

Web Box 3.5

Topical trust fund on anti–money laundering and combating the financing of terrorism

In May 2009, the IMF launched its first topical trust fund, supporting technical assistance to strengthen countries' defenses against money-laundering and terrorist-financing activities. These highly organized and increasingly mobile activities can undermine the soundness and stability of financial institutions and systems, discourage foreign investment, and distort international capital flows. Problems involving AML/CFT activities in one country can quickly spread to other countries in the region or elsewhere.

TA designed to improve AML/CFT regimes is part of current efforts to strengthen the global financial framework and thereby enhance financial sector and macroeconomic stability, on both a national and an international level. It also facilitates countries' integration into the global financial system and helps them improve fiscal governance, transparency, and effectiveness. The AML/CFT TTF is guided by a steering committee comprising donor partners and the IMF, and TA under the TTF is coordinated with the work of other international and regional bodies.

In its first year of operation, the AML/CFT TTF laid a firm base for progress in the coming years. Eleven projects were initiated in nine countries during the year, with a high degree of client satisfaction: All but one of these nine countries have requested follow-up TA. The TTF also placed one regional resident advisor during the year and complemented its direct TA with four regional workshops. An analytical work program saw significant progress on the development of a framework for understanding risk arising from money laundering and financing of terrorism and the initiation of a project on the effectiveness, including cost-effectiveness, of AML/CFT controls. TA delivery is expected to expand substantially in the second year of the TTF's operations, with projects planned for 24 countries and a firm pipeline of additional country requests.