

# ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM THEMATIC FUND -PHASE III

MID-TERM EVALUATION

VOLUME I - FINAL REPORT

**seo** • amsterdam economics

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## **AUTHORS**

NIENKE OOMES (TEAM LEAD), CLAUDIO CORTE COI, DAVID PARODY, GEORGIOS PLANAKIS, PEDRO ROMAO,  
ANDREW STRIJKER

## **COMMISSIONED BY**

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# List of abbreviations

AML/CFT	Anti-Money Laundering and Combating the Financing of Terrorism
BP	Briefing Paper
BTO	Back to Office (report)
CD	Capacity Development
CBDCs	Central Bank Digital Currencies
CDMAP	Capacity Development Management and Administration Program (of the IMF)
CDSR	Capacity Development Strategy Review (of the IMF)
DPs	Development Partners
FATF	Financial Action Task Force
FIG	IMF's Financial Integrity Group (within LEG)
FIUs	Financial Intelligence Units
FSAPs	Financial Sector Assessment Programs
FSRBs	FATF-Style Regional Bodies
HQ	Headquarters (of the IMF)
ICRG	International Co-operation Review Group
IFF	Illicit Financial Flows
IMF	International Monetary Fund
IN	Inception Note
LEG	IMF's Legal Department
LTX	Long-Term Experts
MER	Mutual Evaluation Report
ML/TF	Money Laundering/Terrorist Financing
NRA	National Risk Assessment
ODA	Official Development Assistance
PCT	Platform for Collaboration on Tax
RBM	Results-Based Management
RUSI	Royal United Services Institute (of the United Kingdom)
SC	Steering Committee (of the TTF)
SEO	SEO Amsterdam Economics
STX	Short-Term Experts
TA	Technical Assistance
TTF	(IMF's AML/CFT) Thematic Trust Fund
UNODC	United Nations Office on Drugs and Crime
VASPs	Virtual Asset Service Providers

# Executive Summary

The IMF's Anti-Money Laundering and Combating the Financing of Terrorism Thematic Trust Fund (AML/CFT TTF) is a multi-donor initiative aimed at mitigating the macro-relevant consequences of financial crimes and weak AML/CFT frameworks.

**SEO Amsterdam Economics (SEO) was commissioned by the IMF to conduct the mid-term evaluation of the third phase of the AML/CFT TTF, with accountability and learning as the main goals.** The TTF aims to assist countries with assessing risks, developing comprehensive AML/CFT national strategies in line with identified risks, strengthening legal frameworks, and enhancing institutional capacities. The TTF's main goal is to "mitigate the macro-relevant consequences of financial crimes and weak AML/CFT frameworks", which can include unstable capital flows, banking crises, threats to national security, and overall disruptions to the global financial system.

## Key findings of the evaluation are reported below.

- **The AML/CFT TTF scores well on its relevance and has various processes in place to ensure this relevance.** The TTF is particularly seen as a relevant instrument for supporting countries with meeting FATF standards and addressing risks related to money laundering, financial crimes, and terrorism financing (ML/TF). Its global relevance can potentially be further improved by focusing more on those jurisdictions or sectors where ML/TF risks are highest and where the consequences of ML/TF are most macro-relevant.
- **Internal coherence with other IMF workstreams has improved in recent years.** The IMF has processes in place aimed at ensuring internal coherence with IMF surveillance and lending activities. This coherence has improved over the past years, with AML/CFT considerations increasingly integrated into Article IV consultations, FSAPs, and lending conditionality. However, coordination with area department country teams can still improve further, as the latter are not always sufficiently aware of TTF activities, and do not always see ML/TF risks as macro-relevant even when they are.
- **CD projects were broadly effective in achieving their short-term targets, while achieving sustainable long-term impact remains challenging.** Recipient authorities generally valued the technical assistance and training provided by the TTF, recognizing the IMF's strong expertise in the AML/CFT area and its importance for strengthening their AML/CFT capabilities. Engagement levels varied, with challenges emerging from competing policy priorities, limited ownership, or limited absorption capacity. Another key challenge, which is quite common in CD programs of this type, was the high staff turnover within recipient institutions, especially in low-capacity countries, which imply risks to the sustainability of CD results.
- **The TTF makes good use of the IMF's comparative advantage in the macro-financial area and has made good first steps in coordinating with external partners.** The IMF's strong expertise in macro-financial analysis and supervision, combined with its surveillance and lending activities, uniquely positions the IMF to provide high-impact AML/CFT technical assistance that aligns with broader macro-financial and broader economic stability objectives. While the TTF already collaborates with development partners to ensure synergies (e.g. in the margin of the FATF and FSRBs plenaries), coordination efforts are often still dependent on individuals and not yet sufficiently institutionalized. To coordinate more systematically, the TTF has already started developing initiatives, including a useful dashboard to track AML/CFT CD activities by other development partners more systematically.
- **Reporting to donors is valued but can be further streamlined.** First, TTF staff perceives the reporting requirements as a heavy administrative burden, taking valuable time away from CD delivery activities. Second,

the large volume of detailed information can dilute key insights, making it more difficult to highlight the TTF's higher-level impact on reducing ML/TF at the global level, which is currently not yet measured well.

- **In the area of efficiency, timeliness and cost-effectiveness can be improved further.** One challenge on the IMF side is the fact that IMF staff is often incentivized to prioritize work for other workstreams over TA, which sometimes results in delays. The TTF has already started enhancing efficiency, including through the use of online and hybrid CD, but there is space to further reduce costs, as some in-person missions remain costly. Further, the TTF has limited flexibility in reallocating resources, as budget adjustments above a certain threshold require formal approval from the TTF Steering Committee. This can slow down responses to changing country needs and reduce the ability to redirect funds to projects with higher impact potential

**Building on these findings, we have six key recommendations.** These focus on improving macro-relevance, strengthening recipient engagement, enhancing coordination, streamlining reporting, and optimizing cost-effectiveness. The prioritized recommendations are as follows:

1. **Further enhance the macro-relevance of TTF activities.** The evaluators acknowledge that higher-risk countries may not always request TA, and that not all TA requests are made at the same time hindering sometimes adequate prioritization. Despite this, the TTF should focus more on macro-critical AML/CFT issues by prioritizing countries and sectors where ML/TF risks are higher, and where these risks are more likely to negatively impact macro-financial and economic stability. The TTF could also conduct macro-relevant research and analytical work above the current 5% limit.
2. **Further enhance ownership by better engaging recipients and traction of activities.** Recipient authorities (i.e., AML/CFT concerned agencies) and IMF counterparts (i.e., Central Banks and Ministries of Finance) should be more actively involved in project planning, and CD should be adjusted based on recipients' (absorption) capacity. Further, making successive phases of CD conditional on successful completion of the previous phase can make TTF resources more quickly available for other projects that do have sufficient traction.
3. **Continue efforts to further improve coordination with other IMF workstreams (notably, surveillance and lending).** Continue enhancing IMF staff's understanding of the macro-relevance of ML/TF, ability to recognize ML/TF risks and macro-consequences, and more informed discussion on when to include AML/CFT reforms as structural benchmarks in IMF programs (which will help ensure more commitment and ownership by recipients' authorities on CD outcomes).
4. **Continue efforts on monitoring and coordination of AML/CFT CD activities by key development partners.** Specifically, consider allocating additional TTF resources for further developing the dashboard aimed at monitoring activities of other CD development partners, subject to donors' approval and funding
5. **Streamline project-level reporting by making it less detailed and focusing more on high level impact:** Reduce detailed reporting at the individual project level, while developing innovative ways to showcase longer-term impact at the level of reducing ML/TF risks (and ML/TF incidence), for example, through videos or infographics.
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.** Some activities can be effectively and efficiently carried out online (e.g. certain types of online training or drafting or reviewing of laws or supervision manuals), compatible with recipients' time zones. Further, consider combining multiple short missions (e.g. 2-day scoping visits) in one regional visit to multiple countries to avoid excessive travel costs for missions to remote countries.

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# 1 Introduction

SEO Amsterdam Economics was commissioned by the International Monetary Fund (IMF) to conduct the mid-term evaluation of the third operational phase of the Thematic Trust Fund (TTF) for Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT). This evaluation, which serves both accountability and learning goals, assesses the TTF's relevance, coherence, effectiveness, impact, sustainability, and efficiency, as well as the TTF's strategy and operations. It concludes with a number of concrete recommendations for improving the TTF going forward.

## 1.1 Background

**The Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Thematic Fund (TTF), established in 2009, the first externally financed TTF established by the IMF, reflects the collective commitment of donors and the IMF to increase global capacities in countering money laundering and terrorist financing.** The TTF primarily supports demand-driven Capacity Development (CD) projects aimed at strengthening the effectiveness of the AML/CFT frameworks in line with the standards set by the Financial Action Task Force (FATF). Its main goal is to “mitigate the macro-relevant consequences of financial crimes and weak AML/CFT frameworks”, which can include unstable capital flows, banking crises, threats to national security, and overall disruptions to the global financial system.<sup>1</sup>

**In its third operational phase (FY2021-FY2026), the TTF has aimed to continue assisting countries with assessing risks, developing comprehensive AML/CFT national strategies in line with identified risks, strengthening legal frameworks, and enhancing institutional capacities.** The TTF prioritizes tailor made medium to long-term (i.e., two to three years) CD engagements for single countries or regional projects, often deployed in close coordination with other providers of technical assistance and training. In this phase, the TTF aimed to expand its capabilities to more beneficiary countries, as well as address new emerging issues through thematic programs (with six-months to one-year engagements), such as those on Virtual Assets (VAs), Beneficial Ownership (BO), Central Bank Digital Currencies (CBDCs), AML and Corruption, and AML and tax evasion. Building on its COVID-19 experience, the TTF also aimed to increase its remote delivery of TA. TA delivery consists of a mix of headquarter (HQ) delivery by IMF staff, and short-term consultants (STX), and long-term experts (LTX).

**As of August 2024, in addition to its regional and global projects, the AML/CFT TTF is directly operating in 73 beneficiary countries with a total funding capacity of \$30.6 million.** The portfolio data as of August 2024 indicate a total of 123 projects, funded through 53 different funding programs (thematic, regional or single country programs), most of which are still ongoing. While the TTF was supposed to run until April 2026, LEG is currently undergoing a discussion with donors about extending the current phase until June 2027.

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<sup>1</sup> AML/CFT TTF Program Document.

## 1.2 Purpose, scope and methodology of the evaluation

**SEO Amsterdam Economics (SEO) was commissioned by the IMF to conduct the mid-term evaluation of the AML/CFT TTF, with accountability and learning as the main goals.** First, this evaluation also serves as a mechanism for donor accountability. Donors are integral members of the steering committee (SC) and require evaluations of this nature to ensure that resources spent offer optimal value for money. Second, the evaluation provides lessons and recommendations aimed at further improving TTF management, CD project implementation, to help the IMF mitigate macro-relevant consequences of financial crimes and weak AML/CFT frameworks. The evaluation period is November 2020- August 2024.

**As agreed in the inception note (IN), the evaluation took place at two levels:**

- **Project-level assessments.** The mid-term evaluation assessed a representative selection of five CD projects (case studies) delivered between 2020-2024. Following a bottom-up assessment approach, the evaluation assessed the performance of these projects against the OECD-DAC criteria, namely the extent to which these projects have been relevant, efficient, and effective thus far, as well as the extent to which they are likely to yield impactful and sustainable results in the longer term. The five case study projects are the following:<sup>2</sup>
  - Egypt, Arab Republic of-LEGFIG-AML/CFT-AML-FY22-1
  - Bhutan NRA - AML/CFT
  - COVID Financial Integrity measures
  - Tonga - regional Pacific Island Countries (PIC) Correspondent Banking Relationships (CBR)
  - Virtual Assets (VAs) & Virtual Assets Service Providers (VASPs) Structures and Tools
- **TTF-level assessment.** The evaluation assessed the quality of TTF processes and procedures (e.g. processes for ensuring a relevant selection of projects, strategies to foster sustainability of the results); the efficiency of management, monitoring and reporting processes; the appropriateness of the funding model; and coherence with interventions of other development partners (DPs).

**This report presents the evaluation's aggregate findings**, whereas the separate Annex (Volume II) reports: status of phase II recommendations (Appendix A), individual case study findings (Appendix B), methodology, evaluation matrix and list of interviewed organisations (Appendix B), and the Survey Annex detailing all survey questions and methodology used (Appendix D).

## 1.3 Data sources

**The evaluation team drew general conclusions by combining different findings from multiple data sources.**

- **Interviews with stakeholders** both internal (LEG, as well as other functional departments and area departments) and external (AML/CFT experts, other CD providers), at the TTF-level as well as project-specific; for country case studies the team also interviewed recipient authorities. Further details on the interviews are reported in Volume II (Appendix C).
- **Stakeholder survey** to donors, recipients as well LEG staff and mission chiefs. The report also incorporated the results of the stakeholder consultations that were carried out as part of the IMF's 2023 AML/CFT Strategy Review endorsed by the Executive Board in November 2023. SEO's stakeholder survey was sent to 309 respondents and obtained 101 responses resulting on an average 33% response rate. We report further details in the Survey Annex.

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<sup>2</sup> The selection followed representative criteria and was agreed with the Evaluation Sub-Committee in the Inception Phase; see Inception Note for further details.

- **Management system data** on outcomes and milestones as well as financial data. The IMF's CD Capacity Development Management and Administration Program (CDMAP) contains detailed data on all CD activities including financial data and results. Results are reported and monitored following the standard IMF outcomes defined in the Results-based Management (RBM) Catalogue. The team analyzed this data on aggregate at the portfolio level and more in detail at the project level for the five case studies.
- **Document review.** At the TTF level the main documents reviewed include the AML/CFT TTF program document, annual reports, previous evaluation of the TTF, the latest IMF's AML/CFT Strategy Review and Capacity Development Strategy Review (CDSR) as well as other relevant IMF documents on the Fund's CD strategy. At the project level, documents included project proposals, project assessments, mission reports such as briefing papers (BPs), back-to-office reports (BTOs) and TA reports, Article IV and lending mission reports.

**The findings from different sources were combined and validated with other sources and all main findings were discussed with the LEG and ICD evaluation counterparts.** The evaluation team did not draw conclusions that came from one source only. In addition, all deliverables were presented, discussed and validated with LEG and ICD evaluation counterparts. The specific process followed in the case study is reported in Volume II, Appendix C.

## 2 Findings

This section reports findings along the lines of the OECD-DAC criteria, plus a section on governance and strategy. At the end of each criterion, we report key lessons learned.

Table 2.1 The TTF scored very well on relevance, well on effectiveness and coherence, and less well on impact, sustainability and efficiency.

Criterion	Average score from case studies	Overall score (rounded)
Relevance	3.2	3.5
Coherence	3.0 (internal), 2.8 (external)	3
Effectiveness	2.8	3
Impact	2.5	2.5
Sustainability	2.2	2
Efficiency	2.5	2.5

Source: SEO Amsterdam Economics. Overall score accounts for findings from case studies, survey, interview and desk research.

### 2.1 Relevance

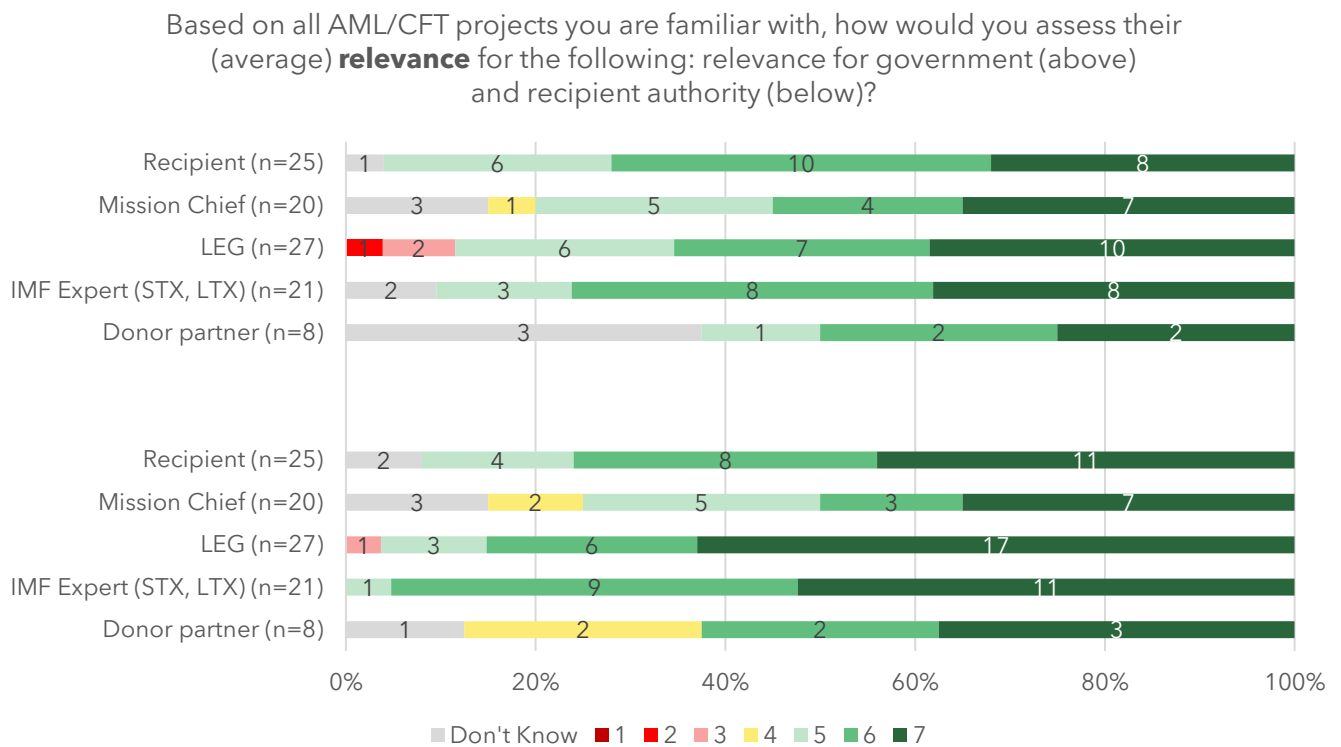
**Like other IMF capacity development trust funds, the AML/CFT TTF has various processes in place to ensure the relevance of its CD projects for recipient agencies and wider macroeconomic priorities.** While the TTF does not have a scoring system for project prioritization, it has various processes and guiding criteria aimed at ensuring relevance. First, there are processes to ensure relevance for (and ownership by) recipient agencies. In line with the IMF's CD processes and CD Strategy Review, recipients need to submit a formal request for CD, thereby ensuring that all CD is formally demand driven.<sup>3</sup> Then, at the beginning of each project, the IMF carries out scoping missions to assess recipients' needs and capacity gaps, and tailors CD design based on these. The Program Document also contains explicit guiding criteria for CD prioritization, aimed at ensuring ownership and assessing absorptive capacity.<sup>4</sup> Second, there are formal processes to ensure macro-relevance, in line with the official objective of the TTF "to mitigate macro-relevant consequences of weak AML/CFT frameworks". Two of the official selection criteria described in the Program Document are the "level of ML/TF threats and the AML/CFT framework vulnerabilities", and the international AML/CFT compliance. However, LEG representatives reported that macro-relevance is a guiding objective, rather than a strict eligibility criterion for delivering technical assistance. Macro-relevance should thus be assessed together with a broad set of criteria, keeping in mind that the program remains flexible to diverse country contexts. Further, the TTF assesses the extent of integration with IMF surveillance and programs: area departments need to formally approve each CD request in CDMAP and are in principle consulted at the beginning of each project.

<sup>3</sup> [Review of the Fund's Capacity Development Strategy—Towards a More Flexible, Integrated, and Tailored Model.](#)

<sup>4</sup> Specifically, the Program Document has two criteria about ownership and absorptive capacity: (1) "the level of country ownership, high level commitment by senior officials including ministers of finance and central bank governors, and the absorptive capacity of the staff of the recipient agency or agencies"; and (2) "the availability of resources (both financial and human) from the IMF and the recipient authorities".

**In practice, CD projects funded by the TTF have indeed broadly been perceived as relevant for recipient agencies.** Multiple sources confirmed that needs assessments were conducted in virtually all cases and that recipients were consulted both during project design and project implementation. Survey results indicate that CD projects are seen as relevant by recipients. As Figure 2.1 shows, on average more than 80% of respondents have a positive view on the TTF relevance for recipient authorities and government, raising to 90% for stakeholders directly involved in CD (recipients, LEG staff and IMF experts), including almost all CD recipients. Relevance for the wider government was slightly less positive than for recipient authorities. In interviews with a selection of recipients for case study countries, recipients also generally confirmed that they generally valued IMF's CD. For example, the National Risk Assessment (NRA) was deemed useful for the case study country to improve their FATF rating in the upcoming mutual evaluation report (MER). The project on easing Correspondent Banking Relationships (CBR) pressures was also deemed very relevant by the authorities, given the high reliance of the country on remittances.

Figure 2.1 Survey respondents saw the CD provided as highly relevant, especially for recipient authorities



Source: SEO stakeholder survey. Scale: 1 (not relevant) to 7 (critically relevant).

**Despite the above, ownership by recipients and tailoring of CD can still be improved in practice.** In two case studies it was clear that there was still room to improve ownership and involvement from recipient authorities: several recipients expressed the feeling that they were insufficiently involved in project planning, not sufficiently aware of project goals and milestones; in one case authorities did not even consider all activities as equally relevant or urgent, particularly when they had other more urgent priorities; this was echoed by a LEG respondent in the survey, who commented that “in some states, particularly fragile and conflict states, addressing AML/CFT issues is sometimes not high on the list of priorities and there are several other competing priorities”, and echoed by a few other survey respondents. In the same case study, authorities further indicated gaps in the tailored applicability of the content to the country’s local and legal context (recipients would have preferred more detailed regional

examples and country-specific mechanisms). Another case study indicated that while the project team carried out a needs and capacity assessment, it was not done sufficiently in depth: the authorities were not sufficiently able to understand the TA content and felt that more basic capacity building would have been needed, partly due to turnover at the recipients' side which was not sufficiently taken into account.

**Recipients valued the contributions of CD to improving FATF compliance and strengthening AML/CFT frameworks.** Interviewees and survey respondents confirmed that the provided CD was especially seen as relevant when it helped to improve FATF assessments. As one recipient mentioned in the survey, "The IMF's support has been vital for our country's technical compliance assessment". This was especially the case in countries with low ratings and countries that risked gray-listing. While improving ratings is not always 'macro-critical' (meaning that it does not necessarily result in better financial stability or better overall economy), it can be highly macro-relevant in high-risk countries, for which gray-listing can have major macroeconomic costs. For example, a recent IMF study found that, in response to gray-listing, Foreign Direct Investment inflows decline on average by 30 percent of GDP, portfolio inflows by 29 percent of GDP, and other investment inflows by 36 percent of GDP.<sup>5</sup>

**Interviews and case studies suggested that the macro-relevance of the CD could be further improved.** While the criteria for assessing country requests formally do include macro-criticality (although not as a strict requirement), macro-criticality appears not to be always given sufficient weight in practice.<sup>6</sup> Some case studies suggested that CD was not always offered on topics that were macro-critical for the country. For example, in one country where there were several other AML/CFT major macro-critical issues, the CD focused on (1) training central bank staff who were already quite capable and (2) reviewing central bank regulations that were already largely compliant. Another example was CD project with substantial funding being offered to a country with low ML/TF risks and low macro-relevant consequences, with moderate level of compliance on FATF recommendations.<sup>7</sup>

**More generally, there is room to improve the macro-relevance of the TTF for reducing the incidence of ML and TF and combating illicit financial flows (IFF).** If the focus of CD is too much on supporting low-capacity countries with complying with FATF recommendations either as a result of a Mutual Evaluation Report (MER), possibility of being referred to the FATF ICRG Process ('gray-listing') or preparing for their next evaluation cycle, this is relevant for recipient agencies but does not necessarily contribute to the higher level objectives of improving macroeconomic stability and decreasing IFF, unless the low-capacity countries are also high-materiality countries from an AML/CFT point of view. In order to improve macro-relevance, the TTF could therefore consider focusing more on higher-materiality countries (i.e. countries where the consequences of ML/TF are macro-relevant), whether they are source countries, transit countries, or destination countries.<sup>8, 9</sup> There are various other criteria and

<sup>5</sup> Kida, M. and S. Paetzold (2021), "The Impact of Gray-Listing on Capital Flows: An Analysis Using Machine Learning," IMF Working Paper No. 2021/153, Washington: International Monetary Fund. Available at: <https://www.imf.org/en/Publications/WP/Issues/2021/05/27/The-Impact-of-Gray-Listing-on-Capital-Flows-An-Analysis-Using-Machine-Learning-50289>

<sup>6</sup> More generally, one donor commented in the survey that "it is not always clear how TTF prioritizes CD requests in practice, as there is no scoring system on the list of prioritization criteria".

<sup>7</sup> In the latest follow-up assessment before the start of the project, the country was assessed as 'non compliant' in one recommendation and 'partially compliant' on 14 recommendations out of 40 (the remainder being assessed as 'largely compliant' or 'compliant')

<sup>8</sup> As indicated by the 2023 AML/CFT Strategy Review ([2023 Review of The Fund's Anti-Money Laundering and Combating The Financing of Terrorism Strategy](#)), it is important to distinguish between these three types of countries. While IFF typically have a negative effect on source countries, transit and destination countries might actually benefit from IFF in the short term.

<sup>9</sup> LEG representatives reported that, since 2024, CD projects have been focusing more concretely on macroeconomic risks and to macro-relevant consequences of weak AML/CFT frameworks (as opposed to threats and vulnerabilities), trying to engage more with Ministries of Finance.

constraints that influence CD project prioritization and that imply that not all CD is provided to high-materiality countries. The TTF could make sure to focus in these countries on sectors that are at high risk of misuse, e.g. banks or politically exposed persons for risk of corruption, as well as real estate. In addition, there is room to enhance needs assessments with more macroeconomic analysis (conducted in coordination with area departments) in order to ensure that the CD focuses on those AML/CFT aspects that are most macro-relevant for the country. For more on this, see the next section on Internal Coherence.

**The TTF's analytical work was valued as highly macro-relevant (and of good quality) by many stakeholders and could potentially be expanded.** As mentioned in the survey by LEG staff, IMF experts and donors (and confirmed during interviews) the IMF has a clear comparative advantage in conducting research on AML/CFT topics, especially related to financial flows and financial stability implications of IFF, and is seen as a very strong institution in this area (see also the section on External Coherence).<sup>10</sup> Many stakeholders also stated that more analytical work on AML/CFT issues is highly needed, e.g. in the area of risk-based supervision, FIUs, macroeconomic impact of financial crimes (e.g. the TTF books on Beneficial Ownership Transparency and Enhancing Effectiveness in CFT), particularly given the declining role of the U.S. in this area. LEG representatives reported that, at present, the extent to which the TTF can fund analytical work is capped at 5% of the TTF fund: this cap limits the ability of Fund staff to evolve the Fund's existing CD products to respond to developments.<sup>11 12</sup> Given the resource constraints at the IMF more broadly, and the fact that demand far exceeds supply, one recommendation could be to increase this cap, for example, under the condition that the analytical work does contribute to the development of CD tools.<sup>13</sup> One example where this was the case is the Supervisory ML/TF Risk Assessment Methodology for VASPs. This methodology was presented during the Fintech Roundtable hosted by the UAE in November 2023.

#### Box 2.1 Key lessons learned on relevance

- Recipients felt ownership in cases where the CD offered was macro-critical or they had upcoming MER assessments.
- The TTF's analytical work was valued as highly macro-relevant, especially in areas related to financial flows and financial stability implications of IFF.
- The offered CD offered was not always macro-critical, due to several other competing priorities such as geographical balance, donor requests, recipient ownership and resource availability.
- A thorough assessment of capacity gaps during scoping missions, along with active involvement of recipients in project planning is crucial to ensure relevant and effective project design.

## 2.2 Internal Coherence

**The IMF has processes in place to formally ensure that the provided CD is internally coherent with other IMF workstreams and departments.** As reported in the IMF's 2023 AML/CFT Strategy Review (and confirmed by interviewees), the IMF uses a multipronged approach, in which work from multiple IMF workstreams (surveillance, lending, FSAPs, AML/CFT assessments, and CD) is combined to maximize impact, where the exact mix of workstreams is dependent on the specific country context. In order to ensure coordination with IMF area department work (surveillance and lending), there are processes in place whereby IMF area departments formally need to

<sup>10</sup> See e.g. the background paper on financial stability implications of IFF from the 2023 AML/CFT Strategy Review.

<sup>11</sup> [Countering the Financing of Terrorism: Good Practices to Enhance Effectiveness](#)

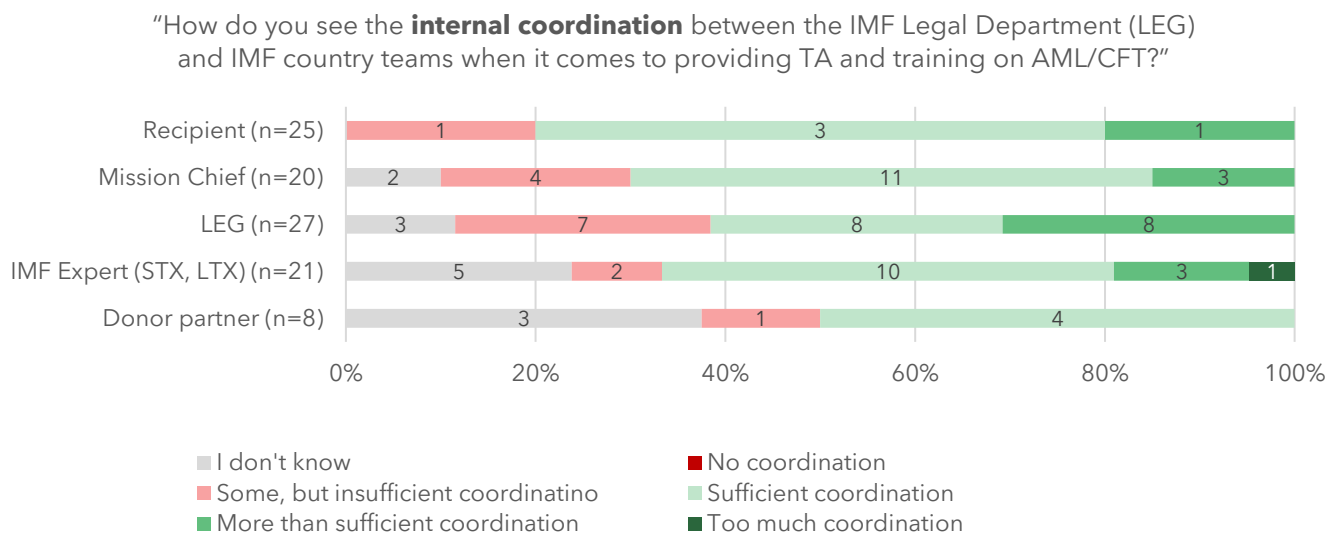
<sup>12</sup> [Unmasking Control: A Guide to Beneficial Ownership Transparency](#)

<sup>13</sup> One example of analytical work that was widely appreciated by LEG as well as donors in the survey is the work on IFF in the Nordic-Baltic region using SWIFT data to study IFF and their macroeconomic and financial stability implications, financed outside the TTF. The TTF could consider funding more of this type of work.

approve every CD mission, both virtual and in-person.<sup>14</sup> Moreover, CD teams are required to circulate briefing papers (BPs) and back-to-office reports (BTOs) for CD missions to area departments as well as other relevant IMF functional departments. In line with the AML/CFT strategy, AML/CFT topics are also required to be covered in each Financial Sector Assessment Program (FSAP) and they are covered mandatorily under surveillance when macro-critical. In practice, this means that LEG country desks are either involved in the Article IV mission or are requested to provide inputs to the Article IV report, FSAP reports, or lending conditionality.

**In practice, there are signs of improved linkages between AML/CFT CD and IMF surveillance, lending programs and other IMF's work.** Regarding the links with surveillance, the 2023 AML/CFT Strategy Review confirmed that 90% of Article IV mission reports include AML/CFT topics. Moreover, LEG country desks often usefully contribute to Article IV mission reports (when relevant and macro critical), particularly when they also manage the relevant AML/CFT CD projects in the country. Regarding the links with IMF lending programs, there was widespread acknowledgement by various stakeholders that the impact of CD can be maximized when CD recommendations feed into structural benchmarks or other types of conditionality (although impact can materialize even without conditionalities). This was the case in one of our case studies [COVID], where TA outcomes were included as structural benchmarks and commitments in several IMF programs [in particular, publication of BO information as structural benchmarks in several instances]. Moreover, respondents to the 2023 AML/CFT Strategy Review's survey cited several instances where CD helped to achieve IMF program objectives as well as significant reforms in AML/CFT frameworks (e.g., Haiti, Pakistan). Furthermore, a survey respondent noted that "IMF surveillance and lending programs can help monitoring implementation and future impact of CD". Good examples of coordination exist also with other IMF's CD: for example, the TTF's thematic project on AML and corruption directly supports the IMF's Governance Diagnostic reports.

Figure 2.2 The majority of survey respondents considered internal coordination sufficient, but a significant number saw room for improvement.



Source: SEO stakeholder survey.

<sup>14</sup> Further, area departments are involved in the resource allocation and prioritization processes. Specifically, area departments prepare Regional Strategy Notes and Country Strategy Notes in consultation with CD departments to set out medium-term CD strategies and priorities. On this basis, each AD CD Coordinator prioritizes the projects at the regional level based on the Fund wide priorities and departmental priorities.

**Interviews, desk research, survey results, and some case studies suggested that there is still room to further improve internal coordination.** First, various sources confirmed that it is still rare for CD recommendations to be included as structural benchmarks. On the one hand, this happens because the suggested reforms are seen as insufficiently macro-critical (or vice versa: as too politically sensitive) and because of the need to streamline conditionality (i.e. limit the number of structural benchmarks). On the other hand, some case studies, interviews with LEG representatives and survey comments, suggested that a lack of AML/CFT-related information or technical knowledge among some area department staff can also play a role (as further explained below; this could be solved with more training to area department). Second, as shown in **Error! Reference source not found.**, a significant share of survey respondents (notably, 25% of LEG respondents and 20% of mission chiefs), considered internal coordination between LEG and IMF country teams still insufficient when it comes to providing CD on AML/CFT.

**There was broad agreement that the coherence of the AML/CFT-related CD with other IMF workstreams is currently too dependent on country teams.** Two LEG staff members indicated in the survey that “this varies from project to project and team to team. Where there is a program or where a country team prioritizes AML/CFT issues, there is generally more communication and coordination. Where the country team does not prioritize AML/CFT issues, there may be less” and “some country teams are not genuinely interested in [the] provided AML/CFT TA”. Mission chief respondents to our survey also mentioned that coordination “varies by LEG expert” and that “[t]here could be more advance discussion of planned TA.” Our case studies confirmed this mixed picture: in most cases there was communication and collaboration between country teams and LEG staff, but in one case there was a clear lack of interest and responsiveness by the country team (for example, in one country the area department team was unaware of CD activities that involved some of the same country authorities that LEG staff were meeting with as part of the CD project; and multiple members of the Article IV mission team showed a clear lack of interest in the CD project even though ML/FT risks were seen as high in this country).<sup>15</sup> In at least two case studies, the fact that the CD provided was not seen as ‘macro-critical’ explained the relative lack of interest from area departments.

**Internal coordination gap can be attributed to the unique nature of AML/CFT projects.** Several interviewees noted that AML/CFT projects often require highly technical knowledge, as well as engagement with non-standard stakeholders like FIUs, law enforcement and judiciary representatives, which area departments do not usually engage with on a regular basis. As a result, LEG often operates in isolation on criminal justice issues, limiting integration opportunities. Various stakeholders therefore confirmed that they see a need to further improve this coordination, including via enhanced training of area department staff on AML/CFT topics. In line with the 2023 AML/CFT Strategy Review, LEG is already working on ways to increase staff’s engagement and understanding of AML/CFT issues, as well as implications for financial stability and the overall economy.<sup>16</sup> Specifically, LEG representatives reported that they are developing a Guidance Note for IMF staff on the inclusion of AML/CFT issues in surveillance, lending, and financial sector assessment programs, and - as part of the standard training to IMF economists - they provided in FY2025 practical case studies on AML/CFT issues relevant for Article IV missions, FSAPs, and programs.

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<sup>15</sup> However, as mentioned earlier, Area Departments received copies of the Briefing Paper and Back-to-Office reports, which usually lists country authorities.

<sup>16</sup> The background papers of the 2023 AML/CFT Strategy review [2023 Review of The Fund's Anti-Money Laundering and Combating The Financing of Terrorism Strategy–Background Papers](#) shed light on (1) the macroeconomic impact of IFF, (2) the impact of financial integrity failures on financial stability and (3) the relevance of AML/CFT to other IMF’s policies such as governance, CBRs and digital money.

### Box 2.2 Key lessons learned on internal coherence

- The IMF has processes in place to formally ensure that the provided CD is internally coherent with other IMF workstreams and departments.
- The impact of CD is maximized when CD recommendations feed into structural benchmarks or other types of conditionality.
- Area departments and country teams sometimes lack highly specialized knowledge of AML/CFT projects, which have a unique nature within the IMF. As a result, coherence of the AML/CFT-related CD with other IMF workstreams is often overly reliant on individual staff members within country teams.

## 2.3 External Coherence

**Coherence with other CD providers and organizations active in the AML/CFT area is key given the high number of actors involved.** Based on our assessment, there are at least [10] multilateral and bilateral CD providers, as well as numerous private consultants, active in the AML/CFT area. Box 2.3 provides an overview of these providers; the number of actors which provide training is even higher. Various stakeholders were of the view that this is not a large problem, as there is sufficient coordination (see below) and overall demand far exceeds overall supply, so that the CD offered by the IMF is generally 'additional' to that of other providers. A representative of a key development partner stated that they were not as concerned about 'competition' with the IMF as they may have been in the past, also because the U.S. recently pulled out of various anti-corruption and AML/CFT initiatives, implying that excess demand may increase further. This having said, most stakeholders agreed that more measures could be taken to reduce overlap, improve coordination, and increase synergies, both at the country level and at the global strategic level. While there are various avenues where different CD providers can meet - including some FSRB working groups on CD (some of which convene 2-3 times a year) - various stakeholders interviewed, particularly external experts, noted that there are countries that are lavished with large amounts of trainings from various providers in a short period of time; in many cases, insufficient time is spent to assess to what extent the topics are understood and absorbed by participants, and has actually improved skills.

### Box 2.3 Besides the IMF, there are numerous other organizations providing CD in the AML/CFT area

- **Multilateral organizations:** World Bank, UNODC, OSCE, Council of Europe (CoE), European Commission DG Reform, European Commission's Global Facility, Interpol, Europol, Inter-American Development Bank, Organization of American states and others.
- **Bilateral providers,** including the US Treasury [currently on hold]; UK (Royal United Services Institute, HM Treasury TA unit); Germany (GIZ); Australia; New Zealand; Luxembourg (Institute for Legal Support and Technical Assistance) and others.
- **FATF and FATF-Style Regional Bodies (FSRBs),** which mainly provide training sessions
- **Private consultants:** many individual consultants or private consulting companies also provide CD to countries on AML/CFT issues (typically hired by upper middle income or advanced country governments, at commercial market rates).

**Compared to other agencies active in the AML/CFT area, the IMF is seen to have comparative advantages in macro-financial analysis, financial sector issues, including risk-based supervision, and other macro-critical topics.** Virtually all stakeholders interviewed, including from the IMF itself, saw the IMF as strongest in areas related to macro-financial analysis and risk-based financial supervision. A number of stakeholders also mentioned analytical work on macro-financial AML/CFT issues (and the linkages with IMF surveillance work) as a comparative advantage

for the Fund.<sup>17</sup> Another comparative advantage mentioned was the higher leverage of the IMF in program countries, in particular the option to include structural benchmarks on AML/CFT reforms as part of program conditionality; one example of the use of conditionality was the inclusion of publishing Beneficial Ownership information as structural benchmark for some countries.

**There is de facto some division of labor among partners, based on each other's comparative advantage.** Areas such as law enforcement and criminal justice, were much less seen as a comparative advantage for the IMF, and more as a comparative advantage for organizations such as UNODC and, to a lesser extent, the World Bank; one example is the partnership between UNODC and the World Bank on Stolen Asset Recovery Initiative (StAR initiative).<sup>18</sup> Both LEG representatives and external partners were of the view that the IMF could still engage in law enforcement type work (e.g. training judges/prosecutors) under some conditions. Two of these conditions are that (1) demand should exceed supply (which appears to be the case); and (2) TTF or IMF01 resources would need to be available for hiring STX or LTX consultants in this area (which is less obvious given other demand). However, since all agreed that IMF staff as well as STX and LTX have less of a comparative advantage in this area, it appears more efficient to let other DPs focus on this type of work.

**External coherence might become an issue in cases where different development partners offer different methodologies in the same domain, as in the case of National Risk Assessments (NRAs).** Both the IMF and the World Bank offer support with National Risk Assessments (NRAs) (as well as Council of Europe), using two different methodologies, although the IMF seemed to have provided much less support in the third phase of the TTF.<sup>19</sup> Box 2.4 outlines the main differences between the IMF NRA methodology and the WB NRA methodology. The evaluation team and most stakeholders interviewed agreed that the WB NRA-methodology would be most appropriate for low-capacity and low-risk countries, while the IMF methodology would be a better fit for more advanced countries, as it requires more knowledge and more data availability. The IMF however provided NRA support to low-capacity and low-risk countries in at least one case, although LEG representatives reported that the aim in that case was to pilot the four new NRA modules, following a positive NRA engagement with this country in the past. A recommendation to improve coherence in this area is therefore for the IMF to provide support on its methodology only in countries where ML/TF risks are high and support is macro-critical, while letting the WB or other development partners work with the WB methodology in lower-capacity and lower-risk countries, which require more 'handholding'.

**Box 2.4** The IMF and WB NRA methodologies have key differences.

The IMF NRA methodology is based on detailed statistics and largely performed by IMF staff/experts. If statistics are not - or only partly - available, the methodology falls back to the use of perception surveys to national authorities, for which national authorities would need basic understanding of AML/CFT concepts. Authorities then provide information to IMF staff that include the data in the model, which is not freely available (similarly to the NRA by CoE). IMF staff/experts then present the outcomes, which are further vetted with the supported country. While an NRA performed with this methodology is in-depth and independent, the risk is that it might be perceived by recipients as a 'black box'. As a

<sup>17</sup> For example, one donor respondent suggested in the survey that the IMF "could go beyond just supporting compliance and conduct an assessment of the most effective ways to achieve reductions in illicit finance/ML/TF/PF in a country that might not be reflected in the FATF requirements. The IMF should be using its comparative advantage in terms of its excellent analytical skills and broad geographical access to conduct evidence-based research that can hold FATF to higher standards" Another survey respondent mentioned the IMF's "wider view of priority issues that could extend beyond the FATF requirements. The ability to conduct research and develop policy papers that benefit countries beyond those receiving bilateral TA"

<sup>18</sup> See <https://star.worldbank.org/>

<sup>19</sup> A World Bank representative stated that the WB has been working with 120 countries on this methodology, while analysis of IMF documents showed that the IMF engagement in this phase of the TTF was limited to two countries.

result, it is harder to perform by national authorities on their own. In-depth capacity building is key for national authorities in low-capacity countries to have a clear understanding of risks related to ML/TF/PF.

The WB NRA methodology, instead, can be freely used and downloaded, including the formulas that underpin it. Depending on the needs of the country, it could either be filled by the country itself or with the help of experts (from the WB or others). Both statistics and risk perceptions can be included on the ground in explanatory sessions. This gives the chance to combine CD and interpretation of available data on the ground, in cases of lack of statistics and lack of AML/CFT understanding. As a result, while the WB methodology might be less in-depth than the IMF methodology, countries have a better chance to conduct an NRA themselves in the future.

**In general, external interviewees valued the IMF's expertise on AML/CFT, and LEG's willingness to collaborate on AML/CFT topics.** Collaboration between IMF and FATF and FATF-Style Regional Bodies (FSRBs) was generally seen as good and synergetic; representatives from FIG reported they attend FATF and most FSRBs working groups regular meetings and share a list of IMF CD activities on AML/CFT with FATF Secretariat before every FATF and FSRB meetings. Representatives from other interviewed DPs also valued LEG's expertise in the AML/CFT area, as well as their willingness to collaborate and to include other organizations in IMF activities: in this regard, one external stakeholder mentioned that they "work [with LEG] as one team". IMF also invited representatives of other key development partners to the TTF's SC meetings, contributing to share results, challenges and prospects at the global level. In addition, the IMF collaborates with Civil Society Organizations (CSOs). For example, the IMF itself reported that they engaged with CSOs for the verification of Beneficial Ownership information published by countries after CD provided by the TTF.<sup>20 21</sup>

**At the country level, the extent of coordination depends on individuals from IMF country teams, DP teams, FSRBs, or recipients, as well as resources.** LEG staff mentioned they always reach out to other providers when evaluating CD requests by countries, to avoid duplication and exploit synergies. In many cases this was done by contacting directors of AML/CFT units from other organizations, adding layers to the coordination process. In a number of case studies, CD providers were insufficiently aware of each other's AML/CFT activities at the country level. Specifically, while coordination was generally good in thematic projects, or in projects where AML/CFT issues were deemed macro-critical, it was more moderate in a case where it was not deemed macro-critical. Furthermore, interviews and survey highlighted that stakeholders have mixed views on the current level of coordination and the need for further coordination. On the one hand, several stakeholders from the IMF and from other DPs, considered coordination of CD as sufficient (although 'light', according to some). One external interviewee mentioned that they "coordinate pretty closely with the IMF on [...]; but on TA much less; this is more case by case, only where it seems necessary". They were of the view that further institutionalization of coordination is not necessary.<sup>22</sup> On the other hand, others considered coordination to be insufficient. One LEG survey respondent commented that "so called 'friendly' providers [...] step into projects in countries we are working with little or no warning to us [...]. We have had situations of coordination meetings with [another CD provider] where nothing is mentioned about a country and then within a few weeks we find they are working there."

**Some overlap occurs because some CD providers deem recipient authorities responsible for coordination, despite authorities not always having incentives to avoid overlap.** Case study interviews indicated that CD

<sup>20</sup> Involving civil society in Beneficial Ownership initiatives is paramount, as it is often civil society that has knowledge and means to verify the truthfulness of published BO information.

<sup>21</sup> The IMF asked CSOs for feedback on its AML/CFT strategy as part of consultations on the 2023 Review of the IMF's AML/CFT strategy: [2023 Review of The Fund's Anti-Money Laundering and Combating The Financing of Terrorism Strategy—Background Papers](#)

<sup>22</sup> As one external stakeholder mentioned: "most people here know exactly who works on what region at IMF. If there's ever anything, they'll call."

providers typically see the recipient authorities as responsible for coordination. However, recipients often have limited information on comparative advantages of each CD provider or do not have sufficient incentives or capacity to coordinate. This is particularly the case for low and middle-income countries, who are offered CD for free by various development partners. One example of overlap encountered in one of our case studies was the fact that both IMF and UNODC were training judges and prosecutors in the same country (although some exchange of information took place and there were plans for joint future activities in this area). Another example mentioned by an interviewee was about a recipient being offered training on VASPs by two different development organizations, and accepted both offers because it was free, and they wanted to see "if the second one is better than the first one". One solution to avoid such overlap is to assess both demand ("what do you want to get out of this training") and supply (who else is offering CD in this area) more in-depth during scoping missions.

**To make coordination at the country level more systematic, LEG has been developing a dashboard to MAP CD projects from other providers.** The dashboard is being developed by LEG in order to map TA projects by other key development partners by country and topic, similar to the dashboard developed by the Platform for Collaboration on Tax (PCT). It aims to collect basic information of a) country receiving TA, b) topic and c) contact details of the provider's contact person for the project, at an annual frequency. In this way, users can see for each country which provider has been engaging in TA and on which topics. LEG so far obtained data from the World Bank, UNODC and ADB, and is currently engaging with other providers such as the EU Global Facility to check whether they also are able and willing to provide these data for their CD projects. LEG already presented this initiative to TTF donors as well as FATF Secretariat. FATF Secretariat welcomed this initiative and engaged with the FSRBs, in order for the FSRBs to replicate this initiative on the CD demand side; the idea shared by FATF and IMF is to have a 'marketplace' matching demand and supply for CD, thereby making coordination for CD more transparent and systematic. However, given limited TTF and IMF01 resources, LEG would need more resources to maintain and expand the dashboard to make it available to more TA providers as well as donors. If the IMF were to be made responsible for maintaining the dashboard (which could be efficient given that they already made a start with it), it would make sense to ask for contributions from both donors and development partners.

#### Box 2.5 Key lessons learned on external coherence

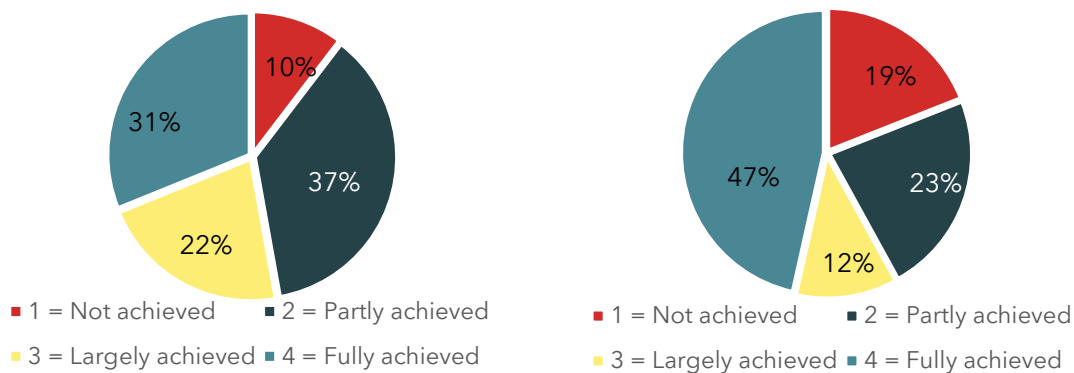
- Coherence with other CD providers and organizations active in the AML/CFT area is key given the high number of actors involved, including multilateral and bilateral CD providers, as well as numerous private consultants.
- Compared to other agencies active in the AML/CFT field, the IMF is seen to have a comparative advantage in macro-financial analysis, financial sector issues (such as risk-based supervision), and other macro-critical topics.
- Some overlap with other CD providers occurred at the country level. This was often due to the expectation that recipient authorities are responsible for coordination, despite authorities not always having incentives to avoid overlap.

## 2.4 Effectiveness, Impact and Sustainability

**Various sources suggest that most CD projects were broadly effective in achieving their targeted outcomes.** RBM scores indicated that around half of the rated outcomes and milestones (including for non-completed projects) were marked as largely or fully achieved (**Error! Reference source not found.**). However, the effectiveness varies by type of outcome.

- Regarding improvements in individual capacity, there were many examples of cases where recipients improved their understanding of AML/CFT issues. However, the RBM ratings in this area were relatively low,<sup>23</sup> and several case studies and interviews suggested that in some cases, especially outside of the country's AML/CFT focal points such as central banks, or FIUs more capacity building remains needed to reach a sufficient level of recipients' understanding of AML/CFT issues.
- Regarding improvements in organizational capacity, survey respondents and interviews provided several examples of cases where the CD was effective in supporting countries with the development and implementation of a risk-based supervisory framework (except in one case study), which was seen by many as the strongest area of IMF expertise, compared to other development partners.
- Regarding legal drafting and legal frameworks, the RBM system shows the highest ratings (Figure 2.4). This was confirmed by survey respondents and case studies, which provided various examples of projects where the CD contributed to legislative change and, in some cases, improved FATF ratings. For example, In Namibia, authorities enacted over 16 pieces of legislation, with support from the CD project team, leading to positive re-ratings on 15 FATF Recommendations to Compliant and Largely Compliant.<sup>24</sup>

Figure 2.3 About half of the rated outcomes (left) and milestones (right) were marked as largely or fully achieved



Source: SEO Amsterdam Economics, based on IMF data (CDMAP). Covered period: July 2020 - June 2024. Note that projects include both completed projects as well as projects in execution.

**The available evidence suggests that, in most cases, the CD provided by the IMF importantly contributed to these observed results.** In many cases, the IMF was the only institution providing TA and training, so that the observed results can be attributed quite clearly to the IMF's CD (besides contribution by the recipient authorities). In cases where key results were obtained, recipients often acknowledged the importance of the IMF contribution (Figure 2.5). For example, one survey respondent from a recipient authority stated that "the IMF's support has been vital for our country's technical compliance assessment." Furthermore, case studies clearly showed links between IMF CD and key outcomes, such as NRAs; delivering of supervisory tools and manuals; legal amendments; and the publication of information on beneficial ownership.

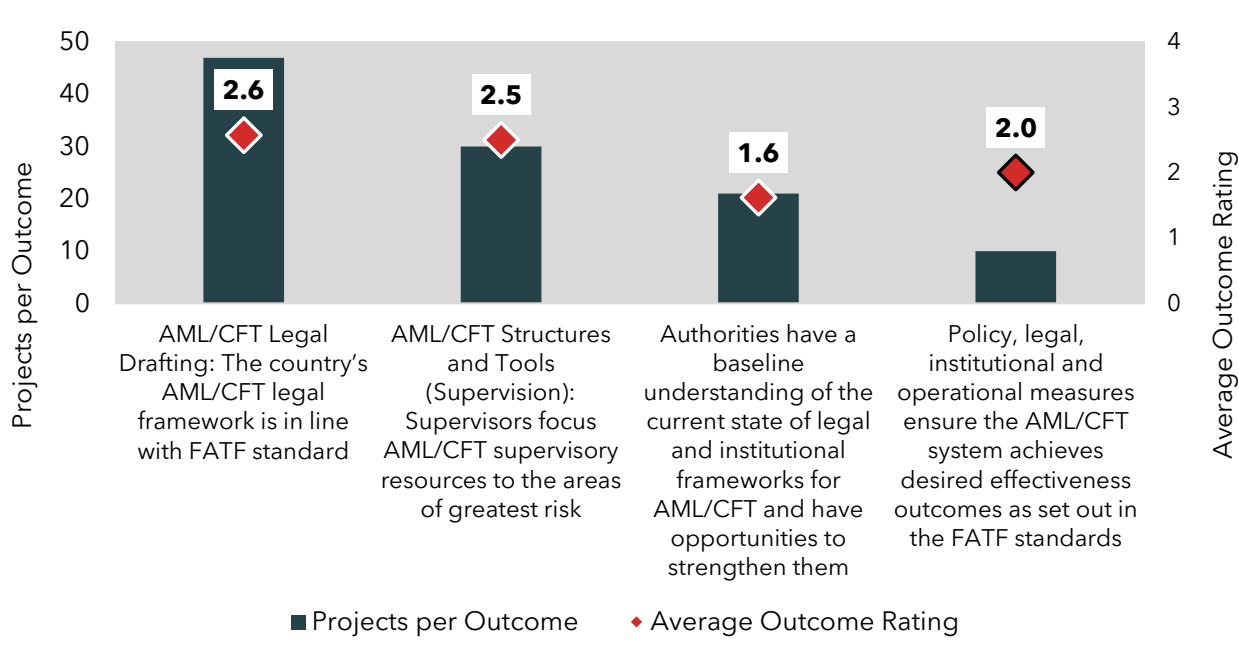
**By the end of the current TTF phase, most RBM outcomes for the five case studies are likely to be largely achieved, provided certain conditions are in place.** For most case studies, the evaluation team deemed it likely

<sup>23</sup> As Figure 2.4 shows, RBM ratings showed that recipients' having a "baseline understanding of the current state of legal and institutional frameworks for AML/CFT" as low rating, compared to other outcomes (e.g. legislative changes, or risk-based supervision).

<sup>24</sup> Annual Report FY2024.

that outcomes would be largely achieved by the end of the current TTF phase. This assessment is based on the outcomes currently achieved, as mentioned earlier, as well as the conditions that are in place for future results to materialize. Nevertheless, in many cases the available resources are not sufficient to carry out all capacity building that would be needed for recipient authorities to effectively understand and tackle ML/TF risks. One case study indicated that the support provided would have been much more effective by including more basic capacity building (which was not in the scope of the project and would have been more expensive).<sup>25</sup> Other conditions are also needed for outcomes to materialize, which are partly outside the control of the TTF. For example, in the case of NRAs, results are conditional on a rapid follow up to the NRA with a national strategy and action plan that mitigates the risks and is properly implemented. Finally, the extent to which legislative change will occur naturally depends on parliaments, which typically need to approve legal amendments: whether or not these are approved is naturally outside the control of the IMF.

Figure 2.4 Outcomes on legal drafting were rated highest, while outcomes related to authorities' understanding of AML/CFT frameworks and effectiveness were rated lowest



Source: SEO Amsterdam Economics, based on IMF data (CDMAP). Covered period: July 2020 - August 2024. Note that projects include both completed projects as well as projects in execution.

**Case studies also showed some positive examples of countries where the CD may eventually have a long-term impact on reducing the actual risks and incidence of ML/TF, although this is conditional on many factors.**<sup>26</sup> In many cases, it was too early to assess the impact on reducing ML/TF (i.e. beyond the outcomes defined by the RBM), and many stakeholders agreed that tackling ML/TF effectively is much harder than achieving short-term outcomes such as improved technical compliance on FATF standards.<sup>27</sup> That being said, several case studies

<sup>25</sup> This was also highlighted by one recipient in the survey, that mentioned that “the IMF has the best TA, but [we] would appreciate enhanced capacity building in-terms of combating ML and TF.”

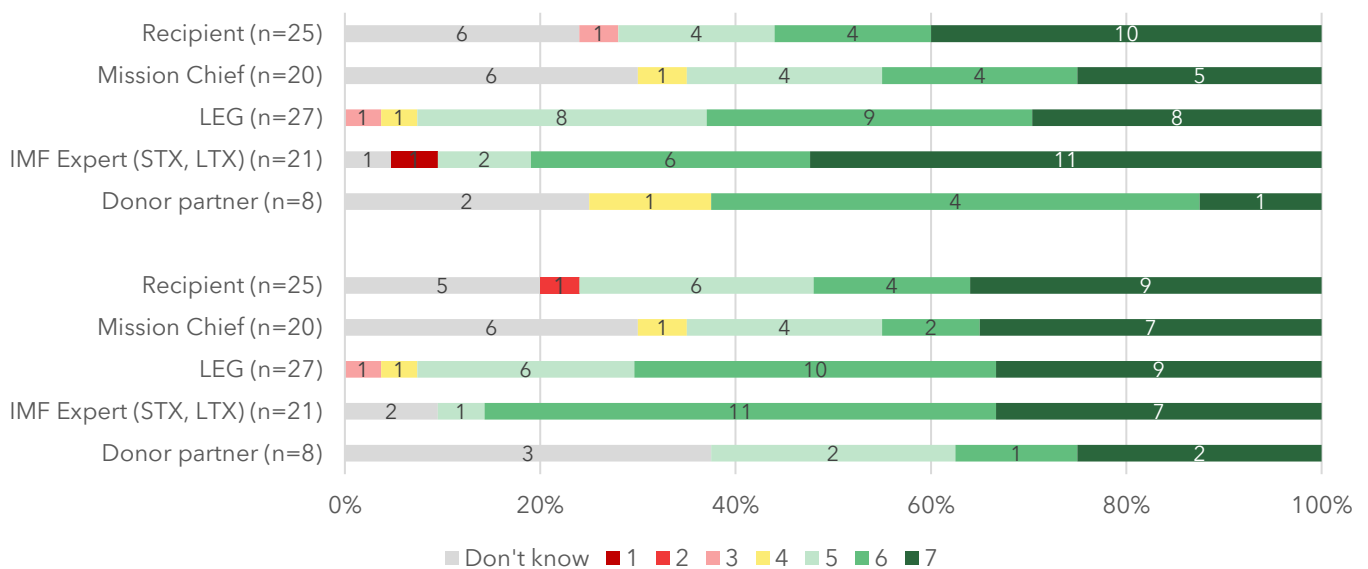
<sup>26</sup> In some cases, the results went beyond reducing AML/CFT risk and incidence, such as easing CBR pressures where remittances play a crucial role for recipient countries, or contributing to amend FATF standards, as in the inclusion of BO information for procurement contracts under FATF recommendation 24.

<sup>27</sup> Moreover, there is currently very little monitoring and reporting of longer-term impact, as outlined in the section on “Governance, strategy and reporting”

did show potential for achieving long-term impact on effective reductions in risk and incidence of ML/TF. For example, one project likely contributed to reducing the risk of misuse of COVID-19 related emergency funding (although it is unclear to what extent this has a long-term impact). In another example, CD on VAs/VASPs contributed significantly to raising awareness and improving legal and supervisory frameworks in participating countries, with a promising long-term impact on actual mitigation of financial crime risks. In order for such longer-term impact to materialize, several conditions need to be in place. For example: [On VASPs], the sustainability of outcomes depends heavily on continued capacity building and national adoption of the tools developed. Suggestions to integrate digital tools, improve inter-agency collaboration, and offer practical follow-ups were frequently mentioned as ways to enhance the longevity of training outcomes.

Figure 2.5 Survey respondents were broadly satisfied with the TTF's contribution to improving AML/CFT frameworks in recipient countries

Based on all AML/CFT TA and training projects you are familiar with, how would you assess their (average) **actual contribution** and the **expected contribution** to the following: actual (above) and expected (below) contribution to **improving AML/CFT frameworks?**

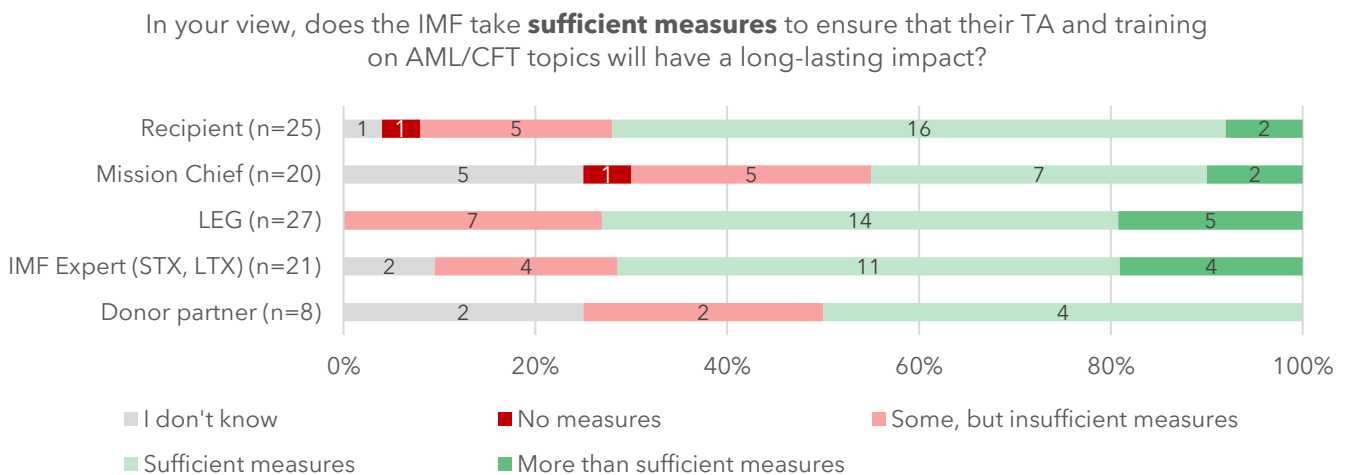


Source: SEO stakeholder survey. Scale: 1 (no contribution) to 7 (critical contribution).

**Both short-term and longer-term results were impacted by high turnover on the recipients' side, especially in low-capacity countries**, which remains a threat to the sustainability of results. Case studies and interviews confirmed that many countries face issues with high turnover rate. This was confirmed by survey responses, e.g. one STX/LTX mentioned that "due to the high turnover rate, especially in LICs and FCS, we are not sure that TA and training will contribute to recipients' understanding in the medium-to-long term". While this is a common finding for CD programs aimed at public officials, it could be an even more serious issue for CD in the AML/CFT area (just as for CD in the tax area), given that AML/CFT expertise can have considerable value for the private sector. Specifically, high turnover of (recipients') staff implies that, even when the TTF is successful in improving individual capacity, knowledge is lost, and capacity building needs to start over. This impacted activities which entailed capacity building to a larger extent compared to activities resulting in legal changes (whenever the activities were already completed).

**While the sustainability of CD results is to a large extent outside the control of the TTF, more measures could be taken to mitigate sustainability risks.** Risk assessment procedures are to some extent embedded in TTF processes. For example, project proposals and yearly assessments contain explicit risk assessments, with likelihood of risks and potential impact thereof. However, about one fourth of survey respondents indicated that the TTF does not take sufficient measures to ensure a long-lasting impact of results (Figure 2.6). Case studies also confirmed this finding: while in two case studies project managers and IMF experts ensured buy-in from high level authorities, in another case study the opposite is true. Case studies also offer a mixed picture regarding both ensuring that knowledge is shared beyond one or two people per agency (although this proved difficult in small countries where teams are inevitably very small) and implementing plans to institutionalize improvements (in supervisory practices as well as NRAs). Both LEG staff interviewed for case studies as well as LEG survey respondents viewed some of these practices towards ensuring sustainability of results as something the TTF and IMF have no control on. One LEG survey respondent commented that "to a large extent, long-lasting impact is beyond the control of IMF staff. This is especially the case if authorities change staff after a CD program". Nevertheless, the IMF has measures to follow up on CD results. LEG representatives reported that the LEG desk for the country follows up on CD results after the CD project has ended, namely during article IV mission consultations or lending missions. This effort should be continued also through further and more frequent coordination with area departments, as indicated by the CDSR.

Figure 2.6 Although the majority of responses indicated that the IMF takes sufficient measures to ensure a long-lasting impact, about 25% of survey respondents disagreed.



Source: SEO stakeholder survey.

Box 2.6 Key lessons learned on effectiveness, impact and sustainability

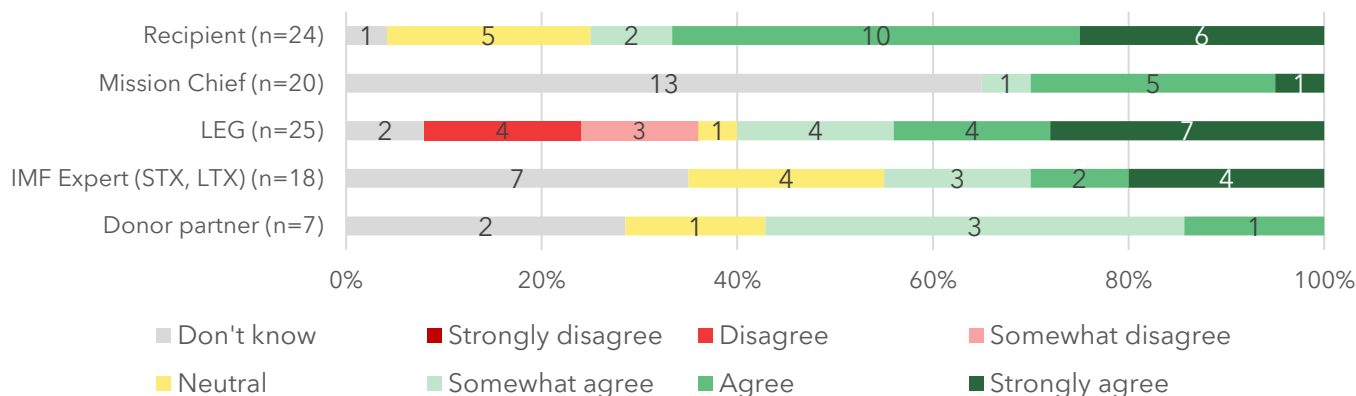
- The TTF achieved the most positive results in the areas of legal drafting and risk-based supervision, whereas ensuring that authorities had a baseline understanding of AML/CFT framework proved challenging.
- Tackling ML/TF effectively is much harder than achieving short-term outcomes such as improved technical compliance on FATF standards.
- High turnover on the recipients' side is a widespread issue in low-capacity countries and remains a threat towards both short-term and long-term results.
- While many consider ensuring sustainability after project completion as beyond the scope of the projects, the IMF has mechanisms in place to follow up on CD results - such as through engagements with Article IV missions and lending programs - and should make sure they leverage these to the fullest.

## 2.5 Efficiency

Various sources indicated that timeliness, an important aspect of efficiency, is not the strongest point of the TTF. In particular, project data, case studies, survey and interviews all indicated that delays are often encountered in the delivery of CD. For example, ¼ of LEG respondents indicated in the survey that project activities are not delivered in line with planned timelines. This is sometimes due to external circumstances, such as prolonged restrictions due to the pandemic, or turnover at the recipients' authorities' side.<sup>28</sup> However, another reason for delays is that IMF staff members reportedly are often incentivized to prioritize other workstreams over TA. As one LEG staff member put in the survey, "TA is the poor cousin of other workstreams and it is often TA work that staff members have to defer due to higher priorities from other workstreams."<sup>29</sup> This was observed directly by the evaluation team, as CD project managers were often busy with e.g. participating in Article IV missions and had to delay interviews as a result. In one case study, recipients reported delays in CD delivery of up to six months. To prevent this from happening, one stakeholder suggested to hire more LEG staff exclusively or mostly dedicated to TA, and LEG representatives in fact confirmed that they are in the process of hiring two staff members who will almost exclusively work on TA. However, based on previous experience, they noted that they are against a full separation between staff working on TA and staff working on other workstreams, as this undermined internal coherence in the past.

Figure 2.7 Respondents' views on efficiency were somewhat less positive than on other criteria.

Please indicate your agreement with the following statements regarding the TA and training projects supported by the AML/CFT Thematic Fund: "If projects are at risk of exceeding deadlines or costs, the IMF takes **sufficient measures to save time or reduce**



Source: SEO stakeholder survey

Multiple sources also indicated that cost-effectiveness, another aspect of efficiency, can also still be improved. In particular, financial data analysis and interviews suggested that IMF staff time and mission costs are relatively high, and that decisions on staff planning do not always lead to the most cost-effective CD delivery. Our analysis of mission data, showed, for example, that a mission in one country cost almost US\$10,000 per mission day, or over US\$4,000 per person per day. In another case, a five-day mission with more experts cost over US\$12,000 per day. In the latter case, this was mainly due to the participation of senior IMF staff in one mission which, according to some stakeholders, may not have been strictly necessary. Nevertheless, the evaluation team acknowledges that

<sup>28</sup> COVID-19 led to delays especially in cases where the pandemic hit late and restrictions were prolonged e.g. in the PICs while the first scoping mission took place in 2021 the first in-person missions were only possible in 2023.

<sup>29</sup> The CDSR also reported that having lower incentives for TA compared to other IMF workstreams is an IMF-wide problem.

there can be strategic reasons for the involvement of senior managers in some cases, e.g., when new modules are being piloted.

**The TTF has already been taking many steps to reduce costs, including using regional experts and online delivery modalities where possible and appropriate.** Regarding regional experts, one case study showed that support was mostly provided through LTX and STX from the region, with backstopping from HQ, although the cost of travelling for the LTX were anyway not much lower than travelling from HQ. Regarding CD modalities, while in-person missions are usually necessary for trainings and more hands-on capacity building (as reported by many recipients in case studies, as well as documented in the CDSR), there are many examples where online engagement gives satisfactory results: the COVID case study indicated that for legal drafting and amendments online support is usually sufficient, as this mostly entails adjusting document drafts. Nevertheless, one case study showed that the online modality is suboptimal when time differences between Washington DC and the beneficiary country is too high, especially if recipients need to absorb complex new concepts. Furthermore, thematic projects such as VASPs or BO, being lighter in terms of depth and length of assistance (6 months-1 year as opposed to 2-3 years), are also a way to test country commitments and needs, especially for countries with which the TTF did not have past engagement.

**The use of these modalities could be further expanded, with significant decrease in costs.** Our calculations indicate that the cost of an in-person mission of one week is on average US\$ 15,000 higher than an equivalent online engagement for one-person missions (or US\$ 30,000 for two-persons missions, considering that missions are many times carried out by two people); the costs are even higher if the mission involves a senior manager.<sup>30</sup> We also found an example in our case studies where a two-day mission in one country cost almost US\$10,000 per mission day, or over US\$4,000 per person per day, and another example where a five-day mission with more experts cost over US\$12,000 per day. This is due to IMF staff's significant involvement in one case: in fact, calculations based on case study projects indicated that LTX rates are on average half of IMF staff rates, and STX rates are one fourth of IMF staff.<sup>31</sup>

**In terms of quality, various sources indicated that they highly valued CD experts,** Multiple stakeholders (development partners, experts, recipients) confirmed in the survey that the IMF is a highly respected institution, and that IMF staff and experts are generally seen as very knowledgeable. Recipients in case study also appreciated the quality of the TTF support. Various stakeholder also mentioned that the IMF is usually able to attract the best experts, partly due to higher salaries than other comparable institutions.

**In terms of flexibility of funding, many sources suggested that budget allocation could be more efficient.** In particular, CD budgets are typically allocated 'in bulk' at the start of a project and subsequently cannot be easily reallocated in case project implementation does not go as planned. Reallocating project budgets is sometimes difficult as the SC needs to approve every change in budget above 20% (see Governance section). Similarly, about 33 % of LEG survey respondents (excluding those who answered 'don't know') indicated that, if projects are at risk of not delivering results, IMF staff does not always take sufficient measures to reallocate budgets to other projects

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<sup>30</sup> The calculation is based on the following: (1) costs of long flights from Washington headquarters can be up to US\$9,000-10,000 per person; and (2) per diem expenses, including hotel, subsistence, transportation, can surpass US\$1,000 per person per day.

<sup>31</sup> However, increasing the number of STX will also increase the management and backstopping cost for the IMF; as a result, the actual cost for an STX is higher than one fourth of IMF staff.

with higher potential for results.<sup>32</sup> This becomes a problem when the TTF allocates high budgets to projects where traction declines (as shown by one of the case studies). Another case study indicated that, by the time the CD budget was depleted, more capacity building was still needed to ensure longer-term impact and sustainability of results. Similarly, one survey respondent stated that “Some projects are too ambitious compared to the allocated budget and available human resources (including STXs)”.

#### Box 2.7 Key lessons learned on efficiency

- CD delivery was not always timely, as IMF staff is incentivized to prioritize other workstreams over TA.
- Thematic projects are a good way to test country commitment and needs, especially for countries with which the TTF did not have past engagements.
- While the online modality works well for legal drafting and amendments, it is suboptimal when time differences between Washington DC and the beneficiary country is too large, particularly when recipients need to absorb complex new concepts.
- Mission costs are high, particularly when involving senior IMF staff members or when missions require long travel to distant or remote locations.
- Allocating CD budgets ‘in bulk’ at the start of a project causes inefficiencies, as budget cannot be easily reallocated in case project implementation does not proceed as planned.

## 2.6 Governance, strategy and reporting

### **The TTF has a good governance and strategy and is well set up to support countries with tackling ML/TF risks.**

The IMF was praised by multiple stakeholders for having an up-to-date overarching AML/CFT strategy, in contrast with other comparable institutions which either do not have such strategy or do not update it regularly.<sup>33</sup> The TTF has strived to align its operations with this overall AML/CFT strategy (as shown, for example, in the Program Document) as well as the CDSR, integrating CD delivery into broader IMF operations. Furthermore, the CD delivery of the TTF is quite centralized. Multiple interviewees – including external stakeholders – acknowledged that the TTF benefits from extensive AML/CFT expertise at the senior management level, with global oversight of all activities and with a good understanding of ML/TF risks. Given that tackling ML/TF requires a global effort, the structure of the TTF as one single Thematic Fund managed at IMF headquarters is appropriate.<sup>34</sup>

**The TTF could usefully benefit from more budget flexibility.** As mentioned under Efficiency, when changes are needed to a project budget above 20%, LEG currently needs to ask for formal approval to the steering committee. While this increases donor accountability, it also makes it more difficult and time-consuming to reallocate budgets when circumstances change, or when too little progress is made to warrant continuation of a project (e.g. due to political economy factors, lack of ownership, lack of absorption capacity, or other unforeseen factors). Moreover, the TTF has many constraints about which countries and type of work the TTF should provide CD on. First, some donor partners have strong preferences regarding which countries should get CD; while this is understandable it is therefore harder to implement a sustainable strategy based on clear criteria. Second, a consistent share of the funding should go to low or lower-middle income countries, which are not always the most relevant countries when it comes to fight macro-relevant consequences of ML/TF. Third, the TTF currently has a cap of 5% to analytic work,

<sup>32</sup> One LEG staff commented that “Managers also do not act quickly in reallocating budget, although I would hesitate to make this a recommendation as this may not lead to a fair result in the re-distribution of resources”.

<sup>33</sup> The IMF updates its AML/CFT strategy every five years. The latest review was in 2023.

<sup>34</sup> Other organizations such as UNODC and the World Bank have a more decentralized model, where expertise is usually scattered throughout the regions.

which could be raised in order to allow better exploiting the IMF's comparative advantage in macro-financial analysis and invest in regular revamping of CD products.

**TTF overhead costs are relatively high, in part due to time-consuming IMF procedures, such as the CDMAP system.** Analysis of financial data showed that project management cost could reach 15% and 20% of total costs in FY2022 and FY2023, respectively, although this decreased to 10% in FY2024, on top of another 7%-10% for backstopping. One of the causes could be the requirement to use IMF systems such as CDMAP: many IMF staff representatives reported that using CDMAP has been burdensome (has many formal requirements) and that it often had glitches. This was a problem to such an extent that LEG even hired a new staff member to develop its own alternative systems for tracking CD.<sup>35</sup> An additional issue is that the financial reporting of hours spent on CD by IMF staff is not precise, as many staff members admittedly often write hours on projects in bulk every 1-2 months, preventing a clear tracking of hours spent on each project. Work by LTX is also aggregated under one category, for each project (e.g. not disaggregated by online vs in-person modality).<sup>36</sup> This is however an IMF-wide problem, that is not limited to the TTF.

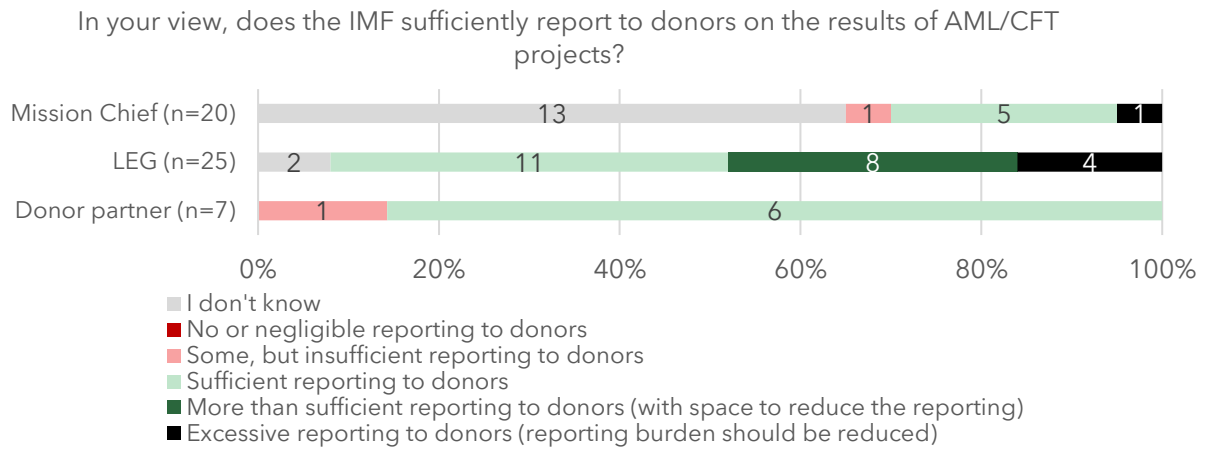
**The high reporting burden is most likely another factor contributing to high overhead.** Annual reports currently contain a large amount of detailed project information, consisting of a summary paragraph for each project, as well as a more detail progress report for each project in the annex. This information is sometimes repeated throughout the report. LEG representatives reported that compiling this piece of information takes a lot of time. In the survey, nearly 50 percent of LEG respondents (12 out of 27) indicated that they saw space to reduce reporting. Interviews with LEG staff involved in the TTF also confirmed that the reporting burden was seen as too high and is taking valuable time and resources away from implementing CD activities. Moreover, the volume of reporting requirements risks lowering the quality of reporting. For example, the ways in which outcome indicators and milestones are currently used by project managers is not always informative: baseline and target values of indicators are often not useful and reported only as 'baseline = 0', 'target = 1' (or 100), rather than clearly defining where a country stands at the beginning of the project, (baseline), and to what level CD aims to achieve (target). Moreover, milestones are sometimes just a repetition of outcomes rather than intermediate steps towards reaching an outcome.

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<sup>35</sup> Nevertheless, an IMF representative mentioned that CDMAP is constantly being updated and there are several enhancements under development that may decrease these costs.

<sup>36</sup> Furthermore, one donor mentioned that it is not clear how much time LTX spend on projects related to the TTF versus projects for RCDCs.

Figure 2.8 While donor partners mostly saw reporting as sufficient, nearly half of LEG staff respondents saw room to reduce reporting



Source: SEO stakeholder survey

**Reporting can be streamlined and improved and should focus on showcasing higher level impact.** First, while there is detailed reporting at project level, a clear condensed overview of progress is missing. In this regard, the 2024 Annual Report introduced a few positive changes in this sense, reporting on the aggregate level of outcomes, leveraging CDMAP data. Second, impact at the level of reducing ML/TF risks is currently not showcased. As one donor mentioned in the survey: “More can be done to evidence to donors [...] how projects were chosen and giv[e] examples of how IMF technical assistance is translating to real world outcomes beyond legislative changes”; more specifically there are no “case studies indicating how IMF TA and corresponding legislative changes in AML/CFT frameworks have been used to tackle ML/TF/PF”. A clear recommendation is therefore to monitor and report more thoroughly on such longer-term impact in annual reports.<sup>37</sup> In this regard, LEG reported they are experimenting with new ways of showcasing impact (e.g. through videos), possibly including CD recipients.

<sup>37</sup> Article IV missions and FSAPs can help monitor CD recommendations and impact even after CD has ended.

### 3 Conclusions

The TTF remains highly relevant, well aligned with global AML/CFT priorities, and valued by recipient authorities. However, there are opportunities to further enhance its macro-relevance, longer-term impact, internal coherence, efficiency, and flexibility. Key findings are reported below.

- **Macro-relevance and impact.** The TTF effectively supports countries in meeting FATF standards and addressing ML/TF risks, but its potential impact on tackling ML/TF at the global level is sometimes suboptimal by not always focusing on jurisdictions where ML/TF risks are high, and the consequences of ML/TF are macro-relevant.
- **Integration with other IMF workstreams.** The IMF has processes in place aimed at ensuring internal coherence with IMF surveillance and lending activities. This coherence has improved over the past years, with AML/CFT considerations increasingly integrated into Article IV consultations, lending programs and FSAPs., However, not all area department country teams are sufficiently aware of ML/TF risks, TTF activities, and the macro-relevance of AML/CFT issues. LEG has already undertaken several initiatives to inform area department country teams about the macro-financial implications of ML/TF risks, but these efforts could be further strengthened with additional training.
- **Traction of CD.** Recipient authorities value the TTF's technical assistance and training, recognizing the IMF's expertise in the AML/CFT area and its importance in strengthening their AML/CFT capabilities. Engagement levels do vary, and sometimes suffer from competing policy priorities, limited buy-in from high-level recipient authorities, or weak absorption capacity. A key challenge on the recipients' side remains high staff turnover within recipient institutions, especially in low-capacity countries, which affects the sustainability of CD results. A key challenge on the IMF side is the fact that IMF staff is often incentivized to prioritize work for other workstreams over TA, adding to delays in CD delivery, which further reduces the traction of CD activities.
- **External coordination and IMF's comparative advantage.** The IMF's strong expertise in macro-financial analysis and financial sector issues, including risk-based supervision, combined with its surveillance and lending activities, uniquely positions the IMF to provide high-impact AML/CFT technical assistance that aligns with broader macro-financial stability objectives. While the TTF already collaborates with development partners, coordination efforts are often too dependent on individuals. To coordinate more systematically and enhance synergies, the TTF has already started developing initiatives, including a dashboard to track AML/CFT CD activities by other development partners.
- **Reporting and impact measurement.** The TTF provides extensive reporting to donors at the project level, which is valued but has two main drawbacks. First, TTF staff perceives the reporting requirements as a heavy administrative burden, taking valuable time away from CD delivery activities. Second, the large volume of detailed information can dilute key insights, making it more difficult to highlight the TTF's higher-level impact on reducing ML/TF at the global level, which is currently not yet measured well.
- **Efficiency.** Both timeliness and cost-effectiveness are aspects of the TTF that can be improved further. The TTF has already started enhancing efficiency, including through the use of online and hybrid CD, but there is space to further reduce costs, as some in-person missions remain costly. Further, the TTF has limited flexibility in reallocating resources, as budget adjustments above a certain threshold require formal approval. This can slow down responses to changing country needs and reduce the ability to redirect funds to projects with higher impact potential.

## 4 Recommendations

Based on the evaluation findings, the evaluation team has six key prioritized and actionable recommendations to further improve the TTF going forward.

1. **Further enhance the macro-relevance of TTF activities.** This can be done in multiple ways:
  - a. Take macro-relevance better into account during needs assessments and project design (jointly with area departments). This can be done by leveraging the 'macro-criticality scale' already developed by FIG, and by further involving area department staff in needs assessments, scoping missions, and the design of CD projects (beyond merely asking for approval): this will also help focus on sectors with high risk of misuse.
  - b. Give higher weight to macro-relevance in prioritization processes, while maintaining a flexible and tailored approach (in line with the latest CD Strategy Review). In particular:
    - Give more weight to countries and sectors where ML/TF risks are higher, and where these risks are more likely to negatively impact macro-financial stability. This could also involve providing CD to non-ODA countries in case they are highly relevant for mitigating the macroeconomic impact of illicit financial flows on ODA countries.
    - Reduce the weight given to other criteria, such as the need or preferences of donor partners for the TTF to allocate a certain percentage to specific regions or countries and low-income countries.
  - c. Allow the TTF to fund more macro-relevant research and analytical work. This could be done by raising the current ceiling of 5% under the condition that this analytical work is macro-relevant and feeds back into CD projects and tools.
  
2. **Further enhance ownership by better engaging recipients and traction of activities:**
  - a. Involve CD recipients more closely and more systematically in jointly designing the CD project, defining clear project milestones,<sup>38</sup> and agreeing on mission planning.
  - b. Fund large CD projects in "tranches" to ensure continued commitment and traction. Making successive phases of TA/training conditional on successful completion of the previous phase (or on providing data and sharing relevant laws) can make TTF resources more quickly available for other projects that do have sufficient traction.
  - c. Take more efforts during scoping visits to assess ownership and absorption capacity of recipients, for example by conducting a few interviews. If absorption capacity is low, priority may be given to offering more basic training first, or to reallocating funds to recipients with similar (macro-relevant) needs but better absorption capacity. Ownership assessments should include political economy factors, such as upcoming elections that may affect the political will to reform. These assessments are already included to some extent in TTF annual project assessments (in risk mitigation matrices), but could be conducted more in-depth (particularly prior to project approval) and should be incorporated into decisions about project design, project timing, and project extensions.
  
3. **Continue efforts to further improve coordination with other IMF workstreams (notably, surveillance and lending).**
  - a. Continue efforts to increase training to IMF area department country teams on AML/CFT issues to enhance their understanding of the macro-relevance of ML/FT, ability to recognize ML/TF risks, and more informed

<sup>38</sup> Recipients can also be better involved in clearly defining baseline and target values for RBM indicators (i.e., jointly assessing the pre-project baseline values and the post-project target values for specific indicators).

discussion on when to include AML/CFT reforms as structural benchmarks in IMF programs. LEG could also consider enhancing the use of existing training materials, such as the AML/CFT online training.

- b. Take measures to enhance informal communication and coordination between country teams, LEG teams and LTX during and after CD project implementation (e.g. agree on guidelines to conduct more regular informal meetings between mission chiefs, relevant desk economists, and LEG country desks, where LEG desks can review area department briefing papers; consider involving experienced LTX more in area department missions or training of area department staff).
- 4. Continue the efforts on monitoring and coordination of AML/CFT CD activities by key development partners**
- a. Further work with FATF and key partners to ensure continued and expanded use of the dashboard aimed at monitoring activities of all key TA providers active in the AML/CFT area. It is important to keep this dashboard up to date (with annual or bi-annual updates), expand it with additional partner data, and engage with partners to encourage them to use this platform. The dashboard is currently open to only three key development partners: opening it to other TA providers and donors, and maintaining it, will likely require a small additional budget. The IMF could therefore usefully consider allocating (more) TTF resources for funding this effort (with the contribution of other partners). If this is not possible, the TTF should encourage another key partner to take over this effort. This dashboard could then be matched with FATF efforts to gather CD demand by country, thereby creating a demand-supply 'marketplace'.
  - b. Alternatively, encourage the FATF Secretariat to take the lead in assessing demand and supply, and developing a system to match demand and supply in the 'marketplace' for AML/CFT related CD assistance.
  - c. Continue inviting representatives of key development partners to SC meetings, thereby sharing the main results, bottlenecks and overall strategy.
  - d. Organize annual meetings at the global/strategic level between the major institutions providing CD on AML/CFT, so as to arrive at (a) a blueprint for a common strategy and (b) a clearer division of labor at the strategic level. IMF staff could coordinate this effort, as multiple stakeholders have praised the IMF's AML/CFT strategy.
- 5. Streamline project-level reporting by making it less detailed and focusing more on high level impact.**
- a. Reduce detailed reporting at the individual project level. For example, there is no need to report on all individual projects in annual reports, as this is already done in 'project assessments'.
  - b. More clearly report results at the aggregate level in annual reports by showing outcome ratings (as partly done in the latest AR, and as outlined in the IMF's CD strategy reviews of 2018 and 2023) and ratings change in comparison with previous year and clearly reporting on number of concluded projects and corresponding outcomes.
  - c. Develop more innovative ways to showcase longer-term impact at the level of reducing ML/TF risks (and ML/TF incidence), for example, through videos (or infographics) where recipients show how they are better able to tackle ML/TF risks as a result of the CD project (e.g., with examples of legal amendments approved; enforcement enhanced; ML detected).
- 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.**
- a. Continue experimenting with and further developing online and hybrid modalities. While in-person visits are often seen as more effective, the enhanced experience with online CD since COVID-19 has shown that some activities can be effectively and efficiently carried out online (e.g. certain types of online training or drafting or reviewing of laws or supervision manuals).

- b. In order to avoid excessive travel costs for missions to remote countries, consider combining multiple short missions (e.g. 2-day scoping visits) in one regional visit to multiple countries in the same region,
- c. Replace Washington-based staff with regional experts whenever possible and appropriate.<sup>39</sup>
- d. When conducting CD activities online, account for time zones compatible with recipients' time zones. If large time zone differences complicate or delay mission planning and delivery, consider involving national or regional experts (STX, LTX) more often.

Table 4.1 Five of the six recommendations are actionable in the current phase of the TTF.

Priority	Recommendation	Suggested starting period
1.	Further enhance the macro-relevance of TTF activities.	Phase IV
2.	Further enhance ownership by better engaging recipients and traction of activities	Phase IV (with pilots in the current phase, where possible)
3.	Continue efforts to further improve coordination with other IMF workstreams (notably, surveillance and lending).	Current phase
4.	Take the lead in monitoring and coordination of AML/CFT CD activities by key development partners	Current phase
5.	Streamline project-level reporting by making it less detailed and focusing more on high level impact.	Current phase (starting with Annual Report of FY2026)
6.	Reduce mission costs by using online or hybrid modalities more frequently; involving national experts more often; and combining multiple short missions into one longer regional visit.	Current phase

Source: SEO Amsterdam Economics. Recommendations are ordered by priority, i.e. by the potential impact of each recommendation.

<sup>39</sup> Given that IMF staff is significantly more expensive than STX or LTX experts, particularly in case of senior IMF staff, resource allocation could be further optimized by more clearly assessing which tasks require (senior) IMF staff involvement and which ones could more efficiently and equally effectively be handled by STXs or LTXs (particularly when STXs and LTXs are former IMF staff members, as is often the case).



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Roetersstraat 29  
1018 WB, Amsterdam  
The Netherlands

**+31 20 399 1255**  
[secretariaat@seo.nl](mailto:secretariaat@seo.nl)  
[www.seo.nl/en/](http://www.seo.nl/en/)