

Solidarity Bankers Mission

– Terms of reference –

Diagnosis and formulation of recommendations on risk management and compliance practices

Location: Lusaka, Zambia

Duration and date: 20 days-mission (10 days in the field)

Team : Mission to be carried out in pairs

- 1 Solidarity Banker on risk management
- 1 Solidarity Banker on compliance

Institution: MLF Zambia

Topic: Risk Management and Compliance

CONTEXT

The inclusive finance sector aims at providing access to financial services to people excluded from the mainstream financial system, thus giving them the opportunity to finance their needs, in particular their income-generating activities. A recognised player in the sector, the Grameen Crédit Agricole Foundation works in countries where poverty and financial exclusion are the strongest. Investor, lender, technical assistance coordinator and Fund advisor, the Foundation finances and supports microfinance institutions, institutions and projects that promote inclusive finance and the development of rural economies. The Foundation currently supports over 80 partners in 37 countries with a portfolio of around €90 million.

MicroLoan Foundation Zambia was launched in 2008. Since then, it has been growing steadily, reaching women in underserved rural communities where the demand is high. The institution currently provides financial loans and savings services to clients across 10 branches and 11 satellite branches as well as its Head Office, spread across the Southern, Eastern and more recently the Northern regions of the country. Agricultural loans and conservation farming training is offered to clients in its Chipata branch with the aim of expanding these services in the near future. As part of the five-year strategic plan, MicroLoan Foundation Zambia aims to become a market leader by scaling up its geographical reach and enhancing its services through product diversification.

As of today, MLF Zambia serves 42,063 clients with an average loan of \$80 and an outstanding portfolio of over \$4 million.

OBJECTIVES OF THE MISSION

Sustainability of the organisation is key to MLF Zambia's ability to achieve its vision and mission and continue to do so over the long-term. As such, MLF Zambia wishes to reinforce its compliance department and strengthen its Risk Management structures to proactively identify any potential and significant risks to the organisation's existence.

The key objective of this assignment is to conduct a review of MLF Zambia operational and financial environment, identify key risks, and assess whether the existing Compliance and Risk Management approach, structures, and monitoring mechanisms adequately address the organisation's risks.

The objectives and scope of the mission of the Solidarity Bankers listed below can be adjusted according to the profile of the expert and his / her recommendations on how to obtain the best results.

The Solidarity Bankers will carry out the following actions:

Risk management framework

ACTION 1: Identify, assess, and categorise risks

- Review existing risk mapping tool.
- Complete a desktop review of country, , and sector specific risks.
- Conduct interviews with the executive management team, operations management, financial management and persons in charge of the risk functions (compliance, internal control, internal audit, relations with the regulation bodies) and to identify:
 - i. organisational risks;
 - ii. operational risks; and
 - iii. financial / sustainability / legal risks.
- Quantify and categorise risks.
- Update the risk mapping tool accordingly

Deliverables:

- Short report/presentation on the organisation's risk environment.
- Updated risk management framework for MLF Zambia.

ACTION 2: Design of an adapted risk management framework and action plan to identify and manage main risk areas better

Actions:

- Determine an adapted organizational structure to develop the new risk management framework;
- Recommend tools and processes for a global and effective risk management framework, prioritized into a detailed implementation action plan;
- Develop new risk management tools, if deemed possible and relevant in the frame of this TA mission;
- Identify existing technological solutions (applications) that fully or partially automate risk management

Deliverables:

- A narrative document on the recommended organisational structure and the tools and processes to set up in priority
- A document identifying existing technological solution suitable within the given context
- A detailed implementation action plan

ACTION 3: Reinforce the skills of MLF Zambia governance and management on risk management

- Assess training needs
- Elaborate training materials
- Facilitate one or more trainings sessions

Deliverables:

- Training materials

Compliance framework

ACTION 1: Review current compliance and risk management processes and complete a gap analysis

- Complete a desktop review of Zambia's compliance legal framework
- Complete a desktop review of MLF Zambia's compliance processes and risk profile.
- Conduct interviews with the Board and management, compliance team and operations staffs if needed.
- Analyse current compliance processes against the Risk Profile and complete a gap analysis.

Deliverables:

- Summary overview of MLF Zambia Compliance profile.
- Gap analysis.

ACTION 2: Develop an action plan to improve MLF Zambia's compliance

- Determine an adapted organizational structure to develop the new compliance framework;
- List and prioritize all actions required to improve MLF Zambia's compliance processes
- Research and identify tools that may contribute to an efficient compliance process, aligned with the local regulations.
- Identify existing technological solutions (applications) that fully or partially automate compliance procedures
- Identify training solutions relevant for the compliance needs of MLF Zambia.

Deliverables:

- Action plan with recommendations and priorities
- List of relevant trainings and tools identified
- List of relevant technological solution, suitable within the given context

LOGISTICS AND CALENDAR

DURATION OF THE MISSION

- **20 days** for each of the Solidarity Bankers, distributed as follows:
 - Preparation: 5 days to prepare the mission
 - Mission: 10 days on the field.
 - Post-mission: 5 days to finalise the deliverables, spread over a two to three-week period following the end of the field mission
- **The mission can take place during the working time of the Solidarity Bankers (skills sponsorship) AND/OR during the employee's vacation (skills volunteering). A mix of both solutions is also possible**
- **This mission will be carried out in pairs. Two Solidarity Bankers will be selected to conduct the mission at the same time.**

CALENDAR

- **SELECTION PROCESS**
 - Publication of the Terms of Reference
 - Selection of the volunteers by the Grameen Crédit Agricole Foundation
- **SIGNATURE OF THE AGREEMENT AND PREPARATION OF THE MISSION**
 - An agreement is signed between the beneficiary institution, each Solidarity Banker, the Foundation and the Solidarity Bankers employers.
- **PREPARATION OF THE MISSION**
 - Signature of the agreement and preparation of the mission (calls to be planned with the organisation, documents to be sent and read before the beginning of the mission).
 - Preparation of the mission by the Solidarity Bankers, MLF Zambia and the Grameen Crédit Agricole Foundation (5 days spread over a two-week period). The selected candidates and MLF Zambia's managers will discuss the terms of reference and adjust them together in order to best prepare the mission.
- **FIELD MISSION**
 - Field mission by the Solidarity Bankers (10 days).

▪ **DELIVERABLES OF THE MISSION**

- Sending of the mission deliverables by the Solidarity Bankers within two to three weeks after the field mission.

LOGISTICS, MISSION COSTS AND INSURANCE

- The training prior to the mission and the logistical coordination of the mission are provided by the Grameen Crédit Agricole Foundation.
- The cost of plane tickets to Zambia and insurance are covered by the Grameen Crédit Agricole Foundation, with the support of Crédit Agricole SA.
- Accommodation, local transport and catering costs are borne by the beneficiary organisation in the event that the mission can be carried out in the field.
- All other expenses are the responsibility of the Solidarity Bankers

LOCATION

- The field mission will take place mainly in Lusaka, Zambia. Travels outside Lusaka might be required to meet other MLF Zambia's staff or clients.

PROFILE OF THE EXPERTS

- At least 5 years of experience in Risk Management
- At least 5 years of experience in Compliance (please note that both experts will be selected to cover each topic)
- Appetite for inclusive finance / sustainable finance, resulting in increased curiosity for the specificities of the sector and the desire to adapt banking standards to it
- Knowledge / experience in the microfinance sector
- Knowledge of the Zambian environment/ context is a plus
- High proficiency in English is mandatory
- Ability to listen to others
- To be a force for bringing forward proposals
- Pragmatic, autonomous and rigorous
- Previous experience in technical assistance or advisory work in a developing countries would be a plus

CONTACT

For more information on the [Solidarity Bankers Programme](#) or on the mission, please contact:

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