

BUFF/02/161

September 23, 2002

**Statement by the Staff on
Intensified Work on Anti-Money Laundering and
Combating the Financing of Terrorism—Joint Progress Report on the
Work of the IMF and the World Bank
Executive Board Meeting 02/100
September 23, 2002**

I would like to emphasize what Mr. Aninat has just said. We have had a very intensive work program in implementing the Action Plan in collaboration with the Bank, and there has been significant progress in all areas. The Fund membership and the international community has been very supportive of this work, and this ongoing support will be critical to us in the forthcoming FATF Plenary and as we further intensify our assessments and our technical assistance.

Let me briefly update you on our preparations of the comprehensive methodology and the 12-month pilot program of comprehensive assessments, and ROSCs once the Board's conditions are met:

First, a draft of the comprehensive methodology was circulated for comments to FATF delegations and the Executive Board. A number of comments were received from Executive Directors and in consultation with them they were forwarded to the FATF. The FATF has also received comments from FATF delegations. We understand that the comments are mainly technical in nature although a few delegations are concerned that the methodology goes beyond their view of the FATF recommendations. A special working meeting will be held to review these comments in the margin of the FATF Plenary. Staff are also planning an outreach in the margins of the Plenary to brief FATF delegates about ROSCs, the Boards decisions, and the plans for coordination and review of assessments. A final draft of the methodology will be circulated this week by the FATF Secretariat and the FATF Plenary will consider the draft and the other conditions outlined by the Executive Board for endorsement on October 11.

Second, we have written to the FATF and FATF style Regional Bodies to prepare for the 12-month pilot program. The FATF and five FSRBs have so far responded. All are willing to participate in assessments using the comprehensive methodology and we are developing a preliminary schedule of assessments with FATF/FSRBs to avoid duplication of assessments. 15 OFC assessments and 19 FSAPs are scheduled to commence by the end of the fiscal year. We anticipate that a similar number of assessments may be undertaken by FATF/FSRBs. Allowing for overlap and avoidance of duplication, some 50 AML/CFT assessments could be undertaken during the 12-month pilot program. Responses from FSRBs are indicating that FSRBs would not conduct their own assessments where there is a Fund/Bank led assessment.

Third, staff are advancing a roster of experts to assess the parts of the comprehensive methodology not under the supervision of the Fund/Bank. In particular, letters have been sent to the heads of the 27 FATF delegations requesting responses by September 27. Conducting the comprehensive assessments is predicated on an operational roster of experts and commitments by national authorities to finance these experts. With an operational roster and the schedule that we are developing, we would be ready to begin the pilot program once the conditions are endorsed by the FATF, and the IMF Board has finally approved the comprehensive methodology.

Thank you