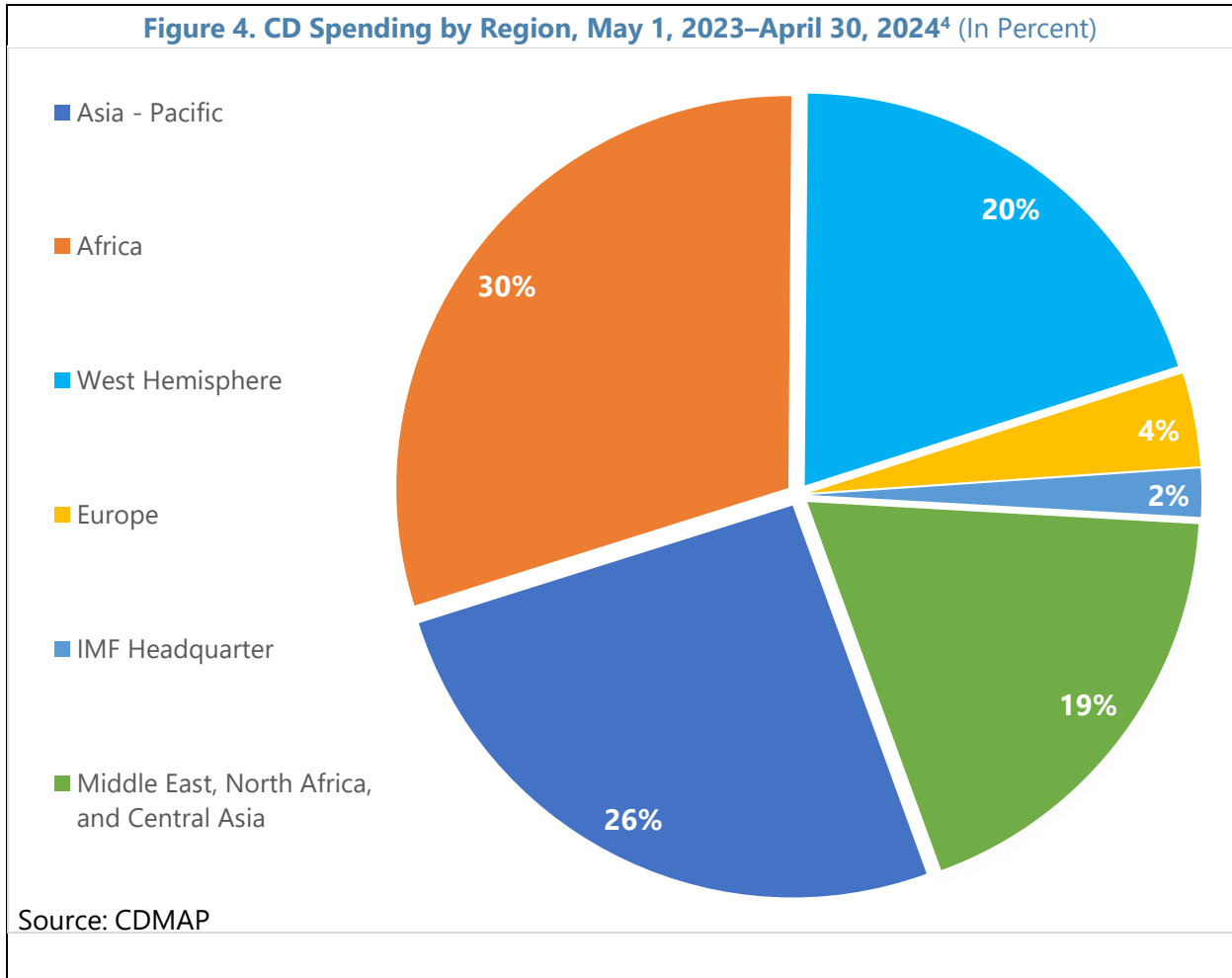
² The current RAs are advisors of the Asia-Pacific region, Latin America and the Caribbean region, the MENA and Central Asia region, Sub-Saharan Africa, and Francophone Africa region.

B. CD Requests and Spending

10. CD during the year Five of AML TTF III covered all regions³ and in line with the last year, was distributed mainly across lower and lower-middle income countries. In terms of geographical spread, CD engagement covers all regions of the world relatively equally, except for Europe, as most European countries are not eligible for assistance under the AML TTF III. 60 percent of the allocation was concentrated on low and lower-middle income countries consistent with the SC’s preference for CD to focus more on lower-income countries. In line with engagement strategies and CD demand, African nations are the main recipients.



³ Figure 3 provides details on spending during the reporting year by income level of countries.



11. Demand for assistance covered all areas of available IMF CD support. The demands included requests for legal drafting, implementing/enhancing AML/CFT RBS frameworks, undertaking national risk and diagnostic assessments, establishing frameworks for transparency of beneficial ownership (TBO), strengthening FIUs, training on Central Bank Digital Currency (CBDC) and training on VAs and supervision of VASPs.

⁴ TTT This figure details the spending during the reporting year by region. The reference to IMF Headquarter depicts work that benefits several regions, or the IMF membership in general, such as A&D work.

Table 1. Requests for AML/CFT CD entered in CDMAP (May 1, 2024–April 30, 2025)⁵		
IMF Region	Requests	List of Requesting Countries in Alphabetical Order (AML TTF III Engagements are Marked with a ^) (Expressions of Interest are Marked with a *)
Africa (sub-Saharan Africa)	17	Benin [2]^*, Burkina Faso^, Cameroon^, COBAC*, Comoros*, Congo*, Congo DR*, Ethiopia^, Equatorial Guinea^, Liberia*, Kenya^, Lesotho*, Madagascar*, Guinea*, South Sudan*, Zambia*
Asia-Pacific	9	Cambodia*, Mongolia*, Nauru*, Nepal[2]^, Palau^, Samoa*, Sri Lanka^, Tonga*
Middle East, North Africa, and Central Asia	8	Jordan*, Kyrgyz Republic^, Oman*, Pakistan*, Qatar^, Saudi Arabia^, Turkmenistan^, Yemen^
Western Hemisphere (Latin America & The Caribbean)	7	Anguilla*, Argentina*, Bolivia^, Cayman Island*, Ecuador^, Guatemala^, Guyana*
Europe	2	Kosovo*, Iceland^
TOTAL	43	

⁵ Qatar, Saudi Arabia, and Iceland are self-financed CDs, which started in FY25. Nepal, Bolivia, Burkina Faso, Guatemala, Kenya, Pakistan are captured jointly with MCM and FAD.

C. Challenges and Lessons Learnt from CD Delivery in the Reporting Year

12. In line with previous years, some projects face challenges related to resource limitations, uneven traction by authorities, redundancy of requests, political instability and conflicting agendas. To ensure that these risks are minimized, mitigation activities are carried out continuously. In countries afflicted by conflict, virtual deliveries are considered, as are deliveries through relevant Regional Capacity Development Centers (for example, regarding Somalia). The historically low traction in Equatorial Guinea was mitigated through the inclusion of conditionality in a Staff Monitored Program for potential lending. In countries with unstable political regimes, particular focus is given on so-called “quick wins”, being realistic and conscious of the probability of potential political changes.

13. The use of thematic projects allows an additional buffer through the focus on targeted actions, that serve to gauge authorities’ traction. Before committing to full country engagements, over a variety of topics, CD staff funnels the requests through the thematic offerings and selects one or two specific engagements. Subject to the successful finalization of a thematic project, LEG usually collaborates with the Area Department country team to assess the feasibility of expanding the operations in the country, with the knowledge that authorities had both traction and absorption capabilities.

14. Current challenges faced by development partners in mobilizing resources for development aid may also jeopardize the release of funds or hamper the traction gained by CD recipients. The reduction of donor capacity to provide funding can hinder the ability of both donor and recipient countries to effectively allocate and utilize aid resources. Countries that are receiving assistance from various providers, including in joint work efforts, may find that some of the providers are hard-pressed to obtain the necessary resources. This may lead to disengagement from the authorities and create additional pressure on Fund staff to handle broader requests.

15. Moving forward, due to other providers’ challenges in mobilizing and securing TA funds, it is expected that more CD requests will be addressed to the IMF. Fundraising is getting more challenging because of the uncertainty in aid commitments and flows. IMF staff is in close contact with other TA providers to discuss potential avenues for the transfer of compatible projects. In March 2025, IMF staff reached out to UN agencies to discuss these projects. Somalia, Ghana and Cote D’Ivoire are being considered for CFT-related TA through the CFT thematic project.

D. Coordination with Donors, Other CD Providers, and Organizations

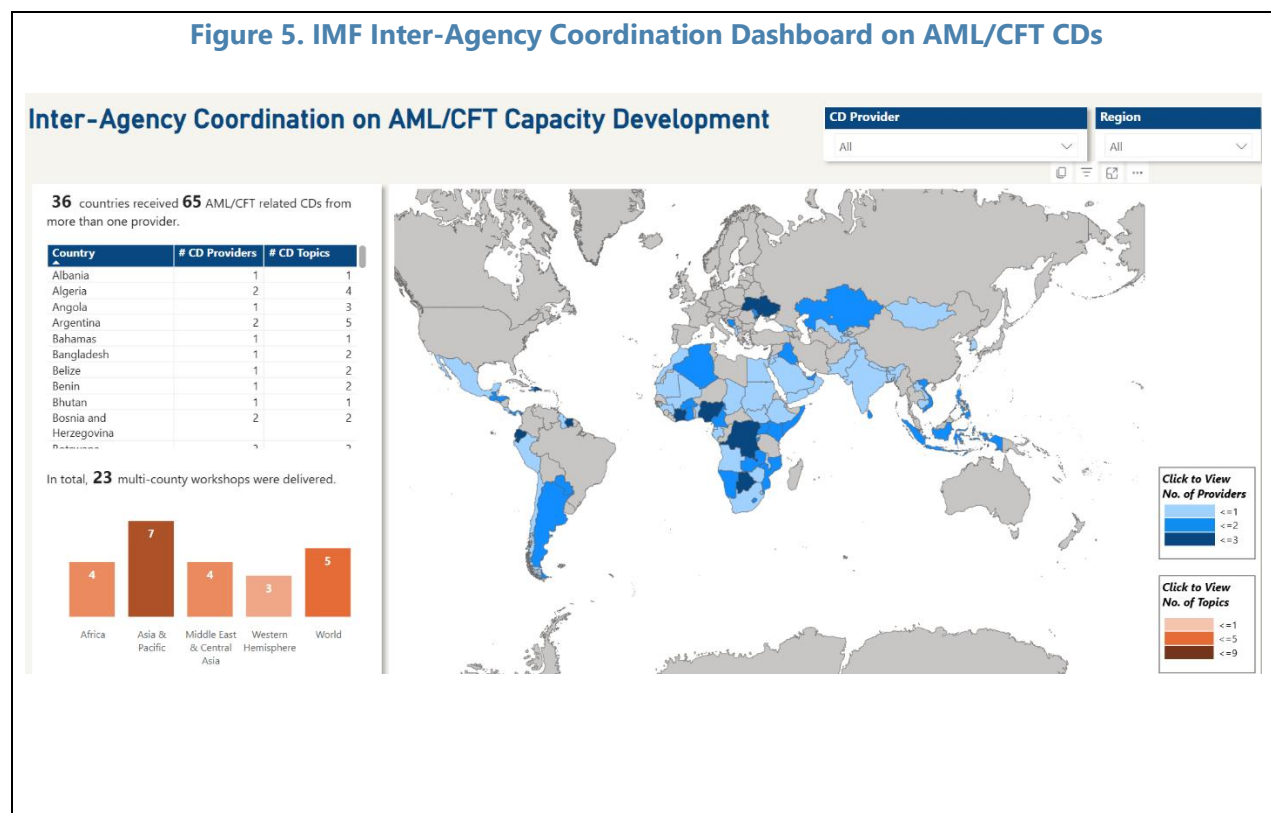
16. Coordination with donors, other CD providers and international/regional organizations on a frequent basis continues to be a key element of CD delivery under the AML TTF III. This coordination increases the effectiveness of AML TTF III engagements and guarantees the optimal use of resources, preventing duplication because of awareness of what other TA providers are doing. As part of the selection criteria for new projects, FIG staff conduct due diligence and checks with

relevant stakeholders to understand if a country is receiving similar TA before committing to a project.

17. The reporting year also highlights the increase in cooperation with internal and external stakeholders along with its benefits. For FY25, FIG, along with FAD and MCM received six joint requests for CD assistance for Nepal, Bolivia, Guatemala, Burkina Faso, Kenya, and Pakistan. On Combatting Terrorist Financing, FIG staff aligns monthly with UN entities as well.

18. With the addition of a Data Management Analyst, FIG is developing additional tools to ensure further coordination with other agencies. The CD coordination dashboard is a growing initiative that aims to provide at a quick glance the current TA providers working in different countries. The Dashboard currently features data from IMF, World Bank, the United Nations Office on Drugs and Crime and the Inter-American Development Bank (IDB), while the African Development Bank (AfDB) expressed interest in this initiative and provided data in FY25. Further data sets from other providers are currently being considered.

Figure 5. IMF Inter-Agency Coordination Dashboard on AML/CFT CDs



E. Financial Highlights

19. As of the end of April 2025, pledges to the AML TTF III had reached US\$36.2 million. The workplan has been reviewed to respond to the unexpected growth in CD demand. To help support this growth in demand under Phase III, several partners pledged a total of \$3.2 million in

top-up contributions. These included commitments and contributions received from Switzerland (\$1.4 million); Japan (\$600,000); Luxembourg (\$549,000); Saudi Arabia (\$397,000) and the United Kingdom (\$324,000). In addition, Italy signed a Letter of Understanding for \$2 million. We are continuing discussions with other partners to secure additional resources. Table 2 below shows the financial contributions from donor partners as of April 20, 2025.

Table 2. Financial Contributions
(In Thousands of U.S. Dollars, as of April 30, 2025)

Agreement/Amendment Information					Contribution Received		Contribution Expected (U.S. Dollars)	
Partners	Signed Date ^{1/}	Currency	Amount	U.S. Dollars	Agreement Currency	U.S. Dollars	Requested	Future Contributions ^{2/}
Partners								
France	9/25/2020	EUR	815	950	815	933	-	-
Germany	1/5/2021	EUR	6,000	7,348	6,000	6,557	-	-
Italy	10/21/2024	EUR	2,000	2,173	2,000	2,084	-	-
Japan	12/9/2020	USD	3,200	3,200	2,600	2,600	-	-
Korea	6/25/2021	USD	1,500	1,500	1,500	1,500	-	-
Luxembourg	10/1/2021	EUR	2,000	2,316	2,000	2,173	-	-
Luxembourg	4/13/2023	EUR	500	550	-	-	-	-
Netherlands	11/30/2020	USD	3,500	3,500	2,800	2,800	-	700
Qatar	6/11/2020	USD	2,000	2,000	2,000	2,000	-	-
Saudi Arabia	10/5/2020	USD	1,400	1,400	1,402	1,402	-	-
Saudi Arabia	08/13/2024	USD	997	997	600	-	-	-
Switzerland	5/27/2020	CHF	6,250	6,577	6,250	6,777	-	-
United Kingdom	11/2/2023	GBP	1,250	1,668	1,000	1,253	-	-
Partners Total				34,179		30,079		700
Internal Transfers ^{3/}								
Canada				1,904	-	1,904	-	-
France				31	-	31	-	-
Korea				14	-	14	-	-
Luxembourg				59	-	59	-	-
Qatar				52	-	52	-	-
Internal Transfers Total				2,061		2,061		
Grand Total				36,240		32,739		700
Program Document Budget				30,679				
				5,560				

¹ May also refer to agreements that are under negotiation and approval date for CD Partnership agreements (e.g., flexible/umbrella agreements).

² The future contributions amount is set to zero for completed installments.

³ Refers to transfers from one program phase to another (e.g., phase rollovers).

20. Cash flow remains satisfactory, with projections indicating positive balances until the end of Phase III (the end of April 2026). Recent disbursements from donor-partners have bolstered liquidity. In FY25, while overall CD expenses decreased by 17.8 percent, the in-person delivery and program execution continued to be strong. At the end of April 2026, the TTF will have a remaining balance of \$4.6 million, which in hand with the recent top-up contributions (pledged, received and under negotiation), will enable the continuation of projects for an additional year (April 2027). This will allow the TTF to respond to the increase in CD demand and ensure adequate continuation of results during Phase III. Tables 3 and 4 provide detailed cash flow projections and budget execution for each project.

Partner	Actuals					Projections		Total
	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	
Contributions^{1/}	8,864	4,755	6,476	5,407	7,238	2,569		35,309
Canada	1,904				-			1,904
France	394	186	208	176	-			964
Germany	1,211		3,181	2,165	-			6,557
Italy					2,084			2,084
Japan ^{2/}	400	400	600	600	600	600		3,200
Korea		1,514			-			1,514
Luxembourg		561	585	545	542	550		2,781
Netherlands	700			700	1,400	700		3,500
Qatar	1,000	1,000	52		-			2,052
Saudi Arabia			800	602	600	397		2,399
Switzerland	3,254	1,095	1,050		1,378			6,777
United Kingdom				619	634	323		1,576
Total Interests	1	7	316	523	349			1,196
Total Cash Inflows	8,865	4,762	6,792	5,930	7,586	2,569		36,504
Total Expenses^{3/}	1,042	4,088	5,907	7,725	7,073	6,065	3,659	35,557
Cash Balance	7,823	8,498	9,383	7,588	8,102	4,606	947	947

¹ Contributions are net of transfers and return of funds.
² Japan's installment schedule is tentative
³ Expenses paid include the seven-percent trust fund management fee. Projected expenses are working budget for outer years till FY26.

Table 4. Budget Execution Report *(In Thousands of U.S. Dollars, as of April 30, 2025)*

	Latest Approved	Expenses	Remaining Budget	Execution (%)
Direct TA	17,948	14,433	3,514	80%
Afghanistan, Islamic Republic	4	4		93%
Algeria	334	260	74	78%
Angola	160	150	10	93%
Bangladesh	392	392		100%
Bhutan	654	596	58	91%
Bosnia And Herzegovina	250	250		100%
Botswana	733	572	161	78%
Ecuador	210	210		100%
Egypt, Arab Republic Of	615	444	171	72%
Ethiopia	161	96	64	60%
Guatemala	201	151	51	75%
Guinea	329	329		100%
Guyana	623	296	326	48%
Haiti	139	139		100%
Indonesia	107	107		100%
Jamaica	531	270	261	51%
Jordan	428	317	111	74%
Moldova	129	129		100%
Myanmar, Union Of	3	3		100%
Namibia	482	479	3	99%
Pakistan	71	71		100%
Paraguay	852	579	273	68%
South Sudan	347	257	90	74%
Suriname	423	262	161	62%
Tajikistan	389	389		100%
Turkmenistan	161	52	109	32%
Timor-Leste, Democratic Rep. Of	272	272		100%
Uganda	521	488	33	94%
Ukraine	525	380	145	72%
Vietnam	911	418	493	46%
Yemen, Republic Of	284	256	27	90%
Beneficial Ownership Procurement	11	11		100%
Beneficial Ownership Transparency	816	805	11	99%
CBDC	638	640	-2	100%
COVID-19	290	290		100%
VA & VASP	845	640	205	76%
ECCB	28	28		100%
MENA Countries	1,085	1,085		100%
Pacific Island Countries	707	657	49	93%
AML and Tax	268	247	21	92%

	Latest Approved	Expenses	Remaining Budget	Execution (%)
ICRG Countries	375	336	39	90%
CFT Legal Reform and Design	214	88	126	41%
AML and Corruption	321	236	85	73%
Risk and Context	401	289	112	72%
Supporting Program Conditionality	214	88	126	41%
Illicit Financial Flows	495	375	120	76%
Long-Term Advisors	9,494	8,200	1,294	86%
African Countries	2,069	1,915	154	93%
African Countries (Francophone)	1,177	368	809	31%
Asian Pacific Countries	2,531	2,549	-17	101%
Middle East & Central Asia Countries	1,895	1,618	277	85%
Western Hemisphere Countries	1,822	1,751	71	96%
Online Training	858	778	80	91%
Research Programs	873	825	47	95%
CFT Handbook	155	155		100%
Confiscation Technical Notes	388	341	47	88%
TBO Entity Transparency	330	330		100%
Administrative / Governance Cost	1,553	1,614	-62	104%
Total	30,725	25,851	4,874	84%
of which Trust Fund Management Fee	2,010	1,691	319	

^{1/} The remaining balance for closed projects is zeroed out upon project completion.

II. WORKPLAN FOR YEAR SIX OF THE AML TTF III

A. Workplan Outline

1. The workplan for year six, similar to year five continues to focus on delivering targeted TA and training to countries to strengthen their compliance and effective implementation of AML/CFT measures in alignment with international AML/CFT standards.

This involves providing customized recommendations at policy and operational levels, developing practical tools, offering expert guidance, and organizing workshops to enhance the legal, regulatory, and operational systems of beneficiary countries in the fight against ML and TF. The selection of countries for engagement is based on eight criteria outlined in the program document, designed to maximize the impact of AML TTF III resources. These criteria assess factors such as the alignment of AML/CFT CD with IMF surveillance, compliance with and implementation of AML/CFT standards, the level of ML/TF risk, and the strength of national frameworks. Additionally, the selection process considers national commitment, available resources, coordination with other CD providers to avoid duplication, and consistency with the IMF's broader strategic priorities. Special attention is given to ensuring that a diverse set of beneficiaries is selected, particularly including small island states and fragile countries, to broaden geographical coverage across the IMF's regional groupings.

2. We propose a one-year extension of AML TTF Phase III, moving the end date from April 2026 to April 2027.

This extension is intended to address unexpected CD demand, and the impact of the COVID-19 pandemic, which significantly disrupted field-based activities during the early years of the AML TTF III. While virtual missions were conducted to maintain momentum, they could not fully replicate the effectiveness of in-person engagement particularly for hands-on training, relationship-building, and complex technical support. Importantly, additional funding from donor partners has been received to support this extension. The extended timeline and new funding will allow for the top-up of several ongoing projects that require continued support, while also enabling the allocation of resources to one new initiative. Demand remains very high and additional budgets are mostly benefiting thematic projects that allow engaging with several countries at the same time while focusing on one outcome. The new project proposed for donors' approval is carefully selected to align with the IMF's strategic priorities and is expected to make meaningful contributions to strengthening global AML/CFT capacities.

3. The findings and recommendations from the independent external evaluation will be integrated into the operations to further enhance the effectiveness and impact of CD delivery.

These findings are crucial in identifying areas for improvement, refining approaches to TA, and ensuring the projects are aligned with emerging global trends and challenges in AML/CFT. The evaluation has provided valuable insights into the strengths and weaknesses of current initiatives, highlighting key areas where resources can be allocated more efficiently. By incorporating these recommendations into future operations, FIG will be able to further optimize the delivery of its services, enhance coordination with stakeholders, and ensure that the projects meet the highest standards of impact and sustainability. This process of continuous improvement will allow FIG to

remain agile and responsive to the evolving needs of beneficiary countries while maximizing the overall effectiveness of the AML TTF III program.

4. As in prior years, the workplan is to be read in conjunction with the Operational Guidelines of the AML TF and the Program Document for the AML TTF III. These documents contain details of the manner and form of engagement with beneficiary countries, the SC, and other CD providers.

B. Workplan Financial Outline

5. Subject to SC's endorsement of the revisions of the workplan, the total workplan for AML TTF III will amount to US\$35.6 million. The workplan for the sixth year (FY2026) of the AML TTF III is in line with the strategic goals approved by the SC in December 2020 but reflects an increased scope of the CD delivery. The key elements presented at the end of 2020, such as the guiding principles for the CD, available modules, and the roles of the RAs, remain unchanged. The budget calculations for the total workplan, (which include the funding of the CD projects, funds to support RAs, and overall management costs) are presented in Tables 4 and 5. In FY2026, the budget of the AML TTF III will support 25 projects, some of which have transitioned from Phase II, 1 new proposal, as well as continued funding for the 5 RAs. On a more granular basis, the proposed workplan will include 11 country projects, 2 regional projects, 10 thematic projects (covering at least 37 countries), 5 RAs, and 2 A&D projects.

6. The sixth year (FY2026) workplan includes several key elements: one new proposal, budget increases for 14 ongoing projects, and budget reallocations prompted by project completion, closure or transfer. The proposed new MENA project builds on an earlier MENA initiative (which has been completed and closed) by delivering targeted support to strengthen legal and operational AML/CFT systems and enhance effective implementation ahead of the 2026 mutual evaluation round. The proposed budget increase aims mainly to sustain and enhance the impact and scope of existing projects, and budget reallocations are proposed for six projects due to the project completion, closure and one case of transfer to another funding vehicle.⁶ The balances from these projects' accounts are proposed to be reallocated to optimize resource utilization across ongoing and new initiatives. Detailed budget information for the workplan is provided in Tables 6 and 7. An overview of all the projects is set out in Table 8 below.

⁶ The Ukraine CD project on legal drafting and risk-based supervision was transferred to the Ukraine CD Fund as part of the IMF's initiative to consolidate all CD activities for Ukraine under a single framework.

Table 5. Proposed Revisions to Workplan ⁷(As of -April 29 2025; in Thousands of U.S. Dollars)

Description	Rationale	Approved Budget	Proposed Budget	Change (in USD) +/-(-)	Change (in percent) +/-(-)
Direct TA					
AML and Corruption	Budget Increase	321	482	161	50%
AML and Tax	Budget Increase	268	348	80	30%
Beneficial Ownership Transparency	Budget Increase	816	1030	214	26%
CBDC	Budget Increase	638	718	80	13%
CFT Legal Reform	Budget Increase	214	271	57	27%
Confiscation Technical Note	Budget Increase	388	548	161	41%
Ethiopia	Budget Increase	161	241	80	50%
ICRG Countries	Budget Increase	375	482	107	29%
Risk and Context	Budget Increase	401	722	321	80%
Yemen	Budget Increase	284	337	54	19%
AFR Resident Advisor	Budget Increase	2069	2974	905	44%
APD Resident Advisor	Budget Increase	2531	3665	1134	45%
MCD Resident Advisor	Budget Increase	1895	2746	851	45%
WHD Resident Advisor	Budget Increase	1822	2856	1034	57%
MENA Countries	New Funding	0	215	215	100%
Bhutan	Closing Project	654	654	0	0%
Botswana	Closing Project	733	572	-161	-22%
Egypt	Closing Project	615	444	-171	-28%
Guatemala	Closing Project	201	151	-51	-25%
Namibia	Closing Project	482	479	-3	-1%
South Sudan	Closing Project	347	257	-90	-26%
Ukraine	Closing Project	525	380	-145	-28%
Subtotal		15,739	20,356	4,833	31%
<i>Of which Trust Fund Management Fee</i>		1,030	1,332	312	

⁷ AFR Francophone LTX started in early FY25. Thus, the remaining funding is sufficient to cover FY26 and FY27 without additional top-up.

Table 6. Proposed Budget Changes by Project (In Thousands of U.S. Dollars, as of April 30, 2025)

	Latest Approved	Budget Change	Proposed Budget	Fluctuation
Direct TA		215	215	100%
MENA countries		215	215	100%
Direct TA	17,948	475	18,423	3%
Afghanistan, Islamic Republic	4		4	
Algeria	334		334	
Angola	160		160	
Bangladesh	392		392	
Bhutan	654		596	
Bosnia And Herzegovina	250		250	
Botswana	733	-161	572	-22%
Ecuador	210		210	
Egypt, Arab Republic Of	615	-171	444	-28%
Ethiopia	161	80	241	50%
Guatemala	201	-51	151	-25%
Guinea	329		329	
Guyana	623		623	
Haiti	139		139	
Indonesia	107		107	
Jamaica	531		531	
Jordan	428		428	
Moldova	129		129	
Myanmar, Union Of	3		3	
Namibia	482	-3	479	-1%
Pakistan	71		71	
Paraguay	852		852	
South Sudan	347	-90	257	-26%
Suriname	423		423	
Tajikistan	389		389	
Turkmenistan	161		161	
Timor-Leste, Democratic Rep. Of*	272		272	
Uganda	521		521	
Ukraine	525	-145	380	-28%
Vietnam	911		911	
Yemen, Republic Of	284	54	337	19%
Beneficial Ownership Procurement	11		11	
Beneficial Ownership Transparency	816	214	1,030	26%
CBDC	638	80	718	13%
COVID-19	290		290	
VA & VASP	845		845	
ECCB	28		28	

AML/CFT THEMATIC FUND PHASE III

MENA Countries	1,085		1,085	
Pacific Island Countries	707		707	
AML and Tax	268	80	348	30%
ICRG Countries	375	107	482	29%
CFT Legal Reform and Design	214	57	271	27%
AML and Corruption	321	161	482	50%
Risk and Context	401	321	722	80%
Support Program Conditionality	214		214	
Illicit Financial Flows	495		495	
Long-Term Advisors	9,494	3,924	13,418	41%
African Countries	2,069	905	2,974	44%
African Countries (Francophone)	1,177		1,177	
Asian Pacific Countries	2,531	1,134	3,665	45%
Middle East & Central Asia Countries	1,895	851	2,746	45%
Western Hemisphere Countries	1,822	1,034	2,856	57%
Online Training	858		858	
Research Programs	873	161	1,033	18%
CFT Handbook	155		155	
Confiscation Technical Notes	388	161	548	41%
TBO Entity Transparency	330		330	
Administrative / Governance Cost	1,553		1,553	
	30,725	4,833	35,557	16%
of which Trust Fund Management Fee	2,010	316	2,326	

Table 7. Overview of Ongoing and Proposed Projects

Projects from the AML TF II	Ongoing Projects from the AML TTF III	Proposed New Projects	Closed Projects
Single-Country Projects	Single-Country Projects	Single-Country Projects	Single-Country Projects
Botswana*	Algeria		Afghanistan
Guatemala*	Bhutan*		Angola
Ukraine*	Egypt*		Ecuador
	Ethiopia		Guinea
	Guyana		Haiti
	Jamaica		Indonesia
	Myanmar		Moldova
	Namibia*		Pakistan
	Paraguay		Bangladesh
	South Sudan*		Bosnia and Herzegovina
	Suriname		Timor-Leste
	Turkmenistan		Tajikistan
	Uganda		Jordan
	Vietnam		
	Yemen		
Multi-Country Projects	Multi-Country Projects	Multi-Country Projects	Multi-Country Projects
	Pacific Island Countries Regional Project (Palau, Samoa, Solomon Islands, Tonga)	MENA Countries	ECCU/ECCB
			The MENA ME Preparation Project (Eligible countries are Oman, Lebanon, Algeria, Sudan, Iraq, Djibouti, West Bank and Gaza, and Somalia)
	Thematic Projects with direct CD to countries	Thematic Projects with direct CD to countries	Thematic Projects with direct CD to countries
			COVID-19

	<p>AML Measures to Support the Fight Against Corruption (AML and Corruption)</p> <p>AML Measures to Improve Tax Compliance and Help Tackle Tax Crimes (AML and Tax)</p> <p>Beneficial Ownership and Transparency</p> <p>Enhancing the AML/CFT Frameworks for Countries under FATF Scrutiny (ICRG Project)</p> <p>CBDC</p> <p>Enhancing CFT/TFS Regimes (CFT/TFS)</p> <p>Illicit Financial Flows</p> <p>Risk and Context</p> <p>Support Fund-AML/CFT program conditionality</p> <p>VA & VASPs</p>		
<p>A&D Project</p> <p>E-Learning course on risk-based AML/CFT and related technical note</p>	<p>A&D Project</p> <p>Confiscation of the Proceeds of Crime Technical Notes</p>	<p>A&D Project</p>	<p>A&D Project</p> <p>CFT Handbook</p> <p>TBO Entity Transparency</p>
<p>Regional Advisors</p> <p>Asia-Pacific (APD)</p> <p>Caribbean and Latin America (WHD)</p> <p>Sub-Saharan Africa (AFR1)</p>	<p>Regional Advisors</p> <p>Middle East, North Africa, and Central Asia (MCD)</p> <p>Francophone Africa (AFR2)</p>		
<p>* Projects planned to be closed</p>			

7. In the sixth year workplan, only one new project is proposed due to limited remaining funds and the nearing end of the AML TTF III phase. The AML TTF III is expected to conclude in one to two years, depending on whether it is extended to FY27. To optimize resources and maintain flexibility, several CD requests have been incorporated into existing thematic and multi-country projects. This continued use of a thematic and modular structure allows for targeted support to multiple countries under a single framework, enabling the prioritization of CD requests and the efficient delivery of assistance on emerging and cross-cutting AML/CFT issues.

8. In FY2026, CD delivery will continue to prioritize a flexible, blended approach that balances strong stakeholder preference for in-person engagement with the need to remain adaptable to evolving conditions. While the resumption of field-based delivery continues to progress, maintaining flexibility in budgeting and project planning remains critical due to persistent security concerns in certain countries and the risk of unforeseen emergencies that may obstruct travel. Feedback from beneficiary countries and donor partners consistently highlights the value of in-person engagement, particularly for complex or sensitive projects, as it fosters deeper dialogue, trust-building, and practical outcomes. At the same time, the growing adoption of hybrid delivery models combining virtual and in-person formats reflects an emerging trend aimed at enhancing reach, efficiency, and continuity. Both IMF staff and country authorities have built capabilities in virtual engagement, which will continue to be leveraged where appropriate to ensure timely and effective support.

Proposed Project

9. Donor partners are requested to endorse the following project:

Strengthening AML/CFT Systems in MENA Countries

This project aims to support selected MENA countries, with a focus on lower and middle-income countries and FCS, in strengthening their AML/CFT systems ahead of the next round of mutual evaluations starting in early 2026. The proposed project has a broader geographic scope than an earlier MENA initiative (which focuses on mutual evaluation preparation and training, and which has since been completed and closed), covering all eligible MENA countries⁹. It also benefits from a longer engagement period, allowing countries more time to prepare for upcoming mutual evaluations. Building on lessons from the previous project, it expands support to priority areas not covered under existing bilateral initiatives, responding to increased demand across the region.

This project will deliver targeted CD engagements in areas such as legal drafting, national risk assessments and strategies, risk-based supervision and effectiveness. Priority will be given to countries engaged in IMF-supported programs to ensure synergies between CD and the use of IMF resources. With an estimated budget of \$215,000 for one year starting in July 2025, the project will be implemented flexibly through in-person and virtual missions, depending on country

⁹ MENA countries are Algeria, Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Syria, Tunisia, the United Arab Emirates, Yemen, Sudan, Djibouti, Mauritania and Somalia.

circumstances. It will also be coordinated closely with MENAFATF and aligned with the work of other CD providers to avoid overlap.

The initiative responds to high demand from MENA countries, many of which received low effectiveness ratings in earlier mutual evaluations or were not assessed due to instability. It aims to help address critical weaknesses in AML/CFT, restore financial integrity, and support broader economic and financial stability across the region.

Proposed Budget Increases

10. Request for Budget Top-Ups for Ongoing Projects

We are requesting budget top-ups totaling US\$5.2 million to ensure continued support and success for several ongoing projects, as detailed below. The requested increases will help meet growing demand, extend project durations, and cover upcoming activities.

AML and Corruption (Current Budget: \$321,000)

Requested Increase: \$160,500

Since the project's inception, the CD team has successfully participated in 12 targeted Governance Diagnostics of IMF members, maintaining an even distribution of approximately six per year. For FY25, new engagements were initiated in Burkina Faso, Kenya, Madagascar, Niger, Pakistan, and Sierra Leone, in addition to ongoing engagements in Burundi, Cameroon, Ghana, Haiti, Lebanon, and Malawi. Most of these engagements have completed their main missions, with reports either finalized or nearing final approval.

The project is on track to successfully conclude its second year, demonstrating efficient use of resources. Given the continued demand for our services and the need for additional engagements, it is strongly recommended to extend the project until April 2027 with an increased budget to accommodate this growth. A funding level similar to the first year (approximately \$160,500) is recommended.

The current utilization rate for this year's budget stands at 70 percent, and it is expected to be fully depleted by the end of FY25, due to the upcoming in-person engagement in Pakistan. Based on budget forecasts, using a similar funding structure as previous engagements, we anticipate committing all available budget to complete two additional diagnostics this year.

AML and Tax (Current Budget: \$267,500)

Requested Increase: \$80,250

This budget request is intended to cover an upcoming on-site mission in Mongolia, as well as provide flexibility to accommodate additional beneficiary countries anticipated for FY26.

Beneficial Ownership Transparency (Current Budget: \$815,875)**Requested Increase: \$214,000**

The remaining funds (approximately \$25,000) are allocated for continuing work on the Zambia bilateral TA project. The total budget allocation is too low to enable this thematic project to take on new commitments despite strong demand. Over FY25, several other TA projects, including but not limited to the ICRG project, have expressed specific interest in BO work. Additionally, several countries have shown tentative interest in combining BO work with risk assessments of legal entities. Furthermore, the project team has been asked to serve as a peer reviewer by several organizations, including the World Bank and Open Ownership.

However, to enable meaningful progress on bilateral CD on BO transparency and respond to growing demand, a budget top-up of \$214,000 is requested. The thematic project proposes to continue engagement in Zambia and anticipates potential interest from African countries such as Sierra Leone (to develop a BO registry), Benin, and Gabon (to improve their existing BO frameworks).

Central Bank Digital Currency (CBDC) (Current Budget: \$637,720)**Requested Increase: \$80,250**

The CBDC thematic project requires a top-up of about \$80,000 to support the continued development work and CD delivery. The Fintech Note on CBDC is close to finalization, but funds are needed to cover the remainder of drafting work and review efforts, including significant time from the CD team and broader FIG staff. The issues addressed under this project have proven to be more complex than initially anticipated, particularly given the rapidly evolving nature of the CBDC landscape. Ensuring that our analysis remains robust and aligned with emerging developments has required additional time and resources. Moreover, the project has shifted from a purely analysis-and-development focus to include bilateral capacity development delivery, thereby expanding the scope of work. We have also seen a growing demand from country authorities for targeted technical engagement on CBDC-related AML/CFT issues. These factors combined have contributed to the need for a budget top-up to continue delivering high-quality support under this initiative.

CFT Legal Reform (Current Budget: \$214,000)**Requested Increase: \$56,710**

After two successful courses in Kuwait and Qatar, as well as outreach events with other multilateral agencies, we have received requests to conduct CFT work for South Sudan and Kyrgyzstan, with additional interest from Kenya and the Democratic Republic of Congo. Given that the initial budget has been focused on outreach, a top-up is required to accommodate these new engagements and ensure continued support for the growing demand for CFT work.

Confiscation Technical Notes/Handbook (Current Budget: \$387,875, inclusive of 25 percent top-up)**Requested Increase: \$160,500**

A budget top-up is necessary for the Confiscation project to continue its work, including converting the two technical notes on domestic and cross-border asset recovery into a comprehensive handbook for practitioners, covering the review and publication processes, and delivering further training. The project is currently overdrawn by \$23,642, and an additional top-up is required to finalize drafts, incorporate recent FATF revisions, and move forward with publication. Furthermore, a successful five-day workshop on strengthening AML/CFT frameworks was held in March 2025 in collaboration with the ADB, the World Bank, INTERPOL, and the Singapore Police Force, attended by 29 participants from 11 Asia-Pacific countries. The training, focusing on asset recovery, changes to the FATF standards, and emerging regional trends, received strong feedback, with a rating of 4.8/5. The material gleaned from the sessions (particularly country examples) will enrich the materials in the handbook. This positive response highlights the need for continued funding to expand training and provide practical resources for practitioners.

Ethiopia (Current Budget: \$160,500)**Requested Increase: \$80,250**

This budget request is to cover an upcoming on-site mission in FY26. The initial budget allocated for this mission was very limited, and additional funds are required to ensure the project can move forward effectively. The increased funding will support the logistical and operational needs of the mission, allowing for the necessary resources to be allocated and ensuring the successful execution of project activities.

ICRG Countries (Current Budget: \$375,000)**Requested Increase: \$107,000**

The project currently has around \$75,000 remaining for the upcoming fiscal year. However, if activity increases with one of the remaining countries (Cameroon, Lao PDR, Nepal) as it did with Côte d'Ivoire, or if the CD team onboard another country (Papua New Guinea or Bolivia), the budget may quickly become insufficient. Therefore, this request is to secure additional funding to maintain steady-state operations and ensure the project can effectively support the expected CD country work.

Risk and Context (Current Budget: \$401,250, inclusive of 25 percent top-up)**Requested Increase: \$321,000**

The project has received TA request letters from Jordan and Lesotho, along with expressions of interest from Benin, Guyana, Zambia, and Madagascar. This top-up will enable the CD team to

continue work on streamlining the IMF NRA toolkit and address the growing demand for thematic assessments, such as legal persons and legal arrangements risk assessments, as countries prepare for the FATF 5th Round of Mutual Evaluations. Additionally, the funding will support strengthening the assessment of macro-economic impacts of ML/TF within the NRA toolkit, in line with the ongoing implementation of the IMF's AML/CFT Strategy.

Yemen (Current Budget: \$283,550)

Requested Increase: \$53,500

The Central Bank of Yemen (CBY-Aden) has requested additional support to develop and improve its AML/CFT/CPF risk-based supervisory framework, focusing on implementing TFS and training staff. Given the urgency of financial sanctions risks and pressures on correspondent banking relationships, the top-up will expand the project's scope to include risk-based supervision on TFS and extend its duration. Despite geographic challenges, CBY-Aden's supervisory capacity is improving as banks relocate their headquarters to areas controlled by the Internationally Recognized Government.

Time Extensions for Projects

11. Time extensions are proposed for seven CD projects and five RA accounts to ensure the full achievement of their objectives and uninterrupted support to beneficiary countries.

Most of the nine projects—including AML & Corruption, BO Transparency, CFT Legal Reform, Confiscation Handbook, ICRG Countries, Risk and Context, and Paraguay—were launched midway through the AML TTF III cycle and therefore require additional time to complete TA delivery and consolidate results. In parallel, the five RA accounts are proposed for extension to maintain their ongoing support for country-specific and regional AML/CFT programs.

12. Considering recent project completions, closures, and one case of transfer, significant budget adjustments are proposed to optimize the use of funds across ongoing and new initiatives. A total of approximately \$619,918 has been freed up for reallocation following the completion, closure, or transfer of several projects. Specifically, the Botswana project was completed, releasing \$161,447; and the Egypt project was closed, freeing up \$170,888. The Guatemala project was completed, making \$50,504 available, while the South Sudan project was completed, releasing \$89,706. Namibia was also completed, freeing up \$2,766. In addition, the Ukraine project was transferred to the Ukraine CD Fund and was provided with an enlarged budget of around \$1.3 million as part of the IMF's initiative to consolidate all CD activities for Ukraine under a single framework, freeing up \$144,608 of the AML TTF III funds. Despite the transfer, progress updates will continue to be shared with AML TTF III donor partners as part of the annual reporting. These reallocations allow for the continued efficient management of the remaining AML TTF III resources. Detailed information on these budget reallocations is presented in Table 8 below.

Table 8. Budget Reduction due to Project Merging, Suspension and Closure¹⁰

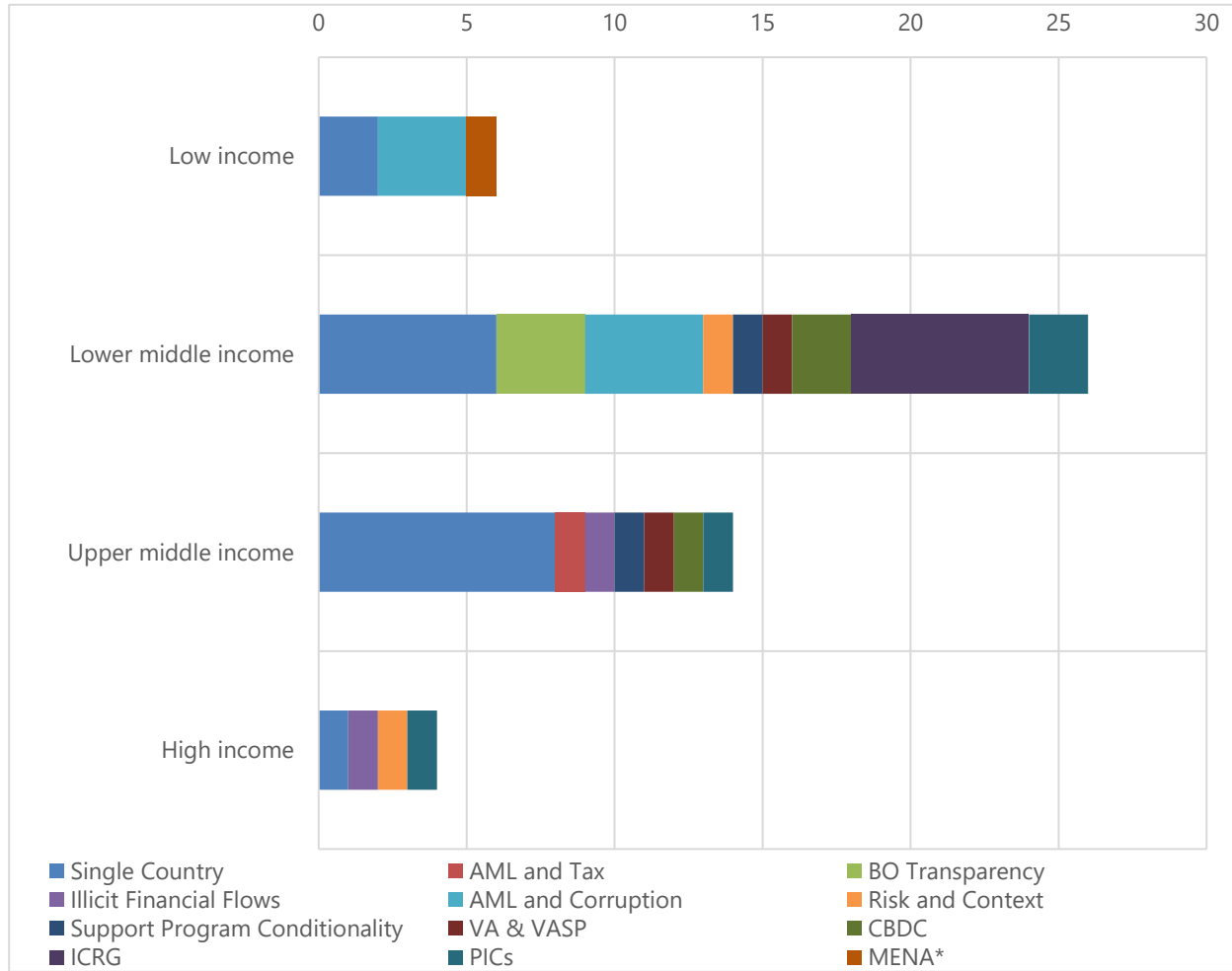
Project	Amounts Freed-Up and Available for Re-allocation (As of April 29, 2025)	Explanation
Botswana (Current Approved Budget: \$733,155)	\$161,447	Project completed
Egypt (Current Approved Budget: \$615,367)	\$170,887	Project closed
Guatemala (Current Approved Budget: \$201,261)	\$50,504	Project completed
Namibia (Current Approved Budget: \$481,500)	\$2,766	Project completed
South Sudan (Current Approved Budget: \$347,182)	\$89,705	Project completed
Ukraine (Current Approved Budget: \$524,930)	\$144,608	Project continuing under the Ukraine CD Fund as part of the IMF's initiative to consolidate all capacity development activities for Ukraine under a single framework.
Total	\$619,918	

¹⁰ Include seven percent Trust Fund Management Fee

13. With the addition of the one proposed project (including countries added to thematic projects during the year), CD recipients benefiting from the AML TTF III will continue to mainly come from lower middle-income and FCS, consistent with the SC's preferred country selection criterion to prioritize lower-income countries. Figure 6 shows a spread of initiatives across income classifications and thematic areas such as BO Transparency, IFF, and Support for Program Conditionality, with the largest concentration of projects in lower middle-income countries. Upper middle-income countries also feature prominently, particularly in specialized thematic areas such as AML and Tax, AML and Corruption, and VA and VASPs. High-income countries account for a smaller share of initiatives. Activities related to AML and Corruption remain prevalent across almost all income groups, reflecting a universal priority. FCS states (totaling 13 in the CD portfolio) receive considerable focus, particularly in areas like IFF and ML/TF risk assessment, underscoring efforts to strengthen regulatory compliance and effectiveness in high-risk environments.

14. The distribution of CD projects remains broadly even across most global regions, with Africa (AFR), Asia and Pacific (APD), Middle East and Central Asia (MCD), and Western Hemisphere (WHD) continuing to feature prominently. Figure 7 provides a detailed breakdown of countries by region, highlighting a strong concentration of country-specific initiatives and RA engagements in these regions. This reflects a deliberate strategy to target areas facing heightened financial integrity risks and AML/CFT compliance and effectiveness challenges. In contrast, the Europe (EUR) region continues to show a notably low number of countries receiving CD. This is largely due to the region's composition of predominantly high-income countries with more mature regulatory frameworks, reducing the relative need for intervention compared to lower-income regions. The strategic allocation of CD resources thus remains aligned with the AML TTF III's focus on maximizing impact, directing support to regions where financial integrity vulnerabilities are more acute and where CD efforts can drive the greatest improvements.

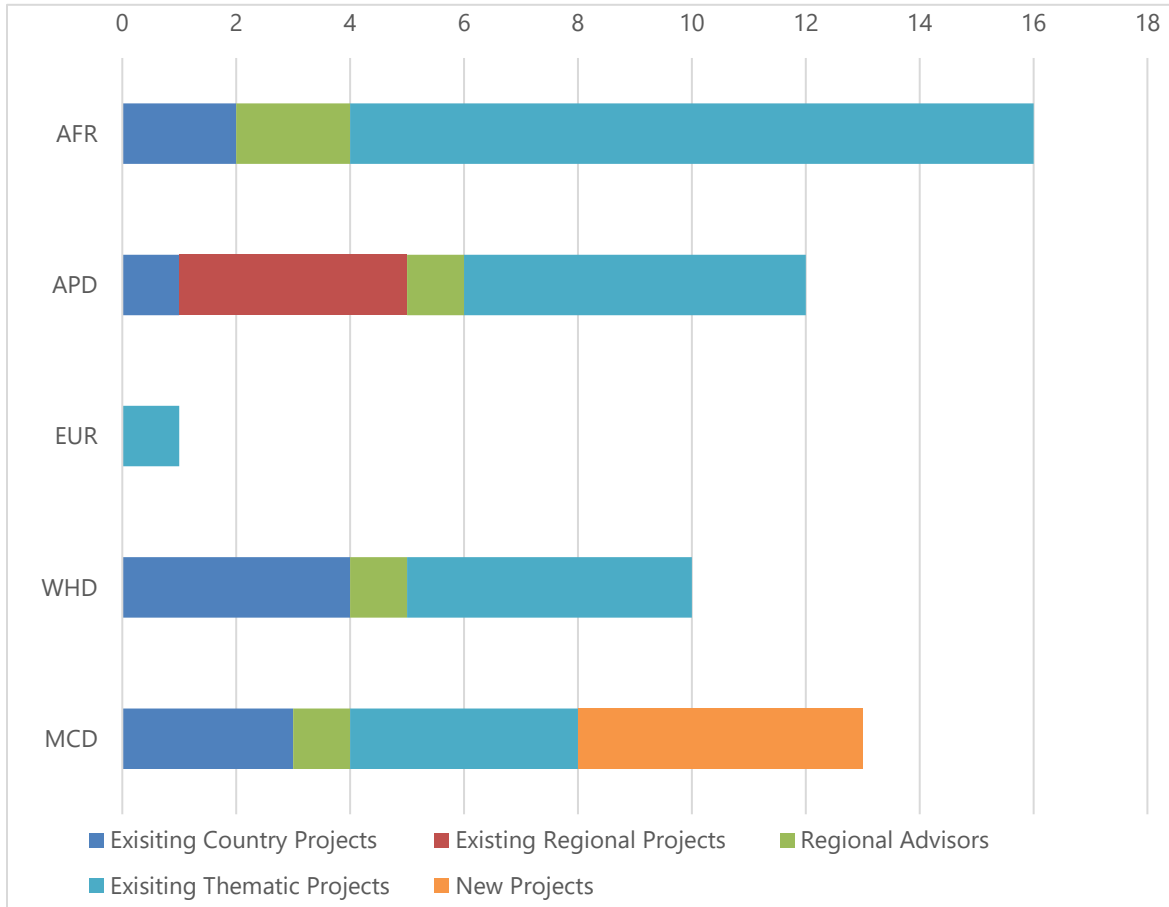
Figure 6. AML TTF III Recipient Countries by Income Level¹¹ Active in FY2025 and Proposed Onward¹²



¹¹ This figure includes overlaps between the single country projects and the regional/thematic projects (Nepal, Nigeria, Palau, Sri Lanka, Suriname, Vietnam received TA from more than one project). Also included are projects that are closed or are closing (Bhutan, Botswana, Guatemala, Namibia, South Sudan, Ukraine).

¹² MENA is proposed project to start in FY26, which is expected to cover Djibouti, Syria, Jordan, the West Bank and Gaza, and Libya

Figure 7. Number of Countries Covered by Region (Existing and Proposed) FY2025 and Onward¹³



C. Mid-Term Evaluation of the AML/CFT Thematic Fund

15. The mid-term evaluation of the third operational phase of the AML/CFT Thematic Fund (AML TTF III), conducted by SEO Amsterdam Economics, highlights several positive findings. The IMF is recognized for its strong macro-financial relevance and valuable support in helping countries meet FATF standards and address ML/TF risks. Recipient countries highly value the IMF’s technical expertise, and the quality of CD delivered under AML TTF III. Internal coherence has improved, with AML/CFT considerations increasingly reflected in surveillance, lending programs, and Financial Sector Assessment Programs. The IMF’s unique positioning combining macro-financial expertise with operational CD was also noted as a comparative advantage.

16. The evaluation, covering November 2020 to August 2024, identified areas where the AML TF III could be further strengthened. While the IMF supports important reforms, its impact

¹³ The graph excludes analytics and development (A&D) projects, as well as HQ training, regional training and A&D component under thematic projects.

could be enhanced by more directly focusing on jurisdictions and sectors with macro-relevant ML/TF risks. Coordination with IMF area departments could be improved, and CD traction is sometimes affected by recipient capacity constraints, staff turnover, and competing priorities. Donor reporting is comprehensive but administratively burdensome and could better highlight strategic outcomes. While hybrid modalities have improved efficiency, mission costs remain high, and resource reallocation flexibility is limited due to Steering Committee approval requirements. The evaluation suggested that increasing flexibility for analytical and development (A&D) work beyond the current five percent limit, engaging key counterparts early in project planning, and aligning follow-up CD phases with demonstrated progress could further enhance impact. It also pointed to opportunities to strengthen coordination with IMF operations, improve monitoring of partner-led CD, streamline reporting, and explore more cost-effective delivery models.

17. The IMF will consider and take forward key recommendations from the evaluation to further strengthen the strategic focus, delivery, and impact of the AML/CFT TF. Ongoing efforts include further aligning CD activities with macro-critical priorities, enhancing coordination within the IMF and with external partners, and further improving the measurement and communication of results. While cost-efficiency remains an important consideration, feedback from beneficiary countries and donor partners consistently underscores a strong preference for in-person missions, which often provide greater impact in terms of engagement, trust-building, and practical implementation support compared to virtual formats.

18. The IMF remains committed to maintaining an appropriate balance between efficiency and the impact and quality of CD delivery in meeting country needs. Efforts are currently underway to fully align the AML/CFT program with the Fund's Capacity Development Strategy, aiming for a more flexible, integrated, and customized model. The 2023 Review of the AML/CFT Strategy, endorsed by the Board, provided a valuable opportunity to take stock of the AML/CFT CD program and agree on the way forward. A copy of the evaluation report and the IMF's responses will be shared with AML TTF III donor partners once finalized.