

New Risk Management System for AML/CFT, Sanctions, Fraud and Corruption

FAQ

May 26, 2025 version

1. New system applicable since April 2025

Where can we find the worksheet? How can we download it from the AFD website?

In the methodology guide for CSOs at <https://www.afd.fr/en/financing-ngo-projects>, under reference documents. It is the AML/CFT worksheet in the online methodology guide.

Link to free-of-charge screening system:

At <https://gels-avoirs.dgtresor.gouv.fr/> you can screen stakeholders and beneficiary populations when you need to make transfers of funds or economically exploitable resources. It is free of charge.

When will this new system come into effect?

The new system was approved by the AFD Board of Directors in September 2023 and rolled out gradually between then and the end of 2023. It went through a feedback process with the Board in March and April 2025 and has now come into full effect.

Does this new system also apply to current projects?

No, it is not retroactive. It only applies to projects approved after validation by the AFD Board of Directors (September 2023). It does not apply to projects approved before this date or in progress.

If it does not apply retroactively, what are the obligations for existing agreements? Is there no need to screen projects approved before 2024?

Previously signed agreements included an obligation to refrain from making funds or economic resources available to any person or entity on the French, EU and UN sanctions lists. Please refer to the terms of the agreement signed with AFD to determine the extent of your contractual obligations.

Must we continue screening beneficiaries for projects that are already in progress and were subject to screening requirements, despite the annulment of this point by the Conseil d'Etat (CE)?

Yes, AFD has adopted a new system in this regard.

You mentioned a transitional phase. What is the status of this?

The transitional phase covered the period from fall 2023 to the end of 2023. It has now ended.

If the system is not retroactive but the project provides for 12 months of retroactivity, is the implementation date the agreement signature date?

Yes, the new system for CSOs is not retroactive, even if project expenses are to be financed retroactively. The agreement signature date is the date that applies.

Does this new system replace the old AML/CFT system?

Yes, it replaces the French government's guidelines on screening after they were annulled.

Does this new system apply to other AFD financing mechanisms?

Yes, it applies to all AFD financing mechanisms.

Do the projects financed in 2023 – prior to the CE's decision and not affected by the exception rules – not now find themselves with screening software that was included in the budget for the project but no longer makes sense?

The use of screening software continues to make sense since you are still required, as in the past, to screen those stakeholders and beneficiaries of cash transfers or economically exploitable resources not included among the exceptions or exemptions or not eligible for measures alternative to screening.

Is there an alternative option, if we have not yet purchased the software?

It is up to you to review the content of your project in the light of this new system. However, whatever your project, screening of stakeholders is required in all cases. Screening of end beneficiaries is required whenever a transfer of funds or assets is to take place and when your alternative procedures were not deemed to be sound during the appraisal of the compliance questionnaire and project questionnaire, and said end beneficiaries are not included among the exceptions or exemptions provided. At <https://gels-avocats.dgtresor.gouv.fr/> you can screen stakeholders and beneficiary populations when you need to make transfers of funds or economically exploitable resources. It is free of charge.

Are we to understand that in addition to applying the guidelines generally maintained even for end beneficiaries, the compliance questionnaire now needs to be applied at the organization level?

The new system approved by the AFD Board of Directors in September 2023 has replaced applying the French government's guidelines on screening. The compliance questionnaire is not new, as it is broadly similar to the previous questionnaire on fiduciary risk management, AML/CFT, and fraud and corruption that you were asked to fill out as an appendix to the NIONG.

If CSOs are responsible for compliance with allocation bans, why is screening the required means of doing so?

AFD is required to comply with the ban on indirectly allocating funds or economic resources to listed persons and entities. To do so, it must have guarantees that the counterparties it finances are implementing appropriate measures to comply with this ban. The most reliable and effective way to ensure compliance with this ban is screening. This is why AFD requests the screening of the stakeholders of the CSOs it finances and any populations receiving cash transfers or economically exploitable resources, unless the CSO is eligible for a humanitarian exemption, for other exceptions as permitted by the AFD Board of Directors, or has been granted a waiver by the ANC. If none of the abovementioned exemptions or exceptions/waivers apply, keep in mind that AFD's proposed new screening system authorizes AFD to incorporate measures alternative to screening for beneficiaries of cash transfers or economically exploitable resources if those measures are deemed satisfactory by AFD. Therefore, the screening of beneficiaries is not imposed across the board as the only means of respecting the allocation ban as such.

2. Mandatory screening of stakeholders (applies to staff, reallocation beneficiaries and the CSO's service providers and suppliers)

Is it mandatory for the CSO to perform screening for these 4 types of beneficiaries of financial transfers (wage payments, payment of services to suppliers/service providers, reallocation to partners)?

Yes, it is mandatory, as required by other French public entities.

Should a partner who does not receive reallocations or economically exploitable goods be screened?

No. Following a series of discussions between CSOs and AFD, implementing partners are no longer considered stakeholders, as CSOs have indicated that they never receive AFD funds.

Definition of a reallocation beneficiary

"The entity responsible on its own behalf for the execution of the Project and owner and contracting authority of the investments financed by the Grant funds transferred to it by the Beneficiary." In other words, a reallocation beneficiary is any legal entity linked to the Beneficiary by a contract and to which AFD funds are allocated for the purpose of implementing the project. This excludes suppliers and service providers who are paid for the goods and services they provide but who do not manage funds. They also differ from implementing partners, who also participate in the implementation of the project but do not sign a "contract" and do not receive funds.

The scope of screening on reallocations is not clear. Does stakeholder screening include the screening of any reallocation beneficiaries?

Yes, all stakeholders must be screened, with no exceptions. Therefore, all beneficiaries of a reallocation from an AFD grant must be screened. Compliance with the ban on indirect allocation of funds or economic resources to a listed person or entity is a legislative and regulatory obligation imposed on CSOs under the Monetary and Financial Code.

Can stakeholders be eligible for special arrangements (exemptions, waivers, exceptions)?

No.

Does an entity representing a local authority or government service that is a partner of the project need to be screened as well?

No. Following a series of discussions between CSOs and AFD, implementing partners are no longer considered stakeholders, as CSOs have indicated that they never receive AFD funds.

Do sanctions adopted by other countries (such as the United States or Canada) need to be taken into account?

Yes, in some countries this may be necessary if the project is linked in some way to these two countries or to countries where the risk of sanctions is very high (e.g. Cuba).

How can we prepare the lists of service providers before we sign a financing agreement with AFD, especially when they are selected by calls for tender?

You must not prepare lists of service providers, as the issue of compliance with sanctions lists arises before the actual selection of each service provider.

How do we manage procurement competition rules if the lowest bidder later fails compliance screening?

You can include a clause in your call for tenders, stipulating, for example, that if a service provider is found to be on a financial and economic sanctions list, it will be eliminated from the tender process.

In the context of the intended provision of intellectual services, should screening focus on the expert firm as a whole or exclusively on the screening of individual experts?

On the firm (and its director), or on the individual experts if they are independent providers.

Who should be screened when it comes to employees?

All employees involved in the project (at headquarters and expatriate and/or local employees in the field), including part-time employees and casual laborers.

Furthermore, the AFD agreement stipulates that the project may be terminated early if an employee appearing on the CSO's organizational chart is found to be on a sanctions list, regardless of whether they

are working on the project. In such cases, the CSO must notify AFD. The CSO may choose to terminate the employee's contract. In such circumstances, the relationship with AFD may continue as set out in the agreement. If the CSO decides to continue to employ the person concerned, AFD will terminate the agreement and its contribution to the project.

How often and how thoroughly should screening be carried out?

AFD does not impose any requirements regarding screening frequency or methods. This is left to the CSO's discretion.

Can you confirm that the alternative measure offered via bank transfer applies to all stakeholders (employees, suppliers, beneficiaries)?

The use of bank transfers or mobile banking transfers do not constitute alternative measures. However, if the CSO makes a commitment to only make transfers using these methods and using a bank that undertakes to screen transfer beneficiaries against the three applicable sanctions lists (UN, EU and France), and this bank has provided evidence that it carries out this screening and/or is on AFD's list of banks considered "acceptable" (currently being compiled), then AFD considers that this screening has been carried out. **AFD is in the process of finalizing this measure.**

If the CSO makes its financial transfers to stakeholders via a "recognized" bank, should we take this to mean that there is no need for the stakeholders to be screened again?

As mentioned above, the bank must provide evidence that it systematically screens each beneficiary of financial transfers against the UN, EU, and French sanctions lists.

Why are banks and mobile money not acceptable as an alternative measure for stakeholders like employees, partners and suppliers?

See above response.

3. Screening of end beneficiary populations

Are non-profit groups under local law advised to systematically screen their end beneficiaries when making financial transfers?

Screening is recommended for all non-profit groups regardless of where they are registered.

If the CSO requests alternative solutions, it must provide details of these in the relevant questionnaire, along with documentation describing these alternative methods, which AFD will then analyze.

If the CSO has a specific need for screening software, it may include the cost in the 14% of indirect costs.

Does AFD require all non-profit groups to screen end beneficiaries if a project does not have an exemption?

Yes, but only if the non-profit group will transfer funds to these populations or allocate an economically exploitable asset to them. However, if the CSO's procedures are deemed robust after AFD's appraisal and an analysis of the risks presented by the project as part of the organization compliance and project compliance questionnaires, AFD may choose to accept alternative arrangements to screening. This is referred to as "measures alternative to screening" in the project questionnaire.

How do we conduct screening in a project focused on training and awareness-raising activities?

If you need to make payments to training or facilitation providers, including per diem compensation or cost reimbursement (transport, accommodation, etc.), and the beneficiaries are not eligible for exemption or exception measures or measures alternative to screening, you will need to screen the beneficiaries (*see the section on per diem payments*).

When should we screen stakeholders or beneficiary populations?

AFD does not impose any requirements regarding screening frequency or methods. This is left to the CSO's discretion.

What if alerts arise during project implementation even though nothing showed up during earlier screening?

If screening did not uncover any issues prior to entering into a relationship with a stakeholder or prior to a payment (to a stakeholder or beneficiary population), AFD will consider that your obligations under the financing agreement have been fulfilled. This is why you need to keep evidence of the checks carried out.

AFD may also request this evidence during the project audit. The CSO should also suspend all payments to the stakeholder or aid beneficiary flagged during screening.

Is the choice of beneficiary population based solely on the nature of the project or do we need to apply other parameters?

The CSO may freely and independently determine the populations that are to benefit from its project.

Do we need to carry out beneficiary screening before any project activity begins?

AFD does not impose any requirements regarding screening frequency or methods. This is left to the CSO's discretion.

Does AFD require the use of specific financial management software?

No.

Is the reimbursement of transportation expenses for participants/beneficiaries considered a cash transfer?

Yes (see the section on per diem payments).

How should we handle funds for food and transportation support for beneficiary populations?

If the CSO makes a direct payment to beneficiaries, refer to the section on per diem payments. If these are minor expenses for food and/or beverages that the CSO or reallocation beneficiary purchased and these are provided directly to the population, this may fall under "minor expenses" that are not subject to screening.

Do you recommend the use of mobile banking for financial transfers to end beneficiaries? Is this an alternative measure?

Mobile banking operators generally perform screening before disbursement of funds (however, check with them in advance to ensure that they do indeed screen against the France, European Union and United Nations lists). However, this is not an "alternative measure to screening" as understood by AFD, since it is still a form of screening.

Furthermore, the banking operator must provide evidence that it carries out this screening for AFD to recognize it as such.

But what about poor and rural populations that do not have mobile phones?

As previously explained, you can apply for:

- A humanitarian exemption if you can provide evidence of a humanitarian emergency appeal issued by OCHA or UNHCR (e.g., an HRP or flash appeal) and the project falls within the areas covered by this emergency appeal.
- An exemption by exception, for which the CSO must provide evidence that the beneficiaries fall into one of the following categories: minors, individuals without identity documents or victims of persecution as defined by the Geneva Convention.
- Measures alternative to screening, for which the CSO must provide details of the process for selecting beneficiaries of cash transfers or economically exploitable resources and details of the control measures it has implemented to ensure that there is no misappropriation of the cash transfers or economically exploitable resources.

If the project does not fall into any of the three cases above, AFD will ask the CSO to screen the beneficiaries of cash transfers or the allocation of economically exploitable resources.

Is it not contradictory to say that the use of bank transfers avoids the need to repeat the screening process?

We do not see how the proposal to use bank transfers would be contradictory, given that banks systematically carry out screening before making payments. When transfers of funds are made to populations by bank transfer or using a payment service provider, AFD will not require the CSO to duplicate this screening process. However, AFD will ask the CSO to provide a statement from the bank or payment service provider confirming that it complies with the France, EU and UN sanctions lists. It is therefore the CSO's responsibility to ensure that the entity in question performs screening against these three lists.

For bank transfers, do all banks (especially outside the EU) comply with the requirements? Is there any additional information that the CSO needs to provide? If a bank transfer is used, does the CSO need to perform any screening?

You must check with the bank(s) to determine whether they perform screening and whether they perform it against the UN, EU and France lists. When transfers of funds are made to populations by bank transfer or by using a payment service provider, AFD will not require the CSO to duplicate this screening process. However, AFD will ask the CSO to provide a statement from the bank or payment service provider confirming that it complies with the France, EU and UN sanctions lists.

Are bank transfers from Swiss accounts also exempt from screening?

See previous response.

In terms of alternative measures, do you recommend that we make payments via mobile banking, for example paying per diems via smartphone? Is this the only solution?

Mobile banking transfers are not an alternative measure to screening as understood by AFD, given that mobile banking operators generally carry out screening before disbursement of funds. For this solution to be considered satisfactory, the CSO must ensure that the operator performs screening against the France, European and UN lists, and AFD will ask the CSO to provide a statement from the operator to this effect.

What is an Official Payment Service Provider (PSP)?

An official payment service provider is a company that has received approval from the local regulatory authorities to provide this type of service.

4. Per diem payments

Per diems, regardless of how long and what they are for, are considered financial transfers and must follow the screening process for end beneficiaries.

Furthermore, per diems paid to civil servants, doctors, escorts for minors, and other similar natural persons, must undergo systematic screening unless a humanitarian exemption applies to the project. These persons are not considered end beneficiaries of the aid and are not eligible for exemption by exception measures or measures alternative to screening.

5. Questionnaires: their completion is mandatory, regardless of the CSO and the nature of the project (no exceptions)

Are the organization compliance and project compliance questionnaires already available? If so, where can we find them?

We have finalized and updated them, and they are available on the usual CSO-related web pages at <https://www.afd.fr/en/financing-ngo-projects>.

What you need to do now with the questionnaires:

For all project appraisals, the CSO must complete both questionnaires: the organization questionnaire and the project questionnaire, which is attached to the NIONG.

Organization questionnaire: This questionnaire is **mandatory for all CSOs applying for financing from AFD** and is designed to verify that the CSO has a robust set of procedures. Once the CSO has completed the questionnaire, it is analyzed:

- Either by a specialized firm (Grant Thornton)
- Or by AFD if the project is taking place in France, where there are no cash transfers or economically exploitable resources, or if the cash transfers or economically exploitable resources are eligible for a humanitarian exemption.
- **For questionnaires analyzed by Grant Thornton**, the latter prepares a letter (signed by the MPN/OSC division) that MPN/OSC sends to the CSO along with the analysis report and any recommendations.
- Where there are no recommendations and the report's conclusion is "optimal", the CSO is accredited by Grant Thornton for a period of three years from the date of the letter sent. If Grant Thornton identifies any deficiencies, its recommendations are sent to the CSO. These

recommendations are sent by letter and must be implemented within the time frame specified in the letter (usually four months).

- For questionnaires reviewed by AFD only, we do not issue accreditation and CSOs must submit the organization questionnaire each time they submit a new project until they obtain accreditation from Grant Thornton.

Project questionnaire: This questionnaire is also mandatory for any CSO applying for financing from AFD and is designed to determine whether the project involves any cash transfers or economically exploitable resources. It allows the CSO to make any requests for exemptions or exceptions or alternative measures to screening. CSOs must therefore complete it with the NIONG, for each new project.

Is the compliance questionnaire based on the risk mapping for partners of the French Ministry for Europe and Foreign Affairs' Crisis and Support Center?

No, AFD introduced its own questionnaire.

Does the new questionnaire replace the old fiduciary questionnaire?

Yes, it does.

Will we need to complete the project questionnaire when submitting the NIONG?

Yes, the CSO must attach both questionnaires – organization compliance and project compliance – to the NIONG as a minimum. However, the CSO may send the organization compliance questionnaire in advance to MPN/OSC. Furthermore, if the CSO received accreditation from Grant Thornton in the past, this accreditation is valid for three years and is renewable. The CSO does not need to resubmit the organization questionnaire during these three years unless its structure has changed.

Will CSOs need to complete the project compliance questionnaire only if they are requesting an exception?

No, CSOs must complete it for all projects without exception.

Can you explain the difference between the organization compliance questionnaire and the project compliance questionnaire more clearly?

The organization compliance questionnaire provides details of the processes and procedures relating to AML/CFT, sanctions, fraud and corruption in place at the CSO. It is linked to the organization requesting financing. The project compliance questionnaire details the financial transfers planned as part of the project and allows the CSO to submit a request for a humanitarian exemption, an exemption by exception or measures alternative to screening, which AFD assesses on a case-by-case basis. This questionnaire is specific to each project submitted.

Do the questionnaires consider the sanctions risks of a given country? For example, some countries have no listed persons.

It should be noted that while some sanctions regimes are geographical, others focus on specific issues (Daesh, Al Qaeda, terrorism, serious violations of human rights, nuclear proliferation, etc.). Furthermore, the persons on these lists (i) are not necessarily in the country of which they are nationals and (ii) may have dual nationality. Lastly, it should be noted that these lists are updated weekly and that information on the nationality of the persons on these lists is not always available.

The organization compliance questionnaire is not linked to areas of intervention or specific issues, as it relates to the organization applying for financing.

The project compliance questionnaire requests information on areas of intervention. If there are no specific questions on particular areas or issues, AFD analyzes the questionnaire based on the risks associated with the project and therefore on the areas and issues specific to that project.

So, the organization compliance questionnaire will ask the CSO about its general procedures (including AML/CFT procedures) and the project compliance questionnaire will ask about project-specific screening procedures?

Yes, the organization compliance questionnaire details the processes and procedures the CSO has implemented relating to AML/CFT, sanctions, fraud and corruption. The project compliance questionnaire details the financial transfers planned as part of the project and allows the CSO to submit a request for a humanitarian exemption, an exemption by exception or measures alternative to screening, which AFD assesses on a case-by-case basis.

If the CSO's "alternative" measures are deemed insufficient, could it be subject to the obligation to perform screening on the beneficiaries of cash transfers/economic resources (subject to waivers/exemptions)?

Yes, it could.

How will practices that may not always be formally documented in a written procedure (as would likely be the case for small and medium-sized CSOs) be taken into consideration?

We encourage you to formally document your procedures in all cases. Our service provider Grant Thornton can assist you with this process by analyzing your organization compliance questionnaire.

6. Risk-based approach and risk management

What is meant by the term "alternative measures", or measures alternative to screening? Do alternative measures need to allow CSOs to check beneficiaries BEFORE cash transfers are made?

In the project questionnaire, the CSO must provide details of the process for selecting beneficiaries of cash transfers or economically exploitable resources and details of the control measures it has implemented to ensure that there is no misappropriation of the cash transfers or economically exploitable resources. AFD will then conduct a case-by-case analysis to determine whether these measures alternative to screening are satisfactory.

Alternative measures may replace end-beneficiary screening. They must be very detailed and specify the following information in the project questionnaire:

- The CSO's (and its partners') knowledge of the field;
- The specific characteristics of the natural persons who will receive the cash transfers;
- The methods used to select these individuals and monitor them throughout the project, etc.

Where there is no screening process, the aim of these alternative measures is to mitigate the risks of terrorist financing or misappropriation of funds. If the project involves activities in several countries, the CSO must attach to the project questionnaire a table detailing the alternative measures specific to each country (see template table).

What are the criteria for a "robust set of procedures"?

Our service provider Grant Thornton will analyze this aspect when reviewing the organization compliance questionnaire you have completed. The analysis will focus in particular on accounting methods, policies and procedures for combating illegal practices, third-party integrity/reputation and countering terrorist financing.

If the set of procedures is accredited by AFD, will screening still be required?

Accreditation of the CSO's procedural framework is a prerequisite for receiving financing from AFD, regardless of how the project is structured and whether it complies with financial sanctions lists.

Once the CSO has obtained this accreditation, it must comply with the ban on making funds available to persons under sanction while implementing a specific project, as follows:

- AFD will always require the CSO to implement a screening process for stakeholders.
- With regard to cash transfers or making economically exploitable resources available to end beneficiaries, screening will be systematically required unless the project qualifies for a humanitarian exemption, an exception or if AFD considers the alternative measures proposed by the CSO to be satisfactory.

7. Economically exploitable resources

Do you plan to include in the presentation a definition of "economically exploitable resources"?

The regulations do not provide a definition or a specific list. They refer to any assets that could provide a financial resource to a person under sanction.

Will you produce a list of economically exploitable resources, or will it be up to the auditor to decide what constitutes “economically exploitable resources”?

It is not possible to provide a definitive list because no such list exists in the regulations. However, if AFD has approved the project and the transfers planned are deemed not to require screening, the auditor will have to take this approval into consideration. This matter will be examined on a case-by-case basis during the project appraisal process.

For financial transfers and material donations, no more thresholds apply. Does that mean screening starts from the first euro? Can we provide a value criterion (for example, is there a certain per beneficiary value below which we can consider that it is not economically exploitable)?

No, there are no such thresholds provided in the regulations. Screening therefore starts from the first euro. However, you may determine on a case-by-case basis that certain types of resources are not economically exploitable. For example, screening may not be necessary for school kits, hygiene kits, food kits or very small donations of minor equipment, as they do not have any real economically exploitable value.

To whom should we refer auditors asking about these resources? Would it be possible to discuss with the organization concerned in order to determine parameters? This will put a heavy burden on auditors. Is this really reasonable/logical?

AFD will inform auditors when it approves certain transfers of economically exploitable resources (no need for screening).

What does AFD mean by “market value”? Exceptions: food support, medical kits, access to a medical or school service, etc. As this is a non-exhaustive list, how are the other cases determined? And what about activities indirectly related to this list, for example, allocations to cover transportation to access medical services?

The ban on making “economic resources” available to persons under sanction is designed to prohibit them from receiving goods with a market value that could be diverted to generate financial resources. This CSO is responsible for listing the economic resources relevant to the project and AFD is responsible for determining which of these have market value.

8. Assessment of the robustness of procedures (accreditation)

You mentioned that the analysis will be adapted to suit the size of the CSOs. Should we take this to mean that screening requirements will be reduced for small CSOs?

No, but assessments of the robustness of procedures of small CSOs could give rise to more support measures (recommendations and follow-up of recommendations made by Grant Thornton).

What happens once the CSO has been assessed by the specialized firm Grant Thornton?

The specialized firm hired by AFD to carry out the assessments is also responsible for monitoring implementation of the recommendations and reassessing the measures put in place to confirm that the CSO has taken action on its initial recommendations.

The accreditation letter lasts three years. Does this mean that the assessment will need to be repeated several times?

Accreditation is renewable under certain conditions, which will be specified and assessed by AFD.

9. Exemptions/exceptions

Any exceptions are analyzed by the Compliance Department and AFD’s NGO Committee, or the grant committee for other CSO financing mechanisms. When will this analysis be carried out and based on what criteria?

At the time of project appraisal, based on the information submitted by the CSO in its project questionnaire and, if necessary, following additional discussions with the AFD project manager responsible for the appraisal.

The analysis is carried out internally by AFD and all compliance procedures must have undergone a review prior to the NGO Committee.

Do exemptions accepted by AFD also apply to projects financed by the Crisis and Support Center?

The Crisis and Support Center and AFD are two independent entities and do not currently share their analyses.

What would constitute valid proof that beneficiaries have no civil status? Do you have a list of reliable public stakeholders (e.g., demographic institutes) that CSOs can contact to provide evidence of their lack of identity documents?

All sources are acceptable: statistics from international organizations, articles in reputable newspapers, government websites, etc.

10. Projects taking place in France

Do the new system and screening apply identically to projects taking place exclusively in France, for example, non-profit sector capacity building (SMA) or Education for Citizenship and International Solidarity (ECIS) projects?

Screening of stakeholders and any end beneficiaries is no longer required if transfers are made through the French banking system.

11. Mid-term and final audits (please note that new terms of reference will be available online shortly)

AFD will be entering into a contract with an audit firm. Does this mean we do not need to hire an audit firm ourselves?

There are two different issues here: AFD has hired an audit firm to perform an analysis before the audit of the non-profit groups' completed organization compliance questionnaires. You are responsible for project auditing (mid-term and final), which must be budgeted as part of the project as usual (CSO-I mechanism).

For other CSO financing mechanisms: the financing agreement will specify the audit arrangements, including the terms of reference, which will include compliance requirements.

For CSOs financed through the CSO-I mechanism, what template should we use for the financed projects pre-selected in the 2022 call for expressions of project intentions (AMI) and earlier?

You should use the template for the audit terms of reference in effect when the grant was made.

When should audits be performed?

Mid-term audit, at the end of Tranche 1; final audit at the end of Tranche 2; the new terms of reference template is available in a dedicated compliance folder and in the online methodology guide.

Will the mid-term and final audits both need to be performed for a short-term grant (one year for example)?

No, in this case only one audit will be requested.

What will the arrangements for the mid-term audit be?

These are specified in the new mid-term and final audit terms of reference, available online. Each audit will cover expenditure incurred during Tranche 1 or Tranche 2 (ordinary work) and on the quality of your procedures as presented in the questionnaires.

Mid-term audit: is payment of Tranche 2 subject to audit approval?

No, not for the MPN/OSC mechanism, but this may be the case for other AFD financing mechanisms.

So, in practical terms, for a past or current project, we will not be required to provide evidence of this stakeholder screening to an auditor?

This requirement was already included in the agreement and should have already been reviewed by the auditors.

If measures alternative to screening have been deemed satisfactory, why does worksheet 10 still seem to require us to screen beneficiaries as part of the subsequent audit?

During the project audit (mid-term and final), the auditor will check compliance with contractual commitments and the requirement to not allocate project funds to listed persons based on a sample of expenses financed by the AFD grant, using any appropriate means, which may include, where necessary, screening. This check will be tailored to the type of project in question. Particularly in cases where the CSO is eligible for an exemption, a waiver, or falls under one of the exceptions referred to above (see section 2 item C), this check may be limited to verifying that the project appropriately meets the conditions for the exception without this giving rise to any further checks.

When will you release the new terms of reference?

We released them on 15 March 2024 and they are now online.

A new version will be available online before summer 2025.

Can you specify whether the final audit will include any screening of end beneficiaries? Will the audit include a check of the screening performed?

See previous response.

Is mid-term auditing applicable to all projects financed by AFD?

Yes, it is applicable to all CSO projects financed by AFD, from early 2024.

If the exemption or exception was granted at the start of the project at the time of project appraisal, will it need to be re-examined in the audit terms of reference?

It will not be re-examined by the project audit.

Will these new terms of reference apply to the 2023 AMI and not to the 2022 AMI?

Yes, these terms of reference apply to all grants made in 2024 (AMI 2023) and subsequent years. They do not apply retroactively.

If measures alternative to screening have been deemed satisfactory, why does the project audit still require beneficiary screening?

See previous response.

Will this be specified in the audit terms of reference?

Yes, you will be provided with the checklist you are already familiar with, adjusted for use with the new system.

Regarding ex-post screening that may happen during the final audit, what about a beneficiary who was not deemed fraudulent during project implementation but emerged as fraudulent during the audit? What time limitations apply to screening?

If a beneficiary is placed on the sanctions lists during project implementation, you will not be held responsible as long as you can demonstrate that, at the time you carried out the screening, the person was not on the sanctions lists. However, you should terminate any provision of funds as soon as you become aware that the legal entity or individual in question has been placed on the sanctions lists.

What will be the legal/regulatory basis for the auditor's work on all these issues that are subject to interpretation?

The project auditor will take into consideration the agreement signed with AFD, the exception/exemption cases approved when it awarded the grant, and the assessment of the quality of the CSO's risk management system.

Will the audit terms of reference for projects pre-selected in the 2022 AMI address issues relating to this new system applicable from the 2023 AMI?

Yes, it will.

For projects awarded under the 2023 AMI, no mid-term audit was required at that time and we have already submitted the NIONGs.

Nevertheless, you will need to include this in your budget for any grants awarded from 2024 onwards.

Is an external audit required for any project?

Yes

12. Exemptions/exceptions (see worksheet for details)

To check whether the country of intervention is covered by an HRP or a flash appeal: The UNHCR and OCHA websites are now available at the following address: <https://response.reliefweb.int/>

Are exceptions (particularly regarding the protection of children/minors) granted automatically or do they need to be requested for each project?

They will need to be requested for each project and justified in the project questionnaire.

Can you also clarify again the issue of verifying the identity of beneficiaries when they do not have an ID card?

See above.

If the CSO is not eligible for an exemption or an exception and there are no alternative measures in place deemed to be sufficiently robust, will it then be necessary to screen the aid beneficiaries? Or can we make the appropriate commitment by signing a sworn declaration, as mentioned?

Yes, you will need to perform screening.

13. Financial transfers or donations of equipment to civil servants or public entities (ministries, hospitals, health centers, local authorities, etc.)

As a non-profit organization, are we expected to screen the civil servants of a sovereign state? How can we justify requesting information from a sovereign administration or requesting personal information from State officials?

Equipment donations are not made to civil servants in their personal capacity, but to the legal entity that employs them. You will only need to verify that the entity in question is not listed. However, if civil servants receive cash transfers or economically exploitable resources in their personal capacity, they must be screened. As a reminder, it is not necessary to ask for identity documents.

Do we also need to screen municipalities, hospitals, schools and health centers?

Yes, if these entities are beneficiaries of cash transfers or economically exploitable resources, as the ban on making funds or economic resources available applies to both natural persons and public or private legal entities. Various government ministries and local authorities are currently listed.

When making per diem payments, do we need to screen civil servants?

Yes, unless a humanitarian exemption applies to the project (which the CSO must demonstrate).

14. Coverage of costs incurred by this system:

If no exception/exemption is provided, will the implementation of this system require the use of screening software? Will AFD cover its costs (purchase and implementation)?

Yes, it is an eligible expense in your budget/project (as an expected annual expense). However, AFD does not require CSOs to purchase screening software (see above).

Will the cost of support for CSOs whose procedures have been deemed weak be covered by AFD?

Yes, it will be covered by AFD under the contract signed with specialized firm Grant Thornton.

What about covering the HR costs associated with work on these issues within the CSO?

They may be eligible as indirect project costs, which are capped at 14%.

We understand that AFD offers a financial contribution to finance the purchase of screening software, but what about license renewals and human resources required to perform screening? Should we explicitly request this financial contribution or just include it in project budgets?

The cost of the license will cover the period of the project financed by AFD.

15. Time frames

The processing times for AFD projects are already very long. Will this not further delay the process?

We will do whatever we can to prevent any delays.

16. Miscellaneous

Does AFD plan to eventually introduce a shared screening platform for CSOs?

No. We have carefully considered this option and have concluded that it is not feasible.

On the whole, it seems to us that all risks are still borne by the CSOs and that you do not share any of the risk. When we present you with a project to provide support a given country's healthcare system, and you decide to finance it, we should be exempt from having to subject that country's government to screening.

AFD does not agree with this interpretation. As it is regulated by the ACPR, AFD is required to comply with the provisions of the French Monetary and Financial Code in its capacity as a financing company. AFD therefore does in fact also bear risk when it gives you accreditation or provides you with support, and when it gives consideration to measures alternative to screening.

Appendix: Two Solutions for Screening Using Sanctions Lists (see also the available PowerPoint)

1. Using the following three sanction lists (websites in English), which must be used for non-French-speaking CSOs

These lists identify persons, groups or entities subject to financial sanctions by the United Nations, the European Union and France.

- [United Nations Security Council Consolidated List | United Nations Security Council](#)
- [Consolidated list of persons, groups and entities subject to EU financial sanctions – European Data](#)
- [Registre national des gels \(French National Asset Freeze List\) – French Treasury \(dgtresor.gouv.fr\)](#) – in French only

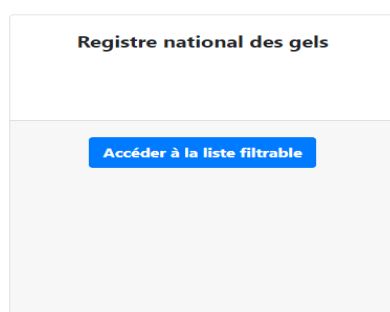
2. Or using the tool provided by the French Treasury (the preferred option for French-speaking CSOs, as it includes the three sanctions lists noted above)

If the CSO does not have a screening tool, screening may be performed manually using the tool made available for free by the French Treasury.

The public login URL is:

<https://gels-avoirs.dgtresor.gouv.fr/>

Step 1: Go to the French national asset freeze list and click “Accéder à la liste filtrable” [Go to the filterable list]



Step 2: Enter the partner’s name in the “Nom/Prénoms/Alias” [Last Name/First Names/Alias] box

Liste des gels

Exporter vers pdf

Afficher 20 lignes par page

Chercher:

Example: Your partner's name is "Global Partner" and their representative is Edouard Denis

Chercher:

Id	Régime	Type de nature	Nom	Prénom	Alias	Date de naissance
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Précédent Suivant

Chercher:

Id	Régime	Type de nature	Nom	Prénom	Alias	Date de naissance
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Précédent Suivant

- If no results appear, then the natural person or legal entity in question has not been added to any sanctions lists applicable to AFD and the CSO may enter into a relationship with them.

For further information, please refer to module 3, "Asset Freeze Lists" [Les listes de gel] in the French Treasury Department's Code of Conduct for Non-Profit Groups [Guide de bonne conduite à l'attention des associations].¹

- For proof that this check has been conducted, you must print a screenshot showing the name of the natural person/legal entity and the result. This must then be retained for the entire duration of the project. Auditors may ask you to provide these screenshots as documentary proof of screening.
- **Homonyms:** If the name of the natural person or legal entity does appear on this list, then the CSO should double-check that it is not a homonym. The tool provides other information fields such as date of birth and nationality to help you fine-tune your decisions. Any searches made or information used to rule out possible homonyms should also be retained in accordance with the GDPR rules.
- **How to rule out homonyms.** We recommend using a National Identity Card or other identity document showing the individual's date and place of birth.² If you cannot resolve the issue, you must refer it to the French Treasury and must also inform AFD, in accordance with the information obligations outlined in the financing agreement.³

¹ <https://www.tresor.economie.gouv.fr/Institutionnel/Niveau3/Pages/13d1cb87-cf27-49ca-ad57-dc2855a2b26e/files/af9b595d-2404-4d95-9e56-2b61e2ed55be>

² Refer to the GDPR rules for archiving personal data.

³ For further information, please see the French Treasury's website, the reference guidebook ("Vademecum") or the exemption request guide published by the French Treasury.