

SOLIDARITY Bankers

AML-FT mission in favour of a microfinance institution in South Africa – Terms of Reference (ToRs) –

Mission's thematic: AML-FT

Beneficiary organisation: SEF

Location: Tzaneen, South Africa

Duration and date: 10 days on the field, Q2/Q3 2021

CONTEXT

Created in 2008, at the joint initiative of Crédit Agricole and the Nobel Peace Prize Laureate Professor Muhammad Yunus, the Grameen Credit Agricole Foundation (GCAF) is a cross-business actor committed to promoting financial inclusion and social entrepreneurship. Investor, funder, technical assistance coordinator and funds advisor, the Foundation has more than 80 partners (microfinance institutions and social business) in 39 countries with a portfolio of more than €81 million. Women and rural populations represent respectively 87% and 83% of the more than 7 million beneficiaries of the institutions funded by the Foundation.

SEF is a microfinance institution that was established in 1992. It is registered as an NGO and supervised by the National Credit Regulator (NCR). Its mission is to “work aggressively towards the elimination of poverty by reaching the poor and very poor with a range of financial and non-financial services to enable them to realize their potential”. SEF provides loans mostly under the group methodology. As of December 2020, the institution serves 225 317 active borrowers (100% women and 100% in rural areas) and manages a portfolio of € 45 153 765. It operates in the North-East and South-East regions of South Africa, through a network of 98 branches and 956 employees.

GCAF has disbursed a senior loan to SEF equivalent to €3.1 million in November 2019. In the framework of Solidarity Bankers by CA, GCAF aims at supporting SEF through a technical assistance mission carried on by one or several experts from [Crédit Agricole](#), a leader international banking group.

MISSION'S OBJECTIVES AND DELIVERABLES

As a financial institution, SEF has obligations to prevent risks related to money laundering and financing of terrorism. As a funder of microfinance institutions located in Luxembourg, the Grameen Credit Agricole Foundation also has obligations to comply with the EU regulations and follow FATF recommendations for financial inclusion. As such, the Foundation has performed a due diligence on SEF to assess its AML-FT systems and filled in with SEF a dedicated AML-FT questionnaire.

SEF is equipped with a skilled Quality and Compliance department, in charge of internal audit and compliance topics. The institution has adequate KYC procedures in place (due diligence on clients, verifications on clients' activities and use of funds). A Compliance Officer is officially appointed and is notably in charge of insuring compliance on SEF policies, systems and procedures. Money laundering

risks remain limited because SEF's loans are small (average loan equivalent to €200) and SEF does not collect savings nor offer money transfer services.

As SEF does not currently provide any training to its employees on AML-FT risks, a Solidarity Bankers mission is launched to support the institution in training its key staff on these topics, and on developing training material to insure the proper training of all the employees. The mission's objectives are therefore to support the Quality and Compliance department and the Training Department by developing relevant training material on AML-FT topics for the employees (at the top management level, middle management level and operational level) and delivering trainings to the top and middle managers, and if possible in one branch.

The objectives and scope of mission listed below shall be adjusted based on the profile of the expert and his/her recommendation on how to achieve the best results. The mission will be carried in coordination and with the support of the CFO and Training Manager.

OBJECTIVES

- 1) Analyse the AML-FT environment and regulation in South Africa, identify key AML-FT risks that SEF is facing and understand the measures and processes in place within SEF to limit AML-FT risks;
- 2) Support the Quality and Compliance department and the Training Department by creating relevant training material and content on AML-FT, for all the categories of employees (top management, middle management, and if possible operational staff);
- 3) Deliver trainings to the top management team, to middle managers and if possible in one branch of the institution, with the help of the Training Department.

ACTIONS AND DELIVERABLES

Action 1: Identify key measures and processes in place and the main AML-FT risks SEF is facing and analyse the AML-FT environment in South Africa

- Analyse the AML-FT environment and regulation in South Africa (main risks, regulation...).
- Through interviews with key members of the top management team, middle managers and front office staff, analyse (i) the measures and processes in place within SEF to limit AML-FT risks (KYC and screening of clients, checks on use of funds, checks on clients' true activities, AML-FT procedures...) (ii) the roles and responsibilities of employees in reducing AML-FT risks; (iii) the main AML-FT risks SEF is facing, and potential mitigating measures already in place.

Deliverables

- Short report on the AML-FT environment and regulation in South Africa.
- Short report on the main AML-FT risks SEF is facing and on the mitigating measures currently in place.

Action 2: Create training material on AML-FT for all categories of employees

- Define with SEF's top management team the training objectives (people to be trained, main topics to be covered).
- Analyse the training needs of the different categories of employees to be trained (top management, middle management and front office staff).

- Develop training material for the different categories of employees (top management, middle management and if possible front office). For each category, training material should at least cover: (i) AML-FT international guidelines and framework for the microfinance sector (FATF recommendations, potential international and national sanctions...); (ii) main AML-FT risks faced by microfinance institutions and potential impacts at the institutional and individual levels; (iii) examples of AML-FT risks in concrete working situations and red flags; (iv) best practices in the microfinance sector to limit AML-FT risks; (v) roles and responsibilities of each employee in addressing AML-FT risks.
- Discuss and review the training material with the management team, and in particular with the Quality and Compliance department and with the Training Department.

Deliverables

- Training needs analysis.
- Training material adapted to each category of staff (top management, middle management and front office staff).

Action 3: Deliver trainings to the top and middle management and if possible in one branch

- Along with the Training Department, deliver training to the top management team, to the middle managers, and if possible to the front office staff in one pilot branch.
- Adapt and finalize training material based on the feedbacks of the trainees.

Deliverables

- Finalized trainings and its material.

CALENDAR AND LOGISTICS

WORK LOAD (For reference)

The Crédit Agricole expert(s) will dedicate a total of 15 working days to the mission

- 3 days from his/her office to prepare the mission and implement action 1
- 10 days on the field to implement actions 2 and 3
- 2 days from his/her office mission to finalize the training material and the reports

CALENDAR (For reference)

- **SELECTION PROCESS (April)**
 - Publication of the mission's ToRs at Crédit Agricole and GCAF websites.
 - Selection of the Crédit Agricole expert: the candidates will be interviewed by Grameen Crédit Agricole Foundation.
- **SIGNATURE OF THE CONVENTION AND PREPARATION OF THE MISSION (May-June)**
 - A Convention is signed between the beneficiary organisation, the Solidarity Banker, the Foundation and the employer (if there is skill-based sponsorship).
- **BEGINNING OF THE MISSION (July-August)**
 - The 2-weeks field mission will start if the health conditions linked to Covid-19 allow it.

LOGISTICS

LOCATION

- The beneficiary organisation is located in Tzaneen, South Africa
- If the sanitary context does not allow the Solidarity Banker to travel as planned, the mission might be postponed, or held online.

EXPENSES COVERAGE AND INSURANCE

- Plane tickets and insurance: Credit Agricole SA
- Accommodation, food allowance and domestic transport: SEF
- Pre-mission training and mission coordination: Grameen Credit Agricole Foundation

PROFILE OF THE EXPERT

The expert is a Credit Agricole staff, willing to engage in the Solidarity Bankers programme, with the following expertise / experience:

- At least 5 years of experience in compliance
- Knowledge of or willingness to self-train AML-FT international guidelines and framework for the microfinance sector (FATF recommendations, potential international and national sanctions...)
- High proficiency in English is required
- Previous experience in delivering trainings on AML-FT topics would be an asset
- Previous experience in technical assistance or advisory work in a developing country would be helpful.

CONTACTS

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