



GRAMEEN CRÉDIT AGRICOLE
Microfinance Foundation

Selection of Consultants

Technical Assistance Mission

**Risk Management Framework and
Training for AMZ**

Zambia

June 2014

With the Support of



No. AMZ/01/2014/ZAM/AF

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Section 1. Letter of Invitation

Kigali, June 6, 2014

Dear Sir or Madam:

1. The Grameen Credit Agricole Foundation (hereinafter called ‘the client’) has received funding (hereinafter called “the funds”) from the French Development Agency (hereinafter called “the Agency”) toward the financing partly the cost of Technical Assistance mission in the framework of the African Facility and intends to apply a portion of the funds to eligible payments under the contract for which this Request for Proposals is issued.
2. The Foundation now invites proposals to provide the following consulting services: Risk Management Framework and Training for Agora Microfinance Zambia (AMZ). More details on the services are provided in the Terms of Reference.
3. This Request for Proposal (RFP) has been addressed to short-listed Consultants. The names are not disclosed.
4. A firm will be selected under selection based on consideration of quality and cost (SBQC) and procedures described in this RFP.

Yours sincerely,

Kathrin Gerner, Senior Expert for Eastern and Southern Africa

Section 5. Terms of Reference

A. BACKGROUND AND RATIONALE

Agora Microfinance Zambia (AMZ) is a microfinance institution (MFI) that was started in 2010 and received its non-deposit taking MFI license in April 2011. AMZ's mission is to "Contribute to the economic well-being of the poor through effective provision of appropriate financial services".

Currently, AMZ operates in Western and Central Provinces of the country, has over 10,000 clients and a loan portfolio of ZMW 7.4 million. Initially, AMZ grew at a fast pace. This growth was curtailed by increasing portfolio at risk (PAR) in 2013 and realisation that the organisation needs a far more sophisticated risk management system while it works with remote geographical areas and is overexposed to agriculture. Also, AMZ started to increasingly rely on external borrowing as a source of funds; maintaining access to these funding sources requires sound financial performance and avoidance of unexpected losses.

B. OVERALL OBJECTIVE

AMZ is looking to create a systematic approach to risk management to be able to make informed decisions as to what the main risks are, how much risk the company can take on, develop risk mitigation strategies and manage their implementation in a cost-effective way.

C. SPECIFIC OBJECTIVES

1. Create risk management framework specific to microfinance, AMZ clientele, lending methodology, and operating environment
2. Develop an internal early warning system
3. Build management's capacity to appropriately respond to signals and prevent problems from exploding
4. Build management's capacity to update the early warning system, when necessary
5. Develop and implement methodology for risk-based internal audit
6. Improve preparedness to expected and unexpected risks in the future as the organisation grows (i.e. not only focusing on current performance and financial condition)
7. Improve oversight over risk management at governance level

D. DELIVERABLES

1. Assessment of existing policies and procedures from a risk perspective and recommendations for improvements
2. Training of departmental heads in the fundamentals of risk management and implementation of basic techniques relevant to their functions

3. Training of Internal Audit department in developing risk-based audit methodology

E. LOCATION

AMZ head office in Lusaka and branch offices in Western and Central Provinces

F. TIMEFRAME

From August 18th to September 30th 2014