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International Monetary Fund
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IMF Executive Board Approves 12-Month Anti-Money Laundering Pilot Project

The Executive Board of the International Monetary Fund (IMF) has approved a 12-month pilot project that significantly advances the IMF's contribution to the international efforts to combat money laundering and the financing of terrorism (AML/CFT) by adding the Financial Action Task Force (FATF) 40 Recommendations on an effective anti-money laundering framework, and the 8 Special Recommendations on Terrorism Financing (FATF 40+ 8), to the list of areas and associated standards and codes that are incorporated into the operational work of the Fund (see Report on the Outcome of the FATF Plenary Meeting and Proposal for the Endorsement of the Methodology for Assessing Compliance with Anti-Money Laundering and Combating the Financing of Terrorism Standard of November 8, 2002).

AML/CFT assessments of the FATF 40+8 and accompanying Reports on the Observance of Standards and Codes (ROSCs) will now be undertaken by the IMF and the World Bank in the context of the Fund/Bank Financial Sector Assessment Program and the Fund's Offshore Financial Center assessments. To conduct the assessments, the IMF and World Bank will follow the AML/CFT assessment methodology that was endorsed by the FATF on October 11, 2002, and also approved by the Executive Board as part of the pilot project's launch. This methodology was reviewed by the Board on July 26, 2002 (see Public Information Notice No. 02/87), and was awaiting actions by FATF at its Plenary on October 11, 2002 to become operational. In addition, the FATF will apply the AML/CFT assessment methodology in mutual evaluations carried out for FATF member countries.

The IMF, in close collaboration with the World Bank, has for some time been working on developing modalities for assisting countries in combating money laundering. In April 2001, IMF Executive Directors generally agreed that the FATF 40 Recommendations be recognized as the appropriate standard for combating money laundering and that work should go forward to determine how the Recommendations could be made operational to the Fund's work. The Executive Board, in endorsing an expanded IMF role in combating money laundering, has stressed that Fund efforts should include more technical assistance for members, particularly for capacity building and enhancing legal and institutional frameworks. Measures to intensify anti-money laundering work and extend it to combating the financing of terrorism were also recently endorsed by the IMF's International Monetary and Financial Committee (see IMFC Communiqué, September 28, 2002).