



TERMS OF REFERENCE CONSULTING SERVICES – FRAMEWORK CONTRACT

PROPARCO
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Technical assistance facility to support AML/CT (Anti-Money Laundering and Counter-Terrorist Financing Mechanisms) for financial intermediaries

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ARTICLE 1. Presentation of PROPARCO

PROPARCO (the « Contracting Authority ») is a subsidiary of the Agence Française de Développement (AFD) dedicated to financing the private sector. Its mission is to promote private investment in emerging and developing countries to support inclusive and sustainable growth. Operating in 80 countries across Africa, Asia, Latin America, and the Middle East, PROPARCO provides a range of financial products—from debt to equity—to financial institutions and private sector enterprises. PROPARCO focuses on key development sectors, such as renewable energy-based infrastructure, agribusiness, financial services, healthcare, and education. For more information, visit www.proparco.fr.

In addition to its financing activities, PROPARCO offers technical assistance to its clients. These services aim to support responsible practices and innovative initiatives within the private sector, thereby enhancing the developmental impact of PROPARCO's investments. Through these services, PROPARCO funds studies (such as feasibility studies) and audits, as well as the implementation of internal projects for its clients, for which one or more consultants may be engaged. For more information, visit www.proparco.fr/en/technical-assistance-development-tool-serving-private-sector.

To better address the needs of its clients and align with the growth of its activities, PROPARCO's Technical Assistance and Blending Division is developing "off-the-shelf technical assistance (TA) mechanisms." When multiple operations within its portfolio or pipeline share a common interest in a specific area, PROPARCO contracts with one or more consultants to launch missions for multiple beneficiaries based on a predefined menu of services. This approach streamlines TA activities and enables more efficient deployment.

ARTICLE 2. Purpose of the contract

The purpose of this framework agreement is to select one or more service providers capable of delivering predefined technical assistance activities aimed at strengthening Anti-Money Laundering and Counter-Terrorist Financing (AML/CFT) mechanisms, in accordance with the Financial Action Task Force (FATF) recommendations, for PROPARCO's partner institutions, including:

- Microfinance Institutions (MFIs)
- Other inclusive finance actors (cooperatives, fintechs, small financial institutions) deemed vulnerable or operating in complex regulatory environments.

The contract will take the form of a framework agreement with purchase orders, enabling the rapid mobilization of the service provider for specific missions.

This framework agreement may be deployed across all geographic regions covered by PROPARCO.

ARTICLE 3. Nature and objectives of the mission

AML/CFT compliance has become a decisive criterion for granting financing, particularly in fragile or high-risk contexts where local regulations and supervisory capacities may be limited.

Many Microfinance Institutions (MFIs) and small financial institutions exhibit deficiencies in:

- Written AML/CFT and international sanctions policies and procedures
- Risk assessment methodologies
- Transaction screening and monitoring systems
- Staff training and awareness

General Objective:

To provide a targeted, ready-to-use technical assistance offering that enables eligible institutions to comply with AML/CFT and international sanctions regulatory requirements, reduce operational risks, and maintain access to financing.

Specific Objectives:

- Update AML/CFT procedures in line with FATF recommendations and local regulations
- Update international sanctions procedures in line with UN, EU, US, French, and local regulations, taking into account sanctions lists, sectoral sanctions, and embargoes.
- Conduct compliance audits and diagnostics, including action plans
- Develop AML/CFT and international sanctions risk mapping
- Train executive and operational teams
- Assess and recommend appropriate screening and monitoring tools
- Support the integration of compliance requirements into digital systems
- Provide post-mission follow-up to verify the implementation of recommendations and the effectiveness of the screening system

ARTICLE 4. Expected services

The service provider shall intervene, upon PROPARCO's request via purchase orders, to perform all or part of the following activities:

Compliance audit and diagnostic followed by an action plan (3 to 6 weeks)

- AML/CFT and international sanctions risk mapping by process, financial product, customer type, and other relevant aspects
- Analysis of current procedures at the MFI and group level: internal documentation, due diligence performed, update frequency, alert systems, control mechanisms, etc.
- Assessment of the robustness of "lines of defense" in KYC/AML-CFT, including procedures related to Politically Exposed Persons (PEPs) and sanctions list screening
- Gap assessment, identification of shortcomings, and recommendations for compliance with applicable local regulations, FATF standards, EU, US, UN and French sanctions regulations, as well as other AFD Group requirements
- Evaluation of the MFI's information system capacity to support AML/CFT and international sanctions policies
- Recommendations for integration into the Core Banking System (CBS) and compatibility with existing and future systems

Update and enhancement of AML/CFT and international sanctions procedures (4 to 6 weeks)

- Update procedures in accordance with international and national standards
- Define the compliance team's responsibilities (MFI and group level), draft job descriptions, and adapt the organizational chart
- Support the recruitment of qualified compliance professionals, if needed
- Assist the MFI in implementing recommendations, including necessary adaptations to the information system
- Develop tailored training materials to enable in-house training for the MFI's needs

Benchmarking and recommendation of screening tools (2 to 3 weeks)

- Market analysis of available solutions for AML/CFT monitoring and automated sanctions list screening
- Recommendation of tools tailored to the MFI's size, resources, and information system
- Cost-benefit comparison for the beneficiary alone or across all group subsidiaries, detailing both group-wide and individual options

- Implementation plan and recommendations for optimal integration into the Core Banking System (CBS)

ALTERNATIVE: Development and deployment of a custom screening tool (4 to 6 weeks)

- Development or configuration of an in-house tool for screening high-risk clients and transactions
- Integration of sanctions lists, PEPs (Politically Exposed Persons), and other compliance criteria
- Testing, validation, and adjustments of the system based on operational feedback
- Training of key users to ensure proficiency in using the tool

Support for digital system integration (3 to 5 weeks)

- Technical assistance for integrating AML/CFT tools into existing platforms (e.g., e-learning)
- Configuration of alerts and automated reporting

Training and awareness for staff (2 to 3 weeks + ongoing program)

- Organization of training sessions for executives and managers
- Development of theoretical and practical modules on AML/CFT and international sanctions risk detection and management
- Implementation of a continuous training program, based on the materials created
- Assessment of learning outcomes and provision of educational resources
- In-depth training for compliance officers and staff responsible for AML/CFT and international sanctions

Post-mission follow-up and tool maintenance (6 to 12 months)

- Support and evaluation of the implementation of the screening system
- Monitoring of compliance indicators and necessary adjustments
- Maintenance and updates of AML/CFT and international sanctions tools
- Ad-hoc training for new hires or on tool updates
- Regular reports on the effectiveness of the mechanisms and recommendations for continuous improvement

In addition to the ad-hoc support provided to a specific institution, the service provider may organize multi-client training sessions on Anti-Money Laundering and Counter-Terrorist Financing (AML/CFT) and international sanctions requirements. These training sessions will highlight applicable international and local regulations, as well as best practices observed in the microfinance sector.

The consultant will propose multiple training modalities and formats, including:

- Online training to facilitate participation from a wide range of institutions, including those in remote areas (including MOOC format);
- In-person training to promote interactive learning, peer exchanges, and hands-on practice;
- Generalist sessions for operational teams and senior management of MFIs, aimed at strengthening their overall understanding of AML/CFT and international sanctions obligations and challenges;
- Specialized, in-depth sessions for compliance officers and staff directly involved in implementing internal AML/CFT and international sanctions mechanisms (risk analysis, transaction monitoring, reporting, etc.).

Training sessions must be dynamic, interactive, and participatory, incorporating real-world case studies, practical exercises, and role-playing scenarios to enhance conceptual understanding and application.

At the end of each session, the service provider will administer an evaluation questionnaire to gather participant feedback on content, format, usefulness, and skills acquired. A follow-up survey, approximately six months post-training, may also be conducted to assess the effective implementation of best practices and the evolution of AML/CFT and international sanctions mechanisms within participating MFIs.

ARTICLE 5. Expected deliverables

Deliverables expected by Proparco and the Beneficiary for each mission:

1. Inception note and Kick-off meeting with Proparco and the client: methodology, timeline, and resources.
2. Initial report: Diagnosis of the current situation, risk analysis, and recommendations.
3. Optional: Screening system documentation: specifications, tests, and validation.
4. Updated procedural framework in compliance with FATF recommendations and EU, US, UN and French sanctions regulations including:
 - a. Compliance Policy
 - b. AML/CFT Procedures (including PEPs)
 - c. International Sanctions Compliance Procedures
 - d. Client onboarding procedures (KYC perspective)
 - e. Compliance function organization and role procedures
5. Training and training materials tailored to different target audiences.
6. Mission report for Proparco.
7. Follow-up report: Analysis of team utilization of the screening system and its integration, along with recommendations for improvement.

Deliverables expected by Proparco for each multi-client training session:

1. Training materials tailored to the profile of participating institutions and target audiences, including case studies and practical exercises (PowerPoint or PDF format).
2. Recording of the session (replay format, suitable for distribution to participants and other interested MFIs).
3. Mission report compiling the following elements:
 - o List of participants (with roles and institutions);
 - o Breakdown of costs associated with the session;
 - o Summary of participant evaluations and feedback;
 - o Lessons learned and recommendations for continuous improvement of future sessions.
4. Certificates of participation issued to each attendee to certify their attendance and active involvement in the training.
5. Post-training follow-up conducted approximately six months after the session, aimed at assessing (on a declarative basis) the impact of the training on the AML/CFT and international sanctions mechanisms of participating MFIs and any implemented improvements.

The Service Provider shall be required to submit these reports electronically to the email addresses provided during the kick-off meeting for the service.

PROPARCO and the Beneficiary of TA shall validate each report for compliance. Only the explicit and written validation of each report by the Client and the Beneficiary shall serve as proof of compliance.

In the event of a non-compliant report, PROPARCO and the Beneficiary shall submit their comments by any means within three (3) weeks of receipt of the report. The Service Provider shall address these comments and submit a revised report within four (4) weeks of receiving the Client's and Beneficiary's feedback.

ARTICLE 6. Performance modalities

6.1 Expected methodology

The service provider will propose the most appropriate methodology to successfully carry out its activities.

A participatory approach tailored to the institution's regulatory and operational context will be adopted. A combination of remote work and on-site assignments may be implemented.

6.2 Specific performance requirements / Conditions of execution

Travel and accommodation expenses shall be borne by the service provider and reimbursed by the beneficiary institution or, on an exceptional basis, by PROPARCO.

The service provider will be granted access to all documents and tools necessary for the assignment. The microfinance institution (MFI) will facilitate interactions with its teams and make available the internal resources required to support the implementation of the recommendations.

6.3 Implementation schedule/ Indicative budget

The duration of the assignment is set at two (2) years, renewable for an additional two (2) years. Assignments will be scheduled based on needs, with an average duration ranging from two (2) to eight (8) weeks.

PROPARCO and the service provider will enter into a framework agreement with no minimum commitment, and with a maximum budget for the entire period set at EUR 1,000,000. An amount of EUR 500,000 has been secured for the first phase of the program.

Each year, a portion of PROPARCO's total technical assistance budget will be allocated to the program, within an overall ceiling of EUR 1,000,000 over the four-year implementation period.

ARTICLE 7. Expected competencies

The service provider shall demonstrate:

- Proven expertise in AML/CFT and international sanctions compliance within the financial sector, ideally in inclusive finance and emerging markets
- In-depth knowledge of Financial Action Task Force (FATF) recommendations and international sanctions regulations (in particular US, EU, UN) and the ability to interpret and apply national regulatory frameworks
- Experience in audit, diagnostics, and training in the AML/CFT and international sanctions field
- Capacity to operate across multiple countries, particularly in Africa, Asia, Latin America, and the MENA region
- Proficiency in French, English, and Arabic (additional languages are an asset)
- Ability to work effectively in multicultural and sensitive environments
- Expertise in information systems, particularly for the implementation of automated screening solutions