

# 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, S1 2022

### 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 – can be adjusted)

- **SELECTION PROCESS (November - December)**
  - 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 (December - January)**
  - 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 (January - February)**

The 2-weeks field mission will start if the health conditions linked to Covid-19 allow it.

## LOGISTICS, EXPENSES COVERAGE AND INSURANCE

- The pre-mission training and logistics coordination will be provided by the Grameen Crédit Agricole Foundation
- Transport and Insurance are covered by Crédit Agricole S.A. Crédit Agricole SA will provide an update on the health situation at least 8 days before the date the mission is due to start and may ask the employee for any medical evidence that may be needed prior to departure. These documents shall be kept during the entire duration of the mission.
- Accommodation, local transport and catering costs are covered by the beneficiary organisation.
- The Crédit Agricole Group rules on international travel must be respected as part of the mission.
- Medical examination and tests (including PCR) related to the Covid-19 outbreak are covered by the beneficiary organisation.
- The Solidarity Banker is in charge of other expenses

## LOCATION

- The beneficiary organisation is located in Tzaneen, South Africa

## 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

### For information on Solidarity Bankers by CA

Carolina VIGUET, Head of Communication and Partnerships  
[carolina.viguet@credit-agricole-sa.fr](mailto:carolina.viguet@credit-agricole-sa.fr)

Violette CUBIER, Technical Assistance Manager  
[violette.cubier@credit-agricole-sa.fr](mailto:violette.cubier@credit-agricole-sa.fr)

### For information on this mission

Kathrin GERNER, Investment Advisor  
[kathrin.gerner@gca-foundation.org](mailto:kathrin.gerner@gca-foundation.org)

## **Annex to November 24, 2021 – conditions for entering and leaving South Africa from France**

South Africa is classified as an "orange zone". The Grameen Crédit Agricole Foundation complies with the requirements of the Crédit Agricole SA international travel protocol. **All Credit Agricole Group's employees going to a country classified as an "orange zone" must be vaccinated or immunized.**

### **Entry and stay formalities in South Africa**

French nationals wishing to travel to South Africa for a stay of less than 90 days must be in possession of their **passport which must include two blank pages and still be valid 30 days after the expected exit date from South Africa. They are exempt from visa.**

### **Entry rules in response to coronavirus**

All travelers, including those who are vaccinated or immunized, arriving in South Africa must:

- **Present a negative PCR test for Covid-19 carried out less than 72 hours before departure;**
- **Submit to a temperature measurement on arrival in South Africa.**

### **Entry formalities in France**

As of November, 2021, South Africa is classified as an "orange zone" on the basis of Covid-19 health indicators.

The compelling reasons and quarantine measures applied to vaccinated adults extend under the same conditions to accompanying minors, whether or not they are vaccinated.

All the information on travel conditions related to the Covid-19 can be found on the website of the French Embassy in South Africa (<https://za.ambafrance.org/COVID-19-Information-on-travelling-to-France>).