INTERNATIONAL MONETARY FUND

AML/CFT THEMATIC FUND PHASE III SIXTH ANNUAL REPORT (MAY 2025–APRIL 2026) AND WORKPLAN FOR YEAR SEVEN

MAY 2026

The AML/CFT Thematic Fund Phase III is supported by:

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ABBREVIATIONS

A&D	Analytics and Development
AfDB	African Development Bank
AFR	African Development
AMLAC	Anti-Money Laundering and Anti-Corruption Thematic Fund
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
CEMAC	Economic and Monetary Community of Central Africa
COBAC	Central African Banking Commission
COM	IMF Communications Department
COSUMAF	Central African Financial Market Supervisory Commission
DNFBP	Designated Non-Financial Businesses and Professions
DTIs	Deposit-Taking Institutions
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
FISD	Financial Institutions Supervision Division
FIU	Financial Intelligence Unit
FMD	Financial Monitoring Department
FY	Fiscal Year
FSAP	Financial Sector Assessment Program
GAC	IMF Governance and Anti-Corruption Division in LEG
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
MCD	Middle East, North Africa, and Central Asia
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
NBM	National Bank of Moldova
NBU	National Bank of Ukraine
NPO	Non-Profit Organizations
NRA	National Risk Assessment
ODA	Non-Official Development Assistance
OECD	Organization for Economic Co-operation and Development
PF	Proliferation Financing
PEP	Politically Exposed Person
RA	Regional Advisor
RBA	Risk-Based Approach
RBM	Results-Based Management

RBS	Risk-Based Supervision
RCDC	Regional Capacity Development Center
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
TF	Thematic Fund
UN	United Nations
VA	Virtual Asset
VASP	Virtual Asset Service Provider
WAEMU	West African Economic and Monetary Union
WB	World Bank
WHD	Western Hemisphere Department

EXECUTIVE SUMMARY

Phase III of the Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) Thematic Fund (AML TF III) has finished its sixth year of capacity development (CD) initiatives, continuing the delivery of high-quality technical assistance (TA) in an uncertain geopolitical environment, and achieving outstanding outcomes overall. The AML TF III continues supporting eligible countries globally through a programmatic approach focusing on concrete outcomes over the medium-term, and following the trend of last year, with a marked increase in more agile, modular thematic offerings. These provide for more compact engagements and shorter-term engagements, focusing on one or two outcomes at a time. During the sixth reporting period of the AML TF III, a significant increase in CD requests from countries non-eligible for donor support under the AML TF III has been observed, leading also to bilateral engagement with countries self-funding the activities. While this expanded engagement broadened the Fund's overall impact, it also required careful prioritization of staff time across activities, with some implications for delivery under AML TF III. A revamped website on the work of the AML TF III has also been developed to provide further outreach and information to prospective recipients and the general public, including donor information, achievements and offerings.

With the unwavering support of our donor partners, AML TF III continues to deliver an extensive and impactful program over the past six years, with good buffers for further work within the remaining period of the AML TF III. Throughout the current phase, 12 donor partners have pledged around US$37.8 million (as of April 29, 2026), providing financing through the end of the Phase and beyond. Cash flow projections indicate that there will be enough resources to enable the continuation of projects until April 2027, as endorsed by the Steering committee. This will allow the Thematic Fund (TF) to respond to a marked increase in CD demand and ensure adequate attainment of results within this Phase. Central to the TF 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 Fund's multipronged approach of covering AML/CFT, including through surveillance, lending, Financial Sector Assessment Program, and assessment of workstreams.

In its sixth year of operations, the AML TF III continued to deliver tailor-made and modular CD activities designed to strengthen AML/CFT frameworks and mitigate risks stemming from ML, financial crime, and terrorism financing, thereby supporting the Fund's mandate. For FY2026, LEG staff outlined a workplan encompassing 27 projects under the TF, including 12 single-country projects, 2 multi-country regional projects, 10 thematic projects, 3 analytics and development projects and CD delivery via five Regional Advisors (RAs)[1]. The IMF continues to receive a high level of AML/CFT-related CD requests from its membership. During the reporting year, 48 requests for new CDs were received. Several activities are also conducted in close collaboration with other LEG divisions, e.g., Governance and Anti-Corruption, and other departments, including Monetary and Capital Markets Department (MCM) and Fiscal Affairs Department (FAD).

LEG staff are also making good progress in addressing the recommendations received from last year's independent evaluation of the AML TF III work conducted by SEO Amsterdam Economics (Annex D). These include enhancing the macro-relevance of TF activities, enhancing

[1] Due to the retirement of three experts, as of April 30, 2026, there were three open RA positions for WHD, APD and Anglophone Africa, that LEG is striving to fill in a timely manner, to avoid any slowdown on the overall engagement with these regions. A new RA for APD is expected to start in early FY2027.

ownership of recipients and traction of activities, further improving coordination with other IMF workstreams, monitoring and coordinating activities of key development partners, streamline project reporting, and, where possible, use online and hybrid modalities to reduce mission costs. Virtual missions remain an important component of the overall engagement activities, in particular in countries with lower safety and security levels but also to ensure prudent cost management.

Summary of the Year 7 Workplan of the AML TF III

The Year Seven workplan for the IMF's AML/CFT AML TF III focuses on consolidating and completing the final phase of the program ahead of its transition to the new Anti-Money Laundering and Anti-Corruption Fund (AMLAC) in 2027. The workplan prioritizes targeted and flexible CD to strengthen countries' compliance with FATF standards and the effectiveness of AML/CFT frameworks through legal reforms, risk-based supervision, beneficial ownership transparency, financial intelligence, virtual assets regulation, and support for IMF surveillance and lending programs. The program maintains a strong focus on lower-income, fragile, and conflict-affected states while expanding thematic and regional initiatives to maximize impact across multiple countries. FY2027 will support 24 ongoing projects, two new projects (Cyprus and the WAEMU/CEMAC regional initiative), regional advisors, analytical and development work, and blended delivery models combining virtual and in-person engagement. The workplan also introduces targeted budget reallocations and top-ups to respond to evolving risks, strong demand, and implementation priorities, while embedding lessons from the mid-term evaluation and preparing for the broader AMLAC platform integrating AML/CFT and anti-corruption workstreams

For the workplan of Year Seven, the AML TF III will continue to deliver targeted TA and training to strengthen countries' compliance with, and effective implementation of, AML/CFT measures in line with the Financial Action Task Force (FATF) standards while safeguarding the integrity of the financial sector and broader economy. Support will focus on tailored policy and operational advice, development of practical supervisory and analytical tools, expert advisory support, and workshops aimed at strengthening legal, regulatory, supervisory, and operational frameworks. Country engagement will continue to be guided by the eight selection criteria set out in the AML TF III Program Document, including alignment with Fund priorities, money laundering/terrorism financing (ML/TF) risk, institutional capacity, country commitment, and coordination with other CD providers. As in previous years, the workplan seeks to ensure broad geographic coverage, including engagement with small island states and fragile and conflict-affected countries.

The FY2027 workplan is aligned with the strategic objectives and project selection criteria approved by the Steering Committee (SC) in December 2020, with the core elements of the program–delivery modalities, available modules, and the role of Resident Advisors–remaining unchanged. The workplan supports 24 ongoing projects, two new proposals (Cyprus and Economic and Monetary Community of Central Africa (CEMAC)-West African Economic and Monetary Union (WAEMU), 5 Resident Advisors, and three A&D projects. In total, it includes 10 country projects, 3 regional projects, and 10 thematic projects, covering at least 50 countries**.**

The workplan maintains a balanced distribution across income groups and regions, consistent with SC priorities. Activities remain concentrated in lower middle-income countries (43 percent), followed by upper middle-income (34 percent) and low-income countries (11 percent), with high-income countries accounting for only 7 percent. Geographically, engagement remains broadly balanced across Africa, Asia–Pacific, and the Middle East and Central Asia, with continued support to fragile and conflict-affected states, while maintaining flexibility to address emerging priorities.

As part of the ongoing Middle East and North Africa (MENA) and Risk and Context thematic projects, a very limited number of non-ODA-eligible jurisdictions—namely Cyprus, Seychelles, and Oman—are being included in the delivery pipeline for FY2027. This inclusion is guided by the endorsed risk-based selection criteria, which support engagement where AML/CFT vulnerabilities are assessed to be macro-critical and may have cross-border spillovers. The expansion remains fully within the applicable thresholds set out in the Operational Guidelines and is therefore presented as an update for donor partners' information. Non-Official Development Assistance (ODA) engagements are projected to account for only about 2.6 percent of total program resources, reflecting the Fund's continued commitment to an ODA-focused portfolio**.** Of the proposed allocations, US$374,000 relates to non-ODA activities under thematic projects and US$214,000 to Cyprus as a new non-ODA project.

SC approval is requested for two new projects and a set of targeted budget increases to respond to strong and evolving demand. The proposed package includes Cyprus (US$214,000) and the WAEMU/CEMAC regional initiative (US$221,000), alongside budget top-ups totaling US$882,500 (US$944,275 including TFM) across key thematic and country projects. These increases support expansion of high-demand areas such as beneficial ownership transparency (BOT), AML and tax, MENA II, and virtual assets, while time extensions are proposed to ensure completion of ongoing workstreams. **In addition, the SC is invited to endorse a targeted increase in the Analytics & Development (A&D) budget threshold,** to enable a modest strengthening of analytical tools on digital and cyber-enabled fraud that respond to member demand and underpin downstream AML/CFT capacity development delivered to recipient countries.

The workplan also reflects targeted budget reallocations, reductions, and project closures aimed at optimizing resource use. Several projects are being closed and will release remaining funds back to TF envelope. In total, approximately US$1.5 million in budget reductions arises primarily from project closures and implementation efficiencies, including streamlining of activities, rephasing of delivery, and updated cost assumptions across selected projects and regional advisor programs. These resources will be redeployed toward higher-priority activities. Several projects are closing with final adjustments (including Central Bank Digital Currency (CBDC), Ethiopia, Jamaica, and Paraguay), while Uganda is now expected to be budget neutral. These measures ensure disciplined financial management and alignment with implementation realities.

This report contains the following 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 expenditure during the reporting period;
- Presentation of the Workplan for Year Seven of the AML TF III;
- Annex A includes a summary of the AMLAC initiative, which will give continuity to the results under the AML/CFT TF; and
- Annex B which includes project summaries for new projects being proposed for Year Seven of the AML TF III; and
- Annex C which includes a summary of non-TF engagements with countries

All the projects covered in this report are delivered by the staff of the IMF's LEG FIG and experts working under their direct supervision. These activities are undertaken by LEG FIG with financing and guidance from the 12 donor partners through the SC.

Box 1. Decision Points

The SC is invited to consider and endorse:

1. The Annual Report for Year Six of AML TF III operations.
2. The Workplan and Budget for Year Seven of the AML TF III operations that include:
    - **Approval of two new projects**: Cyprus: Strengthening AML/CFT Risk-Based Supervision (RBS) (US$214,000) and WAEMU–CEMAC: Legal Drafting and Strengthening Regional AML/CFT RBS (US$221,000).
    - **Budget increases totaling approximately US$944,275** for ongoing projects (including Digital Fraud Analytics and Development Project) as listed (indicate where) alongside budget reallocations, reductions, and project closures, as detailed in the proposed revisions to the workplan.
    - **Increase in the A&D budget threshold from 5 percent to 5.8 percent of the AML TF III portfolio** to accommodate a US$53,500 top-up for the Digital Fraud project and a US$53,500 reallocation from Risk & Context that will strengthen downstream country-level capacity development.
    - **Time extensions** for selected CD projects to ensure completion of planned activities through April 2027.
    - **Confirmation of Italy as the Chair for the 2027 Steering Committee meeting, which will take place in June or July.**

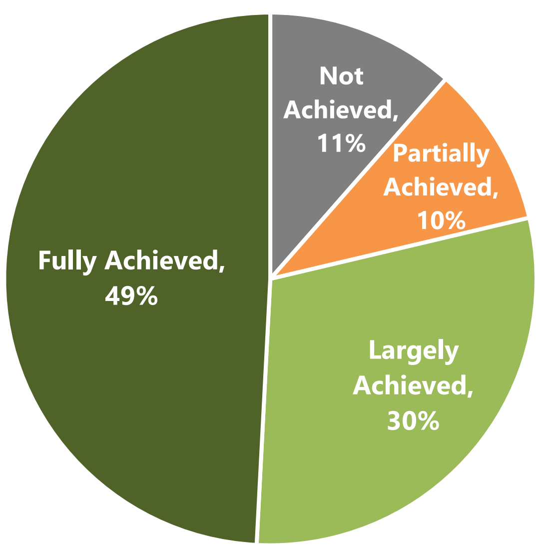
ANNUAL REPORT FOR YEAR SIX OF THE AML TF III

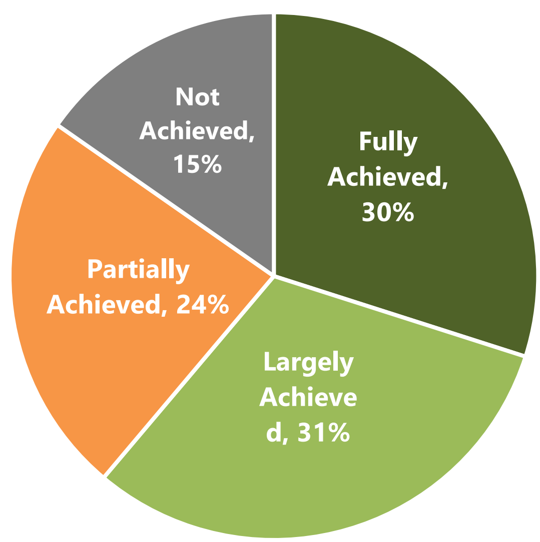
A. PROGRESS TO DATE

1. **The sixth year of AML TF III was marked by good progress in most projects.** For the FY26, the SC endorsed a workplan encompassing 27 projects, including 12 single-country projects, 2 multi-country regional projects, 3 thematic projects, 3 analytics and development projects (encompassing research and training), as well as CD delivery via five RAs. Overall, these projects are benefitting 45 countries.

2. **Progress under the workplan is satisfactory, as 62 percent of targeted outcomes have been fully achieved or largely achieved since the beginning of TF Phase III.** The IMF's Results-Based Management (RBM) framework continues to be used to gauge progress of CD work by providing feedback on how the Fund's advice and training translate into tangible outcomes and milestones. As shown in Figure 1, completed projects (on the left side) exhibit a higher concentration of fully and largely achieved outcomes, underscoring the strong results delivered once projects reach completion. Turning to the overall portfolio, outcomes across all projects (on the right side) stand at fully achieved (30 percent) and largely achieved (31 percent), indicating that most activities are either completed or on track. The remaining outcomes reflect the pipeline of ongoing work: 24 percent are partially achieved, and 15 percent are not yet achieved, largely because these projects were initiated more recently or have faced limited traction due to shifting priorities or reduced engagement by recipient authorities, including in some high-risk jurisdictions. These distributions are consistent with the expected life cycle of CD projects, as outcomes tend to strengthen as implementation progresses.

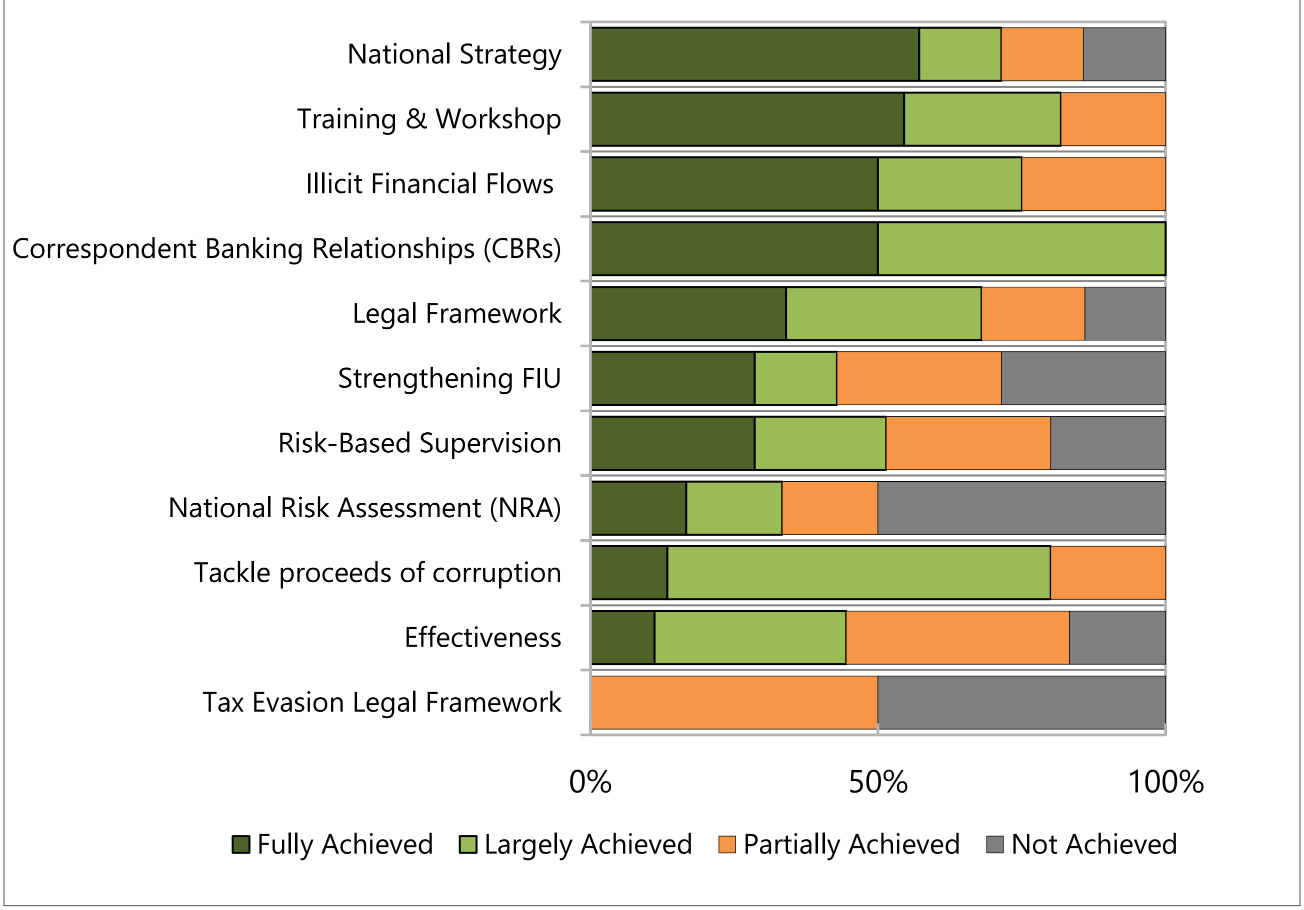
Figure 1. Overview of Outcome Ratings —Completed Projects V.S. All Projects as of April 2026





Source: Capacity Development Management and Administration Program (CDMAP)

Figure 2. Percentage of Rating per Outcome — All Projects as of April 2026



Source: CDMAP

3. **Due to the approaching closure of the AML TF III, and in line with the last two years, the focus on thematic projects targeting 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 high demand and the resulting high number of requests for support under the AML TF III, country requests are often being met through relevant thematic offerings. This aims to ensure targeted and flexible delivery, avoiding the overcommitment of resources during the last year of the AML TF. In addition to these ongoing thematic projects, a new A&D project on digital fraud was created this year to help develop further thematic assistance in light of the significant interest shown by the international community in this topic. Results attained include the drafting and passing of relevant AML/CFT laws, diagnostic engagements to identify vulnerabilities, training workshops, and the development of AML/CFT tools to improve RBS and ensure effective implementation of FATF Standards.

4. **Following the Phase III external evaluation, the IMF has taken several actions to address the evaluators' recommendations.** These include advancing work to strengthen the macro-financial focus of AML/CFT capacity development through updates to the FIG's country prioritization methodology and closer integration of macro-relevant analysis into project design; enhancing coordination with surveillance and lending; reinforcing engagement with recipient

authorities through more structured scoping discussions and jointly agreed milestones; improving assessment of recipient ownership and absorption capacity; and strengthening collaboration with development partners through continued use and planned updates of the AML/CFT TA provider dashboard.

Completed Single Country Projects with Concrete Results

5. **Completed single-country projects this year focused on strengthening AML/CFT frameworks for Jamaica, Paraguay and Uganda.** Through legal reforms, supervisory enhancements, and capacity building, staff assisted these countries in undertaking initiatives to strengthen their financial regulatory and supervisory frameworks and address concerns related to AML/CFT. These efforts have involved developing risk-based supervisory tools (Jamaica), a comprehensive analysis and of supervisory frameworks (Paraguay), and the review of sanctioning capabilities (Uganda), among other successes.

Ongoing Single-Country projects

6. **There has been good progress in several ongoing single country projects during this reporting year.** Efforts continue to enhance AML/CFT frameworks, focusing on technical compliance, RBS including the development of tools to support practical implementation, legal transparency, and enforcement. The progress status of the ongoing projects is summarized as follows:

Box 2. Status of ongoing CD projects during Year 6 of Phase III

Algeria

✓ Provided inputs into a risk assessment matrix, which led to implementation of an effective offsite risk assessment process.

✓ Developed and published a set of updated AML/CFT due diligence regulations to guide and enhance the risk awareness of obliged entities and detail their risk-based obligations.

✓ Implemented a program of targeted onsite inspections.

✓ With fund support, Algeria is expected to meet all the items under its action plan with the FATF and get delisted by June 2026.

Ethiopia

✓ Five-day training on generation of financial intelligence and implementation of RBS.

✓ Targeted amendments to the AML/CFT law, including to the definitions and offenses related to ML and Terrorism Financing.

Guyana

✓ Development of business risk questionnaires for banks and nonbank financial institutions, as well as common questionnaires on structural risk and risk mitigants.

✓ Supported the launch of the third National Risk Assessment (NRA) through a multi-agency workshop mission and reinforced the link between the NRA and supervisory reforms.

Montenegro

✓ Virtual meetings to discuss RBS of banks, review of the licensing framework complete and work commenced to develop a shock scenario to support the stress testing exercise.

Paraguay

✓ Implemented AML/CFT tools to strengthen their overall AML/CFT risk-based supervision framework for reporting entities under Financial Intelligence Unit (FIU).

✓ Adoption and implementation of operational manual for the treatment of STRs.

✓ Risk matrix for deposit taking and lending cooperatives finalized.

Suriname

✓ Provided comments on the AML/CFT law to address remaining deficiencies and other regulations, including state decrees on unusual transactions, sanctions, enforcement and transfer of licenses.

✓ Adjustment of offsite questionnaires for supervision of money remittance, foreign exchange entities and gaming institutions.

✓ Support on ongoing development of offsite tools to gather information on inherent risk exposures and measures for mitigations.

Turkmenistan

✓ Started drafting of RBS manual.

✓ Started review of AML/CFT and central bank laws.

Uganda

✓Supported an in-depth review of the AML/CFT supervisory sanctions framework.

✓Conducted an assessment of supervisory capacity.

Vietnam

✓ Supported the development and review of the AML/CFT supervisory toolkit for banks, including a data collection template, risk management questionnaire, and risk rating tool.

Yemen

✓ Continued support for developing a framework for implementing targeted financial sanctions for Terrorism Financing/Proliferation financing (PF).

✓ Review of draft amendments to the AML/CFT law and Targeted Financial Sanctions (TFS) regulatory framework.

Thematic Projects

7. **FIG continues to effectively use its 10 thematic projects aimed at enhancing financial integrity and regulatory frameworks, which include addressing key AML/CFT challenges, in collaboration with other LEG divisions and Fund departments**. Efforts included supporting anticorruption diagnostics, AML and Tax, beneficial ownership, digital currencies, virtual assets, CFT, flow of funds analysis, grey-listed countries, risk assessments and target TA to help countries meet AML/CFT conditionality in IMF-supported programs. These activities contributed to enhancing financial integrity, regulatory frameworks, and international cooperation.

a) AML and Corruption

For FY 2026 new governance and corruption diagnostic engagements were initiated for Kenya, Liberia, Nepal, Niger, Togo and Chad. The main missions have been finalized for most of these engagements and have approved or are in the process of approving the final reports, except for Chad, which is planned to start in May 2026. Published governance diagnostics could be found here. AML/CFT issues are always covered with the aim of focusing measures on the proceeds of corruption on the domestic and transnational levels.

b) AML and Tax

In Mongolia, the team held an in-person 3-day workshop on leveraging AML/CFT measures to assist tax crime investigations and met with several AML/CFT and tax authorities to assess the current environment and potential measures to improve the coordination and information exchange between the parties. The assessment included recommended amendments to both the AML and general Tax statutes, as well as operational measures such as the negotiation of information sharing Memorandums of Understanding to enhance cooperation between these agencies. The authorities are generally supportive of the findings of the report and have tendered the report to the National AML/CFT Council in September 2025 for its consideration and acceptance of the recommendations. They expect that the matter will be prepared for consideration by Parliament.

c) Beneficial Ownership

Staff delivered an in-person, week-long beneficial ownership legal drafting and effectiveness clinic for the European, Balkan, and Central Asian region. The course was designed to improve the understanding of national stakeholders involved in establishing, operating, and/or using beneficial ownership frameworks, and was attended by 27 selected participants from different agencies across 13 countries.

In Sri Lanka, the team has provided support in drafting guidance for submitting beneficial ownership forms, following recent legal amendments.

In Zambia, the CD project aimed at helping authorities enhance entity transparency by supporting the timely availability of adequate, accurate and up-to-date beneficial ownership information, in line with the updated FATF standards' requirements on transparency of beneficial ownership

d) CBDC

The main deliverable under the A&D component was a chapter on financial integrity implications of CBDCs to be included in the Fund's virtual CBDC Handbook – a project funded by the Government of Japan through their IMF Sub-Account (JSA) spanning several years and intended to guide central banks exploring CBDCs. Staff also participated in direct delivery of technical assistance to 19 countries and participated in several regional seminars (AFRITAC, ATI, CARTAC, and a seminar focused on Sub-Saharan Africa). Direct delivery activities ranged from raising awareness of the application of the FATF Standards to discussing the readiness of jurisdictions to issue a retail CBDC from a financial integrity perspective.

e) CFT Legal Reform

Currently, the activities under this thematic project include a full review of the Kyrgyz Republic CFT frameworks, a review of Somalia's Non-Profit Organizations (NPO) frameworks, Cameroon's TFS legislation, and the associated legal drafting and provision of recommendations to align them with the FATF Recommendations. This is with a view to preparation for upcoming Mutual Evaluations. The team has also completed a draft of a potential NPO law for South Sudan aligned with the amended FATF Standards (Recommendation 8) and it is currently discussing it with the authorities. A regional CFT training course was presented to Eastern and Southern Africa Anti-Money Laundering Group Task Force of Senior Officials Meeting (ESAAMLG) member countries in February 2026. An increase in the number of requests is expected due to the current funding constraints experienced by other TA providers.

f) International Co-Operation Review Group (ICRG)

FY26 was characterized by consolidation and completion of earlier support in countries where substantial progress had already been achieved (Côte d'Ivoire and Nigeria); highly targeted engagement in countries with ongoing ICRG processes and remaining Action Plan priorities (Cameroon, Nepal, and Angola); and disengagement or nonengagement where limited traction, ICRG prioritization decisions, or extensive donor coverage reduced the marginal value of further Fund involvement. FY26 engagement also illustrated the project's capacity to engage with regional institutions where ICRG Action Plan implementation rests at the regional level, notably through targeted support to The Economic and Monetary Community of Central Africa (CEMAC) regional supervisory bodies, namely the Banking Supervisory Authority, Central African Banking Commission (COBAC), and Financial Market Authority (COSUMAF), in the context of Cameroon.

g) Illicit Financial Flows (IFF)

Engagement under this thematic program with Moldova has been finalized and further work has comprised limited desk-based support on implementation of project's earlier recommendations. Specifically, the project provided support to the AML/CFT department in fine-tuning the project deliveries during the project outputs' adoption by the Executive Board of the National Bank of Moldova (NBM). The NBM has formally approved the AML/CFT supervision manual and methodology developed under the project, with a focus on strengthening identification and mitigation of cross-border and non-resident ML risks. In addition, the project assisted the NBM in the development and successful implementation of cross-border financial integrity liquidity stress-testing scenario, building on the enhanced cross-border payments data collection and supervisory data on institutional risk profiles of banks.

h) Risk and Context

A project team is supporting Palau with conducting its NRA. The project team has conducted two virtual missions and two in-person missions as part of this project. The authorities are currently in the drafting phase of the NRA. The project is scheduled to be completed no later than June 2026.

The team has also begun working on revising the Fund's NRA methodology, with a view to simplifying it while remaining in-line with the international AML/CFT standards, including reviewing and streamlining the process to make it less burdensome on authorities. The team has also identified aspects of the existing methodology that could be simplified and revised and begun to define a new approach.

i) Supporting Conditionality in IMF-supported programs

The project has been supported the authorities in three countries: Ecuador, El Salvador, and Papua New Guinea. In all beneficiary countries there are Fund-supported programs with AML/CFT-related conditionality, ensuring the integration of the CD activity with IMF lending, while supporting the country's strengthening of their AML/CFT frameworks, in line with FATF standards.

In Ecuador, the relevant AML/CFT Structural Benchmark (met with IMF TA) relates to the approval and publication of an AML/CFT Strategic Action Plan that sets strategic objectives for the next 5 years to strengthen the AML/CFT framework to effectively tackle risks and disrupt illicit proceeds, including those stemming from organized crime activities' proceeds.

In El Salvador, the project supported the authorities in their actions to meet a structural benchmark under the Extended Fund Facility arrangement, requiring the submission of a law to strengthen the regulatory and supervisory framework governing virtual asset service providers (VASPs) in line with the FATF standards.

In Papua New Guinea, the relevant AML/CFT structural benchmark in the Fund-supported program relates to updating the AML/CFT guidance for regulated entities, including the publication of sector-specific guidelines and supporting financial inclusion through simplified customer due diligence in appropriate cases.

j) Virtual Asset and VASP

The project has delivered regional and bilateral training sessions, with participants from Asia-Pacific, Sub-Saharan Africa, Latin America, and the Caribbean, including six regional training workshops. Most recently, training was provided for authorities in the CEMAC region in 2026.

The team also provided legal drafting support to Albania, Georgia, Namibia, and Anguilla, and conducted training for Anguilla in April 2026.

The team uses its own Supervisory Risk Assessment Methodology for VASPs, providing risk factors, indicators, and scoring guidance. The methodology was finalized in early 2024 and is now part of IMF's toolkit for VA/VASP supervision.

Multi-Country Projects

k) Pacific Island Countries

The project team engaged with the authorities of Samoa, the Solomon Islands, and Tonga on reviewing and finalizing amendments to their AML/CFT legal frameworks to ensure that their laws and regulations comply with the FATF Recommendations and provide a sound underpinning for the implementation of an effective risk-based AML/CFT supervisory framework. During FY26, Tonga enacted its updated AML/CFT law, which was developed with assistance under this project. The AML/CFT laws for Samoa and the Solomon Islands are going through the various stages of the legislative process, including public consultations.

l) MENA II

Under this new project, requests were received from four MENA countries (Somalia, Jordan, Mauritania, and West Bank and Gaza). The technical assistance requests included a review of the AML/CFT legal and regulatory framework and conducting a diagnostic assessment of effectiveness in specific areas, to inform recommendations on how to strengthen effectiveness.

Assistance was initiated for Somalia through conducting a scoping mission to assess the current state of implementation of the TFS regime. Based on the scoping mission, a workplan comprising five deliverables was developed with two of the deliverables due by the end of April 2026. Work with the other three countries is expected to commence in April 2026**.**

A&D Projects

8. **A&D projects contribute to AML/CFT themes of international relevance, research, support the delivery of future CD, and lead to the development of further programs.** The A&D projects currently include the development of confiscation of the proceeds of crime technical notes and an e-learning course, as well as new projects on FIU Handbook and digital fraud.

a) Confiscation of the Proceeds of Crime

The team has prepared the two technical Notes covering both structural issues that may affect effective recovery of assets as well as legislative reforms that are necessary to ensure that asset recovery practitioners have the widest range of measures to address the different situations that they may face. The Notes also provide numerous country examples of effective approaches in different areas as well as examine a number of important issues such as constitutional issues and the potential conflict between asset recovery laws and other property laws.

The Notes also contain a chapter on alternate approaches including taxation measures, private sector led asset recovery, illicit enrichment and confiscation of property of sanctioned persons. Similarly, chapters on asset management seek to import a flexible approach that can leverage expertise in both the public and private sectors to achieve effective asset management objectives. The Notes will be circulated as part of this report and will be published soon after.

b) FIU book: Financial Intelligence Units at the Frontier: Responding to Evolving Financial Crime Risks

The project is progressing steadily in close collaboration with the Egmont Group and reflects a broad collective effort by FIUs, international organizations, and experts from across the global AML/CFT community. The book is designed as a comprehensive and forward-looking reference on the evolution, governance, operations, and future of FIUs in an increasingly complex financial crime environment. It examines how FIUs have evolved from traditional suspicious transaction reporting centers into sophisticated intelligence hubs operating at the intersection of financial integrity, law enforcement, financial stability, national security, and international cooperation.

The IMF is leading and contributing to several chapters of the manuscript, including key chapters on FIU governance, operational independence and autonomy, and the broader role of FIUs within the global financial integrity architecture. The IMF is also coordinating the overall quality, consistency, and coherence review of the manuscript to ensure alignment across chapters and consistency with international standards and evolving best practices. The book covers a broad range of topics, including the evolution of FIUs and the Egmont Group, legal and institutional frameworks, operational and strategic analysis, governance and accountability mechanisms, technology and artificial intelligence, public-private partnerships, international cooperation, asset tracing, effectiveness and maturity models, and the future role of FIUs in addressing emerging risks such as virtual assets, cyber-enabled financial crime, sanctions evasion, and illicit financial flows.

The manuscript is expected to be circulated to the Egmont Plenary in July 2026 for broader review and discussion among FIUs. This will be followed by additional peer review, consolidation, and final editing before publication of the book by the IMF, currently targeted for early 2027. Drawing extensively on the operational experience of FIUs, Egmont Group practices, IMF technical assistance and assessments, FATF standards, and comparative country experiences, the publication aims to serve as both a practical guide and strategic reference for policymakers, FIU practitioners, supervisors, law enforcement agencies, prosecutors, and international organizations engaged in strengthening financial integrity and combating money laundering, terrorist financing, corruption, and transnational organized crime.

c) Digital Fraud

A joint IMF/World Bank paper that sets key considerations for countries to strengthen their national responses to digital fraud is currently being developed. The considerations will cover strategy, legal and regulatory frameworks, cyber resilience, domestic and international cooperation and leveraging the AML/CFT frameworks to prevent, detect and disrupt fraud. The paper, which is sponsored by the Bank of Thailand and will be called the Bangkok Blueprint to Address Digital Fraud in Financial Services, will be launched during the Annual Meetings 2026, incorporates analysis and input from IMF and WB experts and insights from a range of stakeholders, including from the private sector.

Regional Advisors

9. RAs continue to play an important role in the implementation of CD projects endorsed by the SC of the AML TF III, including by providing sustained local and regional expertise. On top of the technical assistance support, RAs have aided CD projects by assisting in relation to raising regional awareness, participating in regional AML/CFT multilateral forums, and mobilizing local resources.

10. During the current reporting period, three RAs positions have become vacant, which has led to a strong effort to find adequate replacements, and ensure the ongoing continuation of their respective programs. The positions for Western Hemisphere Department (WHD) and Anglophone Africa (AFR) are currently open, and LEG is conducting interviews to fill these vacancies. A new RA for APD has been appointed and is expected to start in early FY2027. A period of onboarding and training is expected for newly appointed RAs. To mitigate any potential slowdown in delivery or engagements, LEG is giving priority to these hirings and reaching out to local Regional Capacity Development Centers (RCDCs) and country teams to ensure proper delivery of key messages, follow ups with recipients and overall support regarding new TA requests.

a) AFR Anglophone RA

The RA has conducted the following activities:

In Botswana, key areas include incorporating NRA findings, aligning with revised FATF standards, strengthening AML/CFT risk-based supervision tools, and reviewing the sanctioning framework.

In Malawi, supported the Reserve Bank in strengthening risk-based AML/CFT supervision, reviewing and validating supervisory tools in light of NRA findings and FATF revisions, assessing supervisory manuals, evaluating the sanctioning regime, and reviewing industry guidance.

In Tanzania, led a peer-learning training on AML/CFT risk-based supervision. The program included contributions from the central banks of Eswatini, Nigeria, Malawi, and Uganda, and covered market entry, offsite surveillance, onsite supervision, sanctioning frameworks, and stakeholder engagement.

In Uganda, provided remote technical input to the review of the draft AML/CFT supervisory sanctions framework.

The RA also co-organized and delivered a regional workshop on CFT, hosted by the Reserve Bank of Malawi and jointly delivered with the Fund, SecFin Africa, and ESAAMLG. The workshop brought together participants from ESAAMLG member countries, member countries, including FIUs, law enforcement, prosecutors, and supervisors. It addressed gaps in understanding terrorist financing risks, conducting investigations, implementing United Nations (UN) TFS, and strengthening cooperation frameworks.

b) AFR Francophone Africa RA

The RA has conducted the following activities:

Contributing to the implementation of Cameroon ICRG action plan: The RA contributed to the design and implementation of CD the project aiming at operationalizing TFS mechanisms and establishing and supporting the implementation of a supervisory framework for NPO for combating terrorist financing purposes in line with pertaining action items of their ICRG action plan.

Contributed to the design and implementation of comprehensive, phased AML/CFT technical assistance programs for the two main regional supervisors in Central Africa: COBAC (covering all financial sectors except securities markets and insurance sector) and COSUMAF (securities markets). The RA contributed to the diagnostic of existing legal and regulatory frameworks, the identification of gaps, and the formulation of recommendations aimed at enhancing both technical compliance and supervisory effectiveness. The RA helped develop comprehensive training materials and conducted a targeted workshop and technical meetings toward supervisors at COBAC and COSUMAF.

Representing LEG in Togo Governance Diagnostic Missions: The RA participated in an HQ-led Governance Diagnostic scoping and main missions (both in-person) in Togo and engaged with high level officials.

The RA participated in the Inter-Governmental Action Group against Money Laundering in West Africa and Action Group against Money Laundering in Central Africa technical commission and plenary meetings and contributed to discussions around the adoption of enhanced follow-up with re-rating requests as well as discussions around the revision of both FATF-Style Regional Body (FSRB)'s procedure manuals for the upcoming 3rd cycle of Mutual Evaluations with an aim to improve quality and consistency of the deliverables.

Contributing to the ongoing Egmont Group project aiming at updating the FIU Handbook: The RA actively participated in the project team responsible for updating the 2004 FIU Handbook.

Contributed to FIG's work on assessments and related issues, including quality and consistency reviews of IMF assessment reports, FATF/IMF/FSRB mutual evaluation reports, and follow-up reports, in close alignment with the guidance of the Assessments Operational Group.

c) APD RA

The RA has conducted the following activities:

In Tonga, the RA participated in technical assistance to align the AML/CFT legal framework to the Financial Action Task Force (FATF) standards and support the authorities' transition to RBS of banks and money transfer operators.

In Solomon Islands, the RA participated in technical assistance to strengthen alignment of the AML/CFT legal framework with the FATF standards and support risk-based AML/CFT supervision. During the period, the RA and project team supported legislative reforms to the Money Laundering and Proceeds of Crime Act and preparation of implementing regulations.

In Samoa, the RA participated in technical assistance to mitigate pressures on correspondent banking relationships by strengthening the AML/CFT legislative framework and building supervisory capacity for risk-based AML/CFT supervision of banks and trust and company service providers.

d) MENA RA

The RA has conducted the following activities:

The RA is leading the MENA II regional project which aims at assisting countries preparing for their assessment under the MENAFATF third round of mutual evaluations.

In Algeria, participated in virtual missions aiming at assisting the Bank of Algeria in developing AML/CFT risk-based supervision tools for supervising the banks under its purview and formulating a supervisory strategy informed by ML/TF risks in the banking sector.

In Yemen, assess the ability of the authorities to enact the developed legal amendments given the current political situation in the country, along with discussing the implementation of the TFS framework.

Turkmenistan: The RA contributed to the review of the legal and regulatory framework currently being in place for supervising banks and other reporting bodies. The review resulted in proposed amendments necessary to enable the implementation of effective AML/CFT risk-based supervision and the enforcement of proportionate and dissuasive sanctions in case of failure in implementation.

The RA contributed to a two-week onsite visit to the Kyrgyz Republic to strengthen the effectiveness of their CFT framework including enhancing capacity of various stakeholders and holding technical meetings.

In Kuwait, the RA led a pilot course in September 2025 and aimed at combining all ML/Terrorism Financing/PF risk understanding concepts in addition to practical exercises in one comprehensive training program. The course covered the recent amendments to the FATF Standards and Assessment Methodology.

Yemen EU - Organization for Economic Co-operation and Development (OECD) Workshop on Anti-Corruption and Business Integrity Workshop and Multi-Stakeholder Dialogue & Anti-Money Laundering Seminar. Held in November 2025 under an EU-OECD project. The RA's contribution focused on the links and synergies between AML/CFT and Anti-corruption frameworks, the impact of systemic corruption on AML/CFT systems and means for leveraging AML tools to promote broader transparency and accountability.

Third Workshop on Money Laundering, Terrorism Financing, and Weapons Proliferation Typologies in Doha, Qatar. The advisor presented the challenges and best practices in understanding the risk of TF. He also mentored working groups to identify Terrorism Financing threats and vulnerabilities in several financial and non-financial sectors in Qatar.

The RA has contributed to the final review stages of the draft guidance note on the confiscation and asset recovery project.

The RA has contributed to the drafting of a technical note designed to provide guidance to FIG staff with respect to CD work undertaken on RBS. It documents guiding principles for the development of risk-based AML/CFT/CPF supervisory analytical tools for assessing ML/Terrorism Financing/PF risks as part of the policy advice and methodology to be followed when the Financial Integrity Divisions assist authorities in establishing risk-based AML/CFT supervisory frameworks, tailored to the specific country circumstances.

Update of the FIU Handbook: The RA joined the project working on the update of the 2004 FIU Handbook and contributed to the first draft. The project aims to update, summarize, and expand existing information about the AML/CFT/CPF activities conducted by FIUs.

The RA contributed to the activities of the RBS Working Group (RBSWG), the Financial Intelligence, Law Enforcement, and Asset Recovery Working Group (FintelWG) and the Risk and Context Working Group (RCWG). He contributed to reviews of Mutual Evaluation Reports and papers under review by these working groups. As part of the work under the RCWG, the Advisor is also a member of a task force aiming at reviewing and updating the IMF NRA methodology

e) WHD RA

The RA has conducted the following activities:

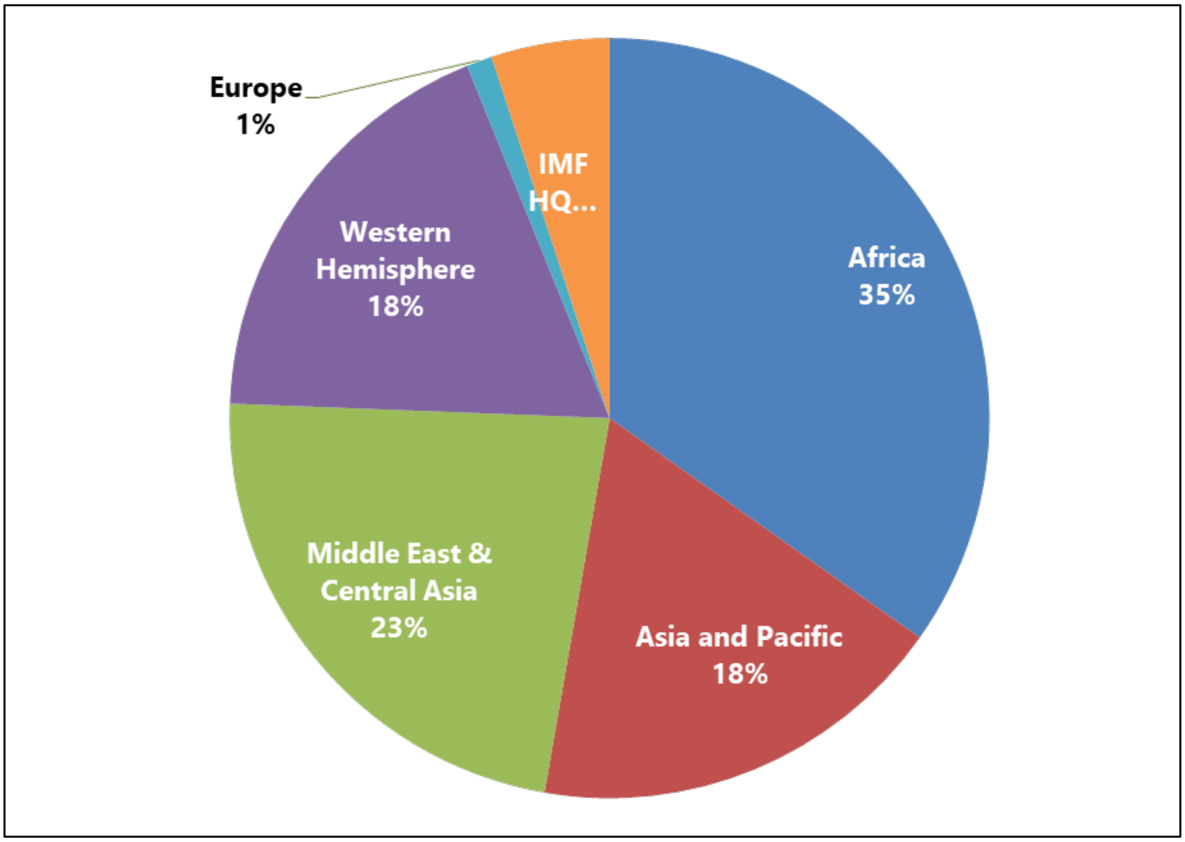
In Jamaica the RA supported the implementation of the AML/CFT project focused on strengthening risk-based AML/CFT supervision across DTIS, foreign exchange bureaus, and remittance institutions. TA supported the development and implementation of offsite supervisory tools and risk matrices that enable supervisory divisions to generate institutional risk profiles and prioritize supervisory activity. Assistance also contributed to the enhancement of AML/CFT supervision manuals, supporting consistent application of risk-based supervisory methodologies, and to the development and implementation of transaction-testing procedures for onsite inspections of DTIS. In addition, the project supported work to strengthen the legal framework for microcredit institutions as part of Jamaica's ICRG Action Plan.

In Suriname, assistance included reviewing and comments on AML/CFT-related decrees and regulations, including a draft decree on transfer of licenses prepared by the Gaming Control Board of Suriname (GCBS). The RA supported ongoing work with the GCBS to develop and pilot offsite questionnaires and risk matrices and to advance onsite inspection procedures for casinos and gaming institutions. Technical assistance also supported the Financial Intelligence Unit (FIU), in its role as DNFBP supervisor, through the development and calibration of offsite supervisory tools and preparation for future risk-based onsite procedures.

B. CD REQUESTS AND SPENDING

12. CD during year six of AML TF III covered all regions and, in line with previous years, 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/CFT TTF III. In alignment with engagement strategies and CD demand, Sub-Saharan African nations continue to be the main recipients with approximately 35 percent of the overall spending going to this region.

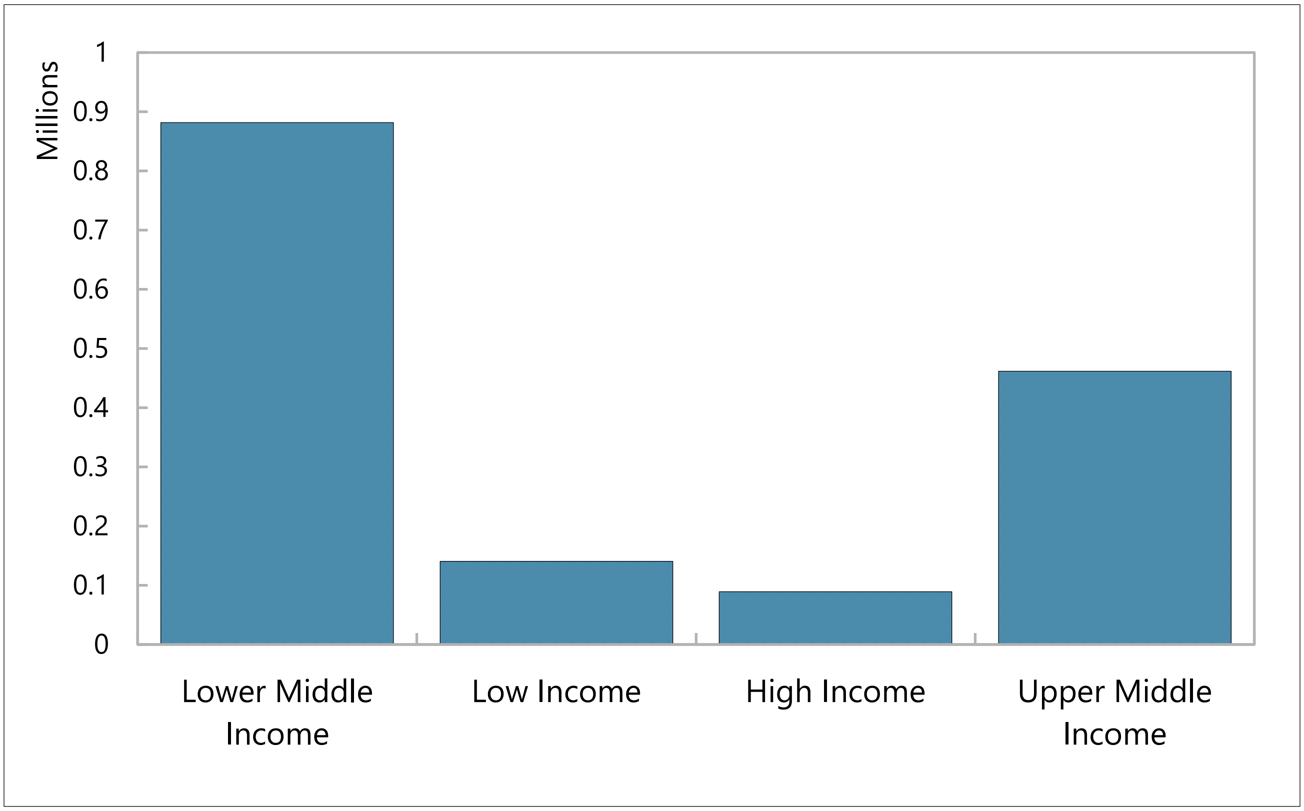
Figure 3. CD Spending by Region, May 1, 2025–April 30, 2026 [2] (In Percent)



Source: CDMAP

[2] The reference to IMF Headquarters (HQ) depicts work that benefits multiple regions, or the IMF membership in general, such as A&D work.

Figure 4. Spending by Income Group in FY2026[3] (In Millions of Dollars)



Source: CDMAP

13. 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. CD teams conduct proactive mitigation activities informed by past experiences and current political developments in each recipient country. For countries with unstable political regimes, objectives are set with a focus on realistic and achievable goals. In countries afflicted by conflict, virtual deliveries are still considered, or through relevant Regional CD Centers or other supporting countries in the region. In particular, the implementation of AML/CFT reforms in Francophone Africa continues to face structural and operational challenges. Regional supervisory authorities often operate within complex legal and institutional frameworks, where AML/CFT responsibilities intersect with broader financial sector oversight mandates and other regional frameworks that are not always aligned with international standards.

[3] The spending captures country-specific CDs, excluding IMF Headquarters 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, 2025–April 30, 2026)[4]

IMF Region	Requests	List of Requesting Countries in Alphabetical Order
Africa (sub-Saharan Africa)	17	Botswana, Burundi, Cabo Verde, CEMAC, Democratic Republic of Congo, Republic of Congo (x2), Equatorial Guinea, Guinea, Liberia (x2), Madagascar (x2), Malawi, Mauritius, Senegal, Seychelles
Asia-Pacific	9	Bhutan (x2), Cambodia, Mongolia, Nauru, Papua New Guinea, Solomon Islands, Sri Lanka, Tuvalu
Middle East, North Africa, and Central Asia	12	Jordan, Kyrgyz Republic, Mauritania (x2), Oman (x2), Somalia (x2), Tajikistan, Tunisia, West Bank and Gaza
Western Hemisphere (Latin America & The Caribbean)	6	Argentina*, Bolivia, Costa Rica, Ecuador, El Salvador, Mexico
Europe	4	Bosnia and Herzegovina*, Cyprus, Montenegro, Türkiye
TOTAL	**48**	

C. CHALLENGES AND LESSONS LEARNT FROM CD DELIVERY IN THE REPORTING YEAR

14. Thematic projects continue to serve as a starting point to gauge traction and evolve programs to multilayered outcomes. Before committing to full-country engagements, over a variety of topics, CD staff continue to channel the requests through the modular offerings and select limited, specific objectives. Subject to the successful finalization of a thematic project, LEG assesses the feasibility of evolving the program into a broader single-country engagement, consulting with the relevant area departments.

D. COORDINATION WITH DONORS, OTHER CD PROVIDERS, AND ORGANIZATIONS

15. Coordination with donors, other CD providers and international/regional organizations continues to be a key element of CD delivery under the AML TF III. This coordination ensures the effective use of resources, prevents duplication, raises awareness, and fosters cooperation between agencies. The Fund continues to strengthen coordination with development partners through the AML/CFT CD Coordination dashboard, which serves as a pilot tool to improve visibility and enhance complementarity of CD activities with other CD providers. During the reporting year, outreach was undertaken to several major CD providers to update and expand data coverage. Engagement has

[4] Tuvalu has been covered by Japan Sub-Account for Selected Fund Activities CBP, Bosnia Herzegovina and El Salvador have been covered jointly with MCM and LEG's Financial and Fiscal Law Division. Argentina CD has been financed by United Kingdom.

focused on clarifying data-sharing modalities, establishing more systematic update frequencies, and exploring governance arrangements to facilitate broader access among CD providers. Looking ahead to FY2027, Fund staff will be working closely with the other CD providers and internal stakeholders to explore the feasibility of opening dashboard access to contributing partner agencies. These efforts remain aligned with the recommendation from the mid-term evaluation to continue monitoring and coordination of AML/CFT CD activities by key development partners.

16. The reporting year also further underpins the increase in cooperation with internal and external stakeholders along with its benefits. FIG conducts extensive work with GAC and FAD on anticorruption diagnostics and has also received joint assistance requests for work that also covers fiscal and monetary sectors, to work in collaboration with MCM and LEG's Financial and Fiscal Law Division.

17. Current geopolitical developments continue to create constraints in the capacity of other TA providers to secure funding, leading to more requests for IMF support. On Combatting Terrorist Financing, fundraising is getting more challenging for UN agencies in particular, due to the ongoing uncertainty in aid commitments and political sentiment shifts. FIG staff continue to participate at the UN Compact meetings with UN entities to discuss joint efforts and burden sharing. As of the end of April 2026, the liquidity and financial situation of the TF remain strong.

E. FINANCIAL HIGHLIGHTS

18. Pledges to AML TF III have reached US$37.8 million. During the last year, several partners, including the UK, Canada, Japan, Luxembourg, Saudi Arabia and France made top-up contributions to the TF, joined Switzerland in providing top-up contributions to the Trust Fund, to help respond to increased demand for capacity development. Also, Qatar has pledged a top-up contribution to Phase III. Ireland expressed interest in joining as the thirteen partner to the TF. As in prior years, the liquidity situation will continue to be monitored carefully and the workplan will continue to be reviewed throughout the year needed. Table 2 below shows the financial contributions from donor partners as of April 27, 2026.

19. Periods of lower spending reflect the fact that engagements were designed to respond to urgent, country-specific AML/CFT needs outside the TF framework. This often required rapid reallocation of staff from Thematic Fund–financed activities, adjustments in scope and timing, and trade-offs in resource allocation). Spending was also affected by challenges in recruiting the WHD and APD Regional Advisors, which temporarily limited delivery capacity LEG is conducting interviews to fill these vacancies. The flexible financing mix — including both self-funded and third-party resources—as well as the time-bound nature of several projects, meant that expenditures were occasionally rephased across different periods instead of being fully executed as initially planned (see Annex C for more details).

20. Over the coming years, the expiration of many of these projects will allow FIG to progressively refocus on the AML/CFT TF and strengthen alignment with its strategic priorities. As these non-thematic engagements conclude—either upon completion of objectives or as funding arrangements lapse—FIG will be able to rebalance its delivery model toward TF-supported activities, enhancing coherence in resource planning, governance, and impact under the next phase of the TF, while preserving the ability to respond selectively to exceptional and urgent demands.

Table 2. Financial Contributions

(In Thousands of U.S. Dollars, as of April 30, 2026)

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/]
France	9/25/2020	EUR	815	950	815	933		
France	7/11/2025	EUR	326	381	326	381		
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	5/9/2025	USD	3,200	3,200	3,200	3,200		
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	500	569		
Netherlands	11/30/2020	USD	3,500	3,500	3,179	3,179	321	
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	8/13/2024	USD	997	997	997	997		
Switzerland	12/17/2024	CHF	6,250	6,577	6,250	6,777		
United Kingdom	10/13/2025	GBP	1,646	2,068	1,646	2,106		
Partners Total				**34,959**		**33,859**	**321**	
Internal Transfers [3/]								
Canada				2,635		2,635		
France				31		31		
Korea				14		14		
Luxembourg				59		59		
Qatar				52		52		
Internal Transfers Total				**2,792**		**2,792**		
Grand Total				**37,751**		**36,651**	**321**	
Program Document Budget				30,679				
				7,072				

[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).

21. Cash flow remains satisfactory, with projections indicating positive balances until the end of Phase III (the end of April 2027). Recent disbursements from partners have bolstered liquidity which coupled with the recent top-up contributions are enabling the continuation of projects until April 2027, as endorsed by the Steering committee. This will allow TF 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.

Table 3. Cash Flow Statement

(In Thousands of U.S. Dollars, as of April 30, 2026)

Partner	Actuals						Projection	Total
	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	
Contributions 1/	**8,864**	**4,755**	**6,476**	**5,407**	**7,238**	**3,911**		**36,651**
Canada	1,904					731		2,635
France	394	186	208	176		381		1,345
Germany	1,211		3,181	2,165				6,557
Italy					2,084			2,084
Japan	400	400	600	600	600	600		3,200
Korea		1,514						1,514
Luxembourg		561	585	545	542	569		2,801
Netherlands	700			700	1,400	379		3,179
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	854		2,106
Total Interests	**1**	**7**	**316**	**523**	**379**	**349**		**1,575**
Total Cash Inflows	**8,865**	**4,762**	**6,792**	**5,930**	**7,617**	**4,260**		**38,226**
Total Expenses 2/	**1,042**	**4,088**	**5,907**	**7,725**	**7,090**	**4,266**	**7,195**	**37,312**
Cash Balance	**7,823**	**8,498**	**9,383**	**7,588**	**8,115**	**8,136**	**941**	**914**

[1] Contributions are net of transfers and return of funds.

[2] Expenses paid include the seven-percent trust fund management fee. Projected expenses are working budget for outer years until FY26

Table 4. Budget Execution Report *(In Thousands of U.S. Dollars, as of April 30, 2026)*				
	Latest Approved	**Expenses**	**Remaining Budget**	**Execution (%)**
Direct TA	**20,143**	**16,315**	**3,827**	**81%**
Afghanistan, Islamic Republic	4	4		100%
Algeria	522	272	250	52%
Angola	150	150		100%
Bangladesh	392	392		100%
Bhutan	634	633		100%
Bosnia And Herzegovina	250	250		100%
Botswana	573	573		100%
Ecuador	210	210		100%
Egypt, Arab Republic Of	453	453		100%
Equatorial Guinea	150	6	144	4%
Ethiopia	241	155	86	64%
Guatemala	151	151		100%
Guinea	329	329		100%
Guyana	623	336	287	54%
Haiti	139	139		100%
Indonesia	107	107		100%
Jamaica	531	291	240	55%
Jordan	317	317		100%
Moldova	129	129		100%
Montenegro	107	24	83	22%
Myanmar, Union Of	3	3		100%
Namibia	479	479		100%
Pakistan	71	71		100%
Paraguay	852	730	122	86%
South Sudan	258	258		100%
Suriname	423	284	138	67%
Tajikistan	389	389		100%
Turkmenistan	161	84	77	52%
Timor-Leste, Democratic Rep. Of	272	272		100%
Uganda	521	500	21	96%
Ukraine	380	380		100%
Vietnam	911	564	347	62%
Yemen, Republic Of	337	302	35	90%
Beneficial Ownership Procurement	11	11		100%
Beneficial Ownership Transparency	1,030	982	48	95%

CBDC	718	718		100%
COVID-19	290	290		100%
VA & VASP	845	723	122	86%
ECCB	28	28		100%
FSRB Quality of Assessments	535	30	505	6%
MENA Countries	1,085	1,085		100%
MENA II	215	113	102	52%
Pacific Island Countries	771	633	138	82%
AML and Tax	348	250	98	72%
ICRG Countries	696	544	152	78%
CFT Legal Reform and Design	592	341	251	58%
AML and Corruption	482	365	117	76%
Risk and Context	722	412	311	57%
Supporting Program Conditionality	214	169	45	79%
Illicit Financial Flows	495	385	110	78%
Long-Term Advisors	**13,418**	**10,262**	**3,156**	**76%**
African Countries	2,974	2,437	537	82%
African Countries (Francophone)	1,177	722	455	61%
Asian Pacific Countries	3,665	2,924	741	80%
Middle East & Central Asia Countries	2,746	2,095	650	76%
Western Hemisphere Countries	2,856	2,083	773	73%
Online Training	**797**	**797**		**100%**
Research Programs	**1,354**	**1,147**	**207**	**85%**
CFT Handbook	155	155		100%
Confiscation Technical Notes	548	429	119	78%
Digital Fraud	161	145	15	90%
FIU Handbook	161	88	73	55%
TBO Entity Transparency	330	330		100%
Administrative / Governance Cost	**1,693**	**1,602**	**91**	**95%**
Total	**37,405**	**30,117**	**7,287**	**81%**
of which Trust Fund Management Fee	2,447	1,970	477	

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

WORKPLAN FOR YEAR SEVEN OF THE AML TF III

A. WORKPLAN OUTLINE

1. **The workplan for Year Seven continues to focus on delivering targeted CD to strengthen countries' compliance with, and effective implementation of, AML/CFT measures in line with the FATF standards while safeguarding the integrity of the financial sector and broader economy.** Activities will emphasize tailored policy and operational recommendations, development of practical supervisory and analytical tools, expert advisory support, and the delivery of workshops aimed at strengthening legal, regulatory, supervisory, and operational frameworks, as well as effective implementation of AML/CFT measures to combat ML/TF. Country engagement will continue to be guided by the eight selection criteria set out in the Phase III of the AML/CFT Thematic Fund (AML TF III) Program Document, including alignment with Fund surveillance and lending priorities, the level of ML/TF risk, the strength of national AML/CFT frameworks, demonstrated country commitment, availability of resources, coordination with other CD providers to avoid duplication, and consistency with the Fund's broader strategic objectives. As in previous years, attention will be given to ensuring broad geographic coverage, including engagement with small island states and fragile and conflict-affected countries.

2. **AML TF III will conclude in April 2027, following the approved one-year extension from April 2026.** Year Seven represents the final year of implementation under Phase III and will focus on consolidating results, completing ongoing projects, and supporting the sustainability and institutionalization of reforms achieved during earlier phases. The extension has enabled the TF program to respond to sustained and evolving demand for AML/CFT CD, including through the top-up of selected country and thematic projects and limited new engagements where strategically justified. Demand remains high, with resources increasingly allocated to thematic initiatives that allow engagement with multiple countries simultaneously while targeting clearly defined short-term outcomes. The findings of the independent external evaluation will inform final-year implementation, supporting targeted refinements to delivery modalities and helping to maximize the impact and sustainability of AML TF III activities during its concluding phase.

3. **Following the conclusion of AML TF III in 2027, the Fund will launch the AMLAC as a unified CD platform to support member countries in addressing ML, financial crimes, corruption and terrorist financing, key threats with macro-critical implications.** Building on the achievements of the three phases of the AML TF and the expansion of the Fund's anti-corruption work since 2018, AMLAC will bring together AML/CFT and anti-corruption workstreams under a single, integrated framework to strengthen institutional resilience, safeguard financial integrity, and support sustainable and inclusive growth. The proposal for AMLAC has been, and will continue to be, discussed closely with partners. More information regarding AMLAC is provided in Annex A.

4. **Actions arising from the mid-term evaluation are being implemented where feasible under the seventh-year workplan of the TF and will continue to be embedded and scaled up with the launch of the AMLAC**. Building on progress already underway, priorities include further operationalizing the updated country prioritization model, systematically integrating macro-financial

risk indicators into project selection, and expanding macro-relevant analytical work to inform CD and policy engagement. The program will continue to strengthen country ownership through structured assessments of absorption capacity, milestone-based project design, and clearer links between progress and funding, while deepening integration with surveillance and lending, and enhancing coordination with development partners.

5. Year Seven workplan should be read in conjunction with the Operational Guidelines of the AML TF and the Program Document for AML TF III, which set out the framework for engagement with beneficiary countries, the SC, and other CD providers.

B. WORKPLAN FINANCIAL OUTLINE

6. Subject to SC's endorsement of the revisions of the workplan, the total workplan for AML TF III will amount to US$37.3 million. The workplan for the seventh year (FY2027) of the AML TF 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 FY2027 the budget of the AMLTF III will support 24 existing projects, 2 new proposals, as well as continued funding for the RAs. On a more granular basis, the proposed workplan will include 10 country projects, three regional projects, 10 thematic projects (covering at least 50 countries), five RAs, and three A&D projects.

7. The seventh year (FY2027) workplan reflects a combination of two new funding proposals with short-term outcomes, targeted budget increases, reallocations and project closures aimed at optimizing resource utilization and responding to evolving country demand. New funding is proposed for Cyprus and the CEMAC- West African Economic and Monetary Union (WAEMU) regional project to support emerging priorities, while several projects (e.g., CBDC, Uganda, Ethiopia, Jamaica, and Paraguay) are being closed with final budget adjustments. Budget increases are proposed for several thematic and a few single-country projects—including AML and Tax, BOT, Digital Fraud, MENA II, Support to Program Conditionality, Turkmenistan, VA/VASP, and Yemen—to sustain delivery, expand coverage, and address strong and growing demand. The proposed allocation reflects a calibration of resources to the current stage of engagement, the authorities' immediate requests, countries' absorption capacity, and the activities that can realistically be delivered over the coming year. At the same time, budget reductions are proposed for selected projects and regional advisor programs (including Vietnam, Guyana, and AFR/APD/WHD regional advisors) to reflect implementation progress, changing priorities, or reallocation of unused balances. Overall, these revisions result in a net decrease of US$92,109, ensuring that resources are strategically aligned with priority areas and implementation needs. Detailed budget information for the workplan is provided in Table 5 and Table 6. An overview of all the projects is set out in Table 7 below.

Table 5. Proposed Revisions to Workplan *(As of -April 29 2026; in Thousands of U.S. Dollars)*

Description	Rationale	Approved Budget	Proposed Budget	Change (in USD) +/(-)	Change (in percent) +/(-)
Direct TA					
AML and Tax	Budget Increase	348	412	64	18%
Beneficial Ownership & Transparency	Budget Increase	1030	1244	214	21%
Digital Fraud	Budget Increase	161	214	54	33%
MENA II	Budget Increase	215	429	214	100%
Montenegro	Budget Increase	107	134	27	25%
Support Program Conditionality	Budget Increase	214	300	86	40%
Turkmenistan	Budget Increase	161	201	40	25%
VA & VASP	Budget Increase	845	1006	161	19%
Yemen	Budget Increase	337	423	86	25%
FSRB Review	Budget Decrease	535	364	-171	-30%
Vietnam	Budget Decrease	911	804	-107	-18%
Guyana	Budget Decrease	623	516	-107	-12%
AFR Regional Advisor	Budget Decrease	2974	2781	-193	-6%
APD Regional Advisor	Budget Decrease	3665	3451	-214	-6%
WHD Regional Advisor	Budget Decrease	2856	2589	-268	-9%
Cyprus	New Funding		214	214	100%
CEMAC-WAEMU	New Funding		221	221	100%
Uganda	Closing Project	521	521	0	4%
Ethiopia	Closing Project	241	330	-85	-36%
Jamaica	Closing Project	531	773	-240	-46%
Paraguay	Closing Project	852	766	-86	-10%
Subtotal		**17,125**	**17,034**	**-92**	**-1%**
Of which Trust Fund Management Fee		*1,120*	*1,114*	*-6*	

[5] 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, 2026)*

	Latest Approved	Budget Change	Proposed Budget	Fluctuation
Direct TA		**435**	**435**	**100%**
Cyprus		214	214	100%
CEMAC-WAEMU		221	221	100%
Direct TA	**20,143**	**95**	**20,238**	**0%**
Afghanistan, Islamic Republic	4		4	0%
Algeria	522		522	0%
Angola	150		150	0%
Bangladesh	392		392	0%
Bhutan	633		633	0%
Bosnia And Herzegovina	250		250	0%
Botswana	573		573	0%
Ecuador	210		210	0%
Egypt, Arab Republic Of	453		453	0%
Equatorial Guinea	150		150	0%
Ethiopia	241	-85	156	-35%
Guatemala	151		151	0%
Guinea	329		329	0%
Guyana	623	-107	516	-17%
Haiti	139		139	0%
Indonesia	107		107	0%
Jamaica	531	-240	291	45%
Jordan	317		317	0%
Moldova	129		129	0%
Montenegro	107	27	134	25%
Myanmar, Union Of	3		3	0%
Namibia	479		479	0%
Pakistan	71		71	0%
Paraguay	852	-86	766	-10%
South Sudan	258		258	0%
Suriname	423		423	0%
Tajikistan	389		389	0%
Turkmenistan	161	40	201	25%
Timor-Leste, Democratic Rep. Of	272		272	0%
Uganda	521		521	0%
Ukraine	380		380	0%

Vietnam	911	-107	804	-12%
Yemen, Republic Of	337	86	423	25%
Beneficial Ownership & Procurement	11		11	0%
BOT	1,030	214	1,244	21%
CBDC	718		718	0%
COVID19	290		290	0%
VA & VASP	845	161	1,006	19%
ECCB	28		28	0%
FSRB Quality of Assessments	535	-171	364	-32%
MENA Countries	1,085		1,085	0%
MENA II	215	214	429	100%
Pacific Island Countries	771		771	0%
AML and Tax	348	64	412	18%
ICRG Countries	696		696	0%
CFT Legal Reform and Design	592		592	0%
AML and Corruption	482		482	0%
Risk and Context	722		722	0%
Support Program Conditionality	214	86	300	40%
Long-Term Advisors	**13,418**	**-674**	**12,744**	**-5%**
African Countries	2,974	-193	2,781	-6%
African Countries (Francophone)	1,177		1,177	0%
Asian Pacific Countries	3,665	-214	3,451	-6%
Middle East & Central Asia Countries	2,746		2,746	0%
Western Hemisphere Countries	2,856	-268	2,589	-9%
Online Training	**790**		**790**	**0%**
Research Programs	**1,354**		**1,354**	**0%**
CFT Handbook	155		155	
Confiscation Technical Notes	548		548	
Digital Fraud	161	54	214	
FIU Handbook	161		161	
TBO Entity Transparency	330		330	
Administrative / Governance Cost	**1,693**		**1,693**	**0%**
	37,405	**-92**	**37,312**	**0%**
of which Trust Fund Management Fee	2,447	-6	2,441	

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

Table 7. Overview of Ongoing and Proposed Projects

Projects from the AML TF II	Ongoing Projects from the AML TF III	Proposed New Projects	Closed Projects
Single-Country Projects • Botswana • Guatemala • Ukraine (Transferred to Ukraine CD Fund)	**Single-Country Projects** • Algeria • Ethiopia* • Guyana • Jamaica* • Equatorial Guinea • Montenegro • Myanmar • Paraguay* • Suriname • Turkmenistan • Uganda* • Vietnam • Yemen	**Single-Country Projects** • Cyprus	**Single-Country Projects** • Afghanistan • Angola • Bangladesh • Bosnia and Herzegovina • Bhutan • Ecuador • Egypt • Guinea • Haiti • Indonesia • Moldova • Namibia • Pakistan • South Sudan • Timor-Leste • Tajikistan • Jordan
Multi-Country Projects	**Multi-Country Projects** • Pacific Island Countries • MENA Countries	**Multi-Country Projects** • WAEMU - CEMAC	**Multi-Country Projects** • 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	Thematic Projects with direct CD to countries
	• AML Measures to Support the Fight Against Corruption (AML and Corruption) • AML Measures to Improve Tax Compliance and Help Tackle Tax Crimes (AML and Tax) • BOT • Enhancing the AML/CFT Frameworks for Countries under FATF Scrutiny (ICRG Project) • Central Bank Digital Currency* • Enhancing CFT/TFS Regimes (CFT/TFS) • FSRB Quality of Assessments • IFF • Risk and Context • Support Fund-AML/CFT program conditionality • VA & VASPs		• COVID-19
A&D Project	**A&D Project** • Confiscation of the Proceeds of Crime Technical Notes • FIU Handbook • Digital Fraud	**A&D Project**	**A&D Project** • CFT Handbook • TBO Entity Transparency • E-Learning course on risk-based AML/CFT and related technical note

Regional Advisors • Asia-Pacific (APD) • Caribbean and Latin America (WHD) • Sub-Saharan Africa (AFR1)	**Regional Advisors** • Middle East, North Africa, and Central Asia (MCD) • Francophone Africa (AFR2)		
* Projects planned to be closed			

8. **The workplan reflects a targeted and forward-looking approach, introducing two new projects while continuing to optimize the use of thematic and multi-country frameworks to deliver flexible, high-impact AML/CFT CD in the lead-up to the conclusion of AML TF III in April 2027 and the transition to the expanded AMLAC Fund.** In the seventh year workplan, two new projects are proposed: Cyprus: Strengthening AML/CFT RBS (Budget: US$214,000) and WAEMU and CEMAC – Legal Drafting and Strengthening Regional AML/CFT RBS (Budget: US$221,000). Further explanation on the treatment of ODA eligibility and related donor considerations provided in the next section. The AML TF III is expected to conclude in April 2027, to be followed by an expanded AMLAC addressing AML/CFT and anti-corruption. 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.

9. **CD delivery in FY2027 will continue to adopt a flexible, blended approach, tailored to evolving country conditions, security considerations, and implementation capacity.** While in-person delivery has largely resumed over the past three years, flexibility in budgeting and planning remains essential given ongoing security challenges and varying absorption capacity in parts of the world, especially in the Middle East. This is particularly relevant as the MENA II project expands to additional beneficiary countries and as a potential in-person mission to Yemen is considered, subject to conditions on the ground. Feedback from beneficiary countries and donor partners continues to underscore the value of in-person engagement for complex or sensitive work, while hybrid delivery models–combining virtual and in-person formats–remain important for ensuring continuity, efficiency, and broader reach. Fund staff and country authorities will continue to leverage established virtual engagement capabilities to complement in-person delivery and support timely implementation.

Proposed Projects and budget increases

10. **Decisions are requested from the SC to approve a package of projects and budget increases under AML TF III totaling US$1,325,775.** This package comprises two new proposals—one new single-country engagement and one new regional multi-country initiative—as well as proposed budget increases on existing thematic and multi-country projects. Of the total amount

submitted for approval, US$374,500 relates non-ODA eligible countries for proposed budget increases under existing thematic and multi-country projects, of which a portion will support planned activities in Seychelles and Oman, while US$214,000 relates to the addition of Cyprus as a new single-country engagement. The non-ODA component of this request is as follows:

- VA/VASP thematic project: +US$160,500, including planned coverage of Seychelles under the VA thematic workstream.
- MENA II multi- country project: +US$214,000, of which a portion will support a BOT module in Oman.
- Risk & Context workstream: +US$0, with Oman's NRA to be financed from US$150,000 in existing approved resources, without requiring additional budget.
- Cyprus: +US$214,000 as a new single-country project focusing on risk-based supervision.

11. Given donor interest in safeguarding the TF's ODA focus, this section provides additional context on the US$374,500 in proposed allocations related to non-ODA-eligible countries, explaining the rationale for these activities, their limited scale, and how they are accommodated within the overall AML TF III portfolio. AML TF III spending to date has been concentrated in ODA-eligible recipients, primarily middle-income countries, with approximately three-fourth of cumulative expenditure allocated to lower-middle-income (45 percent) and upper-middle-income (38 percent) countries, alongside a meaningful share to low-income countries (11 percent) and a limited allocation to high-income jurisdictions (7 percent). Within this ODA-focused portfolio, Phase III has historically financed a small amount of work in a few non-ODA jurisdictions—namely Curaçao, Anguilla, and Oman—amounting to about 1 percent of cumulative Phase III expenditure.

12. Looking ahead, considering past expenditure as well as the current proposals for approval—including the two new engagements—the projected non-ODA share by end-FY27 would remain limited at around 2.6 percent, preserving AML TF III's ODA focus while allowing targeted engagement where warranted. All proposed activities are consistent with the TF's selection criteria, including alignment with Fund surveillance and program work; relevance to the AML/CFT compliance context; material ML/TF risks and vulnerabilities; demonstrated country ownership and absorptive capacity; complementarity with other providers; and an appropriate regional balance. While a limited number of non-ODA jurisdictions are included, these engagements are intended to address high-priority vulnerabilities with potentially significant cross-border spillovers, thereby supporting the integrity and stability of the international financial system while maintaining AML TF III's primary focus on ODA-eligible recipients.

13. The Financial Integrity Group is considering a Global Assessment Support Project, which would encompass modules on Effectiveness, Legal Drafting, NRA, National Strategy, and RBS. This initiative is brought to donor partners' attention at this stage on a preliminary basis only, and no endorsement or decision is being sought at this time. The project would be submitted for lapse-of-time approval if savings are identified within the existing portfolio, ensuring that any new commitment remains consistent with prudent resource management and AML TF III's broader priorities.

Proposed New Projects

14. Donor partners are requested to endorse the following proposed projects:

Cyprus: Strengthening AML/CFT RBS: Budget US$214,000

With an estimated budget of US$214,000, this project will support the Central Bank of Cyprus in strengthening its AML/CFT risk-based supervisory framework. The TA will focus on enhancing supervisory tools and methodologies to better assess and mitigate ML/Terrorism Financing risks, including those arising from cross-border activities and non-resident customers. Given Cyprus' role as a center with significant cross-border financial flows, weaknesses in its AML/CFT framework could generate spillover risks beyond its jurisdiction, including within the EU and internationally. It will also update existing risk assessment frameworks — originally developed with the IMF support—to align with evolving FATF standards and EU regulations, while improving coordination between financial integrity and financial stability experts.

As Cyprus is a non-ODA eligible country, this engagement forms part of a limited and targeted allocation to non-ODA jurisdictions, consistent with the TF's overall ODA-focused portfolio. The inclusion of Cyprus reflects the need to address material cross-border ML/TF risks and potential spillovers, while maintaining a very small overall share of non-ODA spending within the program.

The project will deliver practical, implementation-focused support through virtual missions, desk-based work, and expert inputs, including development of supervisory methodologies, fit-and-proper frameworks, and targeted training. It addresses persistent challenges in Cyprus' AML/CFT regime, particularly gaps in effective implementation and supervisory capacity, which are critical in light of the country's exposure to cross-border risks and its upcoming MONEYVAL assessment in 2028. By strengthening RBS and institutional capacity, the project will enhance the effectiveness of AML/CFT oversight, support financial sector resilience, and contribute to broader reform objectives aligned with international standards and European Union expectations.

WAEMU and the CEMAC – Legal Drafting and Strengthening regional AML/CFT RBS: Budget: US$221,000

With an estimated budget of US$221,000 over an 11-month period starting in June 2026, this project aims to strengthen AML/CFT RBS frameworks at the regional level in West and Central Africa, focusing on WAEMU and CEMAC. It will provide targeted and sustained TA to regional supervisory authorities, addressing systemic vulnerabilities that transcend national borders and supporting the growing role of regional institutions in supervising financial institutions and VASPs By promoting harmonized supervisory approaches, shared tools, and stronger institutional cooperation, the project is expected to generate positive spillovers across fourteen member countries and enhance the resilience of the regional financial system.

The project will adopt a modular, hands-on approach combining legal and regulatory reviews, diagnostic assessments, tailored training, and operational support to embed RBS into day-to-day practices. Building on experience from prior ICRG-related CD, it establishes a dedicated framework aligned with the scale and complexity of regional mandates. The expected results include strengthened AML/CFT legal and supervisory frameworks, improved targeting of supervisory resources to higher-risk areas, enhanced compliance with FATF standards, and a reduction in systemic ML/Terrorism Financing risks across the region.

Proposed Budget Increases

15. Request for Budget Top-Ups for Ongoing Projects

We are requesting budget top-ups totaling US$882,500 (US$944,275 including seven-percent trust fund management fee) to ensure the continued delivery and expansion of ongoing AML/CFT CD projects. The bulk of the proposed budget increases relates to thematic projects, reflecting the addition of new countries to these workstreams. The increases will address strong and growing demand from beneficiary countries, support additional in-person and virtual engagements, and allow for the completion of key workstreams through April 2027. Overall, the requested adjustments will ensure continuity of TA, responsiveness to emerging priorities, and effective implementation of reforms across multiple regions and thematic areas.

16. Request for Increasing Budget Threshold on Analytics and Development

We are requesting an increase in the Analytics & Development (A&D) budget threshold from 5 percent to 5.8 percent of the AML TF III portfolio, reflecting two targeted measures in the FY 27 workplan. Specifically, the workplan includes (i) a **US$53,500 top-up to the Digital Fraud A&D project** to sustain development of the Bangkok Blueprint for Fraud-Resilient Digital Finance, in response to strong member demand and extensive engagement with standard setters, international organizations, and the private sector; and (ii) a reallocation of **US$53,500 from the existing Risk & Context direct delivery budget line to A&D**, reflecting a shift toward more focused analytical outputs that directly inform country-level capacity development and policy advice. Together, these adjustments would bring A&D to **5.8 percent of the total AML TF III portfolio**, modestly above the current threshold. This threshold increase aims to strengthen the quality and consistency of CD support provided to recipient countries, aligns with prior SC guidance and mid-term evaluation recommendations, and does not signal a shift away from country delivery, which remains the predominant focus of the AML TF III.

AML and Tax (Current Budget: US$348,000 including TFM)

Requested Increase: US$60,000 (US$64,200 including TFM)

The project is requesting an extension until April 2027 and a budget increase to capture growing demand for AML/CFT support in addressing tax crimes and IFF, particularly in the context of tightening fiscal space and revenue mobilization challenges. The project is expected to benefit from enhanced inter-departmental collaboration (with FAD and Financial and Fiscal Law Division/LEG) and the OECD’s Task Force on Tax Crimes, including in the Ukraine project. The proposed top-up will allow the team to respond to anticipated demand from additional countries and deepen technical engagement in this area.

BOT (Current Budget: US$1,030,000 including TFM)

Requested Increase: US$200,000 (US$214,000 including TFM)

Demand for BOT support remains strong, while current funding is nearly exhausted. The proposed increase will enable continued delivery of bilateral TA, support new country engagements, and sustain momentum in this high-priority area. An extension through April 2027 is also proposed to allow for completion of ongoing activities and to accommodate new requests, ensuring meaningful progress in strengthening transparency frameworks.

Digital Fraud (Current Budget: US$160,500 including TFM)[6]

Requested Increase: US$50,000 (US$53,500 including TFM)

A budget top-up of US$50,000 is requested to sustain development of the Bangkok Blueprint for Fraud-Resilient Digital Finance into FY27, ensuring the project maintains momentum following its launch at the Annual Meetings in Thailand and continues to respond to strong stakeholder demand. The project has gained considerable traction since its inception, requiring more extensive engagement than initially envisaged with international organizations, standard setters, and private-sector representatives, as evidenced by the strong interest generated at the IMF–World Bank Spring Meetings and the Global Fraud Summit in April. The additional resources will support continued stakeholder consultations, refinement and consolidation of the Blueprint, follow-up analytical work, and targeted outreach to country authorities, ensuring the deliverable remains practical, high-quality, and responsive to emerging risks in digital finance and AML/CFT frameworks. Sustained work in FY27 will also enable the Fund to identify and respond to capacity development needs related to fraud resilience, thereby strengthening countries' ability to prevent and detect fraud and mitigate the laundering of fraud proceeds through the financial system.

MENA II (Current Budget: US$215,000 including TFM)

Requested Increase: US$200,000 (US$214,000 including TFM)

Demand for assistance under the MENA II project continues to exceed available resources. In addition to ongoing engagements, several countries—including Somalia, Jordan, Mauritania, and West Bank and Gaza—have submitted requests, with further targeted support envisaged for Oman, particularly on BOT measures. While Oman is a non-ODA eligible jurisdiction, this engagement is fully

[6] If approved, together with the reallocation of Risk and Context project budget to A&D module, this would bring the A&D component to approximately 5.8 percent of the total AML TF III portfolio.

consistent with the eight selection criteria set out in the AML TF III Program Document, including the level of ML/TF threats and AML/CFT framework vulnerabilities, integration with IMF surveillance and program work, demonstrated country ownership, and complementarity with other CD providers. The proposed support represents a limited and strategic allocation within the broader ODA-focused portfolio, aimed at addressing material cross-border ML/Terrorism Financing risks and potential spillovers, and remains well within the applicable thresholds set out in the Operational Guidelines.

Based on prior expenditure patterns, the requested increase will ensure sufficient funding for FY27 implementation and sustained delivery of TA across the region, while maintaining alignment with the TF's selection criteria and overall resource envelope. A time extension through April 2027 is also proposed to sustain ongoing activities and to accommodate new requests.

Montenegro (Current Budget: US$107,000 including TFM)

Requested Increase: US$25,000 (US$26,750 including TFM)

A budget increase is requested to support an on-site mission in FY27, as requested by the authorities. The in-person engagement is expected to enhance the effectiveness of TA delivery, deepen engagement with stakeholders, and advance priority reforms requiring direct interaction.

Support to IMF Lending Program Conditionality (Current Budget: US$214,000 including TFM)

Requested Increase: US$80,000 (US$85,600 including TFM)

Given sustained demand from countries with Fund-supported programs, an extension through April 2027 is proposed, alongside a budget top-up. In FY27, the project will continue to respond to sustained demand for TA from Sri Lanka, including follow-up support on previously requested activities, while also assessing emerging requests from Comoros and Guinea. The additional funding will allow continued identification and support of beneficiary countries implementing AML/CFT-related conditionality, maintaining the project's role in strengthening program outcomes and ensuring effective delivery of TA.

Turkmenistan (Current Budget: US$161,000 including TFM)

Requested Increase: US$37,500 (US$40,125 including TFM)

A one-year extension (including an immediate six-month extension) and a budget increase are requested to complete the diagnostic phase and finalize key outputs, including legal reviews and supervisory manuals. While significant progress has been made, additional resources are required to complete the full scope of work and deliver the remaining training and implementation support.

Yemen (Current Budget: US$337,000 including TFM)

Requested Increase: US$80,000 (US$85,600 including TFM)

The proposed increase, together with an extension of the project through April 2027, will support a potential in-person mission to advance work on TFS and RBS. Given evolving regional conditions, flexibility is needed to either proceed with the mission or, if circumstances require, reallocate resources to other priority projects.

VAs and VASPs (Current Budget: US$845,000 including TFM)

Requested Increase: US$150,000 (US$160,500 including TFM)

An extension and budget increase are requested to accommodate an expanded scope, including targeted support to Seychelles and the development of a new VASP module. These additions were not fully envisaged under the original design but have become priorities in light of rapidly evolving risks in the VA space and the increasing exposure of certain jurisdictions to cross-border ML/Terrorism Financing vulnerabilities. Support to Seychelles—an ODA-eligible jurisdiction with a significant international financial sector—will focus on strengthening supervisory and regulatory frameworks for VA activities, addressing risks with potential regional and global spillovers.

Projects Requesting Time Extensions Only

17. Several projects request time extensions through April 2027 without additional budget increases, to allow completion of ongoing activities and respond to existing demand:

- **Guyana**: A time extension to April 2027 is required as progress on the RBS project was affected by the 2024 mutual evaluation, which led to a reprioritization of authorities' resources and delayed implementation. Extending the timeline will allow completion of planned deliverables and ensure that the RBS framework is aligned with the evaluation's findings and follow-up actions.
- **IFF:** Extension to support continued TA delivery and implementation of methodology and policy recommendations, including potential engagement with Mauritius.
- **Pacific Islands:** Extension to complete planned workstreams on RBS and legal drafting.
- **Suriname:** Extension due to slower-than-expected implementation progress.
- **Vietnam:** Extension to complete supervision (including for the securities market) and reengage with authorities on FIU related work and legal drafting.

Overall, the requested budget increases and extensions are essential to sustain momentum, respond to strong country demand, and ensure the effective implementation of AML/CFT reforms across regions and thematic areas.

Budget Adjustments Due to Implementation Efficiencies and Plan Updates

18. **Reflecting implementation efficiencies, updated delivery plans, and refinements to project scopes, a series of budget reductions are proposed across several countries, regional, and thematic initiatives.** These adjustments arise from factors such as slower-than-anticipated execution, streamlining of planned activities, rephasing of delivery timelines, and—in the case of regional advisor positions—updated staffing and engagement assumptions. As a result, a total of US$1.07 million (US$1.14 million including 7 percent TFM) has been released for reallocation, while sufficient balances remain under each affected project to cover expected remaining commitments. These reallocations will help optimize the use of available resources and support priority AML/CFT activities across the portfolio. Detailed project-level information is presented in Table 8 below.

Table 8. Budget Adjustments Due to Implementation Efficiencies and Plan Updates

Project Name	Budget Reduction	Including 7% TFM	Expected Remaining Commitments + Remaining Budget (including 7%TFM)
Guyana	$(100,000)	$(107,000)	$179,671
Paraguay	$(80,000)	$(85,600)	$73,774[7]
Vietnam	$(100,000)	$(107,000)	$255,926
FSRB Review	$(160,000)	$(171,200)	$333,504
AFR Regional Advisor	$(180,000)	$(193,000)	$349,441
APD Regional Advisor	$(200,000)	$(214,000)	$526,571
WHD Regional Advisor	$(250,000)	$(267,500)	$505,740

19. **Several projects are approaching closure, with final budget adjustments proposed to ensure completion of activities while optimizing the use of remaining resources.** As projects near completion, the Uganda project is now expected to be budget neutral, with available resources sufficient to finalize outstanding deliverables and consolidate results. In contrast, other closing projects—including CBDC, Ethiopia, Jamaica, and Paraguay—are expected to generate unutilized balances (ranging from about 1 to 46 percent), which will be released back to the funding pool for

[7] The project is scheduled to close in early FY27. From the remaining budget, $86k will be reverted to the TF envelope, while the remaining funds will be used to finalize project activities.

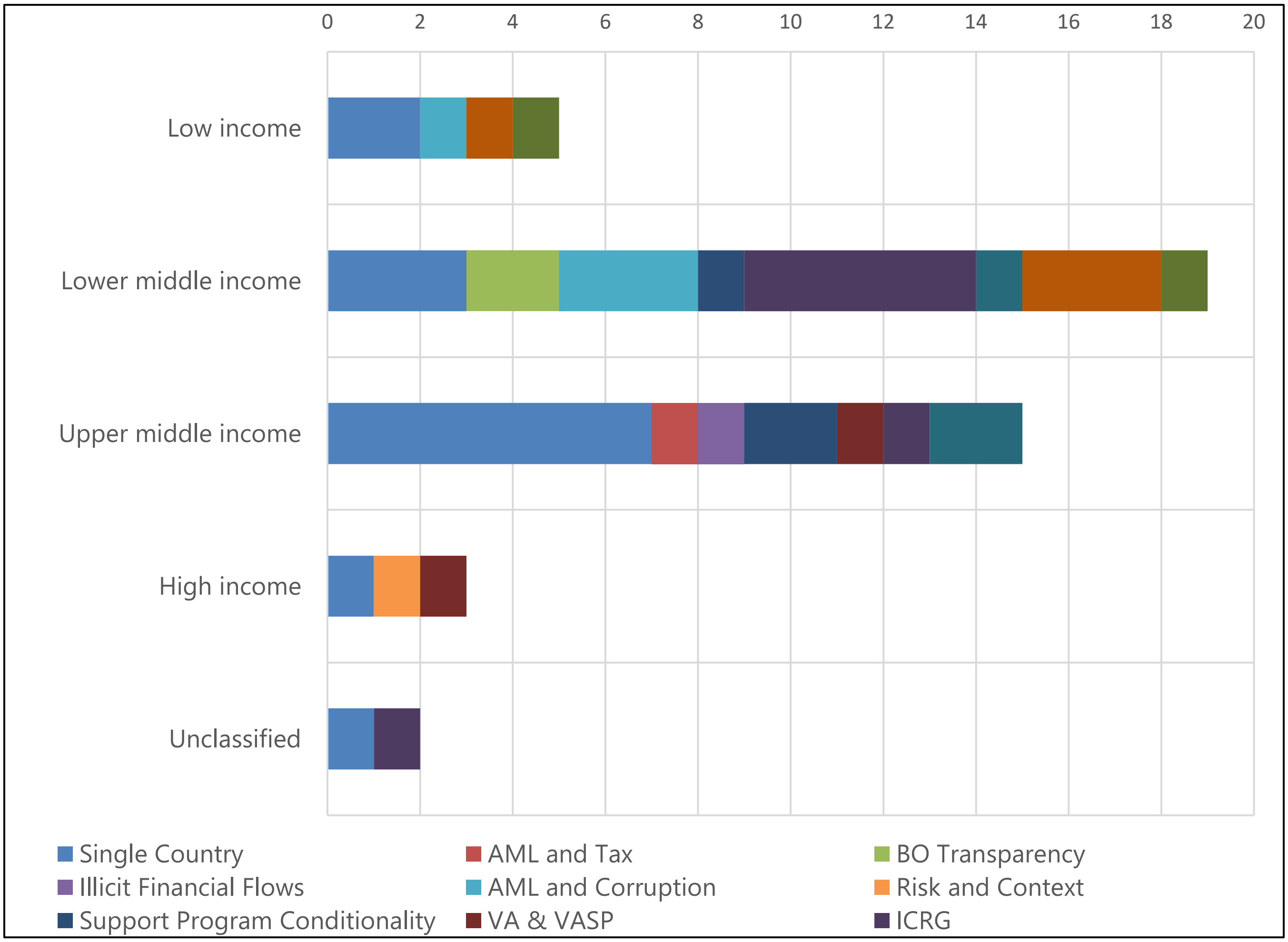
reallocation to higher-priority or emerging needs. This approach supports both the orderly completion of closing projects and the efficient redeployment of resources across the broader portfolio. Detailed figures are provided in Table 6.

Risk and Context Project

20. A targeted budget reallocation is proposed to strengthen analytical foundations and enhance the effectiveness of AML/CFT CD delivery. In this respect, a proposal is being developed **to reallocate US$53,500 from the Risk and Context project budget (direct delivery) to the A&D component**. This adjustment would support enhanced analytical and development work underpinning the design and delivery of CD.

21. Distribution of AML TF III Activities by Income Group and Thematic Focus (FY2027) with the addition of two new projects—Cyprus and the WAEMU/CEMAC regional initiative (including countries added to thematic projects during the year)—CD recipients benefiting from AML TF III in FY2027 continue to be concentrated in lower middle-income countries, consistent with the SC's preferred prioritization of lower-income jurisdictions. As illustrated in Figure 5, activities remain broadly distributed across income groups and thematic areas, including BOT, IFF Flows, AML and Tax, and Support for Program Conditionality, with the largest share of engagements in lower middle-income countries (at 40 percent). Upper middle-income countries account for 30 percent of the portfolio and also feature prominently, particularly in more specialized areas such as AML and Corruption and VA/VASP, while low-income countries represent 10 percent. High-income countries comprise a relatively small share at 10 percent; notably, the newly proposed Cyprus project falls within this category as a non-ODA country. In this context, side letters will be administered for donor partners that are unable to support non-ODA jurisdictions. Fragile and conflict-affected states continue to receive significant attention, particularly in areas such as IFF and RBS, underscoring the program's focus on strengthening AML/CFT frameworks in higher-risk environments.

Figure 5. AML TF III Recipient Countries by Income Level (Including FCS) —[8]FY2026



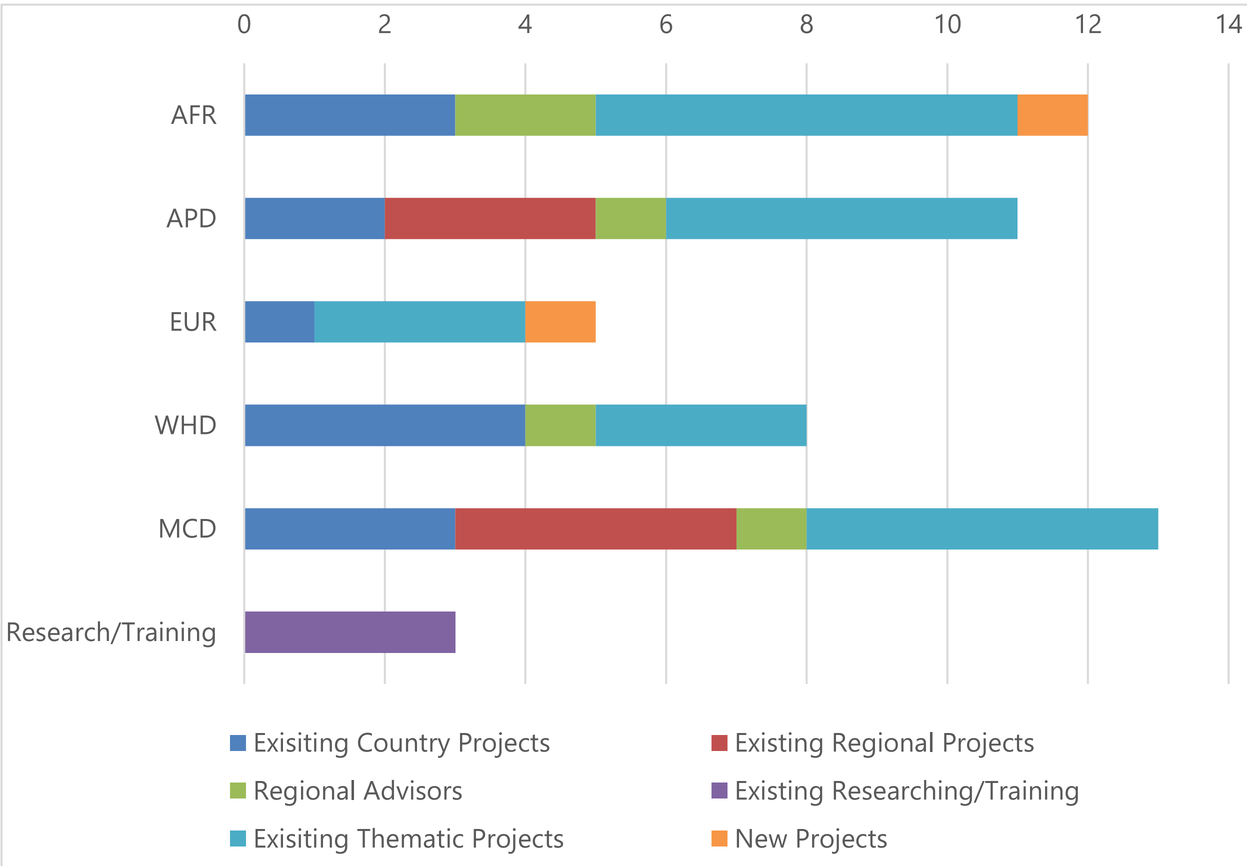
Note: The "Unclassified" category includes Ethiopia and Anguilla. Ethiopia is currently categorized as "unclassified" in the World Bank's latest income classification due to unreliable economic data. Anguilla is not assigned an income classification by the World Bank, as it is listed as a non-self-governing territory.

22. **The distribution of CD projects in FY2027 remains broadly balanced across regions, AFR, APD, and the MCD continuing to account for a significant share of activities.** As illustrated in Figure 7, these regions show a strong concentration of both country-specific and thematic engagements, alongside regional initiatives and advisor support, reflecting continued prioritization of jurisdictions facing elevated financial integrity risks and capacity constraints. WHD also maintains a more targeted presence, primarily through country projects complemented by thematic work. In contrast, Europe (EUR) continues to have a comparatively smaller number of engagements, consistent with the predominance of higher-income countries with more developed AML/CFT frameworks, although targeted support—including the new Cyprus project—remains relevant in

[8] This figure includes overlaps between the single country projects and the regional/thematic projects (Algeria received TAs from more than one project). Also included are projects that are closed or are closing (CBDC, Jamaica, Paraguay, Uganda).

specific areas. It should be noted that the Ukraine project has been transferred to a dedicated funding vehicle—the Ukraine CD Fund—which is no longer reflected under AML TF III regional allocations. The MCD region shows a notable increase in regional projects, in line with the expansion of the MENA II initiative and growing demand from countries in the region. Overall, the regional allocation of CD resources remains aligned with the strategic objective of maximizing impact by focusing efforts on regions with greater vulnerabilities and reform needs, while maintaining flexibility to respond to emerging priorities.

Figure 6. Projects per Region and Thematic Projects (Existing and Proposed)—FY2026[3]



CONTENTS

Abbreviations

AMLAC	Anti-Money Laundering and Anti-Corruption Thematic Fund
AML/CFT	Anti- Money Laundering/ Combating the Financing of Terrorism
FIU	Financial Intelligence Units

Annex A. The Anti-Money Laundering and Anti-Corruption Thematic Fund (AMLAC)

The IMF is launching the Anti-Money Laundering and Anti-Corruption Thematic Fund (AMLAC) as a unified capacity development platform to support member countries in addressing money laundering, terrorism financing, illicit financial flows, and corruption—key vulnerabilities with macro-critical implications. Building on the success of three phases of the anti- money laundering/ combating the financing of terrorism (AML/CFT) Thematic Fund and the expansion of anti-corruption work since 2018, AMLAC brings together these complementary workstreams under a single, integrated framework to strengthen institutional resilience, safeguard financial integrity, and support sustainable and inclusive growth.

AMLAC adopts a country-centered, programmatic, and modular approach to capacity development. Engagements will be tailored to country-specific needs and aligned with Fund surveillance and lending operations, ensuring strong policy relevance and traction. The program combines medium-term support with targeted short-term interventions and is structured around modular components—such as enhancing beneficial ownership transparency, strengthening financial intelligence units (FIUs), improving AML/CFT risk-based supervision, asset and interest declarations and governance and corruption diagnostics—allowing flexibility to address evolving risks. Delivery will follow a blended model, combining Headquarter staff expertise, short-term experts, resident advisors, and knowledge-sharing initiatives, while ensuring close coordination with development partners to maximize synergies and avoid duplication.

A defining feature of AMLAC is its integrated approach to AML/CFT and anti-corruption, recognizing the strong interlinkages between financial crime and governance vulnerabilities. The Fund will support countries in strengthening legal, regulatory, and institutional frameworks, enhancing the effectiveness of key institutions such as supervisors, FIUs, and anti-corruption bodies, and improving coordination across stakeholders. The program is anchored in the Fund's Results-Based Management framework, with clearly defined objectives, outcomes, verifiable indicators, and milestones to ensure accountability and measurable impact. At the global level, AMLAC will also serve as a platform for strengthened coordination with partners, including the Financial Action Task Force network, World Bank, United Nations, and other international organizations.

The IMF will prioritize support to fragile, low-income, and high-risk jurisdictions, while maintaining flexibility to respond to emerging needs across all regions. Its design allows for both country-specific engagements and regional or thematic initiatives to address shared vulnerabilities and emerging risks.

Funding is broadly allocated across AML/CFT and anti-corruption workstreams, with a significant share dedicated to country-level delivery, complemented by regional advisor deployments, analytical work, and program management. The allocation to AML/CFT is commensurate with the scale and scope of Phase 3. Governance will be overseen by a donor-partner Steering Committee, which will provide strategic guidance and endorse annual workplans, supported by robust monitoring, reporting, and independent evaluation mechanisms to ensure accountability and effectiveness.

Annex B. Project Summary

CONTENTS

Abbreviations

AML/CFT	Anti-Money Laundering/ Combating the Financing of Terrorism
CD	Capacity Development
CEMAC	Economic and Monetary Community of Central Africa
EU	European Union
FATF	Financial Action Task Force
ICRG	International Cooperation Review Group
ML/FT	Money Laundering/ Financing of Terrorism
TFM	Trust Fund Management
TA	Technical Assistance
VA/VASPs	Virtual assets/Virtual asset Service Providers
WAEMU	West African Economic and Monetary Union

Cyprus: Strengthening the AML/CFT Risk-Based Supervision

<table>
<tr><th colspan="2">INTERNATIONAL MONETARY FUND

LEGAL DEPARTMENT (LEG)

Project Summary: Cyprus: Strengthening AML/CFT Risk-Based Supervision</th></tr>
<tr><td>Country: Cyprus

Module (s): Structure & Tools (Risk-Based Supervision)

Department: LEG

Division: FIG

Project Duration: 11 months

Project Start date: June 2026

Project End Date: April 2027

Estimated Budget: $214,000 (including 7% TFM)</td><td></td></tr>
<tr><th colspan="2">Project Description- Capacity Development (CD) Delivery</th></tr>
<tr><td colspan="2">This project aims to assist the Central Bank of Cyprus to develop and implement an effective risk-based approach to Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) supervision of banks and other financial institutions (e.g., e-money institutions).

The Structures & Tools module on Risk-Based Supervision will further develop and operationalize supervisory methodologies and approach to support the Central Bank of Cyprus in assessing money laundering and terrorist financing (ML/TF) risks and implementing an appropriate supervisory strategy aligned with those risks. The technical assistance (TA) will also promote coordination between AML/CFT and financial stability experts, to better understand and address the financial stability implications of financial integrity failures.

The Central Bank’s current risk assessment matrix was initially designed and developed with the support of the fund back in 2014, and an update and enhancement of the tool is necessary given the evolution of the regulatory landscape and to address revisions to the Financial Action Task Force (FATF) standards and European Union (EU) regulations.</td></tr>
</table>

The TA will support the development of a more robust supervisory framework to strengthen the overall resilience and stability of the financial system. In addition, the onsite examination audit programs will also need to be updated.

The Central Bank of Cyprus met with LEG to request TA to support the authorities' efforts to align Cyprus's AML/CFT supervisory practices with international standards and best practices, and to strengthen the integration of financial integrity considerations into financial stability analysis.

The implementation of a comprehensive risk-based supervisory framework is a key element of the authorities' broader financial sector reform agenda and the upcoming MONEYVAL AML/CFT assessment in 2028.

CD delivery:

CD is planned to be delivered through a combination of virtual missions, desk-based analytical work, leveraging short-term experts, as required.

The work on AML/CFT supervisory risk assessment, the development of a strategy to address non-resident and cross-border risks in the banking sector, and a fit and proper framework will take place via desk-based work and virtual meetings.

The project is anticipated to last approximately between 12–18 months, with possibility of extending further after AMLAC Thematic Fund starts in FY28. Early work priorities will include: (i) a comprehensive assessment of existing supervisory tools, resources, and institutional capacity to implement an effective risk-based supervision framework; (ii) development of methodologies for ML/TF risk-based supervisory planning, fit and proper procedures; and (iii) customized AML/CFT training, if required, within each module, to enhance the capacity, knowledge, and skills of supervisory staff.

Project Rationale

The effective and efficient implementation of the AML/CFT regime in Cyprus is constrained by exposure to cross-border risks and the presence of non-resident customers in the banking sector. Vulnerabilities remain in assessing and mitigating ML/TF risks arising from these clients and transactions, which require targeted supervisory attention to ensure the integrity of the financial system and to address potential financial stability implications.

Cyprus has actively sought TA from the European Commission to support its broader AML/CFT and financial sector reform efforts, including as part of its accession process to the European Union. However, this support will not cover the specialized areas addressed by this project, including focused ML/TF risk assessments of banks, supervision of cross-border risks and non-resident customers, and strengthening fit and proper frameworks.

Cyprus's most recent mutual evaluation and follow-up reports indicate improvements in technical compliance with AML/CFT standards; however, significant issues remain with the effective implementation of the regime. This underscores the urgency of the request, as the banking sector remains exposed to significant ML/TF risks from cross-border activities and non-resident clients, which require immediate attention through strengthened risk-based supervision.

Effective implementation of the risk-based AML/CFT framework is critical to supporting Cyprus's upcoming MONEYVAL AML/CFT assessment and address EU requirements, as well as broader financial sector reform objectives. Strengthening the supervision of banks and other financial institutions, particularly through targeted interventions on ML/TF risks, will support enhancing effectiveness of AML/CFT supervision, and reinforce compliance with international standards.

The project builds on prior efforts by Cyprus to enhance the AML/CFT framework, while recognizing gaps in supervisory capacity and methodology, The TA will therefore focus on practical implementation of risk-based supervision, and governance measures such as fit and proper requirements, providing the Central Bank of Cyprus with tools and guidance to address both immediate ML/TF risks and longer-term institutional resilience.

Cyprus matters from a low-income country perspective because its financial sector and professional services ecosystem can act as an important cross-border gateway, including for transactions involving Eastern Europe and Central Asia, the Middle East, and, and parts of Sub-Saharan Africa. Weaknesses in AML/CFT supervision in such jurisdictions may facilitate the movement, layering, and integration of illicit proceeds originating in, transiting through, or affecting low-income countries within the international financial system. Strengthening Cyprus's risk-based supervision of banks can therefore help reduce vulnerabilities that are not purely domestic but have broader regional and global spillover implications.

The case is also relevant because many low-income and emerging economies are exposed to the same cross-border financial integrity risks through correspondent banking relationships, investment flows, legal persons and arrangements, and international payments. If higher-capacity financial centers do not maintain robust AML/CFT controls, illicit finance risks can migrate across borders and undermine the effectiveness of reforms supported by the Fund in lower-income jurisdictions. In that sense, a limited and targeted intervention in Cyprus can complement—not

<table>
<tr><td colspan="2"> detract from—support to low-income countries by helping strengthen an important node in the wider AML/CFT architecture. Finally, this proposal is in line with the project selection criteria under the AML/CFT TF, and responds to a specific recommendation made by the Independent external evaluation, which recommended to retain sufficient flexibility to respond to emerging financial integrity risks, including through targeted support in high-income countries were warranted by systemic relevance, cross-border spillovers, or heightened ML/TF vulnerabilities. </td></tr>
<tr><td colspan="2">Project Objective</td></tr>
<tr><td>Description</td><td>Probable Risks/Challenges for implementation and Mitigation</td></tr>
<tr><td>Strengthen the legal and institutional framework for AML/CFT - AML</td><td> <u>Risks/Challenges</u>: Limited resources, capacity, skills and knowledge of the AML/CFT supervisors. <u>Mitigation:</u> Garnering high-level political and institutional support will be achieved through ongoing dialogue with the authorities. The TA was requested by the Head, Directorate General of the Central Bank, where the Head of the Directorate Prevention of Money Laundering from the Central Bank has participated in meetings to discuss the key areas of focus - signaling strong institutional support. Engagement and progress meetings will continue with the Central Bank of Cyprus throughout the project. </td></tr>
<tr><td colspan="2">Project Outcome(s)</td></tr>
<tr><td>Description</td><td>Anticipated Completion Date</td></tr>
<tr><td>AML/CFT Structures and Tools (Supervision): Supervisors focus AML/CFT resources on the areas of greatest risk</td><td>April 2027</td></tr>
</table>

WAEMU (West African Economic and Monetary Union) and Economic and Monetary Community of Central Africa (CEMAC): Strengthening the AML/CFT Risk-Based Supervision

INTERNATIONAL MONETARY FUND **LEGAL DEPARTMENT (LEG)** **Project Summary: Strengthening regional AML/CFT Risk- Based Supervision in WAEMU and CEMAC**
COUNTRY: Multi-Country (regional institutions) **Module (as included in RBM catalogue):** Legal Drafting and AML/CFT Risk-Based Supervision **Department:** LEG **Division:** FIG **Project Duration:** 11 months **Project Start date:** June 2026 **Estimated Budget:** $ 221,000 (including 7% TFM)
Project Description
The project aims to strengthen AML/CFT risk-based supervision frameworks at the regional level in West and Central Africa by providing targeted and sustained TA to regional supervisory authorities and, through them, to their member countries[1]. It responds to the expanding role of regional institutions in supervising financial institutions and virtual assets/virtual asset service providers (VA/VASPs), as well as to the need to address systemic AML/CFT vulnerabilities that transcend national borders. The project targets weaknesses in supervisory frameworks, tools, and practices impacting multiple jurisdictions, while encouraging harmonization and positive spillovers among member countries. Building on experience gained under the International Cooperation Review Group (ICRG) CD project, particularly in cases where regional authorities were designated to implement FATF/ICRG action plan items, this project establishes a dedicated and adequately resourced framework to support regional authorities with cross-jurisdictional mandates. By focusing on regional

[1] Benin, Burkina Faso, Cote d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, Togo, Cameroon, Central African Republic, Chad, Republic of Congo, Equatorial Guinea, and Gabon

supervisory bodies, it seeks to generate positive spillovers across member countries through harmonized supervisory approaches, shared tools, and strengthened institutional cooperation.

The project adopts a modular, progressive, and participatory approach combining (1) documentary and legal/regulatory reviews; (2) targeted scoping and diagnostic work; (3) capacity building through tailored training and workshops; and (4) hands-on methodological support to operationalize and embed AML/CFT risk-based supervision into day-to-day supervisory practices. Activities are sequenced and iterative, blending analytical work, framework development, operational support, and capacity building in line with FATF standards and global best practices.

The project benefits regional supervisory authorities in West and Central Africa, specifically within the WAEMU and CEMAC regions, and indirectly supports their fourteen member countries, financial institutions, VA/VASPs, and the wider financial system. Expected results include strengthened AML/CFT legal, regulatory, and supervisory frameworks; improved risk-based supervisory practices; enhanced effectiveness in meeting FATF and ICRG priorities; and reduced systemic ML/TF vulnerabilities through harmonized regional supervision.

Technical assistance will be delivered by staff, experts and the relevant regional AML/CFT advisor through a mix of duty station-based work, in-person missions, and interactive learning activities, depending on the nature of the support and the operational needs of beneficiary institutions. Close coordination with national authorities and other development partners will be ensured to avoid duplication and maximize impact.

Project Rationale

The proposed project is intended to strengthen the IMF's capacity to respond effectively and in a timely manner to TA needs emanating from regional AML/CFT supervisory authorities in the WAEMU and CEMAC, as well as from their respective member countries.

Over recent years, the institutional landscape for AML/CFT supervision in these regions has evolved significantly, with an increasing concentration of supervisory responsibilities at the regional level. Regional authorities play a central role in the design, implementation, and enforcement of AML/CFT supervisory frameworks across multiple jurisdictions. However, existing capacity development instruments have primarily been designed to address country level needs and do not fully reflect the scope, complexity, and systemic importance of regional supervisory mandates.

This mismatch has become increasingly apparent as the Fund has received a growing number of TA requests from regional supervisory authorities, particularly in relation to the implementation of AML/CFT risk-based supervision. While some of these requests have been accommodated under country focused or thematic projects, most notably the ICRG capacity development project, such arrangements were not designed to support sustained and resource intensive engagement with regional institutions, nor to address reforms with regionwide implications.

The limitations of the current approach are especially pronounced in WAEMU and CEMAC, where several member countries—including a number of Fragile and Conflict Affected States —face elevated money laundering and terrorist financing (ML/TF) risks and persistent challenges in the effective implementation of AML/CFT frameworks. Given the regional nature of financial sectors, supervisory mandates, and cross-border financial flows, weaknesses in AML/CFT supervision in

one jurisdiction can generate spillovers across the entire region, amplifying systemic vulnerabilities. Experience under the ICRG project has demonstrated both the feasibility and the added value of engaging directly with regional supervisory authorities when they are designated to implement key elements of FATF/ICRG action plans. In particular, the work programs developed with regional authorities (Banking Commission of Central Africa and Central African Financial Market Supervisory Commission) in support of Cameroon's ICRG action plan highlighted the critical role of regional institutions in addressing supervisory deficiencies and improving effectiveness outcomes. At the same time, this experience underscored the limits of relying on country focused project frameworks to support reforms that are inherently regional in nature, and the need for a dedicated project with funding commensurate with the scale and complexity of such reforms. Against this backdrop, establishing a dedicated regional project under the AML TF III would allow the Fund to better align its TA delivery with institutional realities in WAEMU and CEMAC, enhance efficiency through economies of scale, and maximize impact through positive regional spillovers. By focusing on regional supervisory authorities, the project would support harmonized supervisory approaches, shared tools, and strengthened institutional capacity, thereby contributing to improved AML/CFT effectiveness across multiple member countries and reducing systemic ML/TF risks at the regional level.	
Project Objective	
Description	**Probable Risks/Challenges for implementation and Mitigation**
Strengthen the legal and institutional framework for AML/CFT	Risks: Limited capacity, resources, key institutional events and engagement with other Fund Departments such as MCM may affect mission/deliverable timing. Mitigation: High level commitment to implement reforms, active engagement with stakeholders to fully understand their needs, adjust the training material and timely provide deliverables; confirm dates early and maintain flexible sequencing.
Project Outcome(s)	
Description	**Anticipated Completion Date**
AML/CFT Legal Drafting: The country's AML/CFT legal framework is in line with FATF standard	April 2027
AML/CFT Structures and Tools (Supervision): Supervisors focus AML/CFT supervisory resources on the areas of greatest risk	April 2027

Annex D. AML/CFT Trust Fund Phase III Mid-Term Evaluation Action Plan

Recommendation 1: Further enhance the macro-relevance of TTF activities.			
IMF Response: Agree, the existing selection criteria for projects in Phase III prioritizes macro-critical risks, and we plan to further enhance this perspective in the selection of AMLAC projects through three important changes.			
Milestone 1.1: Integrate macro-relevance into needs assessments and project design (Phase IV).			
Action Items	**Responsible Party**	**Due date**	**Status**
Use FIG updated country prioritization model to guide/inform project selection. Develop and implement a standardized framework for assessing macro-relevance during project initiation and design.	LEGFIG	Within 3 months of the launch of the new Anti-Money Laundering and Anti-Corruption Thematic Fund (AMLAC)	Work is underway to update the methodology, including upgrading the IMF Financial Integrity Group's (FIG) country model and developing a standardized macro and financial relevance assessment to better rank country engagement based on the severity of macroeconomic risks arising from money laundering, financial crime, and terrorist financing. Drawing on both quantitative and qualitative indicators, the methodology will guide the selection of appropriate technical assistance projects sharpening the focus on countries and sectors with the highest macro-financial exposure, and feed directly into program design and implementation.
Milestone 1.2: Adjust prioritization criteria to emphasize macro-financial stability risks.			
Action Item	**Responsible Party**	**Due date**	**Status**
In consultation with area departments, revise project selection criteria to include explicit macro-financial risk indicators. Conduct regular	LEGFIG	Through the development of the work program for AMLAC and during the 6 months of	In line with the recommendations of the independent evaluation—and recognizing that periodic review and revision of selection criteria is essential for maintaining relevance, transparency, and alignment with strategic objectives — the

reviews of these project selection criteria with input from area departments to ensure ongoing relevance and effectiveness.		implementing AMLAC.	AMLAC program document is expected to include an explicit criterion that prioritizes project requests based on the macro-financial stability risks. This approach will help ensure that resources are directed toward areas of highest impact, reflect evolving risks profiles and priorities, and incorporate lessons learned from previous phases. Furthermore, the updated FIG country prioritization methodology will place greater emphasis on macro-financial stability risks, giving them higher weight relative to other macro risks factors (e.g., fiscal, structural risks).
Milestone 1.3: Expand funding for macro-relevant research and analytical work.			
Action Items	**Responsible Party**	**Due date**	**Status**
Raise the ceiling for macro-relevant research to 8 percent in AMLAC's Program Document	LEGFIG ICDGP	By May 2027 when concept note and work program are approved.	The draft AMLAC Concept Note proposes increasing the ceiling for analytical work to 8%. If donors approve the 8 percent ceiling during AMLAC 's program document discussion, additional analytical projects will be submitted in line with the ceiling.
Reinforce the feedback loop where research findings inform CD project design and promote cross-departmental collaboration on macro-relevant research topics to maximize the impact and integration of research across initiatives.	LEGFIG LEGRI Area Departments	By May 2027 when concept note and work program are approved.	Previous analytical work has informed the design of new capacity development (CD) projects (e.g., on beneficial ownership, counter-terrorism financing, and confiscation). Going forward, analytical work will continue to play this role, with a stronger emphasis on proposals to donors that are anchored in macro-relevant research topics. Such analytical outputs will also be systematically shared with area departments, complementing existing arrangements for disseminating CD deliverables (e.g., technical assistance reports).

Recommendation 2: Further enhance ownership by better engaging recipients and traction of activities.			
IMF response: Agree. We will continue to strengthen engagement with country authorities and partners to deepen ownership. Ongoing efforts focus on clearer communication, earlier involvement with stakeholders, and closer follow-up to enhance traction and impact of activities.			
Milestone 2.1: Systematic recipient engagement in project design and milestone setting.			
Action Items	**Responsible Party**	**Due date**	**Status**
Continue to jointly define project results framework, milestones, and activity planning with recipient country authorities.	Project Managers, Recipient Country Teams	By May 2027 when concept note and work program are approved.	Post MTE, project managers have enhanced their engagement with country authorities to agree on milestones. Going forward, FIG will review existing operating procedures to enhance further the involvement of recipient country authorities in project design.
Milestone 2.2: Tranche-based funding for large CD projects			
Action Item	**Responsible Party**	**Due date**	**Status**
For the implementation for AMLAC, implement conditional funding releases based on the completion of project phases, requiring submission of key deliverables (e.g., data, laws) before advancing to the next tranche.	LEGFIG LEGRI ICDGP	By May 2027 When AMLAC initiates operations, however the tranche-based approach will be outlined in the Program Document and rollout since the workplan for the first year of AMALC's implementation	Building on this recommendation, AMLAC Phase I will, as a general principle, refrain from allocating large CD projects at the outset. Instead, projects will be designed with smaller initial allocations, with funding increases ("top-ups") contingent on the achievement of agreed milestones and outcomes, subject to donor approval. Where larger allocations are exceptionally warranted, funding will still be disbursed in phases, with each tranche tied to the completion of specific project steps and the delivery of key outputs (e.g., data, draft legislation, institutional outputs). This approach is intended to strengthen country ownership by linking resources directly to implementation progress, encourage sustained engagement by authorities, support better sequencing—particularly in low-capacity countries—and enhance accountability and results orientation for both recipients and donors.

Milestone 2.3: Improved assessment of recipient ownership and absorption capacity.			
Action Items	**Responsible Party**	**Due date**	**Status**
Update existing guidance to PMs to ensure interviews are conducted in a regular and structural manner during scoping to assess ownership and capacity.	LEGRI Project Managers	Guidance ahead of May 2027, and implementation during project scoping and review.	The practice of conducting interviews has been already embedded in the current CD planning process but will be reinforced. Ahead of the implementation of AMLAC's first phase, Updated guidance will be issued to project managers to ensure that such interviews are conducted in a regular and structured manner. Supervisors of project managers will also play a more active role in overseeing and reinforcing the consistent application of this practice. Early buy-in would safeguard appropriate tailoring of CD and help reinforce ownership throughout the project.
Prioritize basic training for recipients with limited capacity on assessment indicators and performance benchmarks to improve the accuracy and consistency of ownership and absorption capacity assessments.	Project Managers	Throughout the implementation of AMLAC Phase I	Staff will consider additional training and or support when engaging with countries with limited capacity to strengthen the assessment and understanding of recipients' ownership and absorption capacity
Continue to integrate ownership findings into project timelines, and extension decisions.	Project Managers	Throughout the implementation of AMLAC Phase I	While such assessments are already embedded in the CD planning process, staff will more systematically incorporate findings on country ownership into project design and timelines. In cases where strong ownership from the authorities is lacking, projects will not be extended.
Recommendation 3: Continue efforts to further improve coordination with other IMF workstreams (notably, surveillance and lending).			

IMF response: Agree. We will continue to rely on a multipronged approach and synergies across workstreams to enhance anti-money laundering/ combating the financing of terrorism (AML/CFT) effectiveness.			
Milestone 3.1: Enhanced training for IMF area department country teams on AML/CFT.			
Action Items	**Responsible Party**	**Due date**	**Status**
Develop and offer targeted AML/CFT training modules for area department teams and organize periodic refresher sessions to keep teams updated on AML/CFT developments.	LEGFIG LEGRI (Training Coordinators) ICDIP Area Department (Training Coordinators)	June 2026 with annual recurrent course	Following the external evaluation, in 2025 the first AML/CFT course was successfully added to the Internal Economics Training (IET) program—the Fund's flagship for staff economics training—and delivered in June 2025, with strong participation and positive outcomes. Building on this experience, LEG will engage with ICD to ensure that AML/CFT content is included in the IET program on a yearly basis going forward.
Milestone 3.2: Improved informal communication and coordination among teams.			
Action Item	**Responsible Party**	**Due date**	**Status**
Establish regular informal meetings between mission chiefs, desk economists, and LEG country desks.	LEGFIG Area Department (Mission Chiefs) LEG Country Desks	Throughout the implementation of AMLAC Phase I	Although ad-hoc meetings often take place, a more systematic process will be adopted.
Through the Medium Term Workplan (MTW), FIG to inform area departments of developments and review AML/CFT workplans for the region.	LEGFIG Area Department LEG Country Desks		Although coordination with area departments takes place, a more systematic process is warranted. Greater involvement of LTXs would also be helpful. Project managers will regularly involve LTXs in meetings with economists, as possible.

Involve LTXs in meetings with area department and staff training.			
Recommendation 4: Continue the efforts on monitoring and coordination of AML/CFT CD activities by key development partners.			
IMF response: Agree. We will continue to strengthen monitoring and coordination of AML/CFT capacity development with key development partners to improve alignment, avoid duplication, and maximize impact.			
Milestone 4.1: Maintain and expand the AML/CFT Technical Assistance (TA) provider dashboard.			
Action Items	**Responsible Party**	**Due date**	**Status**
Update the AML/CFT CD dashboard, add partner data, and encourage broader use.	LEGFIG LEGRI (Dashboard Manager)	By May 2027	FIG proposes updating the dashboard data on AML/CFT annually, given the frequent changes in project activity. Subject to availability of funding from the donors, the update frequency could be increased to quarterly.
Milestone 4.2: Foster a demand-supply 'marketplace' for CD assistance.			
Action Item	**Responsible Party**	**Due date**	**Status**
Facilitate regular exchanges between TA providers and recipients to match needs and resources.	LEGFIG ITD LEGRI (add. IT support)	By May 2027	This takes place occasionally on the margins of FATF–FSRB plenary meetings and other events. FATF has also recently conducted a demand-driven exercise with its global network. Staff will work to match the demand identified by FATF with the existing list of TA requests and planned offerings, including by comparing timelines, to ensure that a greater share of demand is met.
Milestone 4.3: Strengthen strategic coordination among key partners.			
Action Items	**Responsible Party**	**Due date**	**Status**

Expand and formalize existing channels for sharing best practices and lessons learned among partners to further enhance collaboration and collective effectiveness.	LEGRI Steering Committee Partner Organizations	Throughout the implementation of AMLAC Phase I	At the last Steering Committee meeting of the AMLCFT TF, the IMF, together with FATF, held a side event to share best practices and lessons learned, including providing donors with greater visibility. The 2026 Spring Meetings will host a further event focused on success stories. In preparation for the launch of AMLAC, additional communication of such success stories will also be considered.
Organize annual global/strategic meetings for common strategy and division of labor.	LEGRI LEGFIG ICDSE	By June 2028	The strategic results framework (SRF) is currently being developed and will be rolled out under AMLAC Phase I providing a structured approach for assessing progress across the program. As the SRF becomes operational, it will help frame discussions during the AMALC Phase I Steering Committee meetings by offering a common results structure and performance indicators.
Recommendation 5: Streamline project-level reporting by making it less detailed and focusing more on high level impact.			
IMF response: Agree. We will streamline project-level reporting to focus more clearly on high-level outcomes and impact.			
Milestone 5.1: Shift annual reports toward aggregate, outcome-focused reporting, aligned with the Fund's Strategic Results Framework (SRF), highlighting portfolio-level results, standardized indicators, and key thematic trends.			
Action Items	**Responsible Party**	**Due date**	**Status:**
Reduce detailed reporting on individual projects in annual reports.	Project Managers	By June 2026	This action is in progress. Annual reports are being streamlined by reducing detailed project-level narratives and shifting the focus toward aggregate, outcome-focused reporting informed by the SRF. Standard CDMAP templates support this transition. During the last AML/CFT TF SC meeting, donors endorsed this approach, including discontinuing Annexes with detailed reporting. Going forward, Annual Reports will provide high-level results, key takeaways, and SRF-related insights, rather than

			extensive project level detail. Staff will share the CD project assessment reports with donors, on request.
Clearly report aggregate results, outcome ratings, and year-on-year changes		By June 2027	This is already standard practice in the IMF CD process. The annual report and workplan will consider adding further quantitative information about those aspects of the TA results.
Recommendation 6: Reduce mission costs by using online or hybrid modalities more frequently; involving regional experts more often; and combining multiple short missions into one longer regional visit.			
IMF response: Partially agree, authorities frequently request a strong field presence—particularly in low-capacity contexts—to maximize impact.			
Milestone 6.1: Broader adoption of online/hybrid modalities and regional expert involvement.			
Action Items	**Responsible Party**	**Due date**	**Status**
Expand use of online/hybrid training and project activities, considering time zone compatibility.	Project Managers, Regional Advisors	Throughout implementation of AMLAC Phase I	Since the evaluation, project managers have taken significant steps to strengthen delivery by using a balanced mix of field-based, hybrid, and virtual modalities, taking into account country needs, capacity constraints, and cost-effectiveness. Further increases in hybrid or online delivery are unlikely to be feasible and could negatively impact the quality and effectiveness of TA delivery.
Replace Washington-based staff with regional experts (STX/LTX) where appropriate.	Project Managers, Regional Advisors	Throughout implementation of AMLAC Phase I	While progress has been made since the evaluation, the balance between Washington-based staff and regional experts (STX/LTX) will continue to be assessed on a case-by-case basis to ensure effectiveness and value for money.
Milestone 6.2: More efficient mission planning and delivery.			
Action Item	**Responsible Party**	**Due date**	**Status**
Monitor and evaluate mission efficiency metrics (e.g., cost per mission, deliverables achieved) to inform future planning.	LEGFIG LEGRI		Post evaluation, staff developed an internal dashboard to properly monitor cost per mission, and deliverables to inform future planning. Such data will be properly monitored by supervisors and

			project managers to continuously improve value for money.