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

MID TERM EVALUATION

VOLUME II-A – ANNEXES TO FINAL REPORT

seo • amsterdam economics

AUTHORS
SEO AMSTERDAM ECONOMICS

COMMISSIONED BY
INTERNATIONAL MONETARY FUND

AMSTERDAM, JULY 17, 2025

Table of Contents

Appendix A Status of phase II recommendations

Table A.1 Status of recommendations from the 2018 Performance Evaluation Report (as of June 2021).

Total recommendations	Accepted by IMF	Reported as "Implemented" by IMF (June 2021)	Update (February 2025)
10	7 (All partially)	8 (2 partially)	7 (2 partially)

Source: AML/CFT Thematic Fund Phase II Completion Report (Box 6), IMF Staff Response to Recommendations of the External Evaluation of the AML/CFT Thematic Fund Phase II.

Table A.2 Status of each recommendation from the 2018 Performance Evaluation Report.

Recommendation	Acceptance by IMF as at end of phase II.	SEO update (March 2025)
Recommendation 1: There should be a third phase of the AML TF with a budget approximately equal to the Phase I budget (in constant dollars).	Partially accepted	**Implemented.** Phase I budget: US$27.9m (IMF response to evaluation Phase II) ; Phase III budget: US$25.5 million (AR FY21) raised to US$30.6 million in the workplan of FY2025.
Recommendation 2: Phase III should broaden its donor base to include, say, three additional countries that have an interest and expertise in AML/CFT.	Partially accepted.[1]	**Implemented.** There were nine donors in Phase II (Phase II Final Report), and twelve donors in Phase III. While in Norway was no longer a donor in Phase III, the new Phase III donors were Canada, Germany, South Korea, and Italy (as of February 2025)
Recommendation 3: At the start of Phase III, beneficiary countries should be asked to make a voluntary cash contribution to the Thematic Fund equal to, say, 15 percent of the expected costs of capacity development assistance to be delivered by the IMF.	Not accepted.[2]	**Not implemented.** The evaluation team proposed an alternative recommendation to ensure traction and reduce costs, namely implementing CD in "tranches", see recommendation 2b of the mid-term evaluation (phase III).
Recommendation 4: The main criterion for country selection by the AML TF should be whether IMF intervention to build capacity is likely to lead to major decreases in money laundering, especially money laundering on the part of terrorist organizations and/or from proceeds of serious criminal activities such as trafficking in persons or illicit drugs or political corruption.	Not accepted.[3]	**Partially implemented.** The program document contains a list of criteria used for prioritization, including impact on reducing ML/TF. The evaluators recommend to further enhance the macro-relevance of TTF activities, see recommendation 1 of the mid-term evaluation (phase III).

1 Phase II Final Report: "In support of Phase III, ICDGP engaged all Phase I and II AML TF partners, added Germany, Canada, and Italy as new contributors, and despite the withdrawal of Norway and the UK, pledges exceeded the target, ensuring liquidity, while most partners preferred maintaining a smaller, effective steering committee for decision-making and open discussions."

2 Phase II Final Report: "This does not align with the IMF's capacity development model, and incorporating it into a thematic fund is challenging, as financial contributions from member countries vary and are governed by IMF policies, with beneficiary involvement best achieved through joint discussions and memoranda of understanding."

3 IMF response to evaluation Phase II: Country selection follows IMF's capacity development strategy, focusing on integration with policy advice and lending, and that the suggested criteria for selecting countries based solely on ML/TF risks are considered sub-optimal, given the complexity and variety of predicate offences and the need for broader contextual considerations.
Phase II Final Report: "ML risk is the main criterion for country selection in Phase III."

Recommendation 5: The number of AML/CFT experts who are resident in the regions and supported by the Thematic Fund, should be increased, say from four to six in the first year of a TF III and, say to eight in the second year, either by increasing the number of LTX or by redeploying full-time positions from IMF HQ in Washington DC to the field. The use of STX should be expanded proportionately, and, when the expertise is available, priority should be given to STXs resident in each region. As well, when expanding the cadre of LTX and STX, the IMF should keep as nearly as possible an equal balance of men and women.	Partially accepted.[4]	**Partially implemented.** Phase III involved 5 LTXs, whereas Phase II had 4 LTXs (Phase II Final Report). A fifth regional advisor for Francophone Africa was recruited in May 2024 (AR FY24). Case studies indicated a few instances where the TTF used STXs from the region, but others in which this was not the case. While the evaluators acknowledge that it may not be feasible to find STXs from the region for each project, the TTF could further improve in this regard. See recommendation 6b of the mid-term evaluation (phase III). Moreover, LEG representatives reported that the roster of STXs has been expanded/refreshed in recent years.
Recommendation 6: CD-PORT.[5] should be used more rigorously to monitor achievements against milestones. Intermediate milestones should be assessed for every project, at least annually and preferable bi-annually and monitoring their achievement should be a high priority for project managers and backstoppers.	Partially accepted.[6]	**Partially implemented.** CDMAP was fully rolled-out in FY22 (AR FY22), ensuring that the RBM system is embedded in IMF's work. However, multiple stakeholders reported a high administrative burden related to CDMAP, also outside LEG. Project managers report on milestones and outcomes at least annually. However, the definition of milestones – as well as outcome indicators' baseline and target values - could be improved (and mutually agreed with recipients) towards better usability.
Recommendation 7: As part of project scoping, there should be a (national/sectoral) risk assessment as a baseline before the Thematic Fund approves a new project and it should be repeated periodically by the government agency responsible. IMF assistance should work towards establishing this capacity.	Not accepted.[7]	**Not implemented.** Evaluators agree with the IMF that a national risk assessment before each project would entail a disproportionate amount of resources, and goes well beyond the scope of a scoping mission. See suggestions on enhancing ownership in recommendation 2 of the mid-term evaluation (phase III)
Recommendation 8: Staff should collaborate more frequently and in more depth with IMF staff and LTX/STX working on prudential supervision, where skills and interests overlap.	Partially accepted.[8]	**Implemented.** LEG participates in AIVs/FSAPs and follow-up on FSSRs to identify synergies between prudential and AML/CFT supervision reforms. LEG representatives reported that all projects that include AML/CFT risk-based supervision component are interacting with MCM to ensure synergies between the 2 reforms. Further, LEG verifies whether there is any CD provided by MCM where areas could complement and/or overlap. LEG in principle checks with the authorities whether there is any CD in prudential supervision and discuss any issues that could complement CD delivery, for instance fit and proper issues, general principles behind the implementation of risk-based supervision, consolidated supervision..

4 Phase II Final Report: "A fifth LTX has been added by the AML TF SC for Phase III. However, with the experience of the virtual delivery, the role and use of LTXs is changing, and longer term, what may be relevant is the specific regional expertise of an LTX, and not their location."

5 CD-PORT: IMF IT system for managing CD projects. Subsequently replaced by a new system: CDMAP.

6 Phase II Final Report: "CDPORT was replaced by CDMAP, to ensure that the RBM system is integrated and embedded in IMF's work even more thoroughly. LEG has a coordination team that reviews and reaches out to project managers to ensure that all log frame elements, including milestones, are reported appropriately and in a timely manner."

7 Phase II Final Report: "Undertaking a risk assessment would create barriers to providing CD, especially for low-capacity countries. Repeated risk assessments would also distract many governments and divert too many scarce resources. Notably, the international standard does not focus on risk assessments, but on risk understanding."

8 Phase II Final Report: "For example, the Phase III CBDC project is executed in close collaboration with MCM."

Recommendation 9: Staff should collaborate in more depth with other providers of AML/CFT capacity development.	Partially accepted.[9]	**Implemented.** Documents as well as various IMF and external stakeholders reported very good collaboration with the IMF, both within and outside the FSRBs. The TTF also invited other international organizations providing AML/CFT CD to the TTF steering committee meetings. LEG is also developing a dashboard for monitoring the projects of different development partners providing CD, by country. Nevertheless, further collaboration and further development of this dashboard in the future would require additional resources (see recommendation 4 phase III).
Recommendation 10: Accelerate the development of on-line instructional materials in AML/CFT in a form that is useful to governments, including providing at least some materials in the languages of the countries.	Partially accepted	**Implemented**. The IMF developed and published various instructional materials such as the publication of CFT handbook "The Suppressing the Financing of Terrorism Handbook for Practitioners- Challenges and Good Practices in Improving Effectiveness" (AR FY23) in multiple languages, including in Arabic, French and Spanish (AR FY22), as well as the book "Unmasking Control: A Guide to Beneficial Ownership Transparency". Another example is the e-learning course on risk-based supervision for AML/CFT, launched on April 15, 2025 and financed by TTF..[10] The evaluation team would welcome more instructional materials, but acknowledges that this would require additional resources or a shift in resources (see phase III recommendation 3).

Source: AML/CFT Thematic Fund Phase II Completion Report (Box 6), IMF Staff Response to Recommendations of the External Evaluation of the AML/CFT Thematic Fund Phase II.

9 Phase II Final Report: "Staff now reports back to the AML TF SC on the donor coordination for each project (annually). Also, staff undertakes joint missions with other donors, such as in Tajikistan (EAG, Russia) and Botswana (United Kingdom) (both Phase II projects)."

10 Anti-Money Laundering Combating the Financing of Terrorism AML CFT Risk-based Supervision of Financial Institutions

Appendix B Case study scores

OECD-DAC Criteria	CS1a - Egypt LE&CJ	CS1b-Egypt RBS	CS2 - Bhutan NRA	CS3 - COVID-19 FIM	CS4 - VAs & VASPs	CS5 - PICs Tonga	Average
Relevance	3	3	2	3	4	4	**3.2**
Coherence							
-internal	2	2	3	3	4	3	**3.0**
-external	2	2	2	3	4	3	**2.8**
Effectiveness	3	1	3	3	3	3	**2.8**
Impact	2	1	3	2	3	3	**2.5**
Sustainability	1	1	2	2	3	3	**2.2**
Efficiency	2	1	2	3	3	3	**2.5**

Individual narratives for each case studies are reported in the next subsections.

Appendix B.1 Egypt: law enforcement & criminal justice and risk-based supervision projects

Project background

The Capacity Development (CD) project in Egypt was structured around two primary workstreams, each targeting distinct yet complementary objectives to enhance the country's ability to combat money laundering (ML) and terrorist financing (TF). Together, these workstreams aimed to create a robust framework that integrates supervision with law enforcement, ensuring that financial intelligence generated by supervisory agencies translates into actionable insights for investigations and prosecutions. The ultimate goal was to address systemic vulnerabilities identified in Egypt's AML/CFT framework while adhering to FATF recommendations and strengthening national and international collaboration.

Law Enforcement and Criminal Justice Workstream

This component was directed at bolstering the investigative and prosecutorial capacities to handle ML/TF cases effectively. The objectives of this workstream included:

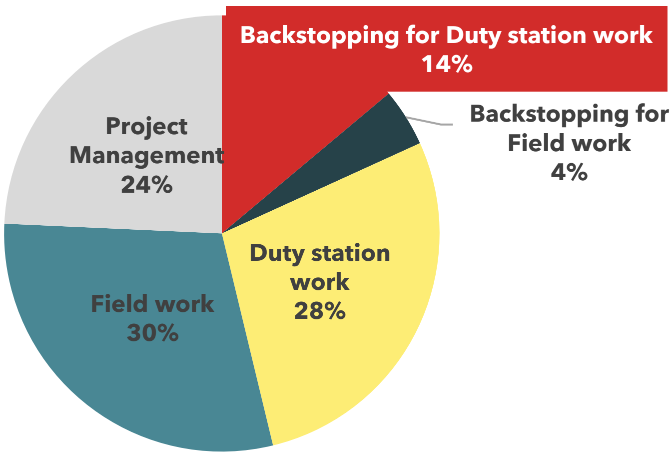
- Enhancing the capability of prosecutors, investigators, and judges in conducting parallel financial investigations, a critical approach for uncovering and prosecuting ML offenses.
- Addressing deficiencies in prosecuting standalone ML cases, such as those where no conviction for the predicate offense exists—a gap highlighted in Egypt's Mutual Evaluation Report (MER) by MENAFATF.
- Providing guidance on the misuse of legal entities and incorporating digitalisation strategies to improve investigative workflows.
- Fostering international cooperation mechanisms for asset recovery and cross-border ML/TF investigations.

Risk-Based Supervision Workstream
This workstream focuses on improving the regulatory and supervisory frameworks, particularly for financial institutions and Designated Non-Financial Businesses and Professions (DNFBPs). It aims to strengthen Egypt's risk-based approach (RBA) to supervision, ensuring compliance with Financial Action Task Force (FATF) standards. Activities under this workstream include:

- Training Central Bank of Egypt (CBE) staff on off-site and on-site supervision, emphasizing the effective implementation of the RBA, which requires identifying and mitigating higher ML/TF risks efficiently.
- Developing and refining supervisory tools, such as risk assessment models and matrices to enhance data collection and analysis capabilities.
- Reviewing AML/CFT regulatory frameworks to ensure alignment with international standards.

The total expenses under this Technical Assistance (TA) project amounted to US$ 235,419 by the end of FY24. The available budget stood at US$ 815,000, leaving roughly US$ 580,000 for future use.[11] Budget data provided by the IMF illustrate that the majority of the budget was spent on field-based work (almost US$70,000) and duty station-based work (almost US$66,000). The remainder was spent on project management and project backstopping (see Figure C.1).

Figure B.1 Budget overview.



Source: SEO Amsterdam Economics, based on data provided by the IMF.

[11] Source: AML/CFT Thematic Fund Phase III, Third Annual Report (May 2022–April 2023) and Workplan for Year Four.

Findings by OECD-DAC criterion

Table B.1 Scores and narratives for Egypt Workstream 1 – Law Enforcement and Criminal Justice

OECD-DAC CRITERIA	Score	Narrative explaining score
Relevance	3	• The workshop content was relevant for recipients in that it addressed critical needs for improving their skills in financial crime investigations and asset recovery, aligned with Egypt's AML/CFT framework, as well as a better understanding of the role of . • The focus on parallel financial investigations and the integration of financial intelligence into criminal justice processes directly addressed deficiencies identified in Egypt's AML/CFT measures. • The focus on international cooperation, asset recovery, and practical investigation techniques reflected national priorities outlined in Egypt's national agenda and the 2021 Mutual Evaluation Report (MER). • While participants were broadly positive about the workshop (in a post-workshop survey), they would have valued more tailored applicability of international frameworks to to Egypt's local and legal context, including (a) more locally relevant case studies and (b) examples of successful AML/CFT strategies within Egypt and the MENA region. They also suggested that future workshops could incorporate emerging AML/CFT challenges, such as cryptocurrency risks and fintech vulnerabilities, to ensure continued relevance in an evolving threat landscape. • Relevance (as well as effectiveness) was diminished by translation issues and the use of theoretical examples that did not fully connect with participants' operational realities (although participants did welcome examples from similar countries in the region, e.g. Jordan).
Internal coherence	2	• Despite efforts by the LEG team to coordinate, there was limited interest from the area department team and no clear link between this workstream and other IMF workstreams, mostly due to competing other priorities and the need for streamlined conditionality. However, the CD was not inconsistent with area department team priorities, and AML/CFT issues are in fact highly macro-relevant for Egypt. • There was limited communication between the area department team and the LEG team on this topic. However, the area department team did formally approve the CD, and advised on engagement with the authorities (and this advice was followed by the LEG team). Information sharing within the IMF followed standard procedures, as back-to-office reports and Briefing Papers for TA missions were circulated to area department through CDMAP • he workshop aimed to integrate the perspectives of various judicial, prosecutorial, and investigative bodies, which may contribute to inter-agency alignment.
External coherence	2	• External coherence with other organisations was limited. In particular, the project did not fully utilise opportunities for collaboration with UNODC, which offered training in similar areas (albeit more focused on human trafficking and narcotics). The LEG project manager did exchange some information with UNODC, and UNODC welcomed the IMF's activities, but there were opportunities for better coordination and division of labour between LEG and UNODC in this area (although there are plans for more future cooperation).

		• The project involved an area that is not in the comparative advantage of the IMF (training judges and prosecutors) and where others (in particular UNODC) are arguably more experienced. • UNODC and LEG turned out to be not fully informed about each other’s activities, suggesting that both could benefit from more exchange of information. This then could potentially lead to more cooperation or a better division of labor and reduction of overlap.
aEffectiveness	3	• The workshops were effective in raising awareness and fostering knowledge-sharing among participants. • Some immediate effects included improved understanding of how to manage seized assets and apply international cooperation protocols. • The workshops also enhanced understanding of financial investigations, asset recovery mechanisms, and international cooperation. Many participants rated these aspects highly, indicating satisfaction with the practical components, such as the use of open-source intelligence (OSINT) and evidence-gathering techniques. • The roundtable of judges was also seen as particularly positive. • Nonetheless, challenges like translation issues and inadequate time for in-depth discussion of case studies limited the immediate application of the lessons learned. Case studies were generally seen as too generic, in part because too many case studies were discussed in a short period of time.
Impact	2	• The long-term impact of enhanced awareness and knowledge on improvements in enforcement will likely be constrained unless participants are provided with more follow-up training and tools to implement workshop content in real-life scenarios. • The risks to sustainability described below also pose risks to achieving long-term impact.
Sustainability	1	• The workshops highlighted systemic gaps in local capacity, especially in cross-border coordination and the management of seized assets. While participants expressed a desire for ongoing workshops to further build this local capacity, the lack of mechanisms to institutionalise lessons or build this capacity independently poses a risk to sustainability. • Another risk to the sustainability of workshop results was the scheduled reshuffling of prosecutors who received the training. Shortly after the workshop, many of the trained prosecutors were moved onto different roles as part of a scheduled rotation. Given that such rotations take place regularly (according to local stakeholders), this should have been anticipated. The risks of hereby reducing the long-term benefits of the training could have been mitigated if the training had been postponed until the rotation had been implemented, so that newly appointed prosecutors would have received this specialised training. This having said, the IMF team did offer to brief newcomers online during the transition process, but the authorities did not take on this suggestion. • Other suggestions to enhance the sustainability of training outcomes include the integration of digital tools (as part of blended training or follow-up online training), other forms of follow-up training and post-training support, and support with measures to improve inter-agency collaboration.
Efficiency	2	• The workshops were seen as well organised, but inefficiencies were noted in session planning, particularly the limited incorporation of interactive and practical exercises relevant to the participants' specific challenges. • Some participants felt that the workshop was too short to comprehensively address all topics. An extended duration or modular training sessions spread over time would have allowed for deeper dives into complex subjects.

		• Suboptimal translation and insufficient preparatory materials also affected the efficient delivery of the training. Materials were primarily in English, which posed accessibility challenges for some participants, according to the post-workshop survey. However, according to the IMF team, this did not prevent participants from understanding and absorbing the workshop content. • Overall, the costs of the workshops (international travel expenses, room rental, interpretation) were very high, even for the local context.

Table B.2 Scores and narratives for Egypt Workstream 2 - Risk-Based Supervision

OECD-DAC CRITERIA	Score	Narrative explaining score
Relevance	3	• The proposed project design was broadly seen as relevant by Central Bank of Egypt (CBE) recipients, as it aligned with the CBE's identified needs and interests to enhance risk-based supervision (RBS). Also, given that the proceeds of the main assets generating crimes in Egypt are laundered through the banking sector (see the MER), the focus on banking supervision was appropriate. • Given the CBE's role as a primary supervisory body in AML/CFT, the project design was relevant for the country, particularly in addressing gaps highlighted in Egypt's National Risk Assessment (NRA) and the 2021 MENAFATF Mutual Evaluation Report (MER). • The 'ex ante' macro-relevance of this type of project was high, given that there are in fact pronounced AML/CFT risks in the country. • However, the relevance of the actual TA provided was seen as limited due to (a) initial underestimation of recipients' existing knowledge and capacity; (b) recurrent requests for previously provided information; (c) limited comments provided on legislative drafting.
Internal coherence	2	• Information sharing within the IMF followed standard procedures, as back-to-office reports and Briefing Papers for TA missions were circulated to area department through CDMAP. • Internal coherence was limited, as there was little coordination with IMF country team members (MCD and MCM), which were in fact meeting some of the same CBE recipients, but were not aware of the TA project. However, the CD was not inconsistent with area department team priorities, and the topic is in general considered macro-relevant for Egypt. • Engagement from the area department could have been improved. While there had been substantial efforts from LEG to inform the area department and link the project more closely to the ongoing IMF program in the country, including via program conditionality on AML/CFT issues, there was no clear interest from the area department in this topic, given other competing non-AML/CFT priorities that were considered more important. Despite the clear macro-relevance of the topic for Egypt (according to multiple stakeholders), multiple IMF country team members were of the view that this topic was not a priority. • While one of the potential benefits of TA could in theory be to improve relationships with the authorities, the relatively poor traction of this project did not contribute to improving the relationship.
External coherence	2	• External coherence was limited, given limited engagement with other agencies active in this area (e.g., GIZ, World Bank): • The project did not adequately engage with other development partners, such as GIZ, which had previously provided AML/CFT technical

		assistance to the CBE. The CBE noted that lessons from the highly regarded GIZ project on risk-based supervision were not leveraged, leading to potential redundancies and missed opportunities to build on existing outputs. • The project did not fully utilise opportunities for collaboration with external stakeholders like MENAFATF or UNODC. For instance, the CBE expressed interest in learning about cross-border financial crime frameworks or MoUs between supervisory and intelligence units in other jurisdictions, which were not addressed during the project.
Effectiveness	1	• Recipients reported limited improvements in understanding of risk-based supervisory approaches, in part because they already had quite strong capacity in the area on which CD was provided; and in part because the project did not sufficiently respond to their needs (e.g., very limited feedback provided on drafts sent to the IMF for comments). • Recipients expressed frustration over extensive documentation requested (sometimes multiple times) and delayed feedback on submitted documents, which limited both effectiveness and efficiency.
Impact	1	• Some progress was made in diagnosing the CBE’s supervisory framework, but tangible outcomes like revisions to supervisory procedures or tools, including risk matrices, remained limited. • The development and implementation of an effective RBS model remained in the preliminary stages. According to the IMF team, this was due to the authorities’ reluctance to deviate from their existing model and share the necessary information despite repeated requests. According to the authorities, it was not necessary to share the detailed (and sensitive) information requested. • Given the above, long-term effects on systemic improvements in supervisory practices are unlikely, unless more targeted CD is provided that better responds to CBE needs.
Sustainability	1	• Knowledge transfer to CBE teams was limited, and it was premature to institutionalise improvements in supervisory practices, as such improvements were not yet visible. • There was a lack of robust follow-up mechanisms.
Efficiency	1	• Stakeholders appreciated the IMF’s project manager’s efforts and friendliness, but expressed frustration over long processes, long periods of silence, redundant information requests across missions, and delays in feedback by the STC. • The project experienced substantial delays, including delayed missions, delayed feedback on submitted documents (e.g. the aide-memoire), delays in email communication (partly due to technical communication constraints on the CBE side, which were outside the LEG team’s control), and delays in hiring a replacement for the short-term consultant. While the LEG team made adjustments where possible to address these issues (e.g. finding alternative ways of communication when the CBE’s email system failed), the CBE complained that many delays occurred on the IMF side as well and that more agile, results-based project management and more frequent meetings would have been appreciated. According to several IMF stakeholders this was in part the result of external factors and in part due to competing priorities on LEG’s side. • Efficiency was also compromised by redundant information requests across missions, which added to recipients’ frustration. • Recipients also noted room to improve project management. In particular, they would have liked to be more involved in deciding on project deliverables

and timelines. They noted to have seen better project management from other agencies (e.g. GIZ, Big 4 companies) and that more regular status update and planning meetings would really have been appreciated.
- Costs were high relative to the limited results achieved. In hindsight, it would have been more efficient to channel some of these TA resources to other projects with more traction.
- While the IMF's efforts to replace the STX with an alternative Arabic speaking expert were notable in that it could have improved effectiveness and helped save on translation costs, the process of replacing the STX was untransparent, not communicated well to the recipient, lengthy, and ultimately unsuccessful.

Lessons learned

1. **The CD was well-aligned with Egypt's ongoing efforts to strengthen its AML/CFT framework**. In particular, the focus on international cooperation, asset recovery, and practical investigation techniques reflected national priorities outlined in Egypt's national agenda and the 2021 Mutual Evaluation Report (MER). Moreover, the focus on parallel financial investigations and the integration of financial intelligence into criminal justice processes directly addressed deficiencies identified in Egypt's AML/CFT measures. Finally, a focus on banking supervision was appropriate given that the proceeds of the main assets generating crimes in Egypt are laundered through the banking sector (as noted in the MER).
2. **While building capacity in law enforcement and criminal justice is not the IMF's main comparative advantage, it can be macro-relevant**. In particular, given the presence of high ML risks in Egypt (indirectly related to the large role of state-owned enterprises and state-owned banks in the economy), it is relevant to improve the capacity of Egyptian prosecutors, judges and law enforcement officials in the area of parallel financial investigations and special investigative techniques. More collaboration with UNODC in this area is recommended, and would be valued by UNODC.
3. **The emphasis on inter-agency collaboration was valuable.** First, the workshop contributed to a better understanding of the role of financial intelligence units (FIUs) and the importance of integrating financial intelligence into criminal investigations. Second, the inclusion of diverse participants from key institutions—such as prosecutors, law enforcement agencies, financial intelligence units, and judges—further encouraged a cohesive understanding of their different roles and responsibilities across the AML/CFT framework. Third, this improved understanding of roles and responsibilities across the AML/CFT ecosystem can enhance cross-agency coordination in practice.

Appendix B.2 Bhutan National Risk Assessment project

Project background

Starting April 2022, the AML/CFT TF has supported the project "Bhutan National Risk Assessment – AML/CFT", with the main objective of: strengthening the legal and institutional framework for AML/CFT - AML by updating the relevant National Risk Assessment (NRA) via data collection and perception surveys that will be needed to update Bhutan's NRA. The FATF standards have been revised with a greater focus on the understanding of ML and TF risks, the mitigation and management of those risks and the application of a risk-based approach (RBA) to AML/CFT efforts to ensure more effective allocation of resources to higher risks areas.

Bhutan completed its NRA exercise using the Fund's methodology and adopted its first NRA report in March 2017. Bhutan's first NRA data was based on 2014 statistics and most of the findings relied on perception surveys due to the limited availability of data. There have been many new developments in terms of technology, financial service providers, etc. in Bhutan since then, and an update is in line with the FATF requirement to keep the NRA up to date (or to regularly update the NRA).[12]

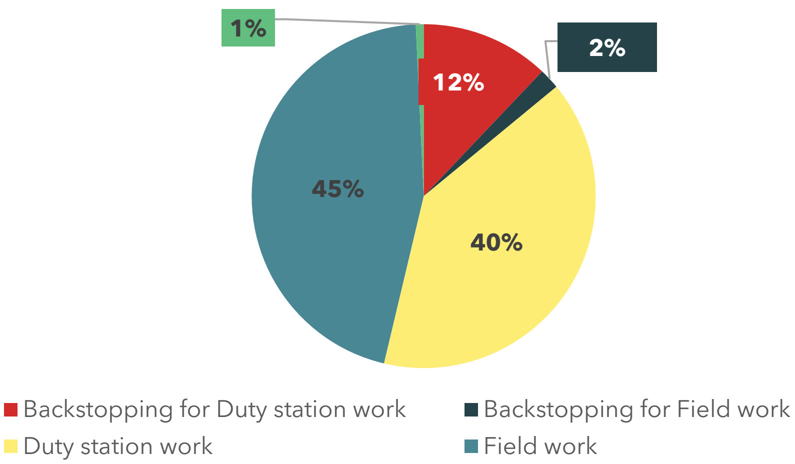
This NRA resulted in an improvement in compliance with FATF recommendation 1 in 2018. In 2018, after the adoption of the NRA, the APG re-assessed Bhutan as largely compliant with FATF Recommendation 1.[13] Earlier, in the 2016 mutual evaluation conducted by the Asia/Pacific Group on Money Laundering (APG), the FATF-style regional body of which it is a member, Bhutan had been rated as non-compliant with FATF Recommendation 1 and having a low level of effectiveness under Immediate Outcome 1 of the FATF Assessment Methodology.

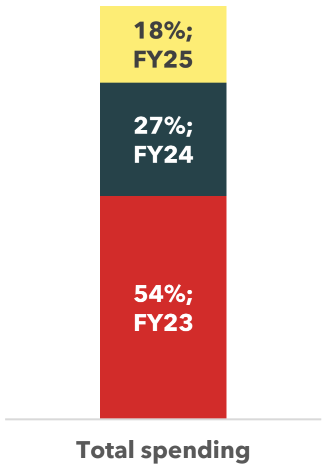
Countries need to update their risk assessment on a regular basis. A proper re-assessment and presentation of its risk will allow Bhutan in addition to present its risk understanding and mitigation measures in line with its risk profile. This might in the context of Bhutan also lead to avoiding to overinvest in AML/CFT resources in areas of low risk and focus on resources in line with the modest risk exposure that the country will be able to proof with a proper NRA. Furthermore the FATF standards have been revised since 2018 which now includes aspects that Bhutan needs to address.

Besides updating the risks, the FATF standards now require, to a) understand which NPOs are at risk of TF abuse and to apply appropriate mitigation measures; b) assess the ML/TF risks of VAs and VASPs and legal persons and arrangements; and c) assessing PF risks. As a consequence, the module includes the following:

- Mechanism for keeping risk assessments up to-date.
- The assessment of which non-profit organizations (NPOs) are likely to be at risk of TF abuse.
- The assessment of ML/TF risks in virtual asset (VAs) activities and of virtual asset service providers (VASPs).
- The assessment of ML/TF risks associated with all types of legal persons and legal
- arrangements created in the country.
- The assessment of a country's proliferation financing (PF) risk. four new modules on VAs/VASPs, legal persons and legal arrangements.

Figure B.2 Budget overview.





Source: SEO Amsterdam Economics based on CDMAP data.

[12] Source: Report of mission in July 2022 (see Appendix A).
[13] Source: Report of mission in July 2022 (see Appendix A).

The total expenses under this Technical Assistance (TA) project have amounted to US$ 427,106 until end of FY24. The available budget stands at US$ 524,000 (raised by US$ 1,000 in June 2023), leaving roughly US$ 97,000 for future use.[14]. Budget data provided by the IMF illustrates that the majority of the budget was spent on field-based work (almost US$ 188,000) and duty station-based work (almost US$ 164,000) .[15]. Field-based work consisted of one in-person mission in 2023 and one in 2024. The remainder was spent on project backstopping, interactive learning and workshops, and Capacity Development (CD) project management (see Figure C.1).

Table B.3 Objectives, outcomes, outcome indicators and milestones

Objectives	Outcomes	Indicators	Milestones
Strengthen the legal and institutional framework for AML/CFT.	Bhutan properly identifies, assesses and understands its ML/FT risks.	4. Relevant competent authorities with a role in AML/CFT are involved in the risk assessment process. 5. Quantitative and qualitative information, and perception surveys are used for the risk assessment. 6. Key findings are communicated to relevant stakeholders such as agencies and reporting entities.	1. Development of the new modules (NPOs, VA/VASPs, LP&A, and PF). 2. The NRA (including the new modules) is completed and disseminated.

Source: TTF's Project assessments.

Findings by OECD-DAC criterion

Table B.4 Scores and narratives for Bhutan – National Risk Assessment (NRA)

OECD-DAC CRITERIA	Score	Narrative explaining score
Relevance	2	• On the one hand, the project was of limited macro-relevance given the currently very low AML/CFT risks in the country (as LEG classified AML/CFT issues in Bhutan as lowest possible on a 4-point scale). • On the other hand, the project was relevant for Bhutan's goals to better comply with FATF standards (which require that the authorities appropriately identifies, assesses and understands ML/TF risks), and use the country's limited resources to tackle ML/TF risks, in line with the modest risk profile of the country. • Having an NRA was also seen as relevant for better understanding future risks that could arise from new challenges (e.g. the mining of virtual assets in Bhutan), although the government was unclear on whether it wanted to regulate or ban the VASP sector. • Given the lack of basic knowledge of general AML CFT concepts and the lack of available basic statistics, the IMF NRA methodology was likely too complex for a

[14] For the increase in budget in June 2022 see: AML/CFT THEMATIC FUND PHASE III WORKPLAN JUNE 2022

[15] Source: AML/CFT THEMATIC FUND PHASE III THIRD ANNUAL REPORT (MAY 2022–APRIL 2023) AND WORKPLAN FOR YEAR FOUR

		country like Bhutan, and not sufficiently adaptable to the specific Bhutanese context. This was further weakened by the 'black box' character of the IMF methodology (although LEG representatives reported that it was the authorities who requested this complete version of the NRA, rather than a simpler one). Although, during the previous round of TA the same underlying methodology had been used successfully, this was no guarantee for a successful use of the NRA methodology in this case as (1) many recipients had left even before the start of the project, and (2) this NRA included new modules on relatively complex issues, e.g. VASPs and Legal Persons and Legal Arrangements.. • Lack of knowledge sharing and proper handover from people who were present in the first NRA suggests that this topic was not seen as the highest priority. • The scoping mission could have devoted more attention to assessing capacity gaps, and the project design could have taken this better into account: capacity building would have been crucial on important actions that need to be taken in the field of strengthening the current judiciary and enforcement approach. Several sources indicated that capacity building would have been more relevant for the country, rather than another NRA (we acknowledge however that LEG cannot for TA on recipients).
Internal coherence	3	• Information sharing within the IMF followed standard procedures, as back-to-office reports and Briefing Papers for TA missions were circulated to area department through CDMAP. • Although communication with other IMF workstreams (notably the area department team) was not frequent, this was expected given the low (perceived) macro-relevance. • The fact that the project manager for the project was also the LEG country desk for IMF surveillance helped improve internal coherence. • Going forward, the LEG team could usefully provide more information to the area department (e.g.in the context of AIV mission) team about developments in the area of virtual assets, as well as the special administrative region which might give rise to higher AML/CFT risks in the future. This is however only feasible with the consent of the country authorities itself as LEG representatives mentioned that (1) the IMF has protocols that stop staff who are providing TA to share what they learn during TA missions with country teams unless the authorities consent and (2) protocols for NRA engagement specifically promise the authorities that discussions are confidential - in order to encourage full and frank dialogue.
External coherence	2	• IMF and other providers are not always aware of each other's activities. LEG was aware of the ADB support given, but CD support given by the WB (on registry of companies and BO registry) seemed rather new and the IMF team only indirectly learned about it via recipients, despite earlier sharing with the WB that it was working in Bhutan. • Coordination was mostly left to the authorities. However, given the importance of a coherent implementation of the action plan as follow up to the NRA, stronger coordination between providers would be important.
Effectiveness	3	• The two key project milestones (4 new modules and update of the NRA) were expected to be delivered by April 2025, as confirmed by LEG and country authorities. Ratings for outcomes and milestones by IMF in the FY2024 projects assessments are "not achieved" or "partly achieved", as the project team reported that the rating was done rather conservatively. • The evaluation team assessed the outcome based on the three indicators, as only partly to largely achieved due to various limitations (including the fact that reliance on statistics where collection of statistics is not fully reliable might provide a distorted picture); this is likely to improve to largely or fully achieved (depending on the module) by the end of the project.

		• **Outcome indicator 1:** While most members of the National Risk Assessment Working Group (NRAWG) were involved in the risk assessment process, most of the participants have only been involved very recent and were aware of AML/CFT concepts and laws to a very limited extent. • **Outcome indicator 2:** the lack of knowledge and basic data limited progress made concerning the collection of quantitative and qualitative data. The perception survey used for the LP/LA module also appeared to have a limited response rate. In the absence of basic data, this likely hampered the effective results. While the IMF methodology includes the step to discuss the outcomes of the survey and where necessary reassess to mitigate the collection limitations, in this particular case of the module on LP/LA the interviews gave clear indications suggesting that insufficient knowledge is available to appropriately assess those risks. • **Outcome indicator 3:** Key findings are communicated to relevant stakeholders such as agencies and reporting entities, although perception surveys from individual agencies are sent directly to the IMF: as a result, the NRAWG has little awareness about the responses. The NRAWG does not convene very regularly, but it is the intention of the chair of the NRAWG to increase this in the light of the finalisation of the NRA and the follow-up regarding an updated AML/CFT strategy and action plan and consequent preparation of the upcoming assessment by APG. • An external factor that hampered results was COVID-19, which led to the scoping mission taking place virtually. However, the effectiveness of virtual meetings was limited, given the large time difference between Bhutan and the US.
Impact	3	• While Bhutan already had a low incidence of ML/TF and PF, the project lay out the major preconditions for further limiting the incidence of ML/TF and PF. In the longer run, this will most likely materialise in an improvement of assessments against FATF standards, and may form the starting point in the first convictions for ML (leading to a functioning judiciary system against ML) if the NRA is followed up by a strategy and action plan that mitigates the identified risks. Given the earlier experiences after the previous NRA that the IMF supported, this follow-up is expected. • Several interviews made clear that there is a potential risk to achieving long-term impact is the unclarity on near-future developments in the field of VA/VASPs and the special administrative regions that could lead to new risks for ML/TF/PF. • The wider impact on tackling international illicit financial flows is expected to be low, due to the country's small size and limited connectivity.
Sustainability	2	• The extent to which the NRA results are likely to continue over the medium term depends on the speed and effectiveness at which the authorities follow up the NRA with a national strategy and action plan (which they appear to be determined to do so). • A key risk to sustainability is the fact that several key recipients left (already after the start of the scoping mission), without a proper handover. While attrition is a common concern experienced by all sectors in Bhutan, more continuity is needed to enhance the longer term understanding of the risks and implementation of the needed actions. • While this was the second NRA the IMF prepared for Bhutan, more capacity building is still needed on the methodology used. In addition, capacity building would have been crucial on important actions that need to be taken in the field of strengthening the current judiciary and enforcement approach. According to several interviewees this action in particular would have been most relevant for a sustainable implementation of the NRA, by enabling the country to prosecute and convict in ML/TF cases. • The continued use of the IMF methodology (or any other method) for the development of the NRA relies on two future preconditions: 1) future CD when an update of the NRA is needed, 2) development of basics statistics (which the country

		showed to be determined to pursue, but was still far from achieving). It is crucial for authorities to develop risk assessment concepts and processes enabling them to apply this in their future work.
Efficiency	2	• The project started with a delay, partly because of external circumstances (notably COVID-19); partly because of a larger-than-envisaged lack of basic statistics and knowledge; and partly because of delayed responses from the team. • Other modalities might have been more efficient, for example a longer stay of the teams onsite, or an early workshop on the workings of the IMF Tool. • Recipients had only limited information on project timeline and milestones, which made project management suboptimal. While information on planning and deliverables was shared at a later stage, it would have been more efficient and effective to share these at the beginning, and involve authorities more in project planning. • While it became clear early on that there was a need for more (basic) capacity building, the project was not able to expand its capacity building activities, which appears to be due to the inflexibility of the funding model.

Lessons Learned

1. **To ensure that a CD project is relevant, effective and impactful, it is important to thoroughly check capacity gaps at the authorities' side**. The case study highlighted that more (basic) capacity building would have been needed for the country authorities to properly identify, assess and understand ML/TF risks. Capacity building for the different agencies part of the NRAWG would have likely been more relevant for the country than a second NRA assessment. While LEG cannot impose a type of TA on recipients - and this does not preclude a country from sending a request for support as they deem appropriate – LEG could still make their own assessment of the request in the context of the AMLCFT needs of the country itself, and reject the request where appropriate (as done in other cases).
2. **The IMF NRA methodology was perceived by recipients as a 'black box' (as it is done by external experts)** and this way harder to perform by a country on its own. Capacity building is key to have a good outcome. For future support projects the scoping should give specific attention to the question if the method is the most relevant and impactful (e.g. with respect to more capacity building) given the context of the country.
3. **Developing an NRA would need to be followed by implementation of a related Action Plan**. We would advise to always accompany and NRA by additional support related to the development of an Action Plan that mitigates the ML/TF/PF risks.
4. **The negative impact of attrition is very large for small countries like Bhutan**. The project team should account for limited resource capacity; while mitigative measures are in principle possible - e.g. training a wide pool of people – this is a challenge in a context where national authorities often consist of small teams.
5. **While technical assistance was very much needed in the context of Bhutan, the wider impact on tackling international illicit financial flows is expected to be low,** due to the country's small size and limited connectivity.
6. **Sharing information on planning and deliverables with the national authorities at the beginning of the project would have benefited ownership**, while in this case it was only done at a later stage.
7. **Time zone differences pose a significant challenge to effective online support.** Although the project team demonstrated flexibility by having online sessions at 5am, the large time difference implied the sessions were held after working hours for the Bhutanese recipients. This arrangement was suboptimal given the complexity of the AML/CFT concepts that officials were expected to absorb.

Appendix B.3 COVID-19 Financial Integrity Measures

Project Background

This CD project aimed to support low-capacity and fragile countries in implementing financial integrity (anti-corruption and AML/CFT) measures to prevent the misuse of COVID-19-related spending. The project aimed to tailor and enhance regulations to promote transparency and accountability in emergency procurement processes. The project's outputs centered on publishing enacted laws or regulations and developing and enacting AML/CFT laws in alignment with FATF standards through the country's legislative process. These efforts aimed to align the recipients' AML/CFT legal framework with FATF standards, ultimately strengthening the overall legal and institutional framework for AML/CFT compliance. 14 countries officially received technical assistance (TA) (out of 70 countries who received COVID-19 emergency funding by the IMF and committed to show the correct use of these funds), namely Benin, Kosovo, Chad (2 projects), Comoros, Costa Rica, the Democratic Republic of the Congo, Equatorial Guinea, Gabon, Guinea Bissau, Haiti, Mali, Mauritania, Sao Tome and Principe, and Uganda.

The project aimed to address critical governance gaps in public procurement transparency, in the context of IMF emergency COVID-19 financing. The misuse of public funds weakens crisis responses and undermines economic recovery, necessitating enhanced measures to ensure accountability. A central focus was incorporating BO information into public procurement frameworks to reveal the ultimate beneficiaries of awarded contracts. This approach aimed to bolster confidence in public spending and align with international AML/CFT standards, leveraging policy commitments made under IMF emergency financing instruments to fuel demand for tailored support. The idea is that this process would serve as positive example of how countries can increase transparency in emergency funding.

In the original formulation, the project objective was to "Respond to a low capacity and fragile members to address urgent legal drafting needs to prevent the misuse of COVID-19 related spending". In practice this meant equipping countries with (i) reviewing the legal framework to ensure that beneficial ownership information of bidders in procurement contracts can be collected and published, and (ii) ensuring that the legal framework for asset declaration properly captures those senior officials at higher risk of corruption in the crisis context. Specific objectives included drafting and revising legal frameworks to require BO information collection and publication, training procurement authorities on the importance of BO, and addressing challenges like data privacy and verification of BO accuracy. This objective was translated into the RBM catalogue objective to "strengthen the legal and institutional framework for AML/CFT – AML".[16] The RBM outcomes and indicators for each countries are reported in Table C.4.

Table B.5 Objectives and outcomes of the project

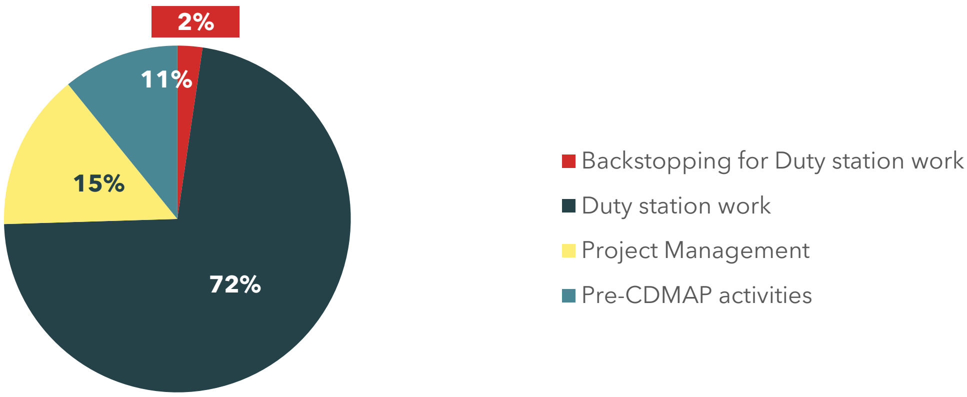
Countries	Objective	Outcome	Indicator
Benin, Chad, Costa Rica, Guinea Bissau, Haiti, Kosovo, Mali, Sao Tome and Principe, Uganda.	Strengthen the legal and institutional framework for AML/CFT -AML.	The country's AML/CFT legal framework is in line with FATF standard.	Publication of enacted law or regulation.

[16] Source: IMF's *Annex A. Interim/Final Assessment Reports FY23*

Chad BO, Comoros, Dem. Rep. of Congo, Equatorial Guinea, Gabon, Mauritania.	Strengthen the legal and institutional framework for AML/CFT -AML.	The country's AML/CFT legal framework is in line with FATF standard.	AML/CFT law and regulations developed in line with the FATF standard are enacted by the country's legislative process.

Source: IMF annual project assessments.

Figure B.3 Budget overview.



Source: Extracted from Annual Report FY23

The total expenses under this Technical Assistance (TA) project have amounted to about US$ 290,000 until end of FY24. The available budget also stands at US$ 290,000 since June 2022 (was at US$ 161,000 until then), leaving no remaining funds for future use..[17] Budget data provided by the IMF illustrates that the majority of the budget was spent on duty station work (over US$ 200,000). The remainder was spent on project management, project backstopping, and pre-CDMAP activities (see Figure C.2). The project had no field mission due to the period and nature of the project.

Findings by OECD-DAC criterion

Table B.6 Scores and narratives for the COVID-19 Financial Integrity Measures thematic project)

OECD-DAC Criteria	Score	Narrative Explaining Score
Relevance	3	• The project was aligned with national priorities, as countries committed to transparency measures in procurement processes related to COVID-19

[17] Source: AML/CFT THEMATIC FUND PHASE III THIRD ANNUAL REPORT (MAY 2022–APRIL 2023) AND WORKPLAN FOR YEAR FOUR

For the available budget before June 2022, see: AML/CFT THEMATIC FUND PHASE III FIRST ANNUAL REPORT (NOVEMBER 2020–APRIL 2021)

		contracts, when they received emergency funding in support of the fight against COVID-19 (even when no conditionalities were attached to the funding). • While some countries demonstrated greater willingness to implement transparency measures, others faced setbacks due to vested political interests (e.g. the military forces being the Beneficial Ownership of funding in one country). • The project exhibited flexibility by adapting to specific country needs and linking to IMF lending mechanisms, but varying commitment levels highlight room for improved contextual sensitivity.
Internal Coherence	3	• Information sharing within the IMF followed standard procedures, as back-to-office reports and Briefing Papers for TA missions were circulated to area department through CDMAP. • The project aligned with broader IMF objectives, such as fiscal transparency and public financial management reforms. • The project was coherent with IMF lending programs and surveillance activities: in some cases IMF conditionality related to project's objectives (e.g. publishing of BO information) was included in lending programs and other programs; for example, structural benchmarks in Staff-Monitored Programs (SMPs) in countries like Comoros, Haiti, and Mali. • LEG staff mentioned that the project exploited synergies with the other two TTF BO projects (e.g. leveraging knowledge on BO, as the project manager was a contributor of the IMF Handbook for BO). • Future efforts could strengthen coherence by addressing the broader and more comprehensive BO regime to better integrate public procurement reforms.
External Coherence	3	• The project demonstrated external coherence with key international frameworks, particularly FATF standards, by aligning with revisions to FATF Recommendation 24 on BO transparency and coordinating with FATF to strengthen standards. • The projects also aligned with World Bank principles on publishing BO information in public procurement and benefitted from collaboration with civil society groups to verify transparency commitments. While the WB did not include commitments on BO regarding COVID-19 emergency funding (with the justification that they would focus on broader procurement reforms rather than BO-specific measures), the IMF stimulus led to inclusion of BO in the broader WB reform in the procurement sector. • LEG reported good coordination with civil society organizations to verify published BO information.
Effectiveness	3	• The project demonstrated moderate effectiveness, with objectives fully achieved in 53 percent of cases and milestones met in 60 percent of projects as of April 2023. • In some cases, gaps in implementation were evident, with 33 percent of outcomes rated at 2/4 and challenges such as delays, irregular publication of BO information (e.g. Equatorial Guinea), and capacity constraints (e.g. Mali, Mauritania) limiting further progress. • The successful implementation of a regulation was not guaranteed by its mere approval, and constraints like non-digital procurement systems and corporations' hard-to-verify untruthfulness of the BO information rendered implementation problematic in some cases. • While the projects were the main contributors to observed results, external factors like political instability (e.g. Mali) and vested interests, negatively affected outcomes, also in fragile states. Enhanced transparency measures

		and independent audits emerged as positive contributors. Increasing the capacity for verifying BO information could provide opportunities for further improvement.
Impact	2	• LEG deemed the project successful in (indirectly) reducing risks associated with ML/TF/PF, through enhanced transparency and the promotion of BO information in procurement processes. • The project had a small positive impact on countries meeting global AML/CFT standards, notably by contributing to the FATF's inclusion of BO in public procurement under Recommendation 24. • Positive longer-term spillover effects included broader application of BO principles beyond COVID-19 procurement, the popularization of BO in the procurement sector, and the IMF's broader advocacy for independent audits to improve transparency. • Factors that limited the project's broader longer-term impact included irregular (delayed) or inaccurate BO information; reliance on IMF presence for implementation, and capacity gaps in certain countries.
Sustainability	2	• The project provided countries with the capacity to publish BO information for public procurement contracts during future emergencies, although their continuation largely depends on political will. • While third-party audits and IMF oversight of external auditor ToRs mitigated some risks, institutionalized reforms and capacity-building efforts remained inconsistent across countries. • To ensure long-term sustainability, greater focus would need to be placed on addressing capacity gaps, enhancing legislative frameworks, and ensuring consistent monitoring (e.g., under the IMF SMP).
Efficiency	3	• Expenditures for the AML/CFT project were in line with the approved budget of US$290,000. • The project was quite efficient in terms of costs, with USD 216,000 for 15 projects, meaning that only about USD 14,000 were spent per country-project. • While delivery modalities were highly cost-efficient (with all support provided entirely online), timeliness was sometimes an issue, as there were delays in BO disclosures (e.g., Mauritania, Equatorial Guinea) and audit publications (e.g., Comoros, Gabon). • Centralized reporting mechanisms, as implemented in Chad, could serve as a model for enhancing efficiency.

Lessons learned

1. **Beyond its core COVID-19 transparency objectives, the project catalyzed broader reforms**, including;
   a. The popularization of BO principles across procurement sectors.
   b. The expansion of BO commitments beyond emergency funding (the project demonstrated the feasibility of publishing BO information with relatively little effort)
   c. The contribution to global standard-setting via revision of FATF recommendation 24. The project showed that the TTF could go beyond compliance of FATF standards, namely by helping set new (or adjust current) standards.
2. **This efficient use of funds suggests a viable model for scaling other technical assistance for certain types of activities** where physical presence does not have a high added value (e.g. legal drafting).
3. **Varying levels of political will and institutional stability among countries significantly affected outcomes**. In countries where political instability or vested interests prevailed, beneficial ownership (BO) transparency efforts stalled.

4. **Collaboration with other organizations and civil society is key to reinforce transparency norms**, while enhancing technical credibility.
5. **Digitalization of BO information is key for its timely verification of published information** by civil society, other organizations or the general public.
6. **This thematic project, was also a way to test country commitments and needs,** especially for countries with which the TTF did not have past engagement. The project provided shorter and less intensive support (lasting in principle 6 to 12 months rather than the typical 2 to 3 years), making it an efficient mechanism for assessing the level of commitment from participating authorities.

Appendix B.4VAs and VASPs thematic project

Project background

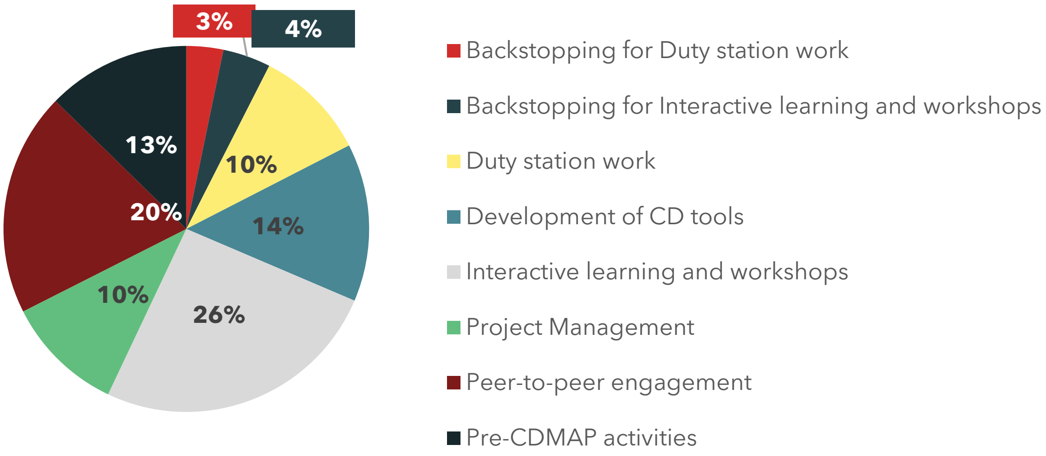
The project, focusing on Virtual Assets (VA) and Virtual Asset Service Providers (VASPs), is a response to the evolving landscape, where digital assets present unique opportunities and risks. The initiative aligns with the Financial Action Task Force (FATF) standards, specifically the revisions made to Recommendation 15, to address anti-money laundering (AML) and countering the financing of terrorism (CFT) concerns associated with these technologies. This project emphasised the development and implementation of robust AML/CFT frameworks tailored to the specific needs of countries and regions, targeting gaps in legal, regulatory, and supervisory frameworks to address money laundering and terrorist financing (ML/TF) risk and adopts a multi-pronged approach, combining legal and regulatory capacity building, risk assessment, and operational framework development.

The project offered targeted capacity development such as bilateral engagements and regional workshops and seminars. through bilateral engagements with countries like Albania, Bhutan, and Georgia, providing training and support for drafting legislation, implementing AML/CFT measures, and conducting ML/TF risk assessments. The project also organised regional workshops and seminars, which have engaged hundreds of participants globally, emphasizing interactive and practical learning on key elements of the FATF standards and the supervision of the VA sector to training and direct technical assistance, the project has developed supervisory methodologies and tools to enable effective risk-based supervision of VASPs. These tools incorporate feedback from international supervisory bodies, ensuring they address the diverse challenges faced by countries with different risk profiles and regulatory capacities.

The project's outcomes and milestones depend on the various modules. The four main modules cover the following:

- Legal framework; definitions of VAs and VASPs, application of the FATF standards, preventive and supervisory frameworks.
- ML/TF risk assessment; conceptual framework and application to VA/VASPs.
- AML/CFT risk-based supervision.
- Key considerations for an effective enforcement regime.

Figure B.4 Budget distribution by type of support



The total expenses under this Technical Assistance (TA) project have amounted to US$ 522,522 until end of FY24. The available budget stands as of June 2022 at US$ 845,000 (was at US$ 150,000 until then), leaving roughly US$ 322,000 for future use.[18]. Budget data provided by the IMF illustrates that the majority of the budget was spent on interactive learning and workshops (almost US$ 135,000) and peer-to-peer engagement (almost US$ 105,000). The remainder was spent on duty station-based work, Capacity Development (CD) project management, development of CD tools, pre-CDMAP activities, and project backstopping (see Figure C.3).

[18] Source: AML/CFT THEMATIC FUND PHASE III THIRD ANNUAL REPORT (MAY 2022–APRIL 2023) AND WORKPLAN FOR YEAR FOUR.
For the previous available budget (as of June 2021 at US$ 150,000), see: AML/CFT THEMATIC FUND PHASE III WORKPLAN June 2021

Findings by OECD-DAC criterion

Table B.7 Scores and narratives for the VAs/VASPs thematic project

OECD-DAC CRITERIA	Score	Narrative explaining score
Relevance	4	• The project demonstrated high relevance, addressing urgent global needs to regulate the Virtual Asset (VA) and Virtual Asset Service Provider (VASP) sectors against ML/FT risks. • The alignment with FATF standards and country-specific needs reflected the project's strong contextual fit. • Tailored interventions were designed for countries like Albania, Georgia, and Bhutan, where supervisory frameworks were underdeveloped. • The strategic inclusion of peer-to-peer engagement and the development of supervisory tools further enhanced the response to country needs.
Internal coherence	4	• Internal coherence on the VASP project was strong, ascollaboration across (LEG) teams and alignment with the IMF's broader AML/CFT strategy were evident. • Information sharing within the IMF followed standard procedures, as back-to-office reports and Briefing Papers for TA missions were circulated to area department through CDMAP. • The project was consistent with broader IMF priorities such as promoting financial stability and mitigating financial crime risks through capacity-building initiatives. • Internal coordination across regions—demonstrated in bilateral training missions (e.g., Albania, Bhutan, Georgia) and regional workshops—reflected clear integration of IMF expertise and resources.
External coherence	4	• The project aligned well externally, with FATF standards serving as a unifying global framework for AML/CFT initiatives involving VASPs. • LEG effectively coordinated with stakeholders such as the IMF MCM, World Bank, UNODC, FATF, regional financial intelligence units (FIUs), and national authorities, ensuring its work complements rather than duplicates efforts. • Notable external coherence was demonstrated during the FinTech Roundtable (hosted in UAE), where international stakeholders from 15 countries participated to discuss the draft supervisory methodology. • Another example is that a UNODC representative participated and presented sessions on considerations for enforcement and international cooperation, as part of the Fund's in-person ATI workshop in December 2024. Representatives from the APG, GIABA and ESAAMLG also presented sessions as part of the Fund's VA/VASP workshops. • The Methodology was also shared with the UNODC, FATF Secretariat, and VACG co-chairs for their review and input. • Based on information provided, it appears that other TA providers had not yet developed similar tools for RBS of VASPs. While the EU Global Facility initiated similar work, the IMF indicated to be working with them on synergies and to ensure there is no duplication in methodology development..
Effectiveness	3	• The project made measurable progress toward its objectives, such as developing supervisory risk assessment methodologies and conducting targeted training workshops attended by hundreds of participants globally.

		• The project was also effective in raising awareness and improving knowledge and skills.
Impact	3	• The project contributed significantly to improving legal and supervisory frameworks in participating countries. • While its potential long-term impact on mitigating financial crime risks is promising, evidence of systemic changes remains limited, given the relatively recent rollout of some interventions.
Sustainability	3	• While foundational tools like the risk assessment methodology are designed to provide lasting value, the sustainability of outcomes depends heavily on continued capacity building and national adoption of the tools developed. • Some countries still face challenges in fully integrating these frameworks.
Efficiency	3	• With a substantial portion of the budget effectively utilized for workshops, peer-to-peer engagement, and supervisory tools, the project reflected efficient use of resources – particularly through online training tools. • By the time of the evaluation, a substantial part of the budget remained available for future project activities.

Lessons learned

1. **Tailored Interventions Enhance Relevance and Effectiveness.** Customizing technical assistance to country-specific contexts—such as in Albania, Georgia, and Bhutan—ensured that support addressed real capacity gaps in underdeveloped supervisory frameworks. This significantly boosted the project's relevance and effectiveness. The inclusion of peer-learning platforms and development of supervisory tools, such as risk assessment methodologies, proved effective in enhancing practical knowledge and institutional capacity among national authorities and regulators.
2. **Sustainability of outcomes is highly dependent on capacity building.** The utility of tools like risk assessment frameworks depends heavily on national adoption and capacity to use them effectively. In some countries, integration challenges and limited technical resources persist, raising concerns about sustainability without continued support.
3. **This thematic project, was a good way to test country commitments and needs,** especially for countries with which the TTF did not have past engagement. The project provided shorter and less intensive support (lasting in principle 6 to 12 months rather than the typical 2 to 3 years), making it an efficient mechanism for assessing the level of commitment from participating authorities.

Appendix B.5 Pacific Islands Countries regional project (Tonga)

Project background

The project follows up from a project under the previous TTF phase, which recommended to undertake risk-based AML/CFT supervision of high-risk sectors to reduce ML/TF risk in the Pacific Island Countries (PICs) region. The former project was the "Pacific Initiative to Address the Pressures on Correspondent Banking Relationships and Remittance Channels", initiated in 2018. The TTF aimed to provide assistance in this regional project to countries that have large financial systems with respect to regional standards, either because they are offshore financial centres, or are subject to significant pressure to correspondent banking relationships (CBRs).

The evaluation team and LEG that the focus of this case study would be on Tonga. In its 2021 Mutual Evaluation Report, the APG found a poor overall level of technical compliance with the Financial Action Task Force (FATF) standards and assessed the country as low in 10 of the 11 effectiveness criteria. This poor overall AML/CFT rating would have subjected Tonga to public listing by the FATF, if the country were bigger. Tonga is not on the FATF-grey list only due to the fact that the country does not reach the $5Billion broad money threshold for consideration.

Remittances and trade are a crucial part of the PICs economy, and especially for Tonga, but these are at risk due to CBR pressures. For Tonga, remittances account for 40% of GDP in 2021 and ranged between 30%-55% of GDP in the last decade..[19] Transaction cost for remittances and financial flows was already high (20% of remittance amount from Australia, 15% from New Zealand in 2010);.[20] and increased to 42% in 2021 and 2022. At the same time, the number of financial service providers (and CBRs) has fallen, due to (1) lack of transparency in financial flows, (2) Inadequate supervision of banks and other financial services in PICs, (3) high cost of conducting due diligence of PIC CBRs and Money and Value Transfer Services (MVTSs). Reducing perceived ML/TF risk would in turn reduce cost of due diligence.

The project aims to reduce perceive risks by correspondent banks, thereby contributing to ensure a continued flow of remittances. The project aims to do this via the following activities:

- enhance the capacity of supervisors to identify risks and manage them in an effective manner through the development of an AML/CFT risk based supervision framework for the banking and MVTS sectors; the project aims to strengthen the capacity of supervisory authorities to identify the drivers and impact of pressures on CBRs and MVTS and to create an action plan to mitigate such pressures and produce an environment conducive to robust CBRs (module 1);
- assist the authorities to complete recommended amendments to AML/CFT laws as required (module 2).

The project outcomes (RBM-based) and milestones are reported in Table C.8.

The budget and expenses are presented for the overall regional project. The approved budget since FY21 has stood slightly higher at US$ 536,000 for all three countries combined, As of April 2024, a further budget increase of US$ 171,000 (raising the total to US$ 707,000) was proposed by the IMF to support additional capacity development (CD) activities in Samoa and Palau, including three additional field missions costing approximately US$ 53,500 per mission.

Table B.8 Outcome, outcome indicators and milestones

Outcome	Outcome indicator	Milestones
AML/CFT Structures and Tools (Supervision): Supervisors focus AML/CFT supervisory resources to the areas of greatest risk	Supervisors effectively supervise licensed and/or registered institutions	1. The relevant AML/CFT supervisors are trained and understand principles of risk-based AML/CFT supervision. 2. The supervisory tool is piloted to relevant reporting institutions. 3. A first draft of the supervisory tool is delivered. 4. The supervisory manual and tool are approved and finalized.

19 https://capacity4dev.europa.eu/articles/remittances-pacific-islands-challenges-and-solutions_en#3
20 https://www.dfat.gov.au/sites/default/files/TrendsinRemittance.pdf

AML/CFT legal drafting: The country's AML/CFT legal framework is in line with FATF standard	AML/CFT Law and Regulations developed in line with the FATF standard are **enacted by the country's legislative process**	1. The revisions to the AML/CFT legal framework are approved consistent with the FATF standards and IMF staff recommendations

Findings by OECD-DAC criterion

Table B.9 Scores and narratives for the PICs regional project (Tonga focused)

OECD-DAC CRITERIA	Score	Narrative explaining score
Relevance	4	• The project was highly relevant for recipient authorities in both modules (legal drafting and supervisory tools for risk based supervision of banks and non-banks) and was tailored to authorities' needs. • Ownership was good, as recipients were involved in the design and tailoring of TA, and there was buy-in from high level authorities (including at the prime ministerial and ministerial level). • The project was highly macro-relevant for Tonga, as remittances are a crucial part of Tonga's economy (esp. during the pandemic) and pressure on Correspondent Banking Relations (CBRs) is a tail risk. While CBR pressure has been a problem in the area for long, it had been increasing, especially since the COVID-19 pandemic. • Although Tonga cannot be grey listed (due to the size of its financial sector being below threshold for grey listing), low FATF ratings would still imply reputational risk for correspondent banks, which would then risk ceasing CBRs.
Internal Coherence	3	• With regard to the internal coherence between AML/CFT TA and Article IV missions, TA recommendations were found to feed into Article IV mission reports and policy notes. • Information sharing within the IMF followed standard procedures, as back-to-office reports and Briefing Papers for TA missions were circulated to area department through CDMAP.
External Coherence	3	• There was good coordination with other external TA providers, also owing to the coordinating work by the FATF's Asia and Pacific group (APG). • The project was found to be complementary with the work of other providers (e.g. AUSTRAC worked on the asset confiscation part of the AML law). • Another example is the World Bank project on ringfencing, which is just starting; complementarities exist, as the WB project aims to provide continuing flow of remittances in case of loss of CBRs. While the WB project is just in its beginning phase, the TTF should thus continue coordinating with the WB and make sure there is no overlap going forward.
Effectiveness	3	• As of February 2025, outcomes were partly achieved, and were expected to be largely be achieved by the end of the project. • The envisaged outcome on legal drafting was expected to be largely achieved by the end of the project. Although achievement depends on the legislative process, the IMF took steps to ensure that this is the case, as the new law (in the form of a bill) was drafted, validated by the government and about to be sent to the legal committee of the parliament. (However, the

		new government still has to review the draft, potentially slowing down the process). • The envisaged outcome on Supervisory tools was expected to be largely achieved by the end of the project. Offsite Supervisory tools for banks were developed, fine-tuned and pilot tested on banks (and being developed for non-banks), and the first draft of onsite supervisory tools was in progress. • Several factors (COVID-19,a volcanic eruption, and turnover on the recipients' side) slowed down effectiveness, especially for the outcome on supervisory tools. A drug bust involving some of National Reserve Bank of Tonga's (NRBT) members also slowed down progress due to a reshuffle in NRBT staff. Moreover, legal updates in PICs are generally slow, and a change in government before sending the AML law to parliament was another external source of delays.
Impact	3	• The main expected impact is on reducing *perceived* risk of ML/TF (as the country has relatively few cases of ML/TF), thereby easing CBR pressures, and ultimately help enable remittances to flow into the country. This is potentially very impactful in a country whose economy heavily relies on remittances (remittances have been steadily above 20% of GDP in Tonga since 2000 and reached 42% of GDP in 2021 and 2022)..[21] • However, impact depends also on bank profitability, as it might in any case not be convenient for correspondent banks to maintain CBRs due to very low profitability in remote islands with a tiny population. • Wider impact on tackling global flows of ML/TF is limited due to the low volume of flows through the country.
Sustainability	3	• The project team took several measures to reduce sustainability risks, e.g. b recommending recipients to have the same core team of people in working groups. • Despite this, very small team sizes at the recipients' side as well as high turnover, especially in the Attorney General Office (AGO), were obstacles to ensuring the ample sharing of knowledge that is usually advisable in larger countries. • These negative circumstances were offset by the involvement of high-level officials (e.g. Attorney General (AG), and Deputy Governor of the NRBT in the project, both in the legal drafting module and the risk-based supervision module.
Efficiency	3	• The regional project structure contributed positively to efficiency by creating synergies and increasing trust in the region. The project also made substantial use of an LTX from the region (based in Singapore, although flights were still quite expensive), as well as an experienced STX from the region (Australia), who also covered AML/CFT supervisory issues in other PICs. • The project made good use of the online modality where this was possible (i.e in the legal drafting module, or manual for supervisory tools), although this use could potentially be further increased, especially given the high costs of flying to the island.

Lessons learned

1. **Focusing on macro-critical issues (for the country) enhances ownership and commitment by national authorities.** The project demonstrated that when AML/CFT issues are perceived as highly macro-critical,

21 Personal remittances, received (% of GDP) - Tonga | Data

national authorities exhibit strong ownership and commitment, significantly enhancing the likelihood of achieving project outcomes.

2. **Coordination among TA providers is most effective when a single organization assumes a clear coordination role.** External coherence was notably effective due to the proactive role played by the Asia/Pacific Group on Money Laundering (APG), which regularly coordinated various technical assistance (TA) initiatives. This leadership ensured alignment and minimized duplication.
3. **Attrition and turnover at the recipients' level poses significant risks to sustainability in small countries.** High attrition and staff turnover among recipient authorities can severely undermine both the implementation and sustainability of project outcomes. This risk is particularly pronounced in small jurisdictions, where capacity is limited. Involving high-level officials in TA activities can help mitigate this vulnerability.
4. **The online modality is well-suited for document-focused activities.** The use of virtual delivery proved highly effective for activities that involved drafting or revising documents—such as legal drafting or developing supervisory manuals—where real-time physical presence is less critical.
5. **The regional project structure enhances efficiency and facilitates shared learning.** The regional project design contributed significantly to operational efficiency, especially in the risk-based supervision module, where multiple Pacific Island Countries (PICs) faced similar challenges. This allowed the IMF to deploy a single supervisor across several jurisdictions. The structure also supported legal drafting efforts, though tailoring was required to address differences in national legal frameworks.

Appendix C Methodological Annex

Table C.1 Evaluation matrix

Category	Evaluation question	Source
Relevance	To what extent do current selection and prioritization processes maximize relevance for partner countries? (e.g., focus on beneficiaries with the highest CD needs, based on available evidence and data?) To what extent do selection and prioritization processes account for potential impact in reducing ML/TF/PF?	TF-level documents (program document, project proposals), TF-level KIIs Survey
	To what extent were CD projects considered a priority for the country's national government or the recipient agency?	CS documents CS KIIs
	To what extent was the design of CD projects sufficiently sensitive and adaptive to the context (e.g., economic, political economy, technical capacity) in which it took place?	CS documents CS KIIs
	How can the AML/CFT TF further improve its relevance for partner countries?	TF-level KIIs Survey
Coherence	**Internal coherence:**. To what extent are AML/CFT CD projects internally coherent with other IMF CD, lending and surveillance activities? How can the AML/CFT TF further improve its internal coherence?	TF-level documents (annual reports, CD strategy, AML/CFT strategy review, incl. stakeholder consultations) TF-level KIIs CS documents (project proposals, project assessment reports, Article IV reports, FSAPs) CS KIIs
	External coherence: To what extent are CD projects externally coherent with the work of the FATF and other development partners in the area of AML/CFT?	TF-level documents (e.g. program document, annual reports) TF-level KIIs CS documents (project proposals, reports) CS KIIs
	How can the AML/CFT TF further improve its external coherence?	TF-level KIIs Survey
Effectiveness	To what extent were CD project outcomes and milestones achieved, or likely to be achieved?	TF-level documents and portfolio data (, annual reports, RBM scores) CS documents (project assessment reports)

		CS KIIs
	To what extent did CD projects contribute (or are expected to contribute) to the observed results?	CS documents (mission reports, project assessment reports) CS KIIs Survey
	To what extent did other factors (including other CD, COVID-19, political developments) contribute positively or negatively to the observed results?	TF-level KIIs CS KIIs
	What factors contributed positively or negatively to effectiveness in the context of fragile states? To what extent are there differences in the effectiveness of different CD delivery modalities?	TF-level documents (annual reports, RBM data, project assessment reports) TF-level KIIs CS documents CS KIIs
	How can the effectiveness of the AML/CFT TF be further improved?	TF-level KIIs
Impact	To what extent have CD projects reduced, or are expected to reduce, the incidence of (a) money laundering, (b) terrorism financing, or (c) proliferation financing?	TF-level documents (e.g. annual reports) TF-level KIIs survey CS documents (project assessment reports, country reports, FATF ratings and publications, Transparency International Index, data from FIUs) CS KIIs
	Were there unintended effects as a result of the AML/CFT TF activities?	TF-level documents (e.g. annual reports) CS documents (project assessment reports, country reports, CSO publications) CS KIIs
	How can the AML/CFT TF be more impactful?	TF-level KIIs CS KIIs
Sustainability	To what extent are the CD results likely to continue over the medium and long term, and to what extent does this depend on continued CD delivery?	CS documents CS KIIs
	To what extent are sufficient processes in place to assess and mitigate the risks that may threaten the sustainability of project outcomes? (including capacity constraints, social and political risks?)	CS documents CS KIIs
	What further measures can be taken to ensure that the results achieved by the AML/CFT TF are sustainable in the long term?	TF-level KIIs CS KIIs

Efficiency	To what extent are expenditures in line with planning, and what are the key reasons for deviations?	TF-level documents (program document, workplans and annual reports) TF-level KIIs CS KIIs
	Were the CD delivery modalities used efficient in terms of costs and timeliness? (e.g., were there alternative approaches that could have generated the same outcomes at less cost, or faster?)	TF-level documents (financial data by modality) TF-level KIIs
	How can the efficiency of the AML/CFT TF be further improved?	TF-level KIIs CS KIIs survey
TF Strategy and Operations	Is the Steering Committee effective in providing strategic guidance and oversight of the AML/CFT TF activities and contributing to setting priorities?	TF-level KIIs Survey
	To what extent is the funding model and allocation of funds sufficiently flexible?	TF-level documents (program document, workplans and annual reports) TF-level KIIs CS KIIs Survey
	To what extent is TF management efficient in terms of its operational processes, logistics, and reporting to the Steering Committee?	TF-level KIIs Survey

Table C.2 List of interviewee types per topic

Category	Topic[22]	Interviewees
Relevance	To what extent do current selection and prioritization processes maximize relevance for partner countries? (e.g., focus on beneficiaries with the highest CD needs?)	Donors, TF coordinators (TF level); LTX (project level)
	To what extent are CD projects considered a priority for the country's national government or recipient agency?	PMs, LTX/STX, recipients (project level)
	To what extent was the design of CD projects sufficiently sensitive and adaptive to the context (e.g., economic, political economy, technical capacity) in which it took place?	Recipients, PMs, supervisors, LTX/STX/RRAs (project level)
	How can the AML/CFT TF further improve its relevance for partner countries?	TF coordinators, ICD, donors (TF level); LTX/STX/RRAs, PMs (project level)

22 Exact phrasing of interview questions was adjusted based on the type of stakeholder.

Coherence	To what extent are AML/CFT CD projects internally coherent with IMF CD, lending and surveillance activities?	TF coordinators, ICD, MCM (TF level); PMs, backstoppers, LTX/STX, area departments, recipients (project level)
	How can the AML/CFT TF further improve its internal coherence?	
	To what extent are CD projects externally coherent with the work of the FATF and other development partners in the area of AML/CFT	TF coordinators, other DPs (TF level); PMs, LTX, STX, recipients, other DPs (project level)
	How can the AML/CFT TF further improve its external coherence?	TF coordinators, donors, other DPs (TF level)
Effectiveness	To what extent were CD project outcomes and milestones achieved, or likely to be achieved?	PMs, project supervisors, LTX/STX, recipients (project level)
	To what extent did the CD projects contribute (or are expected to contribute) to the observed results?	PMs, project supervisors, LTX/STX/RRAs, recipients (project level)
	To what extent did other factors (including other CD, COVID-19, political developments) contribute positively or negatively to the observed results?	donors, TF coordinators (TF level); PMs, project supervisors, LTX/STX/RRAs, recipients (project level)
	What factors contributed (positively or negatively) to effectiveness in the context of fragile states?	TF coordinators (TF level); PMs, project supervisors, LTX/STX/RRAs, recipients (project level)
	To what extent are there differences in the effectiveness of different CD delivery modalities?	Recipients, PMs, LTX/STX/RRAs (project level)
	How can the effectiveness of the AML/CFT TF be further improved?	TF coordinators (TF level); PMs project supervisors, LTX/STX/RRAs, recipients (project level)
Impact	To what extent have CD projects reduced, or are expected to reduce, the incidence of (a) money laundering, (b) terrorism financing, or (c) proliferation financing?	TF coordinators, ICD, MCM staff, other DPs (TF level); PMs, LTX/STX/RRAs, area departments, recipients (project level)
	Have there been unintended effects as a result of the AML/CFT TF activities?	PMs, recipients, project supervisors, LTX/STX/RRAs (project level)
	How can the AML/CFT TF be more impactful?	TF coordinators, MCM, ICD, donors, CSOs (TF level); LTX/STX/RRAs, PMs, recipients, area departments (project level)
Sustainability	To what extent are the CD results likely to continue over the medium and long term, and to what extent does this depend on continued CD delivery?	PMs, project supervisors, LTX/STX/RRAs, area departments (project level)
	To what extent are sufficient processes in place to assess and mitigate the risks that may threaten the sustainability of project outcomes? (including capacity constraints, social and political risks?)	TF coordinators, PMs, project supervisors LTX/STX/RRAs (TF level and project level)
	What further measures can be taken to ensure that the results achieved by the	TF coordinators, ICD, other DPs, CSOs (TF level);

	AML/CFT TF are sustainable in the long term?	LTX/STX/RRAs, PMs/project supervisors, area departments, recipients (project level)
Efficiency	To what extent are expenditures in line with planning, and what are the key reasons for deviations?	TF coordinators, donors (TF level); PMs (Project level)
	Were the CD delivery modalities used efficient in terms of costs and timeliness? (e.g., were there alternative approaches that could have generated the same outcomes at less cost, or faster?)	TF coordinators (TF level); PMs, project supervisors, LTX/STX/RRAs (project level)
	How can the efficiency of the AML/CFT TF be further improved?	donors, TF coordinators (TF level); PMs, project supervisors, LTX/STX/RRAs (project level)
TF Strategy and Operations	To what extent is the funding model and allocation of funds sufficiently flexible?	TF coordinators, donors (TF level); PMs, recipients (project level)
	To what extent is TF management efficient in terms of its operational processes, logistics, and reporting to the Steering Committee?	TF coordinators, donors (TF level); PMs, project supervisors (project level)
	Is the steering committee effective in providing strategic guidance and oversight of the AML/CFT TF activities and contributing to setting priorities?	donors, TF coordinators, project supervisors (TF level)
	How can the governance of the AML/CFT TF be further improved?	donors, TF coordinators (TF level);

Table C.3 Type of stakeholders interviewed and number of interviews

Organisation/ stakeholder type	Number of interviwees interviewed	Number of interviews per interviewee
TTF-level		
Main LEG-FIG and ICD counterparts	3	Regular (bi-weekly) engagemetns
LEG-FIG Deputy Division chiefs	4	1
World Bank counterparts	1	1
UNODC counterparts	2	1
Donors	2	1
Other AML/CFT experts	2	1
IMF resource department and CD-MAP staff	2	1
Case studies		
Project manager	1 per case study	2
Mission chief	1 per country case study	1

Project supervisor[23]	1 per case study	1
Recipients – main counterpart agency	1 per country case study	2
Recipients – other involved agencies	2-10 per country case study	1
Other development partners/FSRBs	1 per country case study	1

For each case study, the evaluation team followed a rigorous process, outlined by the following steps:

1. Review of country and case study documents
2. Interviews with the project manager and mission chief to gain a general idea of country context and the project; main achievement and challenges
3. Interviews with the recipient agencies and other development partners to get different perspective on the project's relevance, effectiveness and impact (including project contribution), coherence, and possible sustainability challenges.
4. Follow-up interviews with the project manager to validate the findings.
5. Validation session with the project supervisor to make sure the strategic perspective of the senior management was included.

23 Project supervisors are FIG deputy division chiefs that oversee project managers