2015:47 Sida Decentralised Evaluation

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Evaluation of Swedish International Training Programmes (ITP); Risk Management in Banking (2003-2014)

Final Report

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Abbreviations and Acronyms

ALCO	Asset and Liability Committee
CAMEL	Capacity adequacy, Assets, Management capability, Earnings, Liquidity, Sensitivity,
CI	Change Initiative
EBRD	European Bank for Reconstruction and Development
EQ	Evaluation Question
GARP	Global Association of Risk Professionals
ICAAP	Internal Capital Adequacy Assessment Process
IMF	International Monetary Fund
ITP	/International Training Programme
NGO	Non-Government Organisation
OECD/DAC	/Organisation of Economic Cooperation and Development/ Development Aid Committee
RBS	Risk linked to Business Strategies
RFS	Regulation and Financial Stability
RMA	Risk Management Association
RM	Risk Management
RMF	Risk Management Framework
Sida	Swedish International Development Cooperation Agency
SACCO	Saving and Credit Cooperatives
SME	Small and Medium size Enterprises
SREP	Supervisory Review and Evaluation Process
ToC	Theory of Change
ToR	Terms of Reference

Preface

The Department for Partnership and Innovation at the Swedish International Development Cooperation Agency (Sida) commissioned this "Evaluation of KPMG International Training Programs (ITP); Risk Management in Banking" through Sida's Framework Agreement for Reviews and Evaluations with Indevelop.

The evaluation was undertaken between June and November 2015 with country visits to Georgia and Uganda. The evaluation covers the programme period 2003 – 2013.

Indevelop collaborated with PEMconsult for the undertaking of this evaluation. The independent evaluation team consisted of:

- Eric Buhl-Nielsen (team leader)
- Robert Poldermans
- Tine Irming Blomhøj

Quality Assurance was conducted by Ian Christoplos. The project manager at Indevelop, Sarah Gharbi, was responsible for ensuring compliance with Indevelop's QA system throughout the process, as well as providing backstopping and coordination.

Executive Summary

1 OBJECTIVES AND SCOPE

Objectives and scope

The purpose of the evaluation was to: *Identify results and lessons learned from the International Training Programme (ITP) 222/275 Risk Management in Banking.* The Terms of Reference (ToR) make it clear that the focus is forward looking. The overarching objectives of the evaluation were: *i) To identify results (positive/negative and expected/unexpected) of the ITP, with a particular focus on tangible effects with regard to individual and organisational (and possible national) capacity building that can directly or indirectly be derived from the programme; ii) To identify lessons learned from implementation of an ITP-programme with a view to future programme development; iii) To assess the extent to which a rights-based approach and a poor people´s perspective have permeated the programme.*

The ToR identified some 19 tentative evaluation questions covering: effectiveness and outcomes; relevance and applicability, efficiency and sustainability. These were clustered into 8 main questions with a number of indicators. The evaluation focussed on ITP 275 (2009-2013) which involved eight programmes, one global, three European and four African programmes. The evaluation also examined ITP 222 (2003-2008) which involved four programmes in Latin America, but the focus was on lessons learnt which had been carried forward into the new ITP.

ITP 222 and later 275 were developed from identified needs in the banking sector in developing countries and formed part of Sida's market development portfolio. Both programs were procured in open procurements. During the course of implementation the program evolved, has been replicated in other regions and countries with financing from other sources than Sida.

It is important to note that a major change occurred in the structure of the ITP programs between 2003-2004, changes which were not immediately incorporated into the first ITP 222, but which are evident in ITP 275. The new program structure incorporated a Regional Phase and the use of participant's "change project" as a learning tool (and as a means for obtaining more immediate and concrete results). ITP 275 was procured using the new ITP structure and the later programs reflect the changes.

Methodology

A combination of five different approaches and methods were used in this evaluation:

- Analysis of the theory of change and verification of the evaluation questions
- Portfolio analysis

- Survey of participants (14 questions sent to all participants)
- Desk study and interviews with Swedish stakeholders
- Country visits and participants interview/results seminars (Uganda and Georgia)

The limitations are related to; the extent to which data on change initiatives and other documents are available; the response rate of the survey where it was found that participants from the earlier programmes were considerably less likely to respond but it was not found a serious constraint as there was a high level of consistency in the answers received; and the availability of participants and staff from the institutions that they work in – additional change initiatives were interviewed to overcome availability constraints. The concepts of attribution and contribution are central methodological issues in all evaluations. This may be especially true when evaluating training programmes, to the extent that it is sometimes difficult to establish indicators to demonstrate a clear causal link between participation in a training session and its effects on the behaviour of a social actor or group of actors. It was also borne in mind that the ITP on risk management was not the only training programme or event in which the participants were involved. The chosen methodological approach helped to triangulate information in order to increase the reliability of the conclusions and the relevance of the recommendations.

The evaluation questions were complemented by a detailed evaluation matrix and supported by a number of indicators. The findings of the questions formed the basis for deriving conclusions and recommendations. It should be noted that the evaluation is against the terms of reference of the ITP as whole as issued by Sida. Thus findings concerning the scope of the programme, the targeting and overall methodology and approach should not be interpreted as a critique of the programme organisers.

2 FINDINGS

Relevance and applicability (evaluation questions 1 and 2)

- There was limited explicit attention placed on poverty, gender or linkages to the rights approach.
- The chosen focus on risk management rather than access to finance meant that the contribution to Swedish development goals was less direct (although for Eastern Europe the goals were different and the contribution more direct).
- The ITP is not actively linked to Swedish Development cooperation at the country level.
- For the transition economies of Eastern Europe, the ITP was highly relevant and timely given the financial crisis of 2008 and the launching of national banking reforms.

- The programme in Eastern Africa responded to the needs of the regulators as well as commercial banks, especially at a time that the regulatory framework was being elaborated post-global financial crisis and for the introduction of Basel III.
- The Change Initiatives (CIs) were relevant for many participants especially in Eastern Europe but a more varied picture emerges for the institutional relevancy of the CIs elsewhere.

Efficiency (evaluation questions 3 and 4)

- Although the participants selected were well qualified, often influential in their own organisation and well targeted to make good use of the programme, the selection process itself does not appear systematic or optimal.
- The training materials were well received and in many cases are still used by the participants, but there is also room for improving the tailoring, scope and implementation relevance of the materials.
- Based on interviews it was found that risk management skills were transferred although the application of these enhanced skills could not be tested
- The participants noted that the programme also had weaknesses in tailoring and targeting.
- The mentoring was mostly useful for planning the CI, thereafter comparatively little use or engagement of the mentor took place.
- Many CIs were not completed although partial completion did in some cases lead to useful results.
- Where the CIs were strategic, the mentor role was sometimes effectively taken over by the participating institution.
- The organisation, logistics and programme design were considered professional by the participants.
- The ITP was well conceived and structured and especially the combination of theory and practice was appropriate.
- External training was necessary given insufficient attention to training from within the banks and financial institutions.
- The programme was expensive and relied almost entirely on external skills and there are opportunities to explore options for making more use of technology.

Effectiveness (evaluation questions 5 and 6)

- In most cases there is evidence of risk management skills being transferred beyond the participant and into the organisation that they work for through sharing material and formalised ‘report back’ requirements.
- The timing of the programme (in the aftermath of the financial crisis) was helpful in ensuring that the skills were in high demand and put into practice.

- Risk management skills were transferred where the participants had internal risk management responsibilities.
- The change initiatives have also led to adoption of risk management practices, but the outcome is mixed with many initiatives remaining broad in scope and often not completed.
- The banks' contractual link to the programme was weak and could explain a lower adoption rate of the enhanced risk management skills by the banks.
- The evidence of bank borrower benefits as a result of the ITP is weak, although it is stronger where the participating institutions have been well targeted.
- Training in risk management did not always contribute to bank borrower benefits in terms of greater financial inclusion.

Sustainability (evaluation questions 7 and 8)

- Where the training and change initiatives are institutionally embedded the prospects of sustainability are strong.
- Where there is a critical mass of participants and alumni there are higher prospects of change being sustained, particularly where there are participants in the same institution or in institutions that collaborate.
- There is a risk that benefits will gradually dwindle without a longer term commitment towards continuous training.
- The networking has initially been social but in some cases has extended to provide professional benefits which could sustain some of the benefits of the programme.
- The programme strategy to use LinkedIn and informal case by case networking is appropriate – there is little evidence that a community of practice approach would work.
- The programme is almost entirely subsidised; future programming would be more sustainable if an approach to market based delivery could be done.
- Engagement of local /regional capacity development institutions is not yet built into the programme concept and design (other than for engagement of local experts for the regional phases).

3 CONCLUSIONS

Overall conclusions have been drawn across the 8 evaluation questions which are addressed in detail in the main report. In summary, the conclusions derived from the findings are:

Conclusion #1: The programme was relevant for partner countries but did not directly contribute to Sida's wider development cooperation goals – nor was it designed to do so.

Conclusion #2: The transfer of technical skills was broadly achieved.

Conclusion #3: New technical skills were adopted to varying degrees in financial institutions**.**

Conclusion #4: It is also promising that elements of the training will be largely sustained.

Conclusion #5: Although well managed and implemented, there is scope for achieving higher value and impact within the existing concept.

4 RECOMMENDATIONS

The recommendations are grouped under three distinct improvement areas:

i) to enhance the achievement of Sida's overall development objectives
ii) to enhance the impact of the training
iii) to boost the sustainability of the programme

A. In order to make stronger contributions to its overall development objectives, Sida should consider:

Recommendation #1: **Target participation to pro-poor (and other specialised) financial institutions.**

- Create an eligibility test so that the participating financial institutions are those that focus on access to finance or other pro-poor, gender and rights based goals.

Recommendation #2: **Foster the links and coordination between this global programme and national programmes.**

- Encourage Sida programmes in relevant areas to explore areas where the risk management ITP is potentially relevant.

B. In order to enhance impact of the programme, Sida should consider:

Recommendation #3: **Adopt a participant recruitment process which captures all potential risk management participants.**

- Use a comprehensive and systematic approach to reach all potential candidates.
- Involve the national Bankers Association or similar organisation in recruitment.

Recommendation #4: **Enhance bank commitment by strengthening the link with the banks and other financial institutions (as opposed to the participants).**

- Make letters of intent or contractual relationships with potential institutions.
- Involve bank management in follow up and supervision of the change initiatives.

Recommendation #5: **Improve the impact of Change Initiatives**
- Obtain and review a summary of key financial sector issues in a country.
- Align the Change Initiative topics to the key financial sector issues.
- Modify the mentoring design to go beyond structuring the CI and continue with ‘content’ mentoring during the full unfolding of a CI.

Recommendation #6: **Emphasise various components to the materials**.
- Emphasise further the ‘what can I change when I get back to my bank’ aspects of the programme.
- Enhance the ‘emerging market relevance’ – especially explaining how to use advanced risk management tools in data-poor environments.
- Add various topics such as strategy risk, disaster cases and causes and solutions for recent financial crises.

Recommendation #7: **Introduce an emerging markets panel to review the materials.**

- Review the materials for their ‘emerging market relevance’ prior to presenting them to participants using an independent panel (non-KPMG) of about 4-5 financial sector specialists drawn from emerging markets.

C. In order to boost the sustainability of the programme’s impact, Sida should consider:

Recommendation #8: **Charge selectively for the programme.**
- Explore the potential to reduce the close to 100% subsidy of the programme and introduce fees to recover part of the costs, targeting especially foreign-owned banks.

Recommendation #9: **Strengthen the alumni community.**
- Make more use of ICT to maintain and intensify professional linkages amongst the Risk Management (RM) ITP alumni: To provide content, to hold meetings and to allow inter-alumni communication.

Recommendation #10: **Enhance the diploma’s value.**
- Link the diploma’s value by creating ‘mutual recognition’ with local Banking Institutes for part completion of sections of the Banking Institute’s exams – or similar.

1 Background

Purpose and context of the evaluation

The purpose of the evaluation was to: *Identify results and lessons learned from ITP 222/275 Risk Management in Banking.* The ToR makes it clear that the focus is forward looking. The overarching objectives of the proposed evaluation are: *i) To identify results (positive/negative and expected/unexpected) of the ITP, with a particular focus on tangible effects with regard to individual and organisational (and possible national) capacity building that can directly or indirectly be derived from the programme; ii) To identify lessons learned from implementation of an ITP-programme with a view to future programme development; iii) To assess the extent to which a rights-based approach and a poor people´s perspective have permeated the programme.*

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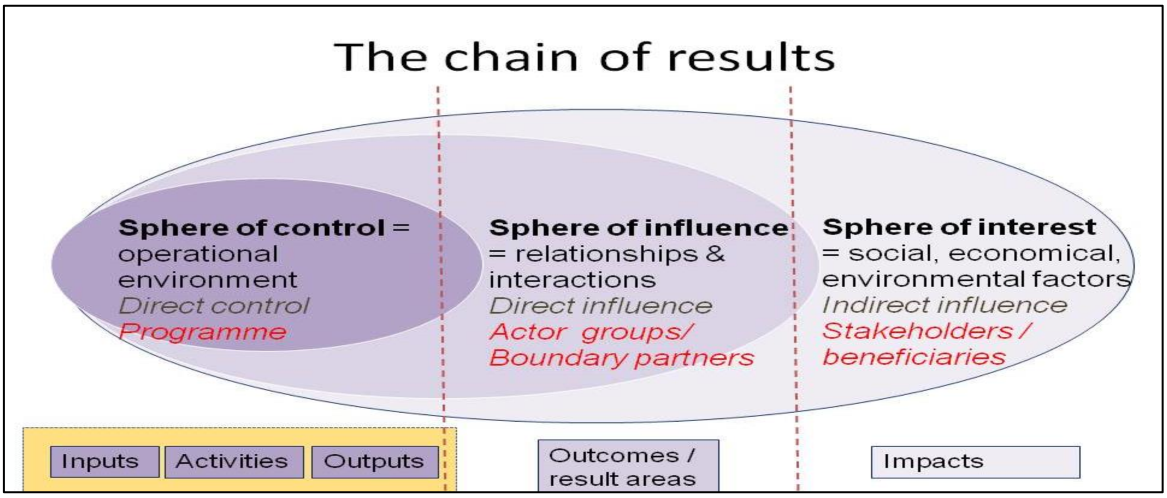
The contribution to ITP in terms of impact is indirect- in the terminology of the ITP results chain it lies in the sphere of interest (see figure below).

Figure 1.1 – Chain of results

Source: Final report ITP261, 2013



Methodology

A combination of different approaches and methods were used in this evaluation (see Annex E):

- Analysis of the theory of change (ToC) and verification of the evaluation questions
- Portfolio analysis
- Survey of participants
- Desk study and interviews with Swedish stakeholders
- Country visits and participants interview/results seminars

The analysis of the theory of change re-constructed an intervention logic from inputs to outputs to outcomes to impact. The evaluation questions were placed in the intervention logic (see Annex E) and effectively tested different parts of the implicit theory of change.

The portfolio analysis was largely drawn from the data assembled from KPMG (Annex E) – it looks at the participant composition, gender and country of origin and the range of different change initiatives. The portfolio analysis served to provide an overview of the programme as a whole and to guide the sampling methodology for the Change Initiatives.

Physical and telephone interviews were held with Sida, KPMG and other stakeholders in Sweden. A survey was sent to all participants of ITP 275 and ITP 222.

Two countries were visited; Uganda and Georgia. Programme participants, the leaders and others involved in the institutions that ITP work with as well as relevant parties involved in risk management in banking were interviewed.

Some 8 change projects (selected from the 13 change projects examined under the desk study) were examined during the field visits including in-depth interviews with programme participants involved in the projects, additionally four interviews was carried out with their supervisors.

To complement other data collection, a survey was designed to inform the evaluation questions in detail. Many of the evaluation questions are related to the perception of the participant, their response to the training programme and the benefits that they have received.

A number of sampling approaches were discussed with Sida and KPMG during the inception period and it was decided that in order to obtain as many responses as possible the survey should in principle be sent to all participants of the Global, European and African ITP 275 programmes and all the participants of the ITP 222 programmes (at least for all those for that still had a contactable email). This approach was decided upon even at the risk of getting a low response given that many of the participants took part many years ago and may not have good internet connections, etc. The survey was designed to complement the Q1 and Q2 evaluation survey performed by KPMG during the programme period. A simple survey with 14 questions was developed. The survey was designed based on answering as directly as possible the evaluation questions with each evaluation question being broken down to a number of more specific questions where relevant.

In total the survey was sent to some 432 participants.[1]. Some 52 emails bounced giving a net 380 participants who had active emails. Of these 380, some 137 opened the survey. As can be seen from the table below, the opening rate for the older ITP 222 was considerably lower, which is an indication that emails had changed in the close to 10 year period. The table shows a response rate of 63% for those that opened the email, which is very satisfactory, and 23% of those that the survey reached by email responded. Again with a lower figure for ITP 222, most likely because it was for an earlier period. It clearly shows that latest ITP programmes had the most respondents.

Figure 1.2 Survey data

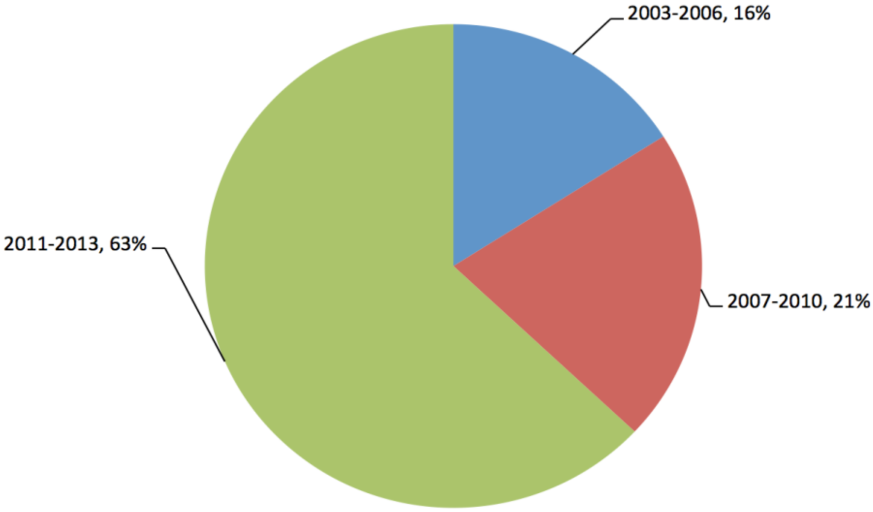
ITP programme	Surveys sent	Bounced	Survey reached	Opened	Completed
ITP 275	197	24 (12%)	173	95 (55%)	64 (67% of the opened, 37% of the survey reached)
ITP 222	235	28 (12%)	207	42 (20%)	23 (55% of the opened, 11% of the survey reached)
Total	432	52 (12%)	380	137 (36%)	87 (63% of the opened, 23% of the survey reached)

Figure 1.2 shows that 63% of the respondents came from programmes in the last 3 years (2011-2013). The proportion for the earlier 3 year and 4 year periods is considerably smaller, although the number of participants per year was roughly similar (although not identical). The higher response rate for the last 3 years is partly attributed because the emails of these participants are more likely to be active and partly because the more recent participants would probably have considered the survey more

[1] The survey was sent to all the participants from the ITP 222 and ITP 275 programmes whose contact information were made available for us by KPMG. We did not sent the survey to the ITP 275 participants from Iraq and Latin American, as these were not included in the scope of the ToR.

relevant to answer.

Figure 1.3 Proportion of respondents from different programme periods



With this response rate, a conservative sampling size analysis indicates a confidence interval of 8% with a confidence level of 95%[2]. It was noted that the variation of answers was small with the standard deviation for most questions being less than one interval out of range of five which would tend to increase the degree of confidence. There was also a good consistency found for all the questions that were identical to the earlier surveys conducted by KPMG.

The limitations of the evaluation methodology are related to the availability of participants and staff from the institutions that they work in and the difficulty in interviewing the final beneficiaries. The chosen methodological approach (which combines: a review of surveys carried out during the training programme; interviews with participants and their supervisors; and also a more detailed analysis of a series of change projects developed and implemented during the duration of the training programme) helped to triangulate information in order to increase the reliability of the conclusions and the relevance of the recommendations. It should be noted that the evaluation is against the terms of reference of the ITP as whole as issued by Sida. Thus findings concerning the scope of the programme, the targeting and overall methodology and approach should not be interpreted as a critique of the programme organisers.

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[2] Krejcie, R.V. & Morgan, D.W. (1970) Determining sample size for research activities. Educational and Psychological Measurements, 30, 607-610.

2 The ITP and Risk Management in Banking

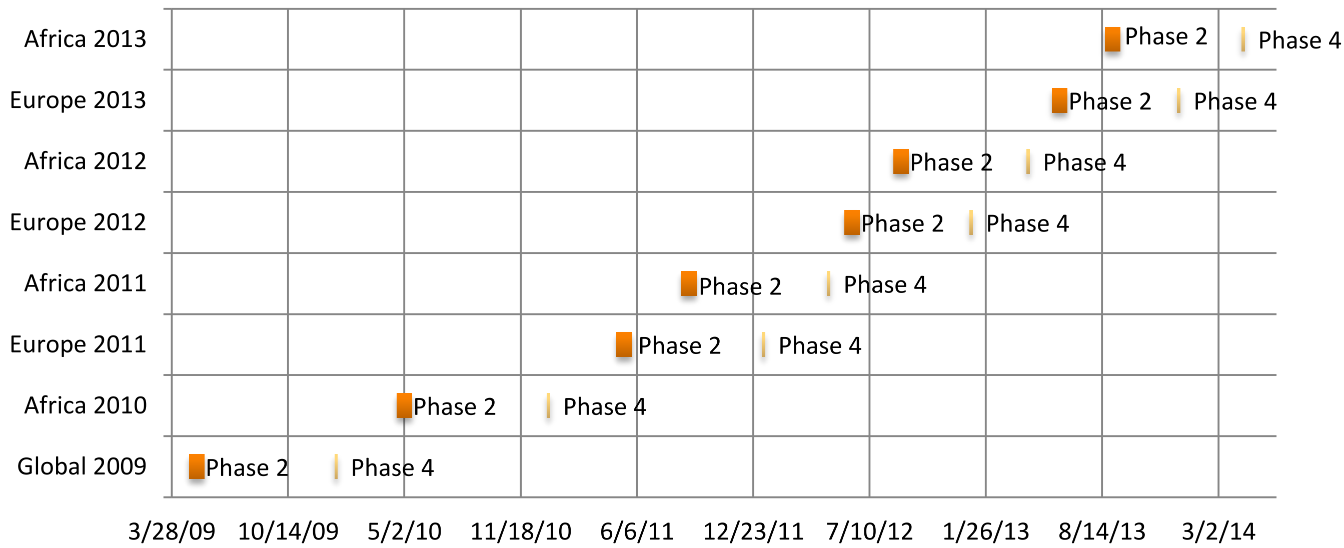
The ITP model applied

The ITP model is based on a common set of principles which aim to combine theory with practice, expose participants to how Risk Management is applied in Sweden, and encourage a transfer of know-how as well as cross fertilisation between people from different development countries. The core of the ITP approach is a period of training in Sweden followed by the implementation of a change project by the participant where support is given by mentors. There are also regional events that bring together participants in same programme cohort mid-way through the change projects as well as alumni events that bring together participants from different years. The participants, through their change project and the training, are encouraged to become change agents in the organisations that they work for as well as in wider society.

The risk management in banking programme

Figure 2.1 illustrates the duration, placement and date of the start-up seminars and the regional seminars of all the ITP programmes carried out in the period from 2009-2013.

Figure 2.1. Overview of programmes for ITP 275



A set of guiding principles for the content of the programme was defined in the ToR of the tender invitation provided by Sida. The main content of the programme is shown in Table 2.1. Further information on the portfolio is provided in Annex E. Table 2.2 provides an analysis of the most important lesson learnt from the ITP 233 programmes conducted between 2003-2007 and the ITP 275 programmes conducted between 2009-2013.

Table 2.1 Main content of the programme

The risk management in banking policy programme is arranged around the following 5 modules

1. Financial markets
2. Lending processes
3. Regulation and supervision
4. Risk management
5. Project management

These 5 modules include the following topics

- Analysis of the financial markets' importance on public finances and its relevance for poverty reduction
- Overview of the financial- and banking market and its players
- Analysis of market adjusted pricing according to risk level
- Methods and tools for risk management, credit analysis and monitoring
- Review of the credit granting process
- Organisation and control systems in the credit granting process
- Analysis of possible credit facility alternatives adjusted to local needs with maintained risk exposure
- Risk management for administrative and legal risks
- Market risk management and investment policies for e.g. pension funds
- Analysis on convergence between different risk management methodologies
- Review on payment systems importance, functionality and impact on public finances
- Programme and change initiative management.

Table 2.2 The most important lesson learnt from ITP 222 to ITP 275

From global to regional programmes
The ITP 222 started as a global programme where participants from up to 20 different countries were represented in one programme. The forum represented Sida's focus countries. In 2005 KPMG and Sida agreed to have a Spanish version of the programme for the Latin American countries. It was through lessons learnt from these programmes that the idea of regional focused ITPs emerged. This because it was found that the regional programmes were more appropriate in regard to cultural issues, regional agendas and contexts when driving change in regions and financial sector related issues, thus making the programme more targeted to the participants' country specific contexts.

From change project to individual change initiatives
As for other ITPs the ITP 222 had change projects largely implemented by individuals. The idea of using a group based approach to change initiatives rather than change projects emerged because many different stakeholders and participants showed a common interest for a specific topic (micro finance). KPMG therefore started encouraging change projects in groups so that participants could draw on each other's experiences. The idea was elaborated through discussions with participants and stakeholders who showed particular interest in the idea. Change initiatives provide the possibility to more directly involve mix teams of stakeholders such as public and private banks and creating networks and opportunities to collaborate across stakeholders. After pilot testing it and discussion the possibility with Sida, it was decided only to have change initiatives in the ITP 275. Change initiatives also respond to the realisation that in many cases it was more relevant to initiate a process of change rather than engage in a concrete project.

3 Findings

The evaluation questions against which findings are drawn are shown table 3.1. An evaluation matrix identified the indicators and provided outline responses to the evaluation questions. The sections that follow make use of the evaluation matrix and survey information to provide a judgement on each question.

Table 3.1 Evaluation questions	
Relevance and applica-bility	**Question 1 - Have the programme results been in line with the goals for Swedish Development Cooperation?** Indicators: • Extent to which the principles of participation, accountability, transparency and non-discrimination, and the perspective of the poor have been taken into account in the programme • Extent to which a gender balance among participants was maintained • Extent to which relevant gender issues have been taken into account in the pro-gramme e.g. on access to finance of women **Question 2 - Has the programme responded to needs and demands in the partner countries, and have participants´ needs and priorities been fulfilled?** Indicators: • The content of curriculum, the case studies, company visits and guest lectures of the ITP training programme was relevant to the participant, his/her organisation and country, and it has contributed to professional development of the participant and the organisation. • The CI was relevant for all participants in each group and for his/her organisation.

Efficiency	**Question 3 - Were improved Risk Management skills successfully transferred to participants?** Indicators: • The organiser was able to address (risk management) defined capacity deficits in the participating countries • The organisers´ selection process managed to target agents of change • The organiser was able to provide sufficient and relevant mentorship to partici-pants’ in relation to their CI • The organisers followed up on results and lessons learned, and the programme adjusted accordingly • The teaching, the materials and mix of tools were appropriate, clear and compre-hensive. **Question 4 - Was the ITP model appropriate and efficient for improving risk management skills?** Indicators: • The ITP-model was an efficient tool to achieve the goals set (could the format be altered for better results?) • The ITP-model was efficiently integrated in the overall development cooperation in the countries (and if not how could it be better integrated?) • The costs of the intervention were justified by the results

<table>
<tr><td>Effectiveness and outcomes</td><td>Question 5 – Were improved risk management skills successfully adopted by financial institutions?
<u>Indicators:</u>
The ITP programme has resulted in changes (concrete examples) on individual (output), organisational (outcome) and national (impact) level.
The ITP programme has affected the participants and the participating organisations in a positive rather than negative way, and the presence of expected/unexpected, direct/indirect effects can be found/shown/measured.
The participants’ “change initiatives” have created worthwhile results
Question 6 - What other linked skills would be needed (and have been developed) to improve the impact and client benefits of enhanced Risk Management skills?
<u>Indicators:</u>
The ITP training in risk management (through improving skills in the relevant organisations targeted) has improved access to institutional finance e.g. has enabled more first-time borrowers.
Here is a shift in the client segmentation of participating institutions’ portfolios (specifically to include the ‘financially excluded’) – (as a result of improving skills in the relevant organisations targeted).
There is evidence that other parallel measures are linked to the improved risk management skills; i) in general, ii) aimed at excluded and poor segments of the business community (e.g. measures like product innovation, improved procedures for low-financial-literacy customers, guarantee funds etc.) – (as a result of improving skills in the relevant organisations targeted)
The risk management training is part of broader capacity development to enhance financial and pro-poor impact (and generating more value from each grant).</td></tr>
</table>

<table>
<tr><td>Sustainability</td><td>Question 7 - Can the results, directly or indirectly linked to the ITP-programme, be considered sustainable?
<u>Indicators:</u>
Benefits produced by the programme are maintained after the cessation of external support
The programme results in a ‘critical mass’ of change agents from the respective countries
The networks and relations established (or strengthened) in this programme are active and have a relevant function for the former participants and participating organisations
Question 8 - What are the roadblocks and enablers in the local context that can be useful for future programming, regarding reaching sustainable results?
This question reflects on training of management as well as staff; the operating culture of banks and willingness to change and the presence of financial literacy improvement programmes. The question will be explored in the lessons learned section.</td></tr>
</table>

3.1 RELEVANCE AND APPLICABILITY

1. Have the programme results been in line with the goals for Swedish Development Cooperation?

There was limited explicit attention placed on poverty, gender or linkages to the rights-based approach. One of the training sessions in the 3 week programme in Sweden dealt with financial inclusion and included issues of poverty and gender (see the training slide session entitled 'Financial Inclusion & Microfinance' – not included in this report). The material was relevant and well prepared but it is clear that poverty reduction and enhancing financial inclusion were barely incorporated in the training materials. Even though the training materials did not elaborate these much, there were some CIs in Africa that directly addressed access to finance. Through these CIs, to the extent that they were successful, a contribution to goals on poverty, gender or human rights was likely. E.g. Promotion of a financing scheme tailored to small scale farmers in Zambia (CI 9) and Improve women's access to credit in Rwanda (CI 10). Under the Europe programme a number of change initiatives made a direct contribution to the Swedish development goals as they contributed to implementation of the association agreement and integration with Europe.

The chosen focus on risk management rather than access to finance meant that the contribution to Swedish development goals was less direct (although for Eastern Europe the goals were different and the contribution more direct). The design of the programme with its focus on risk management without a specific targeting of micro-finance organisations or banks dealing with small and medium size enterprises (SMEs) has led to less direct contribution to poverty, gender and human rights than an alternative focus on access to finance might have achieved. Some of the participating organisations were micro-finance organisations or banks that engaged with SMEs, but they were in the minority. It should be noted that in the case of Eastern Europe the Sida development goals were wider and included close association in with the EU. For this region therefore the chosen focus on risk management lead to a more direct contribution to Swedish goals.

There is a hypothetical link between improved risk management and improved access to finance because better risk management leads to a more robust financial service sector that creates conditions that will increase access to finance, reduce poverty and potentially put duty bearers in a better position to respect rights. If you manage risk better you can be more effective in reaching the poor. But this contribution is indirect and involves several steps over which the programme had by definition little influence as these are matters of bank strategy more than risk assessment skills. Indeed, risk management skills applied in banks are unlikely to lead directly to greater financial inclusion or more access to finance unless the policies of the banks are also changed. The assessment of (credit) risk is a technique; where and how that is applied is a matter of (lending) policy. This topic is further discussed under evaluation question 6.

In discussion, and reflecting on these issues, the Embassy of Sweden in Uganda acknowledged the theoretical possibility that more sophisticated risk management techniques could draw the un-banked into the net, but did not find evidence that this had happened with banks. It might have happened if micro-finance institutions had been targeted; but that was not the case. In Georgia, most banks also noted the hypothetical connection but apart from one bank (Finca) that focussed on micro-financing they did not find evidence that access to finance had significantly increased as a result of the introduction of better risk management – at least in the short term. In that sense the results of the programme could not be described as having directly 'reduced poverty'. This is not a critique of the performance of the training programme which loyally and professionally pursued its intended aims.

The ITP is not actively linked to Swedish Development Cooperation at the country level. The Swedish Development Cooperation, at least in the countries visited (Georgia and Uganda) have not articulated a goal on improving risk management in banking which the ITP could contribute to or which in turn could support and add to the activities of the ITP programme itself. Both in Uganda and Georgia there are potential areas of overlap between the ITP and the country programme. In Georgia, in cooperation with the European Bank for Reconstruction and Development (EBRD), Sida supports women entrepreneurs, who are offered advice and loans. Participating banks are also offered training in new financial instruments, and a guarantee covering loans. In Uganda, a Sida-USAID joint programme implemented by ECO Bank and Centenary Bank for Rural Development provides an access-to-finance programme in the health sector which offers 50% credit guarantees to providers of health services e.g. clinics, pharmacies, mostly in rural areas. The Economic Growth team at the Embassy of Sweden in Uganda also interacts with banks and public private partnerships – some are underway in the information, communication and technology sector. None of these potentially relevant activities are linked or coordinated with the ITP.

2. Has the programme responded to needs and demands in partner countries?

This question was found to overlap with others and has thus been simplified.[3]

For the transition economies of Eastern Europe, the ITP was highly relevant and timely given the financial crisis of 2008 and the launching of national banking reforms. The 2009-2013 ITP was highly relevant for the needs and demands of the partner countries, institutions and individual participants. The programme, following the banking crisis of 2008, was

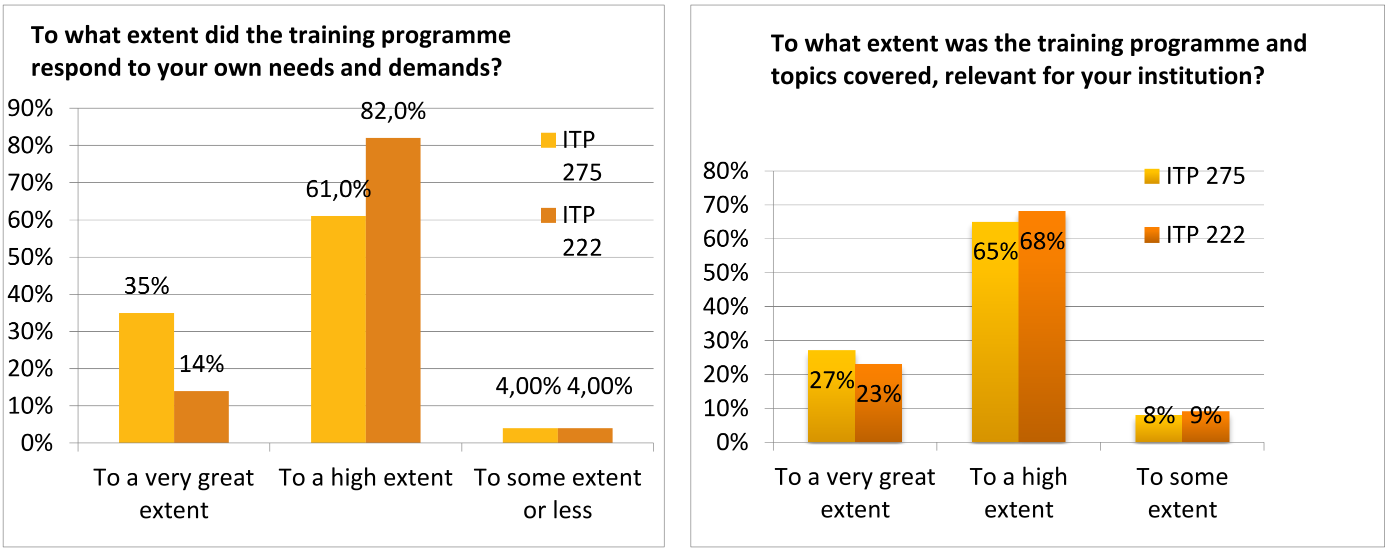
[3] The original formulation was: Has the programme responded to needs and demands in the partner countries, and have participants´ needs and priorities been fulfilled? The second part of the question is dealt with by the subsequent 3 questions.

very timely and responded to an urgent need to improve risk management of the banking sector. In some countries, particularly in Eastern Europe, the ITP fitted very well into an ongoing reform process. An example is Georgia where it was decided to implement the Basel II procedure and reform the banking sector. The reforms would probably have gone ahead anyway, but not as well and not as soon. The International Monetary Fund (IMF) Finance Sector Assessment Programme (IMF, 2015) notes that a weakness of the banking sector in Georgia was the lack of external training of bank staff. The programme is one of the few examples of an active response to this need.

The programme in eastern Africa responded to the needs of the regulators as well as commercial banks, especially at a time that the regulatory framework was being elaborated post-global financial crisis and for the introduction of Basel III. The training materials addressed a number of risk management capacity deficits in Uganda. These were mostly of a technical nature; describing what is operational risk, market risk and other risk types, and teaching technical detail e.g. how to calculate certain ratios and tools. This addressed many of the issues that commercial banks faced in Uganda (see box 3.1). In addition the ITP programme provided a significant support to the central bank and regulator – the Bank of Uganda – on how to further its regulatory framework for the banking sector as a whole. Three of the five CIs reviewed in Uganda were direct inputs to the evolving regulatory framework being developed by the Bank of Uganda (though only one is completed).

In line with the above , 96% of the participants responding to the independent survey found that ITP training programmes to a great or to very great extent were relevant for their own individual needs and demands, and 91-92% found that the training programme to a great or to very great extent were relevant for their institutions (see figure 3.1).

Figure 3.1 Relevance of the training programme



Box 3.1 An analysis of financial sector issues faced by the training course for the African context with the example of Uganda.

In Uganda, the sector issues – and how the risk management training impacted them – include but are not limited to:

- Structural issues; there are too many commercial banks (26) for a country of this size and serious consolidation could be expected, in line with global financial sector trends. The risk management training had an indirect impact on this – those banks with better risk management will have better quality portfolios and be in a stronger position to take over weaker banks.
- There is little specialisation in Ugandan banking – mostly it is simple deposit taking and lending with little financial engineering. Some approaches such as non-recourse project finance are under-developed or practically absent. The risk management training has an indirect impact to 'fill in the gaps' and enable banks to engage in more sophisticated financial engineering e.g. cash-flow based lending.
- Markets are under-developed as in other emerging economies. The stock exchange, the commercial paper market (bonds etc.), small companies' equity market and others are small and relatively inactive. Again, the risk management training helps address this issue indirectly by assessing risk skills throughout the financial system –thereby encouraging trading and market intermediation.
- There are few 'add-on' products such as guarantees, or 'alternative' products such as asset finance (leasing). Again the risk management training helps with understanding these product features and their underlying role in mitigating risk.
- There are nearly-excluded groups and disadvantaged sectors (e.g. agriculture) due to financial institutions' risk aversion. In theory better risk assessment should directly improve the access to finance for those disadvantaged groups – but evidence could not be found that this had actually happened.

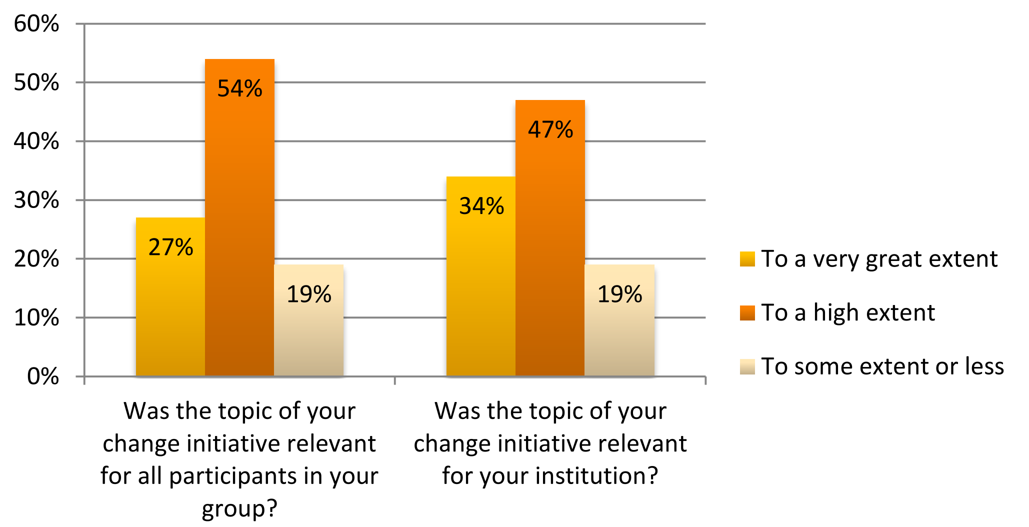
All the indirect impacts mentioned above are hypothetically possible – but their generality prevented the evaluation from confirming that the risk management training actually had a positive impact.

In addition, there are specific risk management issues. These include:

- Insufficient understanding of the breadth of risk assessments going far beyond credit risk (the 'traditional' risk in banking) and extending to market risk, pricing risk, operational risk, liquidity risk and others. The risk management course addresses a number of these (but not all) directly.
- Insufficient knowledge of modern risk-weighting techniques and allocating capital by risk-adjusted return on capital measures. The course addresses this directly.
- Inadequate data is another area of concern as many risk assessment and management techniques use extensive market and credit bureau data. This is not addressed much by the training materials.
- Evolving regulations are also an issue, and their link to the evolving Basel framework. It is partly a question of understanding and interpretation, partly a question of knowing how to make it happen, and partly a question of selection – i.e. which of the measures in the Basel II and III framework to adopt. The risk management material does address this issue to a certain extent and the participants from Georgia found the regulatory part of the course and particularly the discussions and exercises, excellent.

The CIs were relevant for many participants especially in Eastern Europe but a more varied picture emerges for the institutional relevancy of the CIs elsewhere. A number of change initiatives, perhaps as much as a third (based on the cases examined), were disassociated with the participating organisation. In many of these cases the participants had paid the airfare themselves and had taken holiday to attend the programme. In other cases the change initiative was not linked to an initiative or action within the organisation that the participant themselves came from. It is difficult when this is not the case, for the participant to assume a mandate or to prioritise corporate resources for the change initiative. According to 81% of the participants, the changes initiatives were to a very great extent or to great extent relevant for the group and their institution (figure 3.2).

Figure 3.2 - Relevance of Change Initiatives for ITP 275



There seem to be 4 types of change initiative:

1. Embedded - Change initiatives that are fully part of a formal project or initiative in the participating organisation - an example in Georgia is the National Bank of Georgia implementation of the Basel II accord (CI 13). Other examples are the implementation of a risk scoring model in Finca Bank (CI 7) and developing credit risk guidelines for commercial banks in Uganda – which was directly inserted into the Bank of Uganda's Risk Management Guidelines.
2. Linked - Change initiatives that are linked to implementation of reforms or supportive of initiatives by the organisations and where the CI is not recognised as a separate activity but rather becomes part of daily work routine. An example is the enhancement of risk based supervision (CI 5) in Georgia.
3. Macro - Change initiatives that are highly macro in nature and attempt, sometimes overambitiously and unrealistically, to solve a whole range of sector issues that are beyond the scope of the participants and the organisation they work for. An example is the increasing lending to agriculture in Uganda (CP 1) where the change initiative indicates a wide range of activities such as reviving cooperatives, changing land tenure laws and property registration, automating the land registry, training farmers, and other dimensions which are far beyond the reach of the CI. Another example is the Increasing Access for Small Scale Investors CI in Uganda (CI 3) which proposed measures to be implemented by the Stock Exchange and the Capital Markets Authority – again far beyond the reach of the CI. Such

initiatives are too ‘macro’ and tend to lose relevancy and not effectively address the needs. They are difficult to complete and implement[4].

4. Free floating - Change initiatives that are disassociated from the participating organisation and effectively done in the spare time of the participant: an example is the development of a credit agency (CI 8) or the research into the securities market (CI 14).

The first type (embedded) is ideal and represents the core intention of the ITP. It ought to be verifiable that all CIs are of this type, but it might also be the case that a strict interpretation of such a requirement would lead to insufficient participants. It could also be argued that some of the most innovative and potentially catalytic ideas came from the last group of individual change initiatives (free floating). This observation leads to a speculation that at least some CIs should be open to processes that had not yet been conceived or programmed – perhaps on an 80/20 basis where 80% of the CIs were institutionally embedded and 20% entirely new and not necessarily part of institutional plans. There would a higher rate of failure of these projects but also a prospect that a potentially very high catalytic impact for the ones that did succeed in the sense that the ITP would have triggered something that would otherwise not have happened.

3.2 EFFICIENCY

3. Were improved Risk Management skills successfully transferred to participants?

Although participants selected were well qualified, often influential in their own organisation and well targeted to make good use of the programme, the selection process itself does not appear systematic or optimal. Some participants responded to newspaper adverts about the programme and others were contacted by alumni – mostly on the basis of who they knew or were at university with – and in the case of the Bank of Uganda by a senior person (the Director of Risk) who saw the programme as a way of professionalising a growing and young team. The ITP did not make effective or persistent use of banking associations, national capacity development institutions or other professional bodies in the promotion or selection procedure. The Uganda Bankers Association – which holds monthly meetings and is in constant touch with its 26 member banks – stated that they had no knowledge of the programme. An opportunity was lost for the association to put an agenda item for the next monthly meeting at which to inform all banks about the ITP risk management opportunity and explain the participant profile sought by the programme.

[4] CI design is more effective when it focuses on ‘what is controllable’. For example, increasing lending to agriculture in Uganda could either envisage addressing all problems facing farmers e.g. all-season roads, good extension and seed inputs etc. (all of which involve other agencies and authorities/Ministries) or simply modify the variables to be analysed on a bank’s agriculture credit scoresheet. The latter is controllable and – if well done – should be effective. The former would be very good, but is beyond the scope of a CI.

The training materials were well received and in many cases are still used by the participants but there is also room for improving the tailoring, scope and implementation relevance of the materials. In summary, although the participants were appreciative of the materials there were issues (phrased here as questions) which are expanded on in Annex E:

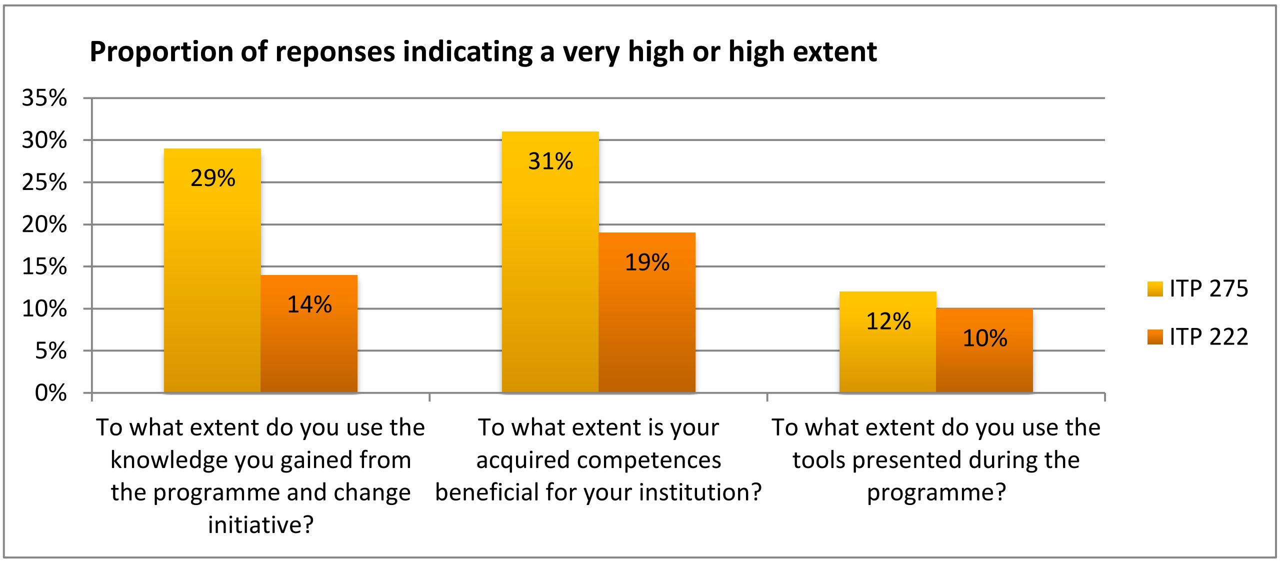
- Could there have been more emerging market relevance in the material?
- Should the menu of key risks be broadened?
- Are sector, client and financing differences for risk management highlighted sufficiently?
- Would it have helped to broaden the perspective on risk management to global level?
- Could more have been included on disaster cases[5]?
- Should there have been more material on 'making it happen'? i.e. transition from the class-room in Stockholm to achieving change in emerging markets?
- Could the linkages between the sessions have been strengthened**?**

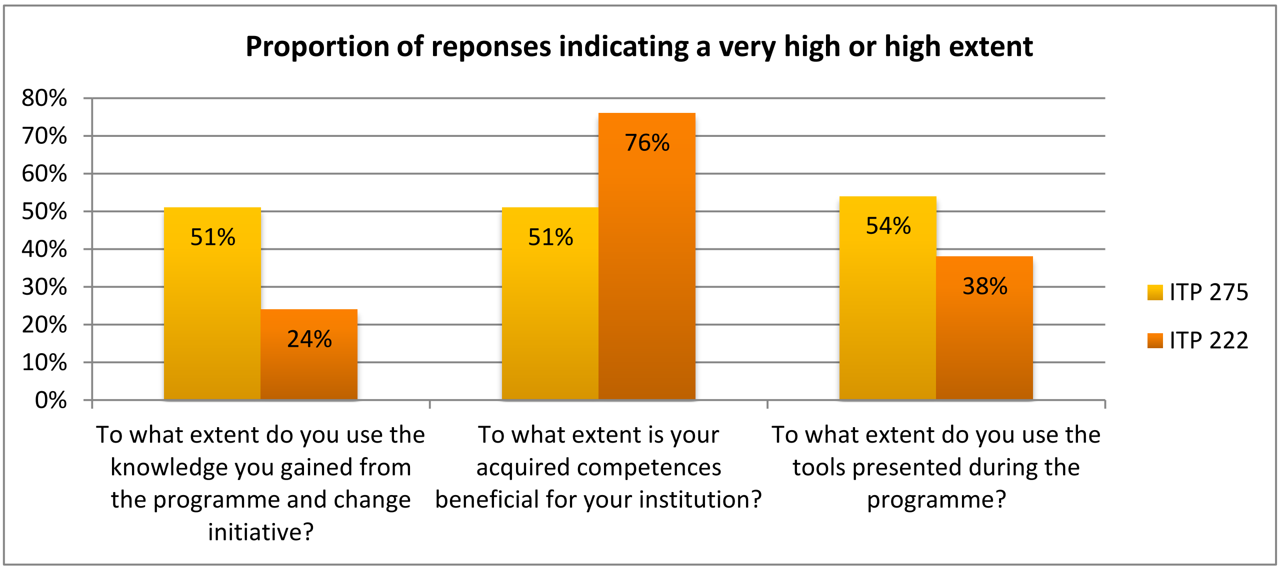
Many participants in Uganda praised the programme using words like 'excellent' and 'loved the programme' but some pointed out that the theory was hard to apply in their country – and that they would have benefitted from a more adapted version of the theory.

Based on interviews it was found risk management skills were transferred, although the application of these skills could not be tested. Participants responded with great satisfaction during the internal surveys done during the programme and this was confirmed by the independent survey carried out by the evaluation team. The survey indicates that the participants to a very high or a high extent uses the knowledge they have gained from the programme and change initiatives. However, the survey also indicates that a lower percentage of participants used the tools presented in the programme.

[5] For example, the highly publicised case of Lehman Brothers, or the slightly less reported cases of Royal Bank of Scotland and ABN-AMRO.

Figure 3.3 Use to which participants have put the knowledge, competence and tools obtained





Although there were exercises carried out during the programme, there were no entry or exit tests whereby it can be documented that new skills were successfully transferred. Typical evidence that supports the finding that skills were transferred includes:

- A participant (CI 8) noted that the training programme had helped them in their engagement with a strategic project by their bank to improve risk management by purchasing and using a Moody tool for analysing financial statements. The strategic project team did not know whether the additional analysis provided by some of the Moody tool options was worthwhile or necessary. The participant, based on the training programme, was able to put forward a case that was accepted that the additional modules were relevant and worthwhile and ultimately these additional modules were purchased and are reported as being in use some 2 years after the programme.
- Several participants in Georgia and Uganda noted that they had been involved in credit risk but had not, before the programme, been exposed to market and operational risk

which could have given the participant a broader understanding and allowed them to make a more in-depth risk assessments.

The participants noted that the programme also had weaknesses in tailoring and targeting. There were two persistent weaknesses noted:

- The programme was too general for a 3 week programme. There were no specialised modules that could address the particular interest or focus of certain participants e.g. those from regulatory bodies concerned with drawing up (and enforcing) a regulatory framework for RM, or those engaged in the aspects of RM that commercial banks are less sophisticated in e.g. operational credit risk. It was recognised that this is not easy to achieve if the participants are very diverse and this might imply the participant selection did not lead to a sufficiently cohesive group (even though there are also advantages in diversity). It is noted that the change from the global to regional programme after 2009 was a significant improvement but still not enough.
- The programme was not concrete and practical enough and did not provide enough hands-on experience. The visits to Swedish banks and institutions were much appreciated (as were those to institutions in South Africa for the Cape Town follow-up training) but it was found that a visit and a presentation and discussion over coffee was not enough. In the participants' opinion a more in-depth exposure and engagement was missing. One or two days of shadow-mentoring of a key person in a relevant institution would have been a good replacement for the group visits and class work. It is recognised here that these demands are not easy to implement practically as they depend on the willingness of banks and others to host the participants.

The mentoring was mostly useful for planning the CI, thereafter comparatively little use or engagement of the mentor took place. The mentor's role was mainly in the planning of the CI, where there clearly was considerable value added as the CI plans are generally of high quality. There was also some inputs made for the preparation of the regional events. Although all expressed appreciation of the professionalism of the mentors (as shown in the figures 3.4 to 3.5), most participants stated that their mentor was not specialist enough to provide guidance during the implementation. Perhaps for this reason there was comparatively little contact after the programme in Sweden. In some cases the participants found that a more specialist mentor would have been helpful e.g. participants noted: "we *had to resort to the internet and YouTube to find out more because the mentor did not know"; "we were faced with the unaided responsibility of presenting the model to management, we could not fall back by quoting the view of a qualified specialist*".

Despite of these finding, the participants rated the technical skills and general guidance from the mentors high. Figure 3.4 shows that the participants from ITP 222 rated the mentors' guidance higher than the participants of ITP 275.

Figure 3.4 - Rating of technical skills and knowlegde of the mentors

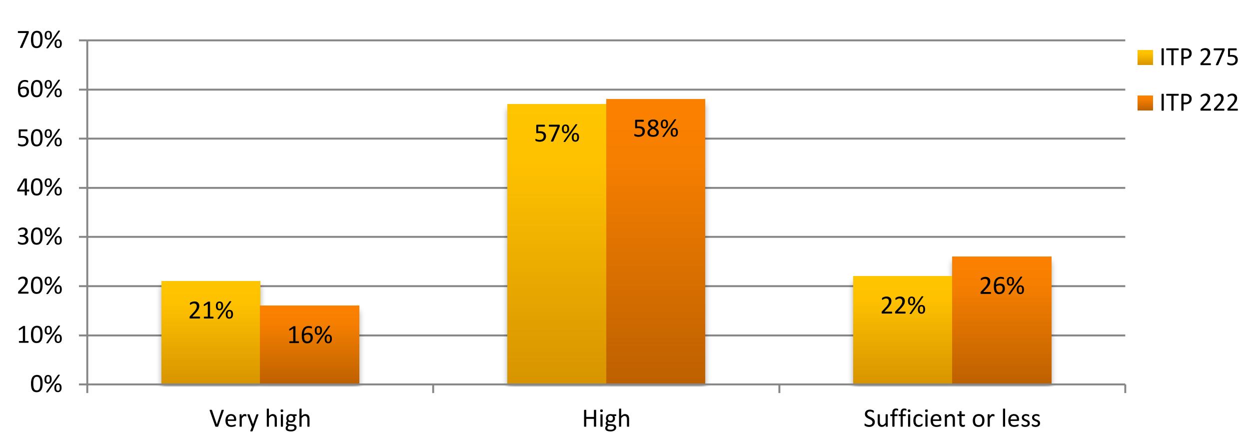
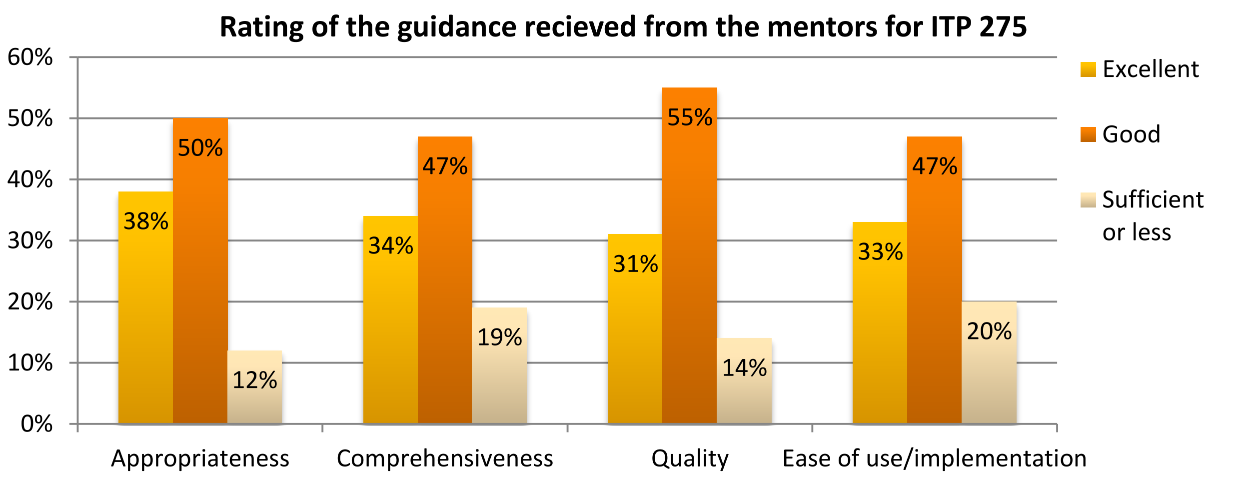
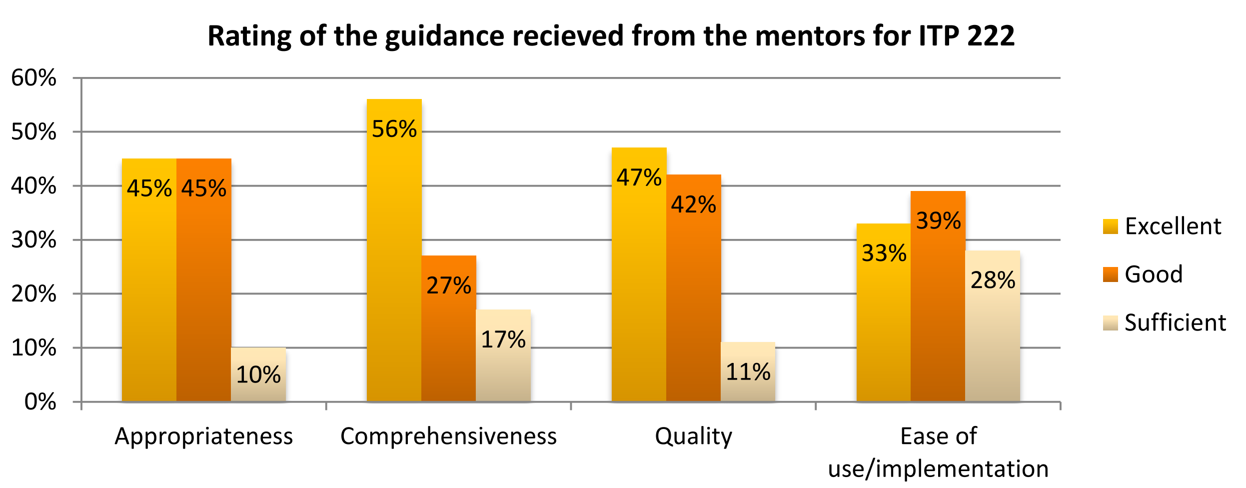


Figure 3.5 Participant views on guidance received from mentors





Many CIs were not completed although partial completion did in some cases lead to useful results. In Uganda two Change Initiatives geared to serve the regulator (The Key Risk Indicators CI 4 and the Maturity of Risk Assessment Capabilities CI 15) have not completed and the teams indicated that having more mentor support might have helped them to maintain momentum. Two other CIs in Uganda (The Increasing Lending to Agriculture CI 2 and the Boosting Opportunities for Small Investors CI 3) have both stopped short of completion or achieving results (yet both address pressing issues within the financial sector). Again, as above, during interviews but not from the survey there was evidence of a feeling of professional isolation – and in those two latter cases also serious over-ambition in CI scope and design.

Where the CIs were strategic, the mentor role was sometimes effectively taken over by the participating institution. In Uganda for example the Change Initiative (Guidelines for Credit Risk Management, CI 1) was driven by three Bank of Uganda participants (out of a team of 5) and slotted directly, as the 'credit risk section', into the Bank of Uganda's then new Risk Management Guidelines. The spokesperson for the team stated that the support for completing the CI came from the Bank of Uganda as there was a task force for establishing the risk management guidelines. A similar effect was noted in Georgia with the National Bank of Georgia where the implementation of the CIs related to the Basel II accords was driven by the bank itself.

4. Was the ITP model appropriate and efficient for improving risk management skills?

The organisation, logistics and programme design were considered professional by the participants. All participants praised the programme design and arrangements and singled out KPMG as being exceptionally professional in their approach, also in relation to other external programmes taken. The learning approach of active engagement was particularly appreciated.

The ITP was well conceived and structured and especially the combination of theory and practice was appropriate. Features of the programme that particularly increase the learning and effectiveness in skill development include:

- The initial CI design which acts as a selection criterion and requires the formation of teams (i.e. networking), the analysis of issues, and pre-programme work to demonstrate capability and analytical skills;
- The mix of class-room theory, exercises, participant led discussion and presentation and in-bank visits on how (Swedish – and South African) financial institutions have done it.
- The split design of the core training and the follow-up engagement at the regional seminars
- The alumni seminar and the attention to the concept of creating groups of participants that swap experience and dialogue together.

However, between these milestone events – selection, programmes, and alumni get-togethers, the participants were isolated and not part of a 'community' which could – if well organised –

further the application of risk management skills.

External training was necessary given insufficient attention to training from within the banks and financial institutions. It was noted that there was limited resources spent on training either internal or external by the banks based in both Uganda and Georgia. Internal training carried out by the banks (often involving programmes run by other subsidiaries or the head office of foreign-owned banks) were not found by the participants to be as effective as the ITP programme. In Georgia the IMF also concluded that training in risk management (and other areas) was inadequate. It would appear that many of the banks have not yet engaged in longer term actions to avoid a return of the financial crisis. The ITP could in this sense be considered as a necessary stop-gap measure. In the long term however the ITP should not fill a gap directly but should contribute to building up greater prioritisation for training within the banks and national and/or regional capacity to deliver training at locally absorbable cost levels. This topic is further expanded on under evaluation question 8.

The programme was expensive and relied almost entirely on external skills and there are opportunities to explore options for making more use of technology. The opportunity to engage with national or regional capacity development agencies was not taken. This meant that the programme was relatively expensive as it relied entirely on internationally delivered training. It also meant that it did not gain from the knowledge and insight that regional or national bodies could have provided (such as the National Banking Institute in Uganda as noted elsewhere). It should be recognised that the regional seminars did engage local experts to good effect, an innovation that was not expanded to other phases of the training cycle. Full reliance on international delivery is also a barrier for gradually developing a programme that can at least be partially funded by the participating institutions[6]. With recent advances in ICT[7], there has been little use of technology (Skype, WebEx, WhatsApp groups, dedicated blogsites or other) to continue the professional dialogue, create an on-line ‘community’ of discussing and exchanges, or support alumnus networking or guide and support CIs. Neither was technology used to obtain a formal measurement of impact in the absence of a larger budget for direct mentor follow up: for example use was not made of regular questionnaires to track variables such as changes in credit committee procedures, expansion of risk management guidelines and many others that would give a sense of impact as well as boost interest and motivation to complete the CIs.

[6] In this connection it was pointed out by several participants that the value of the diploma was not integrated with the in-country Banking Institute qualification – see also EQ 8.

7 This observation does not apply to ITP 222 as the technology was still too primitive and costly then.

3.3 EFFECTIVENESS

5. Were improved risk management skills successfully adopted by financial institutions?

In most cases there is evidence of risk management skills being transferred beyond the participant and into the organisation that they work for through sharing material and formalised 'report back' requirements. Examples include:

- In one bank in Georgia, the training material provided by the ITP programme was distributed to colleagues (5 at decision making level and 7 at other levels) and used in discussions. The materials were used for some 2 years after the programme.
- In Uganda, all participants without exception were required to a) present their materials to their colleagues at a formal meeting and b) write a report to the Human Resources team. There was a strong impression that the materials were shared. However, there was no evidence that the participants could also 'teach' – informally – their colleagues who had not attended the programme[8].
- In another bank, a specific example of how the material was in the use of a liquidity management framework where the participant used the programme materials to make the case against an initially sceptical management team that it was better to move from strict rule based liquidity management to a framework approach that considered a much wider range of factors and included qualitative evaluation. This effort was successful in making a change in direction and this has been further consolidated by later reforms. The training and training materials were considered by the participant involved to have been an essential part of the process of ensuring the change in approach.
- In Georgia, the participants of two participating banks (CI 7) reported that the programme material was distributed to the management level and to relevant staff. Briefings were held on the subjects and presentations prepared. Based on the material forwarded to the evaluation team it can be concluded that the presentations made use of ITP material and were well structured and tailored to the needs of the bank. It was further noted that the programme became a main source of information for their banks on the subject of Internal Capital Adequacy Assessment Process (ICAAP) and the Supervisory Review and Evaluation Process (SREP).
- It was noted by a number of staff that attended the programme that they were sought out as experts in the field and consulted on risk management topics. In many cases it was reported that a key benefit of the programme was to give confidence to the participant and their institutions that they are following best global practice.
- Several banks (in Uganda) also sought to recruit alumni from the RM ITP ('poaching' from other banks). For example ECO Bank Uganda recruited three RM ITP alumni and

[8] Perhaps – as part of a session on 'what you should do when you get back to your desk' – participants could be given an hour or two on 'acting as a trainer' – even if that will fall well short of training the trainers.

appointed them all to senior positions – Heads of Corporate Banking, Operations, and Internal Audit. It is impossible to evaluate whether this was because of their RM skills or more generally because they are capable bankers, but it is indirect evidence that there is interest amongst the banks to boost their RM skills and that they value what was learnt at RM ITP.

The timing of the programme (in the aftermath of the financial crisis) was helpful in ensuring that the skills were in high demand and put into practice. In Eastern Europe, as mentioned earlier, the programme came at a good time and the material and training was able to contribute to the launching, implementation and consolidation of reforms. An example is the case of Finca Bank where the programme came at a time when the bank was about to transform from a micro-financing institution to a formal commercial bank. The programme material and training were helpful in this transition. For example, one of the organisational options presented at the programme for a typical commercial structure of a bank was used and adapted for Finca Bank. A feature that was included was the putting in place of "the 3 lines of defence" approach and making changes such as ensuring that the internal audit function reported to the board and had a degree of independency; all of which was new to the bank. Other typical examples of evidence of applying the risk management skills in participating institution include:

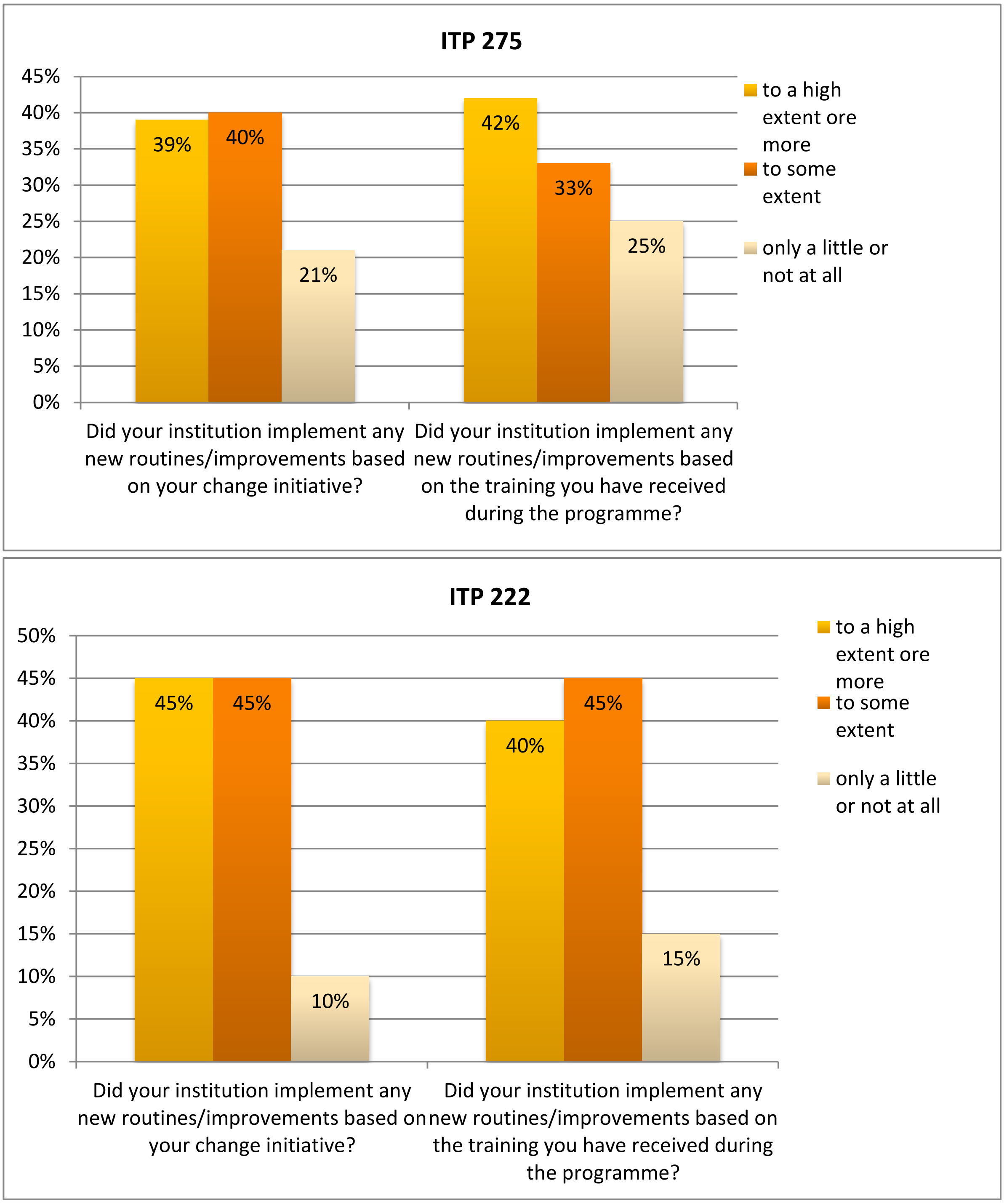
- "Before I was not involved or even interested in operational risk. Now I understand it and appreciate its value. It means that I (in policy department) can better communicate and make use of information from the operational risk department."
- "I applied what I learnt from the programme when I was developing a monthly monitoring report for the central bank. The programme helped us to enhance the reporting by adding charts e.g. the de-composition of profit growth and capital growth."

In Uganda the programme also came at a good time – and played an interesting and valuable role in shaping and creating the Bank of Uganda's risk management framework. To this day that is not complete and further output from hitherto unfinished CIs (e.g. measuring the RM maturity framework) could still further the impact of the ITP RM there.

Risk management skills were transferred where the participants had internal risk management responsibilities. In many cases the participants were responsible for risk management related functions within their institution. In some cases e.g. Finca and the Bank Republic in Georgia they occupied senior positions such as the Chief Financial officer and Branch manager. In another example, the head of risk in the Housing Finance Bank of Uganda is an alumna of the programme. In some other cases, staff members were promoted following the programme, which further increased their influence in ensuring that the skills gained during the ITP were adopted and put into practice.

In the independent survey most participants stated that their institution did implement new routines based in the training programme and change initiative they had received. The tables below indicate that participant institutions from ITP 222 were more prone to implement new routines than the participant institutions from ITP 275 – which might be a consequence of CIs being team driven in ITP 275 rather than individual in ITP222 – the team driven changes could have been more ambitious.

Figure 3.6 Extent to which routines were introduced



The CIs have also led to adoption of risk management practices, but the outcome is mixed with many initiatives remaining broad in scope and often not completed. In Georgia the training programme had a wider institutional impact through some of the CIs. Examples include the sequence of initiatives from 2009 to 2013 that focussed on adoption of the Basel II accords. A cumulative impact involving many participants working together over several years was brought about within the National Bank of Georgia. But there were also some less positive initiatives that had little or no visible impact. Many change initiatives were never completed. In Uganda only one of 5 CIs that were examined in detail was completed. The remaining four are 'stuck' and the team members wish to move forward but cite a range of practical (time) and professional (lack of guidance) issues as to why this remains elusive. In Georgia as in Uganda and the other countries involved in the ITP, there are no completion reports and at least in Georgia only an estimated one third of change initiatives are completed to the stage where there would be a chance of significant outcomes. In some cases in Uganda, as mentioned earlier, the change initiatives remain too macro and all too encompassing to have a practical effect or be implementable. In nearly all cases, there is very little or no monitoring of outcomes of the change initiatives or reporting on the indicators that were presented as part of the change initiative design.

The banks' contractual link to the programme was weak and could explain a lower adoption rate of the enhanced risk management skills by the banks. In Uganda and Georgia there were some references to the fact that the link of the RM ITP was with the individual participant. Had it been with the bank – or more strongly with the bank – the ITP could perhaps have had a stronger grip on the 'rate of implementation' of the learning.

6. What other linked skills would be needed (and have been developed) to improve the impact and client benefits of enhanced Risk Management skills?

The evidence of bank borrower benefits as a result of the ITP is weak, although it is stronger where the participating institutions have been well targeted. As noted earlier, although risk management practices have been enhanced in the regulatory banks of Georgia and Uganda, the performance in the commercial sector is mixed. Because of greater capacity and the urgency of reforms, the commercial banking sector in Georgia has enhanced its risk management practices more than appears to be the case for the commercial banking sector in Uganda. But even where risk management appears to have benefited from improved techniques, as in Georgia, the adoption of improved risk management practices, as noted earlier, is not enough without corresponding changes in lending policy that would increase the access to finance. Such changes would then also need to be accompanied by additional changes in order to have customer impact. For example, products need to be adapted to specific needs like designing long-term small business finance linked to guarantee facilities and leasing options. Also, application procedures may need to be simplified, or assisted so that first-time borrowers apply at 'finance clinics' where things are explained and supported. There are very few instances where there is evidence of policy and operational changes that have accompanied enhanced risk management. Two examples illustrate the point. In both cases a risk management scoring system was implemented as part of a change initiative and in both cases the system reduced the time for processing loans from 3 days to 1 day:

- In one of the two banks, a commercial bank in Georgia, this scoring model was not accompanied by a change in the targeting of customers and the policy on the minimum income level for borrowers for example was unchanged. As a result, as yet and to date, this otherwise useful enhancement of risk management has not given rise to greater financial inclusion (perhaps not surprising as inclusion is not a specific goal of the bank).
- In the other institution (a bank that had a record and mandate for providing microfinance), the reduction of loan processing period, which had been a bottleneck in the past, meant that they have been able to increase the number of loans disbursed to mainly poor customers by 25% from 2013 to 2015. A gender dimension in the scoring system that favoured women applicants was also introduced and this may have been responsible for a gradual increase in the share of loans taken by women from 35% in 2013 to 40% in 2015 – although as the bank points out there could be other factors as well. It is also noted by the bank that the reduction in loan processing time due to better risk management practices has meant that they are more able to direct resources to working with poorer customers and new branches have been opened in more remote locations.

These two examples illustrate the importance of targeting participating institutions if a direct client inclusion benefit is wanted. Participating institutions that have a direct goal of financial inclusion have not been systematically targeted (some like the Savings and Credit Cooperatives in Rwanda were targeted but such targeting was not general).

Training in risk management did not always contribute to bank borrower benefits in terms of greater financial inclusion. The change initiatives offered a mechanism for implementing enhanced risk management but many of the initiatives fell short of providing a practical guide on addressing the transition challenges of how to implement new practices in banking environments that suffered from various data related constraints. The change initiatives were also participant directed and were not, except in a few cases such as in the case of the national regulatory banks, assumed as a responsibility by the participating institution. In the cases where the change initiatives and the downstream adaptations in policy and procedures were assumed as a responsibility of the participating institution the results are notably more impressive. There is evidence that where the participating institutions that took on such responsibilities also had a goal to improve financial inclusion, the ultimate effect on client benefits is much higher.

3.4 SUSTAINABILITY

7. Can the results, directly or indirectly linked to the ITP-programme, be considered sustainable?

Where the training and CIs are institutionally embedded the prospects of sustainability are strong. Some examples indicate that there is scope for strong sustainability if certain conditions hold. For instance, the compulsory risk management related obligations imposed by the regulator in Uganda, suggest that the changes effected will be sustained. In the case of Uganda there is strong positive evidence that the CI on credit risk management guidelines was incorporated into the Bank of Uganda's Risk Management Guidelines issued to commercial banks. That makes a strong link between the programme material and implementation – and is sustainable in the sense that it will remain (until the regulator chooses to change or update such regulations). The same is true of the changes made in pursuing compliance with the Basel II accords in Georgia. There is also evidence that where changes have been made in the procedures and operations of commercial banks that these will be sustained especially where they involved board level approval as they often did.

Where there is a critical mass of participants and alumni there are higher prospects of change being sustained, particularly where there are participants in the same institution or in institutions that collaborate. An especially strong feature of this ITP in risk management in banking is the sequential series of change initiatives that have targeted the national regulatory banks. In both Georgia and Uganda, there have been multiple change initiatives involving several participants at the same time and from the same or collaborating institutions. Together this has led to a momentum of change that not only helps to create results but also ensures that the results are lasting. It is not only in the national banks but also in the commercial banks that the change initiatives have triggered collaboration across institutional boundaries. In both countries there have been significant attitude shifts and an increasing institutional recognition of the role of enhanced risk management.

There is a risk that benefits will gradually dwindle without a longer term commitment towards continuous training. Whilst a relatively large critical mass of participants and shifts in attitude towards risk management are positive and contribute to sustainability of the benefits of the ITP programme, the risk that the training is not budgeted for and only available in a subsidized form that cannot continue indefinitely has not been addressed[9].

The networking has initially been social but in some cases has extended to provide professional benefits which could sustain some of the benefits of the programme. The training approach of group work and mixing participants fostered a good environment for net-

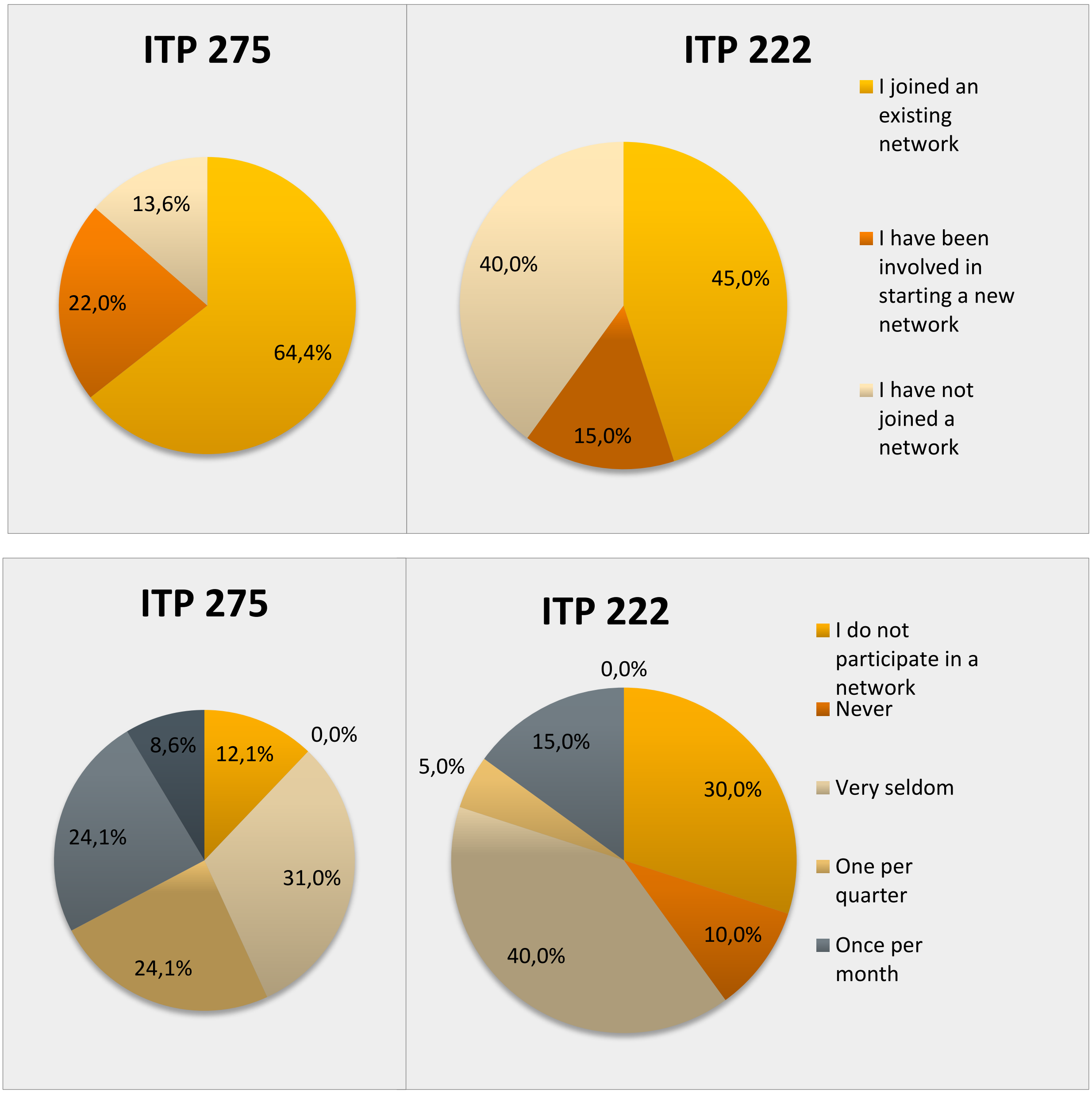
[9] A mini 'training the trainers' session was missing and could potentially have helped with this point.

working. In Georgia and many other countries the networking was primarily social but in some cases the social contacts made during and maintained after the programme also led to professional networking. Examples from Georgia:

- A participant from Azerbaijan needed information on strategies and systems for management of operational risks in Georgia and through the networking he was put in touch with the relevant authorities in Georgia.
- A participant from Albania asked Finca bank (CI 7) about how to calculate loan loss Reserve rates – the participant from Finca was able to explain the method and formula and the Albania participant put the model into practice.
- In Georgia the networking allowed a participant (CI8) to find out more about how credit bureaus operate in Ukraine which has four whilst Georgia only has 1.
- A participant from Georgia was asked by their bank to prepare a business continuity plan for the treasury department of the bank (in case of internet cut off, Bloomberg connection lost, other risks) and was able to consult a colleague from Ukraine who had developed similar plans and to make use of that information.
- Information on the recovery procedures for petty debts in Albania was found useful for one of the participants in Georgia.
- In another case a Macedonian bank asked for information about the risk profile of prospective clients.

The programme strategy to use LinkedIn and informal case by case networking is appropriate – there is little evidence that a community of practice approach would work.
In Uganda there were over 30 participants who went to the risk management training. Presently there is an informal attempt by one of the alumni to formalise a ‘Uganda chapter’ of an alumni group. But it is failing as there is no ‘carrot’, nor a ‘stick’ i.e. no clear incentive. Two meetings were attended by 5 and 7 alumni respectively, despite much preparation and effort. There is little incentive to join such a group, nor are there any downsides from not doing so. The case by case networking approach on an “as needed basis” seems to work best and provide the best balance between investment in maintaining a network and the occasional benefits that could be derived.

Figure 3.7 – Participant views on networking



The independent survey shows that even though most participants joined a network, most do not participate or very seldom participate in the networks.

8. What are the roadblocks and enablers in the local context that can be useful for future programming, regarding reaching sustainable results?

The programme is almost entirely subsidised; future programming would be more sustainable if an approach to market based delivery could be done. As noted earlier, and reenforced by the IMF finding in Georgia that there is insufficient external training, there is very little commitment to providing training in risk management and related subject areas even by ‘local’ banks with (majority) international ownership. There are significant attitude and procedural constraints in both private and public sectors to committing adequate resources for training. In the private sector, many banks, even though the competition for skilled resources is often high, do not budget for sufficient training given the emerging and expanding nature of the sector. Private banks, in Georgia for instance, do not sponsor their staff through professional qualifications such as the Chartered Financial Analyst or similar. The public sector institutions have tight budgets and procurement rules that would make it difficult to contract training of the type that this ITP has offered. A gradual approach towards a market based delivery of training that is less dependent on subsidy has not been explored – and in the views of many participants interviewed in Georgia it would be appropriate. Such an approach should initially be aimed at local banks which are majority owned by international banks. It does not appear as if the feasibility of this possibility has been examined.

Engagement of local /regional capacity development institutions is not yet built into the programme concept and design (other than for engagement of local experts for the regional phases. As part of a longer term consolidation and perpetuation of relevant training, it would be highly advantageous to engage with local and/or regional capacity development institutions. It was noted in Uganda that the Uganda Bankers Association is linked to – and housed within – the Uganda Banking Institute which is responsible for bankers training to certificate level. Without compromising the obvious independence of ITP risk management – a link to the Uganda Banking Institute might have been productive – also for follow-up mentoring, guiding the CIs. It could have served to raise the 'status' of the diploma and bestow greater local recognition as well as ensuring that some of the missing transition gaps from first world theory to developing world practice are bridged. These observations reinforce the picture of a programme that is isolated from the countries and capacity development institutions that serve the longer term needs.

4 Conclusions and recommendations

4.1 CONCLUSIONS

The findings across the 8 evaluation question lead to 5 main conclusions as illustrated in figure 4.1.

Risk management has been the Achilles heel of banking in many countries for decades. Despite the raison d'être of banks being an intermediate between capital surplus and capital deficit entities – and adding value by managing the numerous risks in that intermediation – it is a skill that remains under-developed. This is a global phenomenon – and the various national, regional and global 'financial crises' are painful testimony to the fact that the report card on global risk management leaves room for improvement.

In developed economies financial crises resulting from poor risk management (e.g. the secondary mortgage derivatives which triggered the 2008 global financial crisis) have grave consequences. But these countries have ways and means of mitigation, including allocating large sums of capital (often public money) to cushion the fall and protect the vulnerable e.g. small depositors.

In emerging markets that is not usually the case. Should their financial sectors suffer a meltdown and be saddled with undesirable quantities of 'toxic' assets there is little to protect depositors and borrowers. The shallower the depth and the narrower the breadth of financial sectors, the harder the fall when risk management goes wrong. It could be argued that improving risk management skills in these countries is even more important than in the OECD area.

So it is laudable that Sida selected risk management in banking as a target topic for skill enhancement – and persevered for around 12 years with ITP 222 and ITP 275. There is a strong need and, surprisingly few donors address this.

Based on the evaluation findings of chapter 3 the short version of the evaluation might be: 'the programme did well but some simple improvements could have added more value for the existing spend'. In summary, the conclusions derived from the findings are:

1. The programme was relevant for partner countries but did not directly contribute to Sida's wider development cooperation goals – nor was it designed to do so.
2. The transfer of technical skills was broadly achieved.
3. New technical skills were adopted to varying degrees in financial institutions.
4. It is also promising that elements of the training will be largely sustained.
5. Although well managed and implemented, there is scope for achieving higher value and impact within the existing concept.

Conclusion #1: The programme was relevant for partner countries but did not directly contribute to Sida's wider development cooperation goals – nor was it designed to do so.
This conclusion deals less with the programme and more with its objectives and context – much of which is beyond the control of the programme provider. But given the overall Sida development goals and increasing emphasis on poverty, gender, climate and the human rights-based approach, improving a highly technical skill is somewhat removed from direct poverty reduction activity – even if there are hypothetical links. The findings which support this conclusion are:

a) **Risk Management is an 'upstream' technical component of 3-4 'downstream' steps which are not controlled by the technique.** The technical linkages are: i) improved risk management enables a bank to assess risk more professionally, also for (riskier) client segments which tend to be the financially excluded (and often poor), which ii) in turn could lead to adjustments in a bank's lending policy, which iii) in turn could lead to modifications in the bank's operational approach to lending to the poor (such as simplified application procedures) which iv) in turn could lead to greater financial inclusion of the previously un-banked (excluded). But this chain of events is not controlled by improved risk management skills (and potentially implies regulatory changes and strategy changes at bank level)– and there is nothing to suggest that in the linkage between improving RM skills and 'including the excluded' and lending more to the poor, to women and other target groups will actually happen unless there is commitment, capacity, procedures and 'strategic will' to make that application of enhanced RM skills.

b) **Bank selection was not guided by reducing poverty.** The RM ITP concentrated on selecting capable individuals – not on selecting banks or other financial institutions (such as micro-finance organisations) that had pro-poor lending strategies. Hence the strategic inclination to use the enhanced RM skills for a broader effort to boost pro-poor lending was usually absent or at least not systematically included.

c) **The RM ITP was a global programme and not necessarily linked into the design of national or regional Sida programmes.** As a global programme, the RM ITP was not necessarily a design ingredient in national Sida programmes just because it was also financed by Sida. However, some cases were encountered where a more explicit link between a local programme and the international programme might have benefited achieving Sida's wider goals[10] – but this linkage was not exploited.

[10] For example the ISET programme in Georgia

Conclusion #2: The transfer of technical skills was broadly achieved.
The primary objective of any training is to transfer skills, and that aspect was achieved. The main findings which support this conclusion are:

a) **As a training programme RM ITP was professional, competent and well-executed.** Participants rightly praised the programme and its organisation[11]. They were also able to confirm and offer evidence, in all cases examined, that they had broadened their understanding of risk management in general and the whole family of risks in particular (often citing learning for operational and market risk as especially new).

b) **The materials were state-of-the-art and professional.** The key concepts and key risks were well explained according to participants, many of whom also praised the trainers. The slide and training material is professional and world-class, although not without the possibility of further improvement, such as for example clear 'lessons learnt' summaries, and some minor practical points like large font for slides complemented by hand-outs for detailed text.

c) **The learning was participant led and shared amongst participants.** Participants took an active part in the learning. The group training sessions created an 'esprit de corps' amongst participants – fostered by able training organisation – and there are instances where participants consulted each other on how to understand or apply key concepts.

Conclusion #3: New technical skills were adopted to varying degrees in financial institutions.
As always, learning only has value when it is put into practice, so while it is concluded earlier that the individual participants had 'learnt', this next conclusion is essential for deriving benefit from that learning. The findings provide ample evidence of various applications of the learning:

a) **The regulator adopted aspects of the technical content.** Not only did participants from regulatory institutions attend the programme, but there are direct examples where the whole approach to risk management – and the output of some Change Initiatives – slotted directly into evolving regulatory frameworks, especially on credit risk and the Basel framework. The 'special relationship' which a regulator like the Bank of Uganda feels with the RM ITP (which one of its directors summed up as 'we derived considerable value from that programme') is testimony to its practical applications. Once the training is in-

[11] For highly subsidised and virtually free goods involving glamorous travel, it is not necessarily surprising that participants express satisfaction. However there were cases of participants who paid for travel and took holiday for the 3 weeks in Sweden and these expressed equal levels of satisfaction. Participants were interviewed who provide a balanced account noting short falls as well as praising that which was positive.

corporated into the regulatory framework, by definition it will be applied by the regulated institutions.

b) **Programme alumni are in senior (RM) positions and continue to network.** A number of participants are in senior Risk Management positions – which allows them to directly apply the learning. In addition, participants in other senior positions within banks – such as heads of Operations, Corporate Banking and Internal Audit remain able to introduce their RM perspective into their daily responsibilities. Furthermore, programme alumni network informally learn from each other what (RM) changes to introduce.

c) **The learning was formally shared with colleagues.** There is ample evidence of formal sharing of materials on return from the training sessions. This involved presentations to colleagues and bosses, and is another avenue for disseminating the learning and increasing the application opportunities.

d) **The programme was timely – and coincided with key financial sector milestones.** There are two key events that coincided with the programme: the global financial sector crisis starting in 2008 – which just preceded the formal launch of ITP 275 – and the development of enhanced Risk Management Regulations in many countries (and the development of Basel III). These both required greater risk management knowledge than existed in many emerging markets – and there is evidence that the RM ITP provided that knowledge.

Conclusion #4: It is also promising that elements of the training will be largely sustained.
The achievements include instilling elements which foster longer-term sustainability. These include:

a) **Introducing the RM teaching into regulatory frameworks and banks' own risk management guidelines.** The incorporation of the RM teaching into the regulator's guidelines for risk management in the banking system creates longer term sustainability. Similarly the adoption of the techniques into banks' own internal manuals and guidelines has the same positive effect for sustainability. There is evidence that this has happened.
b) **Recruiting RM ITP alumni for senior banking roles is another contributor to sustainability.** There is direct evidence that RM ITP alumni were sought out in external recruitments to fill senior roles. This enhances sustainability. Furthermore, not all those senior roles were in risk management, and by placing programme alumni in charge of other areas like Corporate Banking the learning from the programme is further disseminated, again enhancing sustainability.

Conclusion #5: Although well managed and implemented, there is scope for achieving higher value and impact within the existing concept.

The findings suggest that:

a) **Recruitment of participants was somewhat ad hoc and not systematic.** By recruiting participants by word of mouth and newspaper advertising some key risk management individuals may have been 'missed' in the recruitment effort. Had this been done differently the impact of the programme on more senior RM professionals might have been greater. It is understood that efforts were made to engage the Swedish representation and also others in a more systematic selection and recruitment but at least in the countries visited and based on the interviews, some 2 years later, this is not evident.

b) **The Change Initiatives were flawed in a number of ways and failed to generate the full potential impact.** Ideally each change initiative should generate valuable recommendations and be implemented, but the findings indicate that the choice of topic, relative lack of mentor support and low completion rate has reduced impact to below potential.

c) **The materials lacked sufficient emerging market relevance.** This relates especially to the findings in Annex F and reflect participant observations which focused on stressing emerging market realities (such as how to manage risk in the absence of a credit bureau). Also, perhaps more material should have been devoted to 'what you should do on return to your bank' and 'making change happen'.

d) **Linkages to local professional bodies were minimal or non-existent – except for the regional seminars.** The diploma was not linked into the local banking institute's qualifications which a number of participants felt diminished its local value[12].

e) **Technology was hardly used as a zero cost method of creating a Risk Management 'Community' and maintaining the professional dialogue, especially for change initiatives.** Technology was barely used to maintain professional linkages between and after training sessions – neither between Change Initiative teams and their mentors nor between alumni. The concept of mentor clinics operating via skype or similar was not employed.

[12] For example, in Uganda the Uganda Banking Institute offers a formal banking qualification, and agreement could be have been reached with this institution – and others in other countries – that the ITP training could substitute for the RM module in the local banking institute's courses.

Figure 4.1 Findings and conclusions *(part 1)*

Evaluation question	Findings	Conclusions	Evaluation question	Findings
1 Have the programme results been in line with the goals for Swedish Development Cooperation?	• There was limited explicit attention placed on poverty, gender or linkages to the rights approach. • The chosen focus on risk management rather than access to finance meant that the contribution to Swedish development goals was less direct (although for Eastern Europe the goals were different and the contribution more direct). • The ITP is not actively linked to Swedish Development cooperation at the country level.	1. The programme was relevant for the partner countries but did not directly contribute to Sida's wider development cooperation goals – nor was it designed to do so.	5 Were improved risk management skills and practices successfully adopted by financial institutions	• In most cases there is evidence of risk management skills being transferred beyond the participant and into the organisation that they work for through sharing material and formalised 'report back' requirements. • The timing of the programme (in the aftermath of the financial crisis) was helpful in ensuring that the skills were in high demand and put into practice. • Risk management skills were transferred where participants had internal risk management responsibilities. • The CIs have also led to adoption of risk management practices but the out-come is mixed with many initiatives remaining broad in scope and often not completed. • The banks' contractual link to the programme was weak and could explain a lower adoption rate of the enhanced risk management skills by the banks.
2 Has the programme responded to needs and demands in the partner countries?	• For the transition economies of Eastern Europe, the ITP was highly relevant and timely given the financial crisis of 2008 and the launching of national banking re-forms. • The programme in Eastern Africa responded to the needs of the regulators as well as commercial banks, especially at a time that the regulatory framework was be-ing elaborated post-global financial crisis and for the introduction of Basel III. • The CIs were relevant for many participants especially in Eastern Europe but a more varied picture emerges for the institutional relevancy of the CIs elsewhere.	3. New technical skills were adopted to varying degrees in financial institutions. 4. It is also promising that elements of the training will be largely sustained.	7 Can the results, directly or indirectly linked to the ITP-programme, be considered sustainable?	• Where the training and CIs are institutionally embedded the prospects of sustainability are strong • Where there is a critical mass of participants and alumni there are higher prospects of change being sustained, particularly where there are participants in the same institution or in institutions that collaborate • There is a risk that benefits will gradually dwindle without a longer term commitment towards continuous training. • The networking has initially been social but in some cases has extended to provide professional benefits which could sustain some of the benefits of the programme. • The programme strategy to use of LinkedIn and informal case by case networking is appropriate – there is little evidence that a community of practice approach would work.

Figure 4.1 Findings and conclusions *(part 2)*

Evaluation question	Findings	Conclusions
3. Were improved Risk Management skills successfully transferred to participants?	• Although the participants selected were well qualified, often influential in their own organisation and well targeted to make good use of the course, the selection process itself does not appear systematic or optimal • The training materials were well received and in many cases are still used by the participants, but there is also room for improving the tailoring, scope and implementation relevance of the materials • Based on interviews it was found that risk management skills were transferred although the application of these enhanced skills could not be tested • The participants noted that the programme also had weaknesses in tailoring and targeting. • The mentoring was mostly useful for planning the CI, thereafter comparatively little use or engagement of the mentor took place • Many CIs were not completed although partial completion did in some cases lead to useful results. • Where the CIs were strategic, the mentor role was sometimes effectively taken over by the participating institution.	2. The transfer of technical skills was broadly achieved.
4. Was the ITP model appropriate and efficient for improving risk management skills?	• The organisation, logistics and programme design was considered professional by the participants. • The ITP was well conceived and structured and especially the combination of theory and practice was appropriate. • External training was necessary given insufficient attention to training from within the banks and financial institutions. • The programme was expensive and relied almost fully on external skills and there are opportunities to explore options for making more use of technology.	5. Although well managed and implemented, there is scope for achieving higher value and impact within the existing concept.

Evaluation question	Findings
6. What other linked skills would be needed (and have been developed) to improve the impact and client benefits of enhanced Risk Management skills?	• The evidence of bank borrower benefits as a result of the ITP is weak, although it is stronger where the participating institutions have well targeted • Training in risk management did not always contribute to bank borrower benefits in terms of greater financial inclusion.
8. What are the roadblocks and enablers in the local context that can be useful for future programming, regarding reaching sustainable	• The programme is almost entirely subsidised; future programming would be more sustainable if an approach to market based delivery could be done. • Engagement of local /regional capacity development institutions is not yet built into the programme concept and design (other than for engagement of local ex-perts for the regional phases).

4.2 RECOMMENDATIONS

The link between the conclusions and recommendations is illustrated in figure 4.2

The recommendations flow directly from the conclusions. They are grouped under three distinct improvement areas:

iv) Recommended changes to *enhance the achievement of Sida's overall development objectives*

v) Recommended changes to *enhance the impact of the training*

vi) Recommended changes to *boost the sustainability of the programme*

A. <u>In order to make stronger contributions to its overall development objectives, Sida should consider:</u>

- Recommendation #1: **Targeting participation to pro-poor (and other specialised) financial institutions.** It is recommended to create an eligibility test for financial institutions based on clear criteria that define the institution's pro-poor activities – for example its strategy statement and guiding 'vision' and 'mission', its customer segmentation, its rural outreach, and/or its adapted application processes. Such selection criteria could be extended to gender, climate and other Sida policy related areas in order to target financing institutions that are specialised in these areas which could include credit guarantee funds, perhaps some agricultural or cooperative banks, maybe a specialist climate-related investment fund and others. This recommendation implies drawing participants mostly from financing institutions that are instrumental in achieving Sida's policy objectives.

- Recommendation #2: **Fostering the links and coordination between this global programme and national programmes.** It could be considered to establish a mandatory step in national Sida programme designs that checks whether any given proposed national programme could benefit in any way from the global skill improvement programmes. For example – a national programme proposing to channel funds through a bank might involve the RM ITP alumni in that bank. The task of making use of synergies would be shared by the Swedish representation, the programme organisers and local institutions as a commonly held goal.

B. <u>In order to enhance impact of the programme, Sida should consider:</u>

- Recommendation #3: **Adopting a participant recruitment process which captures all potential risk management participants.** It is recommended to devise a recruitment process which goes beyond word of mouth and a newspaper advertisement and is more comprehensive and systematic in reaching all potential candidates. A recommended way of doing this is to involve the National Bankers Association and use their regular meetings and communications with their entire membership to publicise the RM ITP, its content, benefits and required candidate profile. This is likely to give greater awareness of the programme and should boost the flow of applicants.

- Recommendation #4: **Enhancing bank commitment by strengthening the link with the banks and other financial institutions (as opposed to the participants).** It is recommended to strengthen the link with the financial institutions so as to boost ‘adoption rates’ and impact. Several ways are possible – separately or in combination. Either a ‘letter of intent’ could include reference to implementation (e.g. ‘we will review our RM guidelines based on the programme’), or the programme could invite bank management teams via video-link to ‘attend’ (virtually) the final Follow-up sessions. Or the latter could be broadcast via a webinar format to management teams in the participating countries, thereby involving them while avoiding the need for travel.

- Recommendation #5: **Improving the impact of Change Initiatives.** It is recommended to formalise three changes with respect to change initiatives:
    - Obtain and review a summary of key financial sector issues in a country (this was done for ITP 275). These are available from other sources in-country and the IFI-community and should list the top financial sector issues and concerns. Where not immediately available, this could be obtained with minimal costs by phone/skype interviews to key professionals who have the right overview – for example the Head of Research at a Central Bank, or the President of the Bankers Association.
    - Align the Change Initiative topics to the key financial sector issues (done by the ITP 275 but with some gaps apparent according to the evaluation findings).
    - Modify the mentoring design to go beyond structuring the CI and continue with ‘content’ mentoring during the full unfolding of a CI. This needs to be manageable and cost effective and can (now) harness the zero cost options offered by recent ICT developments. One recommendation which enthused the alumni – especially those stuck on their CI – was the idea of holding regular mentor clinics via skype (or equivalent e.g. WebEx and others). CI groups book a slot at a monthly clinic with their mentor and spend up to an hour discussing their CI via skype/similar with screen share and the possibility of pulling all participants into the meeting without travel or being physically in the same place. It is cost effective, and allows the mentor to track, prompt, stimulate, motivate and guide a CI group.

- Recommendation #6: **Emphasising various components to the materials**. It is recommended to:
    - Emphasise further the ‘what can I change when I get back to my bank’ aspects of the programme. This means expanding the change management and follow-up sections of the materials (and perhaps involving bank management in these sessions using ICT and distributing those slides to them too).

- Enhance the 'emerging market relevance' – especially explaining how to use advanced risk management tools in data-poor environments.
- Add various topics such as strategy risk, disaster cases and causes and solutions for recent financial crises.

Recommendation #7: **Introducing an emerging markets panel to review the materials.** It is recommended to review the materials for their 'emerging market relevance' prior to presenting them to participants. An independent panel (non-KPMG) of about 4-5 financial sector specialists should review relevance to emerging markets and their issues. For a long-running programme – like the RM ITP – this could be repeated every 2-3 years e.g. for adding topics such as which elements of Basel II and III should we focus on becoming compliant with first? The panel should comprise professionals with practical risk management experience and training experience from emerging markets and ideally they should be members of either the Global Association of Risk Professionals (GARP) and/or the Risk Management Association (RMA). It would also be useful if they had experience of working in a regulatory institution.

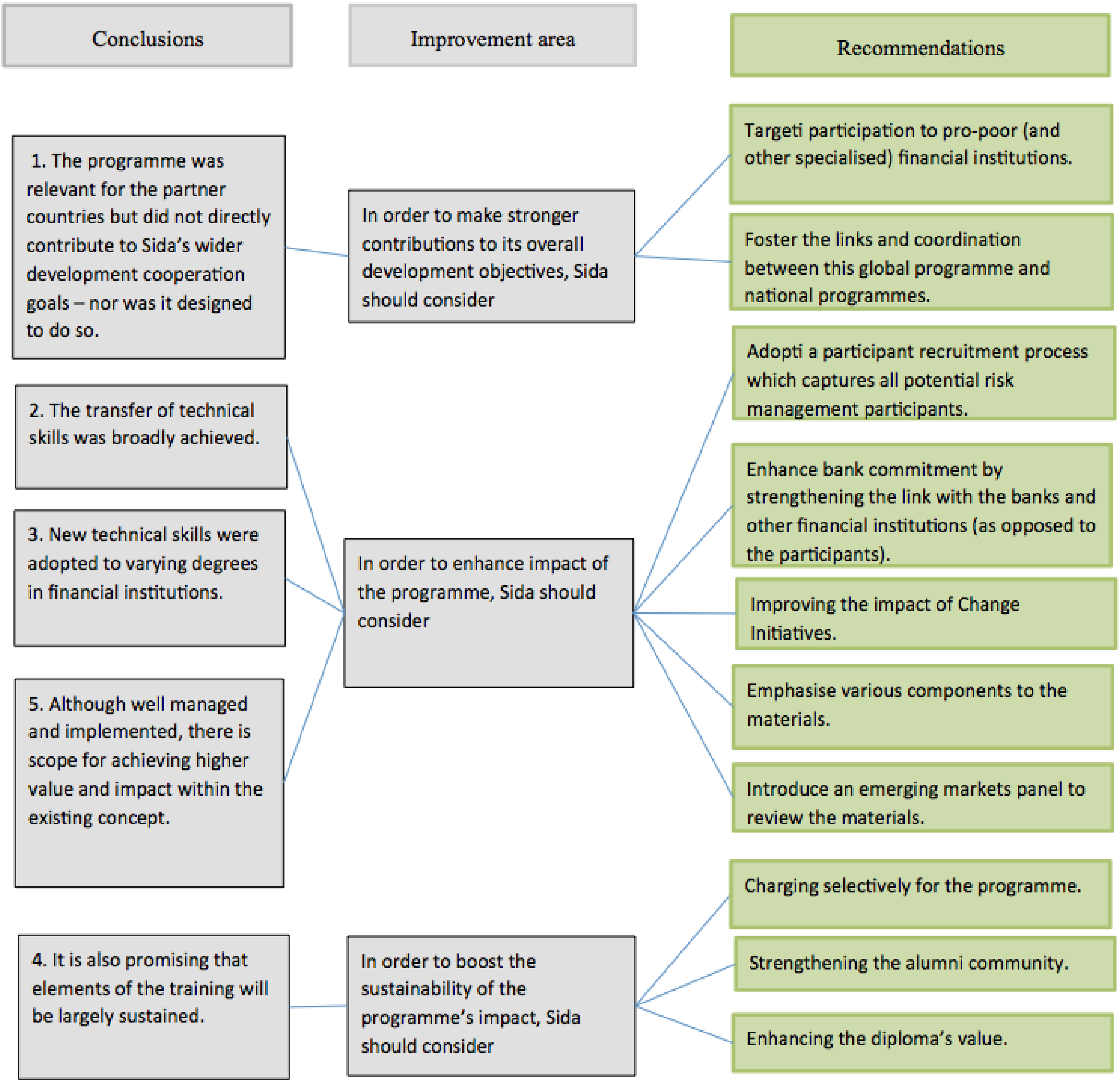
C. <u>In order to boost the sustainability of the programme's impact, Sida should consider:</u>

- Recommendation #8: **Charging selectively for the programme.** It is recommended to review the 100% subsidised nature of the programme and introduce fees to recover part of the costs, targeting especially foreign-owned banks. This is not an easy path but it is important to start such considerations sooner rather than later.

- Recommendation #9: **Strengthening the alumni community.** It is recommended to use ICT to maintain and intensify professional linkages amongst the RM ITP alumni. The recommended use is:
    - To provide content: via a dedicated password protected site where there are links to RM developments, papers with the latest thinking, short videos of interviews with RM professionals, and similar.
    - To hold meetings: virtual meetings and webinars can be organised via this dedicated site. This could stretch to technology substituting for the regional alumni seminars (thereby saving money).
    - To allow inter-alumni communication: a facility for blogs, posting questions, news of alumni groups etc.

- Recommendation #10: **Enhancing the diploma's value.** It is recommended to link the diploma's value by creating 'mutual recognition' with local Banking Institutes. For example – attending the RM ITP might be worth an agreed percentage of qualifying for the Banking Institute's exams – or similar.

Figure 4.2 Linkage between conclusions and recommendations



Annex A - Terms of Reference

1. Background

1.1 General information of International Training Programs (ITP):

International Training Programs (ITP) is one of Sida's methods for capacity development. The program is designed for middle- level managers from various organisations such as public institutions, government agencies, civil society, and private companies from DAC member countries.

ITP-program is built on the following principles:

- Offer key persons from developing countries the possibility to learn from the Swedish experience, model and expertise within a specific area which is prioritised in the Swedish development assistance and where the Swedish competence is in sought after.
- Offer key persons from developing countries the possibility to acquire relevant experience from other developing countries.
- Build into the program the vision that capacity development has clear change- and development goals.
- Contribute to forming a working network and partnership for capacity development and exchange of experience between persons from developing countries themselves and with Sweden.

Goal for ITP:

Good competence and high capacity in the organisations in the developing countries to drive forward the change processes for more effective poverty reduction.

Sida has defined this goal by inferring that organisations are represented by individuals who will have developed an adequate level of knowledge in their areas of expertise and be able to apply and further disseminate to others.

To reach the goal, Sida will:

Support capacity development of persons from different types of organisations in developing countries and within the framework of ITP, and create sustainable networks and partnerships between ITP participants as well as with Swedish representatives where one can have a mutual exchange of knowledge and experiences and stimulate continued and new involvement/participation. ITP programs should be within prioritised areas and where there is Swedish competence and capacity as well as where there is a need and demand in developing countries. Participants from all developing countries should be eligible however to strengthen the bilateral development cooperation some countries may be prioritised over others.

Since lack of capacity and corruption are a challenge in many developing countries, the activities shall contribute to an overall strengthening of institutional capacity to work with anti-corruption strategies.

1.2 Description of the actual program:
Since 2003, KPMG have, with support from Sida, organized programmes in risk management in banking since there was an identified need to improve capacity among relevant groups in developing countries. At the same time, Sweden, through KPMG, has the experience and expertise in the area. The initial *ITP 222 Risk Management in Banking* was procured in 2003 - an international programme with an aim to give the participants an overall and comprehensive knowledge and understanding regarding market development within the banking sector - a development that leads to a diversification both in terms of actors and new technologies; improved credit management and advanced risk management. One of the basic ideas of the programme was to highlight the Swedish banking system and to demonstrate innovative solutions and market trends. Between the years 2003-2005, KPMG implemented the training on four different occasions, with in total 102 participants from 31 different countries. *ITP 222* was implemented again as a three week programme in spring 2006 (222a), in the autumn 2006 and in the autumn of 2007(222b). Participants were asked to come up with suggestions of change projects to implement in the home organizations within six months after graduation. *ITP 222* targeted actors representing ministries of finance and other financial authorities; managers with responsibility for business development, credits, management and trading, and lawyers working at banks and other financial institutions. *ITP 222LA* was implemented between the years 2006-2008, with a special focus on Latin America.

Since the focus area continued to be of high importance, Sida decided to procure Risk Management in Banking again 2008, this time as a program in accordance with the ITP program structure and phases. KPMG won the bid in competition. *ITP 275* was implemented during 2009-2014 - in total, eight programs were implemented during 2009-2014 - one global, four African, three European. The programme objectives were to contribute to the long term capacity development for reforms and change processes in the financial sector in targeted countries by enhancing the participants´ (change agents´) understanding for the correlation between economic growth, openness and poverty reduction; the financial sector as an indispensable part of the economic infrastructure and the important impact financial markets have on public finances. The programme was to include the following:

- Analysis of the financial markets’ importance on public finances and its relevance for poverty reduction
- Overview of the financial- and banking market and its players
- Analysis of market adjusted pricing according to risk level
- Methods and tools for risk management, credit analysis and monitoring
- Review of the credit granting process
- Organization and control systems in the credit granting process
- Analysis of possible credit facility alternatives adjusted to local needs with maintained risk exposure
- Risk management for administrative and legal risks

- Market risk management and investment policies for e.g. pension funds
- Analysis on convergence between different risk management methodologies
- Review on payment systems importance, functionality and impact on public finances
- Programme and project management.

Every program round consisted of five phases. Teams of change agents from one country have been working together in a defined change process. The training programme have been engaging the change agents during approximately 14 months, of which approximately 4,5 weeks are educational (three weeks in Stockholm, Sweden and 10 days in one of the participants' countries).

Phase 1: Preparatory work prior to the training in Sweden
Phase 2: Core training period for three weeks in Stockholm
Phase 3: Change initiative development in respective home country, with mentor support.
Phase 4: A 10-day regional follow-up seminar.
Phase 5: Change process finalization. (Mentor support to be made available up to 6 months after the end of programme).

2. Evaluation Purpose and Objective

The purpose of the evaluation is to identify results and lessons learned from *ITP 222/275 Risk Management in Banking.* For the implementing organizations as well as for the financiers, this evaluation constitutes an important opportunity to review results and experiences in a more systematic way, and a basis for program development for the future.

The over-arching objectives of the proposed evaluation are:

- to identify results (positive/negative and expected/unexpected) of the ITP, with a particular focus on tangible effects with regard to individual and organisational (and possible national) capacity building that can directly or indirectly be derived from the programme;
- to identify lessons learned from implementation of an ITP-programme with a view to future programme development;
- to assess the extent to which a rights-based approach and a poor people´s perspective have permeated the programme.

Suggested evaluation questions are based on OECD/DACS criteria's for evaluation of development cooperation:

Effectiveness and outcomes:

- What changes has the ITP programme resulted in on individual (output), organisational (outcome) and national (impact) level?
- Concrete examples of change: On individual, organisational and national level?
- How has the programme effected (positive/negative, expected/un-expected, direct/indirect) the participants and the participating organisations?

- Results of the participants “change projects”?

Relevance and applicability

- Has the programme results been in line with the goals for Swedish Development Co-operation?
- Has the program responded to needs and demands in the partner countries, and have participants´ needs and priorities been fulfilled?
- How has the principles of participation, accountability, transparency and non-
- discrimination, and the perspective of the poor been taken into account in the programme?

Efficiency

- Was the organizer able to address capacity deficits in the participating countries?
- Looking at FSD from a broader view– how big part of the *total development challenge* is associated with risk management? How could a future programme in the area include both financial regulators as well as actors in need for access to capital, to further address the capacity deficits in participating countries?
- Did the organizers ´selection process manage to target agents of change?
- Was the ITP-model an efficient tool to achieve the goals set? Could the format be altered for better results?
- Has KPMG been able to provide sufficient and relevant mentorship to participants’ in relation to their change projects?
- Did the organizers manage to follow up on results and lessons learned? Was the program adjusted in relation to this?
- How can the ITP-model be more efficiently integrated in the overall development co-operation in the countries?
- Can the costs of the intervention be justified by the results?

Sustainability

- Can the results, directly or indirectly, be linked to the ITP-program, be considered sustainable? Will benefits produced by the program be maintained after the cessation of external support?
- Did the program result in a ‘critical mass’ of change agents from the respective countries?
- Identify roadblocks and enablers in the local context that can be useful for future programming, regarding reaching sustainable results.
- Are networks and relations established (or strengthened) in this program still active? What function do they fill for the former participants and participating organizations?

3. Scope of the assignment

This evaluation has a focus on *ITP 275a* and *ITP 275b*, however, the evaluator is expected to feed in results, experiences and lessons learned from the previous parts (*ITP 222/ ITP 222LA*). ITP 275 has also been implemented on a national level in the Middle East (Iraq). Since the bilateral support to Iraq is being phased out, overall results of development aid on a bilateral level will be followed up separately. The bilateral versions will not be included in this evaluation.

Sida welcomes a suggestion from the consultant regarding the assignment structure, with a balance between collecting results and lessons learned more widely and the conduction of in-depth studies in some countries/regions or areas. This is to be presented in an inception report, for Sida to approve on. Sida and the consultant shall have an initial dialogue regarding which countries/regions of special interest for Sida.

The evaluator is expected to use a combination of methods and information to be able to respond to the evaluation questions, such as:

- A review of relevant documentation from the ITP- program (tenders, invitations, reports, etc.)
- A review of relevant documents, policies and strategies within Sida.
- An analysis in the area of financial markets and risk management, with regard to problems in the partner countries.
- Interviews with responsible officers at Sida, the respective embassy and other relevant actors.
- Interviews with the program organizer´s managers and administrators.
- Surveys with former participants.
- Field visits in participating countries/region to a minimum of 2 programme countries, to allow in-depth study of relevant evaluation questions, including in-depth interviews with a selection of actors. This is to include a minimum 5 former participants, but preferably several more.
- Skype interviews with a sample of participants, superiors from participating organisations and possible other actors, from other countries than the ones visited.

The methodology used must be described and explained in the final report. Also, all limitations shall be made explicit, and the consequences of these limitations shall be discussed. The evaluator is expected to carry out the assignment in a cost efficient manner. Sida´s evaluations shall conform to OECD/DAC´s quality standards and adhere to the terminology of the OECD/DAC Glossary on Evaluation and Result-Based Management as far as possible.

4. Organisation, Management and Stakeholders

The main stakeholders of the evaluation are Sida and KPMG. Former ITP training participants are also stakeholders and some will have an active role in the evaluation through the interviews, and an even smaller group will be involved in the in-depth interviews.

Evaluators will report to a steering group consisting of representatives of both Sida and KPMG, and will receive comments from both agencies. The steering group will be chaired by the responsible programme manager at Sida, who will be the contact person for the evaluator during the assignment.

5. Time Schedule

The assignment shall be conducted during the period **May 2015 - December 2015.** During this period, dialogue shall be held continuously with the programme manager at Sida.

The evaluation shall be reported in English. A first draft of the report is to be submitted to Sida no later than **31 October 2015**. After joint comments from Sida and KPMG, the final report is to be submitted within two weeks. The assignment is to be seen as completed after the submission of the final report. A more detailed overall time and work plan is to be included in the consultant´s proposal to Sida.

6. Reporting and communication

Inception report: An Inception Report describing the approach, methods, further elaboration of the evaluation questions and a more detailed timeframe of the evaluation shall be submitted to Sida within 4 weeks after signing the contract. The Inception report will delineate in more detail the approach and methods to be used in carrying out the evaluation. The consultant shall be available for an initial start-up meeting at Sida, and a meeting in connection with the submission of the inception report.

Progress report: The consultants shall verbally summarize the work when the in-depth interviews have been conducted and compiled. Sida has the possibility to invite the program organizers to this summery, if Sida finds it suitable.

Final report: The consultants shall present the conclusions and recommendations in a final report written in English. *Sida may also ask the consultant to present the findings and recommendations in a brief presentation*. Sida has the possibility to invite the program organizers to this presentation, if Sida finds it suitable.

Suggested form of the report:

1 Summary
2 Background of the KPMGs ITP program
3 Evaluation Methods
4 KPMGs Organisation's structure and steering mechanisms
5 The implementation of the program
6 Review of the programs' results
7 Analysis of the program in the global/ regional context
8 Review of the programs' significance within the area of Risk Management in Banking
9 Analysis of the Swedish resource base
11 Concluding remarks and Recommendations for future program
12 Attachments and reference material

7. Budget/resources

The Evaluation Consultant costs shall not exceed 600 000 SEK. Access to documentation as well as staff for interviews – Sida, relevant embassies and KPMG staff - will be facilitated. Contact information for the programs' partners and the participants and their organisation will be made available.

8. Evaluation Team Qualifications

The assignment shall be implemented by a consultant with the following competency profile:

- Documented expertise of conducting evaluations within the area of capacity development in relation to Swedish development aid.
- Knowledge and understanding of different methods in Swedish development
- aid1 and preferable experience of method development.
- Documented knowledge of financial market development in relation to poverty reduction and anti-corruption; as well as risk management in finance/banking and policy implementation.
- Documented expertise in in-depth interviews as a method
- Available for the assignment during the designated timeframe
- Knowledge of Swedish (for document review) necessary; Final Report shall be written in English; former ITP participants to be interviewed in English and Spanish.
- The Evaluation team shall not have been involved in the formulation of the ITP
- program (ITP 222/275- Risk Management in Finance/Banking) being evaluated.

Note: *The consultants carrying out the evaluation will not be eligible to bid on any procurement for the implementation of any new ITP programs which may results from the recommendations from this evaluation.*

9. References

Relevant documents which will be useful for the Evaluation team to review:

- ITP program documentation: participants lists, agendas, list of programme literature, list of program managers/coordinators, partners and contributors (lecturers etc.), reports, tender, ToR and other relevant documents.
- Other relevant documents regarding FSD from a pro-poor perspective; risk
- management in the financial sector etc.
- Relevant Sida guidelines
- Sida ITP documentation on the program : decisions and assessments of the contributions (programs)
- Relevant strategies from the Swedish government

Annex B - Change initiative summary

Country	Stream	Year	Change project (notes on rationale)	CI
Uganda	RMF	2009	Enhance credit risk management guidelines for financial institutions (test if the guidelines were issued and if they are still in use and if they have been helpful)	1
	RBS	2010	Enhance credit management process to promote agricultural funding (this could be linked to pro-poor development if smallholders included; test if funding to agriculture increased in the relevant bank compared to others)	2
	RBS	2011	Inclusion of small scale investors in capital markets in Uganda (this could be linked to pro-poor development depending on the inclusion criteria; test if funding increased in the relevant bank compared to others)	3
	RFS	2012	Developing Key Risk Indicators (one of the latest projects: Test if the processes were implemented in practice and any outcome in terms of greater inclusion, longer loan periods or less default)	4
	RMF	2013	Methodology to assess risk management maturity.	15*
Georgia	RBS	2009	Enhance the risk base supervision ongoing process (test against the CAMEL model of financial stability)	5
	RFS	2011	Improve asset classification and loan provisioning framework (test if the dynamic provisioning model was put into practice and if so what impact it has had)	6
	RMF	2013	Draft a scoring system in Georgia (test if the system was put into practice and what impact it has had)	7
	RMF	2013	Enhanced framework for credit granting (test if the credit rating was established)	8
	RFS	2012	Road Map for Basel II implementation in Georgia	13*
	RFS	2011	Financial sector risk research aiming to propose regulatory enhancements	14*
Zambia	RBS	2013	Promotion of a financing scheme tailored to small scale farmers in Zambia (this is a combined project with participants from the National commercial bank and Zanaco bank: it also tests a pro-poor approach)	9
Rwanda	RBS	2013	Improve women's access to credit in Rwanda (this is a combined project with participants from Access, Fina banks and the Uwalimu SACCO: it also tests a pro-poor approach)	10
Macedonia	RFS	2011	Basel II readiness for effective implementation (test the Basel II readiness as this was done in a number of countries)	11
Moldovia	RFS	2013	Enhance risk reporting for institutions under supervision (test if the regulation was adopted and any impact)	12
Mexico	RMF	2008	Establishment and Development of the Department of Regu-	16

			latory Affairs, Policy and Procedure	

*field visit CIs added after inception report

Case number	CI 1
Name of project	Enhancement off Credit Risk Guidelines for Financial Institutions
Country	Uganda
Name of participants	Anne Kiwanuka, Supervision Team at Bank of Uganda James Nyakojo, Bank of Uganda Julie Olima Oyet, Bank of Uganda Alex Kayayo, Post Bank of Uganda Caroline Akello, Stanbic Bank Uganda
Institution	Bank of Uganda
Programme round (year)	2009
Objectives of the project **Results expected**	Objectives (presented as reasons for the initiative): Financial Institutions were to have documented policies and procedures governing Stress Testing program in place covering; • Persons responsible for the origination and approval • Frequency within which Credit Risk tests should be conducted • Overview of the methodology used in identification of relevant scenarios • Conclusions derived from the stress tests and recommended remedial action A. Deliverables i) The key deliverable was the Credit Risk Stress Testing Guidelines. ii) A secondary deliverable is that these have been incorporated in the new Risk Management Guidelines for SFIs in Uganda to be issued by the Central Bank Guidelines cover the Rationale, Roles & Responsibilities, Frequency, Methodology used and Links Stress Testing results to Capital Adequacy
Description / rationale	The rationale for this CI is strong; in the context of an evolving financial sector, expanding regulatory framework and a global financial sector crisis, stress testing for the impact of portfolio quality on capital levels was (and remains) highly important. The CI fills a direct gap – to enhance the credit risk guidelines in the more comprehensive central bank risk management guidelines – with particular reference to stress testing of various scenarios on capital adequacy. Its potential impact is significant and high.

<table>
<tr><td>Quality of project design</td><td>The design of the project was ambitious – as it involved a) detailing a relatively new concept in the Ugandan context; b) involving a range of commercial banks and getting central bank approval and buy-in.

The output of the CI became a section of the BoU Risk Management Guidelines</td></tr>
<tr><td>Quality of project report</td><td>A succinct power point presentation sets out clearly the
Activities
Results
Challenges
Interface with stakeholders
Successes
Next steps</td></tr>
<tr><td colspan="2" align="center">Findings from the field visit</td></tr>
<tr><td>Date of visit</td><td>8th September 2015</td></tr>
<tr><td>People met</td><td>Anne Kiwanuka, Supervision Team at Bank of Uganda, speaking on behalf of team of 5 in total (3 from BoU) and briefly the Director, Banking Supervision, Bank of Uganda</td></tr>
<tr><td>Findings /observations</td><td>As this was a 2009 CI, some of the team had moved on but Anne was able to speak for all. She is an impressive and articulate risk management professional working in the Banking Supervision team at the Bank of Uganda.

<u>Relevance:</u>
It addressed a timely and important issue in the context of the global financial sector (2009 full peak of the global crisis)
It introduced a critical tool in that context – specifically stress testing to assess capital adequacy
<u>Results obtained:</u>
This CI should be seen as a success story for several reasons:
It was completed – notwithstanding the usual professional and personal challenges
It produced a result that was adopted by the regulator – the Bank of Uganda – who incorporated the recommendations into their overall Risk Management Guidelines for commercial banks
It interfaced with the commercial banks and managed to get their cooperation and buy-in to a new (and fairly onerous and time consuming) concept
It helped strengthen the ‘special relationship’ which developed between the Bank of Uganda and the RM ITP and which flourished further after this group and CI</td></tr>
</table>

	Sustainability: The key contributor to sustaining this CI's results is that it was incorporated into the Bank of Uganda's revised Risk Management Guidelines. By virtue of being incorporated into regulation it will be applied by licensed banks under supervision of the Bank of Uganda. Mentoring: The participants were satisfied with the quality of mentoring in Sweden and the benefits derived in structuring the CI. It was noted that the development of the CI to its full conclusion relied mostly on the sponsorship of the Bank of Uganda and its direct interest to have this CI completed and its results inserted into its Risk Management Guidelines.

Case number	CI 2
Name of project	Enhancing credit risk management to promote lending to agriculture in Uganda
Country	Uganda
Name of participant	Michael Opira, then Risk Team at Housing Finance Bank and now Head of Corporate Banking at EcoBank Albert Barekiye, Post Bank Uganda David Tumwesige, Finca Uganda Francis Banalekaki, Global Trust Bank Francis Ogwang, Centenary Bank Uganda
Institution	
Programme round (year)	2010
Objectives of the project **Results expected**	Objectives (presented as reasons for the initiative) The main objective is to 'demystify' lending to agriculture so as to increase the average % of bank portfolios allocated to the sector B. Deliverables The deliverable of the CI is to produce a consultative working paper which acts as a guideline for credit risk management for agricultural lending.
Description / rationale	The rationale for boosting lending to agriculture is strong and well articulated by the CI. The sector accounts for 31% of GDP and 77% of employment but receives less than 20% of commercial bank lending and much of that goes to a few large plantation farmers. Other farmers tend to pay high rates or obtain short term financing only. Many smaller farmers are excluded from access to institutional finance altogether.

	The CI aims to address this by refining and improving the risk management tools available to banks which take into account the specific issues facing farmers in obtaining finance – for example seasonality of cash flow, limited collateral to secure lending due to land tenure laws, and crop and other risks.
Quality of project design	The project is well conceived and logically structured with clear separation of the types of risk that banks need to address. The quality of the power point slides are high. However, the project is ambitious and the design seeks a 'holistic' approach to a series of macro and sector issues that are far beyond the control of the CI team. This is basically a design fault and probably the main reason that the project has come to a halt, unfinished.
Quality of project report	The slides on the CI are high quality – but the project is unfinished and no further documentation was available.
Findings from the field visit	
Date of visit	10th September 2015
People met	Michael Opira, Head of Corporate Banking, EcoBank Uganda
Findings /observations	Relevance: • The issue is highly relevant and of major macro-economic significance. So it is entirely welcome to develop a CI which tries to provide the RM tools to boost lending to agriculture (as opposed to agri-processing) • The issue was timely then and remains timely now. Results: • Three of the five team members have changed jobs since the RM ITP and occupy three senior management positions at EcoBank. So there is a heavy imposition on their time and little personal availability to work on the CI. • In addition the CI takes a broad 'holistic' approach to boosting lending to agriculture and lists a wide range of activities such as reviving cooperatives, changing land tenure laws and property registration, automating the land registry, training farmers, and other dimensions which need to be fixed but are far beyond the reach of the CI. (An alternative would be to focus only on the things that the bank controls within an 'imperfect lending environment.) • The result is that the CI is not finished and the team does not meet any more. Sustainability:

	By definition an unfinished CI has no sustainable impact. Mentoring: The structuring of the work is too broad – and although mentor-driven efforts were made to focus this more (specifically on credit risk) – the focus remains too broad to be manageable.

Case number	CI 3
Name of project	Inclusion of small scale investors in capital markets in Uganda
Country	Uganda
Name of participants	Stephen Ssendikaddiwa-Mwebe, Director Bank of Uganda Charles Tumwebaze, Uganda Revenue Authority Samuel Kanakulya, Mercantile Credit Bank Consolate Kiyingi, Diamond Trust Bank
Institution	Bank of Uganda
Programme round (year)	2011
Objectives of the project **Results expected**	Objectives (presented as reasons for the initiative) • To provide access for small investors to the capital markets in Uganda • To mobilise an additional pool of investment funds – thought to be substantial • To reduce poverty by increasing the pool of available investment in productive activities Deliverables • A document to inform stakeholders what should be done by them to promote inclusion of small investors; called 'The Model' • Seminars to spread awareness and promote action • Sensitization materials for use by stakeholders C.
Description / rationale	The rationale of the CI is strong. In many countries small investors are excluded from markets by virtue of high/onerous requirements to participate. If adjustments by key institutions e.g. the Capital Markets Authority (CMA), can pull these investors in to the market place – this could release an important additional source of capital
Quality of project design	The CI is structured in four steps which involve four distinct activities. These are logical and well conceived: • Activity 1: interviews and literature review • Activity 2: Focus groups and discussion workshops • Activity 3: Design, review and finalise model • Activity 4: Produce publication, sensitisation materials, semi-

	nars
Quality of project report	The project has not progressed and there are no final documents. Some initial discussions were held with the CMA – but the model was not finalised.
Findings from the field visit	
Date of visit	8th September 2015
People met	Mr Stephen Ssendikaddiwa-Mwebe, Director Bank of Uganda
Findings /observations	Relevance: • The selection of the topic is highly relevant and addresses a key financial sector issue in Uganda – the lack of investment resources and the immaturity of the capital markets Results: • There is no result as the approach is too broad – in the sense that the CI takes a macro perspective and attempts to deal with 'everything' that affects the ability of small investors to participate in the capital markets. That in turn requires sign-on and sign-off from too many institutions – which has brought the CI to a halt. • In addition, the CI was focused on an area where there were already various initiatives – leaving the question whether there was duplication? • This issue, together with obvious personal constraints – have caused the CI to remain unfinished. Nor is it 'nearly' finished and major effort would be needed to revive and complete. Sustainability: By definition, there is no comment on sustainability as the CI is not finished. It should be noted that the initiative (and the issue it was designed to address) remains important but would need serious effort to revive, update and reinvigorate. Mentoring: • The approach is sensible and a reflection of value added from the mentoring process. Specifically the focus on a range of stakeholders who have a direct interest in the topic and structuring the work in four phases is appropriate.

Case number	CI 4
Name of project	Developing Key Risk Indicators
Country	Uganda
Name of participants	George Achanga, Bank of Uganda Immaculate Nakato, Bank of Uganda Daniel Bakaki, Stanbic Bank of Uganda

	Agnes Mayanja, DFCU Bank
Institution	Bank of Uganda
Programme round (year)	2012
Objectives of the project **Results expected**	Objectives (presented as reasons for the initiative) • To Identify key processes and key risk indicators for selected risks in the central and commercial banks • To evaluate the suitability and effectiveness of each of these metrics as leading risk indicators • Develop a standard register of KRIs that can be used and expanded by financial institutions in Uganda to manage risk Deliverables • The Stakeholders' positive reception • Update of Risk registers • Expansion of data collection by sections • Identification of new risks • Enhanced involvement of Risk Managers • Improved risk assessment • KRI registry and Templates
Description / rationale	The rationale of the CI is persuasive and sets out first the financial sector context where it is highlighted that: • Rapid growth of financial industry in Uganda in the past 10 years. • The Financial sector grew by up to 22% over the period. • The number of Commercial Banks increased from 14 to 25 • Total number of branches for the commercial banks increased from less than 200 to 500. • New processes and products including, marketable securities instruments, money transfers, internet banking, mobile phone banking, interbank switch and agency banking have developed. • The developments came with increased risks The CI plan goes on to explain what this means for early detection of problems via a key risk indicator framework: • Risk departments in banks are new and lack standard risk management methodologies. • While the risks affecting banking in the Uganda are principally similar, different banks still use different ways of monitoring their risks and to that effect there is a need to develop a standard set of KRI. • The standard set of KRIs is intended to be in line with Basel recommendations and best practices to provide timely, leading, indicative information about emerging risks and enhance sound

	risk management of financial institutions in Uganda The logic for the CI is strong.
Quality of project design	The CI is structured in three steps which involve three time phases of distinct activities. These are logical and well conceived: • Activity 1: Identify key processes and KRIs • Activity 2: Assess the effectiveness of generic KRIs • Activity 3: Develop a standard register for the KRIs D. Altogether, the CI timeline spanned five quarters and ran from September 2012 (completion of Stockholm module) to end 2013. At interview (September 2015) the CI had not been completed.
Quality of project report	The CI has developed some internal working notes for discussions with the various departments of the Central Bank but there is no formal report. The slides setting out the CI activities are good quality and well structured.
Findings from the field visit	
Date of visit	9th September 2015
People met	George Achanga, Bank of Uganda Immaculate Nakato, Bank of Uganda
Findings /observations	Relevance: • The selection of the topic is highly relevant and addresses a key financial sector issue in Uganda – the lack of a comprehensive set of Key Risk Indicators which can serve to monitor – and also act as an early warning mechanism – these risks. • It is also timely, as the CI points out the financial sector is becoming more complex which brings more risks – and this continues. Results: • There are some achievements for the first stage of the CI: Identifying key processes and KRIs. In addition there are some early, partial achievements for the second stage – assessing the effectiveness of generic KRIs. These consists mostly of having presented early proposals to 18 of the 22 departments at the Bank of Uganda and having approval from 6 of these. • But although this is to be commended in a major buy-in effort, it is far from complete and so in terms of usable results the CI has not delivered, three years after kicking off. Sustainability: By definition, there is no comment on sustainability as the CI is not finished. It should be noted that the initiative (and the issue it was designed to

	address) remains important and would be relatively easy to reinvigorate. Mentoring: • The team felt lonely and stuck – and wondered if mentor support could not have continued. • In an open exchange of ideas, they welcomed enthusiastically the idea of mentoring via skype and having a 'professional reference point' outside Uganda.

Case number	CI 5
Name of project	Enhance the risk based supervision (ongoing process)
Country	Georgia
Name of participant(s)	Erekle, Gvaladze, Deputy Head of State Loans and Deposit Giorgi Agladze, Now TBC, then Georgia FSA Maia Gusharashvili, formerly Georgia FSA Natia Tsotsonava, formerly Georgia FSA
Institution	Ministry of Finance of Georgia
Programme round (year)	2009
Objectives of the project **Results expected**	Objectives (presented as reasons for the initiative) • *"To provide a flexible, risk-sensitive capital management framework instead of rough and strict Regulatory Framework* • *To establish Capital requirements dependent on asset quality* • *To have a regulation of capital reflecting internal risk assessment* • *To have tougher disclosure requirements and more rigorous supervisory review* • *To allow banks to create an internal rating system* • *To provide more diversified risk weighting of assets* • *To further integration in global financial system* Deliverables To fully cost the implementation (based on discussion with GFSA and banks) of selected risk based supervision actions: Pillar II; ICAAP; SREP; Probable capital charge for operational risk.
Description / rationale	There is a concise and well considered presentation of the context and rationale for the change initiative (presented at the regional seminar in Cape Town). The initiative is highly relevant given the post-banking crisis and the conflict with Russia and the withdrawal of Foreign Direct Investment which placed stress on the banking system. The initiative is also highly strategic as it will have wider impact on the entire banking system. The impact is potentially very high.
Quality of project design	There is not a single design report. The information available is in a powerpoint outline of the project (regional seminar) and the one slide presentation at the Alumni event in Tbilisi in 2012. The design however is well-conceived and takes its departure point on how to improve

	ongoing risk-based supervision processes. The current projects (Advanced Risk Responsive Operating Framework (ARROW) and Consolidated Supervision) are identified along with challenges and short coming experienced in risk based supervision and implementing the current projects.
Quality of project report	A systematic presentation of milestones, inputs, activities, deliverables and indicators is made on a one page powerpoint presented at the Alumni event. Although systematic, the presentation does not provide evidence for what activities were undertaken or the deliverables and impacts actually achieved. The indicator states " enhanced financial stability (thanks to a rating model based on CAMEL[13] to rate financial institutions under supervision, guide supervision and contingency action) – but this is not quantified or supported.
Findings from the field visit	
Date of visit	15 September 2015
People met	Erekle, Gvaladze, Deputy Head of State Loans and Deposit Giorgi Agladze, Now TBC, then Georgia FSA
Findings /observations Relevance (EQ 4 - Indicator 4.2 The CI was relevant for all participants in each group and for his/her organisation.) Results obtained – evidence of change : EQ 1 indicator 1.1 The ITP programme has resulted in changes (concrete examples) on individual (output), organisational (outcome) and national (impact) level . Indicator 1.2 The ITP programme has affected the participants and the participating organisations in a positive rather than	Relevance • The CI was very well timed (2009) as it came just as Georgia had already decided to embark on a series of reforms of the banking sector and specifically how risk was managed. • The CI as designed was directly relevant for the National Bank of Georgia (NBG) and less directly so for the Ministry of Finance • The CI was linked to ongoing efforts by especially the NBG (implementation of Basel I and II and ARROW which later became the General Risk Assessment Program (GRAPE)) • There was value in the participation of the Ministry of Finance because it had an overall policy role and because the Ministry needed to manage the risks of investing the excess liquidity of the treasury. • The CI did directly address access to finance, poverty, gender or human rights except that indirectly by contributing to a robust financial service sector it creates conditions that will increase access to finance, reduce poverty and put duty bearers in a better position to respect rights. Two of the 4 CI participants were women (not interviewed as they had changed job, moved abroad in one case and not available in the other). • The participants noted that it was very good that the CI was chosen by the participants and not others such as the programme organisers.

[13] CAMEL – a supervisory rating system (C)apital adequacy, (A)ssets, (M)anagement Capability, (E)arnings, (L)iquidity (also called asset liability management), (S)ensitivity (sensitivity to market risk, especially interest rate risk

negative way, and the presence of expected/un-expected, direct/indirect effects can be found/shown/measured). Indicator 1.3 The participants' "change initiatives" have created worthwhile results Sustainability EQ 7 Indicator 7.1 Benefits produced by the programme are maintained after the cessation of external support. Mentoring (EQ 5 Indicator5.3 The organiser was able to provide sufficient and relevant mentorship to participants' in relation to their CI)	Results obtained – evidence of change • There is no formal documentation of the CI results • There is evidence however that the CI was carried out as part of the daily work of the relevant staff and those activities that were relevant were implemented and contributed to part of a much wider effort aimed at changing from a rule based supervisory approach to a broader risk management approach that took account of broader range of factors. • For the MOF the main result of having a better insight into how to minimise risks of investment of excess liquidity (e.g. invest in banks according to their size and exposure) arose from the training programme material rather than the CI. (From the training programme, the MOF also got a deeper understanding of how it could independently assess how well the commercial banks that it was investing in were managing their risks). • There is very strong evidence of change overall in the financial services sector that is provided by the recent IMF Financial Services Assessment Program report (January 2015). The training programme and this CI was one of many contributions to the relative success of the reforms since 2007. Although it is not possible or meaningful to attribute a particular action to the CI, it can said that the CI followed and was effectively taken over by the wider program of reforms and this became part of the reform actions. • From the interviews, it emerged that it was the training programme as much as the CI itself that was the main driver or creator of value because a separate training programme specific CI was not practical and the work described under the CI was done as part of daily work routines that were mixed with all other duties which also explains why there was not a reporting follow up. On reflection it might be that the CI could have been conceived or developed as a sub-project of the wider program (if that had been ready at the time). This could lead to suggestions for how to design CIs where they are intended to support ongoing programs. Sustainability • There are good prospects for sustaining the outcomes of the CI because it was part of a wider program and since 2009 the efforts at risk management have continued and have been adapted and adjusted according to the needs. • The CI had the benefit of involving 4 participants and also the benefit that because it was part of a wider reform program the overall efforts at reform were consolidated and continued after the CI and developed by later CI undertaken by participants. Mentoring • The participants are satisfied by the mentoring • The participants found that very good support was given during the period in Sweden especially on design of the CI and presentation of the logic flow; there was no (or very little) contact after Sweden • It was noted that to add value (apart from project design) the mentor needed to come from and be fully involved in the very specific area of the CI.

Case number	CI 6
Name of project	Improve asset classification and loan provisioning framework
Country	Georgia
Name of participant	Giorgi, Shikhashvili; Deputy Director Corporate Banking Division

	TBC. Irakli, Jibladze ; Head of Risk Management Türkiye İş Bankası A.Ş. Batumi. Nino, Sharumashvili Senior Specialist Supervision Department; National Bank of Georgia
Institution	TBC; Türkiye İş Bankası A.Ş. Batumi; National Bank of Georgia
Programme round (year)	2010
Objectives of the project **Results expected**	The overall objective can be considered as " improved classification leading to improved "past due" management and lower risk and improved overall stability " The results can be considered as: • New asset categorisation methodology • Building loan loss reserves on interest receivable • Treatment of collateral and multiple borrowers • Loan reviews and classification of restructured loans
Description / rationale	The initiative aims at reviewing international experience and comparing it to current practice in Georgia and making recommendations for adjustment. The rationale for the initiative is that Georgia by learning from other systems of asset classification and loan provisioning can improve performance in the financial sector and ensure stronger and less risky economic growth. The main activities are: • Memos on shortcoming of current decree • Major international practice documents identified and their applicability to Georgian context discussed • Dynamic Provisioning model presented • Analysis on retail credit market specificities and simulation model on identification of critical regulatory past shared within team and NBG • Tax treatment practices presented within team • Presentation of conclusions and recommendations E.
Quality of project design	There is not a single design report. The information available is in a powerpoint outline of the project and the one slide presentation at the Alumni event in Tbilisi in 2012. The powerpoint outline is clear and provides considerable detail on
Quality of project report	A systematic presentation of milestones, inputs, activities, deliverables and indicators is made on a one page powerpoint presented at the Alumni event. Although systematic, the presentation does not provide evidence for what activities were undertaken or the deliverables and impacts actually achieved. The presentation reports on a the main activities carried out and presents the main findings, conclusions and recommendations. The response of the National Bank of Georgia to the recommendations and whether they were accepted and implemented and any impact they have had is not reported on.

	A single indicator on "dynamic provisioning model put into practice and if so what impact it has had" is identified but this is not quantified or supported.
Findings from the field visit	
Date of visit	17 September 2015
People met	Nino, Sharumashvili
Findings /observations Relevance (EQ 4 - Indicator 4.2 The CI was relevant for all participants in each group and for his/her organisation.) Results obtained – evidence of change : EQ 1 indicator 1.1 The ITP programme has resulted in changes (concrete examples) on individual (output), organisational (outcome) and national (impact) level . Indicator 1.2 The ITP programme has affected the participants and the participating organisations in a positive rather than negative way, and the presence of expected/un-expected, direct/indirect effects can be found/shown/measured). Indicator 1.3 The participants' "change initiatives" have created worthwhile results Sustainability EQ 7 Indicator 7.1 Benefits produced by the programme are maintained after the cessation of external support. Mentoring (EQ 5 Indicator5.3 The organiser was able to provide sufficient and relevant mentorship to participants' in relation to their CI)	Relevance • The CI is highly relevant and responded to a direct need at the time. There is a continuous requirement to improve asset classification and loan provisioning Results obtained – evidence of change • The general direction and content of the CI was completed but in the precise terms of the planned design. The dynamic provisioning model was not developed as intended as it was found that an alternative approach was more feasible. In effect the provisioning was integrated into the supervisory approach where macro risks (e.g. cyclic risks) were taken into consideration which introduced a dynamic element. • The CI effectively dissolved into the normal working routines of the NBG and TBC and the CI design no longer became the guiding framework for the activities. • A set of guidelines on best practices on asset classification were issued. These helped for example to differentiate problematic and non-problematic loan rescheduling and in this way to allow a reduction of the loan loss reserve which would have a benefit in terms of better use of capital. Sustainability • The changes are sustained as they are part of the working routines and operations of the sector

Case number	CI 7
Name of project	Draft a scoring system in Georgia
Country	Georgia
Name of participant	Lasha Baghaturia, JSC FINCA, Senior Internal Control Inspector (later promoted to Operational Risk Manager) Sopio Baiadze, JSC FINCA Treasury Officer Lasha Guniava, Bank Republic, Societe Generale Group, Retail Credit Processing Officer Mikheil Kiguradze, Bank Republic, Societe Generale Group, Branch Manager

	Tengiz Tavadze, JSC FINCA, Deputy CFO
Institution	JSC FINCA; Bank Republic, Societe Generale
Programme round (year)	2013
Objectives of the project **Results expected**	The objective was to: Change risk appraisal approaches in lending institutions by building a credit scoring model and providing supportive guidelines for adopting the model. The results expected were • A well founded research basis for selecting a scoring model • A scoring model selected and designed • The scoring model tested and implemented
Description / rationale	The change initiative had 3 phases: • Research (review websites, conduct surveys; analysis data; define a list of scoring parameters) • Build the model (review scoring models of different institutions, assess the models and make stress test; develop an excel model) • Implement the model (draft the model , test improve and propose; assist implementation and training) The change initiative was a jointly designed by staff from two banks (Finca and Bank Republic).
Quality of initiative design	The change initiative is well conceived and strategic. The initiative aims to bring in procedures and approaches common in more developed countries taking account of the context of Georgia. The focus of the scoring system is on small scale loans which potentially improves access to finance for those that are overlooked by more primitive risk assessment systems. The potential benefits are clearly spelt out.
Quality of initiative report	A project report is not available – the documents available present the plans and report on work in progress rather than the completion of the project and the achievement of results.
Findings from the field visit	
Date of visit	16 September 2015
People met	Lasha Baghaturia, JSC FINCA, Senior Internal Control Inspector (later promoted to Operational Risk Manager) Sopio Baiadze, JSC FINCA Treasury Officer Lasha Guniava, Bank Republic, Societe Generale Group, Retail Credit Processing Officer Mikheil Kiguradze, Bank Republic, Societe Generale Group, Branch Manager Tengiz Tavadze, JSC FINCA, Deputy CFO
Findings /observations	

Relevance (EQ 4 - Indicator 4.2 The CI was relevant for all participants in each group and for his/her organisation.)	**Relevance** • The CI was highly relevant for both banks as Georgia was in the process of putting in place ambitious reforms in the financial sector. For Finca bank it was particularly relevant as they were in the process of transforming from a micro-finance organisation to a commercial bank. • Bank Republic did consult their head office on scoring models but the ones available were not judged suitable for Georgia. Finca did not explicitly consult Finca International but it appears that a model was not available and it might be that the solution adopted in Georgia could be replicated elsewhere in the region by other Finca subsidiaries.
Results obtained – evidence of change : EQ 1 indicator 1.1 The ITP programme has resulted in changes (concrete examples) on individual (output), organisational (outcome) and national (impact) level . Indicator 1.2 The ITP programme has affected the participants and the participating organisations in a positive rather than negative way, and the presence of expected/un-expected, direct/indirect effects can be found/shown/measured). Indicator 1.3 The participants' "change initiatives" have created worthwhile results	**Results obtained – evidence of change** • There is significant evidence of change at the individual, organisational and national level: • Individual – one was promoted, all report a much greater familiarity and confidence in the area of risk management. All have been consulted by their organisations. Two of the participants paid for their own airfares to Sweden and took holiday time to do the programme and consider it was money well spent. • Organisational – the change initiative planned has been implemented (since January 2014). It was decided in both banks to use the Geo-Info system but with adaptations. The internal credit risk routines have been changed so that it now takes a day or less to make a credit check rather than 3 days as was the case earlier. As well as leading to better decisions this has led to customer benefits and also a reduction in costs for the bank. • National – the new scoring system has removed a bottleneck in disbursing loans. It has thus contributed in Finca bank to an increase of 20-25% in disbursement of loans (mainly to rural and poor areas). At the same time a gender weighting has been included in the credit risk which could have contributed to a shift in the loan proportion for women from 35% in 2013 to 40% in 2015. The initiative has also led to a risk based pricing approach that will soon be implemented which could lead to reward to careful borrowers and thus open up lending to poorer borrowers who were able to perform well on repayment. The reduced time spent on credit risk assessment also allows the bank to investigate and examine special cases of poorer customers who fail the mechanical scoring system. The system also allows the possibility in the future of raising the income floor for prospective borrowers (although this has not happened yet):
Sustainability EQ 7 Indicator 7.1 Benefits produced by the programme are maintained after the cessation of external support.	**Sustainability** The initiative has been fully embedded in the banks and is now part of normal working routine. It can thus be considered self-sustaining. The benefits are continuing and to the extent that the system is under constant adjustment and improvement the benefits are likely to increase.
Mentoring (EQ 5 Indicator5.3 The organiser was able to provide sufficient and relevant mentorship to participants' in relation to their CI)	**Mentoring** • The mentor was very helpful and highly professional. They helped considerably in the planning of the CI. But the mentor was not an expert or involved in credit scoring. This was a serious drawback. The participants had to use the internet to get information because mentor was not able to provide specialised information. The participants felt that when presenting the case for adopting the credit scoring system in front of their top management they could not fall back on the backing of their mentor but had to take the full unaided responsibility of statements and research.

Case number	CI 8
Name of project	Enhanced framework for credit granting
Country	Georgia
Name of participant	Irakli, Abaishvili ; Business analyst, TBC bank Tamar, Danelia; Senior Credit Analyst , TBC bank
Institution	TBC bank
Programme round (year)	2013
Objectives of the project **Results expected**	The objective was: To establish a credit rating agency that would improve risk management in the banking sector
Description / rationale	The change initiative had 4 phases: • Research on international practices of rating agencies (gathering and analysing data) • Research on benefits of the rating agency for counterparts (visiting counterparts, data gathering, analysis) • Building a rating model (review of best practice on rating models) • Establishing the rating agency (draft a structure for a rating agency, introduce a pilot version to counterparts and establish a pilot rating agency)
Quality of project design	The rationale and need for the change initiative is well established (lack of audits in corporates, difficulty of checking data). The initiatives has a logical sequence of 4 phases (research on international practice, research on potential benefits, building the rating model, drafting the structure of the rating agency). The initiative seem quite ambitious
Quality of project report	There is no document available that reports on the results achieved.
Findings from the field visit	
Date of visit	14 September 2015
People met	Irakli, Abaishvili ; Business analyst, TBC bank Tamar, Danelia; Senior Credit Analyst , TBC bank
Findings /observations Relevance (EQ 4 - Indicator 4.2 The CI was relevant for all participants in each group and for his/her organisation.) Results obtained – evidence of change : EQ 1 indicator 1.1 The ITP programme has	Relevance • The concept of an independent and privately- operated credit rating agency is relevant and could potentially assist especially smaller banks. • The CI was one that was not linked to the institutions that the participants came from, it was an individual research initiative that could lead to the establishment of a new business. • The business case, the costs and income streams and examples of similar rating agencies were not examined – the initiative is very ambitious and has a long time horizon. • Although the CI is weakened by the fact that it is not institutionalised, it does suggest that there should be some space (perhaps on a 80/20 basis) for CIs that are innovative and new but not necessarily part of a wider reform or already conceived plan.

resulted in changes (concrete examples) on individual (output), organisational (outcome) and national (impact) level . Indicator 1.2 The ITP programme has affected the participants and the participating organisations in a positive rather than negative way, and the presence of expected/unexpected, direct/indirect effects can be found/shown/measured). Indicator 1.3 The participants' "change initiatives" have created worthwhile results <u>Sustainability</u> EQ 7 Indicator 7.1 Benefits produced by the programme are maintained after the cessation of external support. <u>Mentoring</u> (EQ 5 Indicator5.3 The organiser was able to provide sufficient and relevant mentorship to participants' in relation to their CI)	Results obtained • The CI did not advance beyond the research stage because the context was not suitable at the time (low interest of banks to outsource risk rating services and the difficulty in making a start up in an area requiring trust and track-record) • The research had an important individual leaning effect. • The participants have not abandoned the idea and will continue to work on it Sustainability • The CI has not created results that need to be sustained. Mentoring • The mentor was very helpful but to be fully useful it would have been necessary to have a mentor who was actively involved in running or establishing a rating agency

Case number	CI 9
Name of project	Promotion of a financing scheme tailored to small scale farmers in Zambia
Country	Zambia
Name of participant	Henry, Mwanza; Credit Analyst, Zambia National Commercial Bank Plc (this is a combined project with participants from the National commercial bank and Zanaco bank:
Institution	Zambia National Commercial Bank Plc
Programme round (year)	2013
Objectives of the project **Results expected**	The final outcome is "a revised Financial Literacy Programme embedding Agronomic Skills as well as introducing "train the trainers programme" for all District Farmers Associations" The results expected are: • A well founded gap analysis

	• A revised financial literacy programme • Trainers of trainers programme implemented • Greater access by farmers of finance
Description / rationale	The project description (ppt presentation) provides a useful background and context. It is noted that 65% of rural population do not have access to any form of banking services and that 98% of maize production (Zambia's staple food) is produced by small scale farmers, a large proportion of whom do not access finance.
Quality of project design	A main thesis of the initiative is that low access to finance is due to a lack of agronomic skills making productivity low and farmers unattractive to providers of credit. It is also noted that farmers need more financial knowledge. For these reasons the project aims to develop a training programme where financial literacy is combined with agronomic skills and delivered by trainers at the District Farmers Associations. The project has 3 phases: • Review of financial literacy programme (review and develop a revised programme) • Enhance current train the trainers programme (identify candidates, develop training material, implement the training of trainers) • Monitor and evaluate (report on training undertaken) The approach of undertaking a review of current financial literacy programme is well conceived.
Quality of project report	A succinct summary gap analysis on the current financial literacy programme notes the following 5 major gaps. 1.Existing FLP does not cover basic Agronomic skills for small scale farmers 2.Generic material targeting commercial and emergent farmers not specific to smallholder farmers. 3.Lack of link between improved yields and growth of assets to evoke sustainable change i.e. financial empowerment. 4.Lack of agronomic skills materials in local languages understandable by small scale farmers 5.Lack of coherence between various interest groups seeking to promote small scale farmer viability This has provided a solid basis for revising the financial literacy programme. A strategy of engaging a number of partners to undertake the training and management of events was also put into place. The reporting is strong compared to many change initiatives. Objectives and actions are identified and systematically reported against.

<table>
<tr><td></td><td>The main success is summarised below

<table>
<tr><td>We have conducted Gap Analysis</td><td>Material is available and the financial literacy programme has been rolled out for the last three years to over 1,900 small scale farmers as at mid 2013.</td></tr>
<tr><td>Support from Zanaco</td><td>Agriculture is one of the strategic focus of the bank(Zanaco). Therefore enhancement and tweaking the current financial literacy programme seen as a step in the right direction especially that we are enhancing an existing programme.</td></tr>
<tr><td>Support from ZNFU, USAID Project (Profit Plus)</td><td>They have been supportive by providing Supplementary material on agro skills. Statistics on the agro landscape in Zambia etc.</td></tr>
</table>

The reporting identifies a range of challenges and provides suggestions for overcoming them. It looks at the incentive environment for providers of credit.

The indicators presented are
(a)A reduction in non-performing loans
(b)Growth in Loan book for small scale farming sector.
These appear appropriate and the project has a built-in monitoring and evaluation phase which should enable strong reporting against these indicators.</td></tr>
</table>

Case number	CI 10
Name of project	Improve women’s access to credit in Rwanda
Country	Rwanda
Name of participant	Immaculee, Giraso; Compliance Manager , Fina Bank Rwanda Ltd Olivier, Gakuba; Head of Commercial Banking, Access Bank Rwanda Ltd **Mr. Innocent Bulindi** (note: Chief Executive, Bulindiof Business Development Funds, Rwanda *Presentation theme: Access to finance for women. The case of Rwanda . presentation in Cape town)*
Institution	this is a combined project with participants from Access, Fina banks and the Uwalimu SACCO
Programme round (year)	2013
Objectives of the project **Results expected**	The objective of the change initiative was “to increase the lending ratio of women in the Rwanda Banking Sector through SACCOs”
Description / rationale	The project description (ppt presentation) is clear and gives a detailed

	outline of the context and rationale for the project: it is noted that Rwanda has made much progress since 1994 but that statistics still indicate women are significantly underserved in the financial sector when it comes to access to credit with women accounting for 53% of the Rwandan population but only accessing 12% of the total credit in the country. It is also noted that the proportion of non-performing loans among women is less than that among men. A clear and organised sequence of activities and a time schedule is presented. The change initiative had 3 phases: • Assess the current situation • Develop guidelines for SACCOs • Reach out to SACCOs (present guidelines to SACCOs and raise awareness through media)
Quality of project design	Indicators are identified for each phase but without targets or base-lines. The ultimate indicator of % of women who have a loan is very important but would need to be supplemented by more in-depth investigation to determine if the guidelines had contributed (e.g. the percentage of women borrowers at SACCOS before and after adopting the guidelines and the percentage of women borrowers at SACCOs that had adopted and those that had not adopted the guidelines).
Quality of project report	The research notes that: 4 out of 13 banks and 2 out of 66 MFIs had products tailored for women. Few women are knowledgeable about the loan guarantee fund for women that lack collateral (although that might be deliberate to shield against opportunism). The research also isolated 7 barriers for women accessing finance. Recommendations are given on the type of facility, loan term, amount and tenor; pricing, collateral; the opportunity afforded by technological innovations (pre-paid loan disbursement cards, mobile banking)

Case number	CI 13
Name of project	Road Map for Basel II Pillar 2 implementation in Georgia
Country	Georgia
Name of participant(s)	Natalia Tsivadze; George Biganishvili; Davit Utiashvili; Irma Bokuchava
Institution	National Bank of Georgia JSC Kor Standard Bank
Programme round (year)	2012

Objectives of the project **Results expected**	Objectives • "Developing preliminary ICAAP/SREP framework • Adjusting draft model • Pilot ICAAP/SREP Implementation " Deliverables • "A preliminary framework for ICAAP /SREP • An adjusted model for implementation • ICAAP launched and first SREP analysis"
Description / rationale	The rationale is clearly stated. The purpose of the project was to contribute to ensuring that capital allocation is more risk sensitive and that risk management in banks is improve through implementation of BASEL II. BASEL I is already in place and the focus was on capital adequacy convergence under BASEL II/III. The powerpoint presentations state: "In order to implement Pillar II NBG has adopted a risk based supervisory philosophy in accordance with the international and especially the European practice. In transition the main thing lacking was guidance for the banks of what the NBG expects of them in terms of the ICAAP. Also in terms of supervisory tools to review and benchmark the ICAAPs still some work needs to be performed." The rationale thus also identifies the missing elements in a national program that the CI should address.
Quality of initiative design	The initiative is well designed with a clear set of objectives and outcomes (in strict LFA terminology there is some overlap in the concepts but the purpose of the initiative is clear). The planning presented at the regional seminar is very detailed and identifies the actions necessary, who should carry them out and by when.
Quality of initiative report	There is a detailed progress reporting done under each action area. The reporting is part of the presentation at the regional seminar in Budapest. The reporting takes the project up to December 2012 just before the implementation phase. Thereafter there is no reporting.
Findings from the field visit	
Date of visit	17 September 2015
People met	Davit Utiashvili; Irma Bokuchava
Findings /observations Relevance (EQ 4 - Indicator 4.2 The CI was relevant for all participants in each group and for his/her organisation.) Results obtained – evidence of change : EQ 1 indicator 1.1 The ITP programme has resulted in changes (concrete examples) on individual (output), organisational (outcome) and national (impact) level . Indicator 1.2 The ITP programme has affected the participants and the participating organi-	Relevance • Highly relevant because the initiative was firmly embedded a program of national reforms and part of the institutional workplan of the NBG Results obtained – evidence of change • The CI helped to speed the implementation of a series of interventions that would have happened anyway. It also helped in the quality by enabling the participants and their colleagues to take account of global practice

sations in a positive rather than negative way, and the presence of expected/un-expected, direct/indirect effects can be found/shown/measured). Indicator 1.3 The participants' "change initiatives" have created worth-while results <u>Sustainability</u> EQ 7 Indicator 7.1 Benefits produced by the programme are maintained after the cessation of external support. <u>Mentoring</u> (EQ 5 Indicator5.3 The organiser was able to provide sufficient and relevant mentorship to participants' in relation to their CI)	• The CI assisted directly in Georgia's implementation of the Basel II pillar 2 guidelines. According to a recent IMF FSAP report (January 2015) , Georgia has progressed well since the last assessment in 2007 and in many respects is largely compliant with Basel II. • The ICAAP is now in place (September 2014) and the SREP has been done for 2 largest banks (February 2014) in compliance with the EU association agreement. Some medium banks have also been covered. One complete cycle of ICAAP/SREP is complete and a second improved cycle is about to begin. Sustainability • The changes that the CI contributed to are sustainable because they are fully integrated into the mandate, workplan, job descriptions and budget of the NBG. The NBG has a legal obligation to sustain the ICAAP/ SREP process. • An element in the sustainability of the CI and also in the delivery of results was the cumulative effect of a number of CIs in the same or related areas e.g. CP 5 and 6. F. Mentoring • The mentoring was appreciated but was mainly helpful for the planning phase. Detailed external technical advice was provided not by the mentor but by an IMF supplied consultant (from the Dutch Central Bank) who was in place for 1½ years.

Case number	CI 14
Name of project	Financial sector risk research aiming to propose regulatory enhancements
Country	Georgia
Name of participant(s)	Marina Avalishvili, Elza Jgerenaia, Otar Konjaria, Alex Margishvili
Institution	Centre for Economic Problems Research (CEPR) Caucasian Institute for Economic and Social research Association of Young Economists ICEBERG - International Civic Engagement Bureau for Economic Reconstruction of Georgia
Programme round (year)	2011
Objectives of the project **Results expected**	<u>Objectives</u> 1. *Research & Analysis* 2. *Identification of Stakeholders* 3. *Conclude Recommendations* 4. *Holding Seminar & conference* <u>Deliverables</u> • A number of research papers

	• A final conference with recommendations
Description / rationale	The main rationale was that the securities market in Georgia is underdeveloped leading to a low level of risk capital being available for investment and economic growth. It argued that the root causes are: • Lack of Public Awareness • Little Engagement by the Corporate Community • Insufficiently Developed Infrastructure & Instruments The purpose of the research is to make recommendations on how the securities market can be developed in Georgia.
Quality of initiative design	The rationale is strong and there is a clear link between the problem analysis and the proposed initiative. The design is aimed at addressing an information related market failure. The design explicitly recognises the importance of different stakeholder groups and seeks means of engaging with the stakeholders and getting their opinions and also feeding back the recommendations at a conference. The presentation of the initiative is clear and to the point. The initiative is quite ambitious.
Quality of initiative report	There is no reporting on progress
Findings from the field visit	
Date of visit	17 September 2015
People met	Marina Avalishvili (others on travel duty)
Findings /observations Relevance (EQ 4 - Indicator 4.2 The CI was relevant for all participants in each group and for his/her organisation.) Results obtained – evidence of change : EQ 1 indicator 1.1 The ITP programme has resulted in changes (concrete examples) on individual (output), organisational (outcome) and national (impact) level . Indicator 1.2 The ITP programme has affected the participants and the participating organisations in a positive rather than negative way, and the presence of expected/un-expected, direct/indirect effects can be found/shown/measured). Indicator 1.3 The participants' "change	Relevance • The CI has a relevance generally for the development of the capital market in Georgia. It was less related to risk management in banking. But still a worthwhile endeavour and sufficiently relevant for the ITP. • There was a potential for a catalytic change in the sense that the research and communication could potentially have changed the attitude of government towards developing a securities market. This potential was not reached for the reasons described below. Results obtained – evidence of change • Only the first objective was achieved. The CI effectively stopped because the founders of the two NGOs were called to government positions after the election and the staff (including those involved in the CI) were dispersed and other duties and interests took precedence. • The CI was more related to the interests of the group of participants rather than being part of an NGO funded workplan. It was too ambitious in hindsight. (the participants effectively self-paid for the programme in terms of time off (remote working) and airfare payment.

initiatives" have created worth-while results <u>Sustainability</u> EQ 7 Indicator 7.1 Benefits produced by the programme are maintained after the cessation of external support. <u>Mentoring</u> (EQ 5 Indicator5.3 The organiser was able to provide sufficient and relevant mentorship to participants' in relation to their CI)	Sustainability • There are not direct benefit to sustain as the project was not completed. Mentoring • Some useful advice was given on indicators but after the Swedish programme there was limited or no contact.

Case number	CI 15
Name of project	Methodology to assess risk management maturity.
Country	Uganda
Name of participants	Mariam Nakimwero, Bank of Uganda Marietta Naiga, Housing Finance Bank of Uganda Jacqueline Baguma, Post Bank Uganda Ronald Ogwal, Bank of Uganda
Institution	Bank of Uganda
Programme round (year)	2013
Objectives of the project **Results expected**	<u>Objectives</u> (presented as reasons for the initiative) • To develop a standardised methodology for RMA – risk management assessment • To ensure that FIs undertake RMA themselves – internally • To encourage the RMA to be peer-referenced. <u>Deliverables</u> • The main deliverable is a Methodology for handling the RMA within banks • A simple to use approach which focuses on developing a questionnaire and scoring the answers – and then placing the bank in 'categories of risk management sophistication' depending on the total score G.
Description / rationale	The rationale of the CI is persuasive and sets out first the financial sector context where it is highlighted that there are 33 licensed financial institutions in Uganda – and according to the CI team this corresponds to 33 different approaches to risk management! Also most of the risk teams in banks are new – around 5-7 years old – and therefore 'immature' and finding their way.

<table>
<tr><td></td><td>The logic for the CI is strong.</td></tr>
<tr><td>Quality of project design</td><td>The CI is structured in three time phases of distinct activities. These are logical and well conceived:
Activity 1: Study and review
Activity 2: Develop Risk Management Assessment framework
Activity 3: Pilot test
H.
Altogether, the CI timeline spanned a year and ran from September 2013 (completion of Stockholm module) to the end of the third quarter 2014. At interview, two years after launching the CI, it was still in its second activity.</td></tr>
<tr><td>Quality of project report</td><td>The CI has developed some internal working notes for discussions with various commercial banks but there is no formal report. The slides setting out the CI activities are good quality and well structured.</td></tr>
<tr><td>Findings from the field visit</td><td></td></tr>
<tr><td>Date of visit</td><td>8th and 9th September 2015</td></tr>
<tr><td>People met</td><td>Marietta Naiga Housing Finance Bank
Mariam Nakimwero, Bank of Uganda</td></tr>
<tr><td>Findings /observations</td><td><u>Relevance:</u>
The selection of the topic is highly relevant and addresses a key financial sector issue in Uganda – the lack of a shared approach to assessing how sophisticated (mature) the risk management system of a commercial bank is.
It is also timely, as the CI points out the financial sector is becoming more complex and growing, and there is a lot of reinventing of the wheel how to handle risk management.
<u>Results:</u>
There are some achievements for the first stage of the CI and the team has designed a draft questionnaire for banks to use to assess the maturity of their risk management systems. This comprises 22 questions, the answers to which each generate a score. The total of the scores places the bank in one of five categories for its risk management system: immature, early-starter, progressing, semi-mature and mature.
However, there is some debate about the validity and comprehensiveness of these 22 questions and the team is now trying to assess the validity at international level.
The team has come a long way and – while not nearly finished – wishes to continue.</td></tr>
</table>

	Sustainability: By definition, there is no comment on sustainability as the CI is not finished. It should be noted that the initiative (and the issue it was designed to address) remains important and the CI would be relatively easy to re-invigorate. Mentoring: • The team felt lonely and stuck – and wondered if mentor support could not have continued. • In an open exchange of ideas, they welcomed enthusiastically the idea of mentoring via skype and having a 'professional reference point' outside Uganda.

Case number	CI 16
Name of project	Establishment and Development of the Department of Regulatory Affairs, Policy and Procedure
Country	Mexico
Name of participant(s)	Wanda Ortiz
Institution	BAC-Credomatic Honduras
Programme round (year)	2008
Objectives of the project **Results expected**	Objective: To have a support area to manage, prevent, monitor and control the compliance risk. Running time: 1 year (1st stage), 1 year (second stage) Scope: Applies to all companies in the group BAC-Credomatic Honduras. The project is implemented in the Group Regulatory Compliance area, dependence attached to the Compliance Management. Deliverables: • Organizational structure • Job description • Compliance Procedure • Monitoring tools implemented • Validation reports implementing integrity policies
Description / rationale	There is a concise and well considered presentation of the context and rationale for the change project, which is described as: Following the purchase of the GE Group in 2005 there is a greater requirement to comply with regulations, policies and procedures and a greater emphasis on administration based on principles and codes of conduct. Scandals such as Enron, Tyco and Boieng (USA) have led to the creation of

	strict regulation such as Sarbanes-Oxley, which has imposed more stringent accounting and financial controls; Sep-11 led to the creation of provisions in the USA Patriot Act (anti-money laundering measures); these regulations will affect the subsidiaries of US companies such as BAC-Credomatic.
Quality of project design	There is not a single design report. The information available is in a PowerPoint outline of the project that was presented at the regional seminar.
Quality of project report	A systematic presentation of milestones, inputs, activities, deliverables and indicators is made on the PowerPoint. The presentation is well structured, gives a good overview and insight into the aim and goal of the project. It identifies challenges and sets goals for the first and second year of its implementation.

Annex C - People consulted

Name	Organisation
Uganda	
Anne Lindebergh	First Secretary Embassy of Sweden Kampala
Emmanuel Kikoni	Executive Director Uganda Bankers Association
	Director Commercial Banking Supervision Bank of Uganda
Stephen Sendikaddiwa-Mwebe	For CI Group Improving access for small investors
Anne Kinanuka	For CI Group Credit Risk Guidelines for commercial banks
George Achanga	For CI Key Risk Indicators
Immaculate Nakato	For CI Key Risk Indicators
Michael Opira	For CI Boost lending to Agriculture
Mariam Nakimwero	For CI Risk Assessment Capacity
Marietta Naiga	For CI Risk Assessment Capacity
Georgia	
Erekle, Gvaladze, Deputy	Head of State Loans and Deposit
Giorgi Agladze,	Now TBC, then Georgia FSA
Nino, Sharumashvili	Senior Specialist Supervision Department; National Bank of Georgia
Lasha Baghaturia,	JSC FINCA, Senior Internal Control Inspector (later promoted to Operational Risk Manager)
Sopio Baiadze,	JSC FINCA Treasury Officer
Lasha Guniava,	Bank Republic, Societe Generale Group, Retail Credit Processing Officer
Mikheil Kiguradze,	Bank Republic, Societe Generale Group, Branch Manager
Tengiz Tavadze,	JSC FINCA, Deputy CFO
Sweden (phone)	
Gabriel Oxenstierna	Management Consulting KPMG Advisory
Daniel Wallén	Management Consulting KPMG Advisory
Nicklas Wallenborg	Senior Manager, CIA, CCSA , KPMG
Kaspar Nilsen	Sida
Francois-Xavier Bonnevie	KPMG, Director Financial Services
Leif Waller	KPMG
Carin Morin	Sida

Annex D - Documents consulted

Sida's procurement

- Anbudsinbjudan, Sida, Styrelsen för internationellt utvecklingssamarbete, Inbjuder till anbudsgivning avseende, Internationellt utbildningsprogram "Risk Management in Finance/Banking" (275)
- Terms of Reference for the Evaluation of KPMG International Training Programs (ITP); Risk management in banking 2003-2014

KPMG reporting

- Activity Report Sida ITP 275, Risk Management in Finance/banking Alumni Seminar 2014
- Rapport, ITP 275a, Risk Management in Finance/Banking 2010, Afrika.
- Risk management in Finance and Banking Alumni Seminar, Africa 2009-2013 editions, Nairobi, Kenya October 2014
- Risk management in Finance and Banking Alumni Seminar, Eastern Europe 2009-2013 editions, Tbilisi Georgia, June 8-11 2014.
- Slutrapport 2009-2013 ITP 275, Risk management in Finance/Banking
- Verksamhetsberättelse Fas 3-4, ITP 275 Risk Management in Finance/Banking Östeuropa 2011.
- Verksamhetsberättelse Sida ITP 275m Risk Management in Finance/Banking Eastern Europe 2012.
- Verksamhetsberättelse Sida ITP 275b Fisk Management in Finance/Banking Africa 2013
- Årsrapport 2009, ITP 275 Risk Management in Finance/Banking
- Årsrapport 2011, ITP 275 Risk Management in Finance/banking
- Årsrapport 2012, ITP275A Österuropa, ITP275B Afrika, Risk Management in Finance/Banking
- CI presentations and reports - where relevant and available

Annex E - Methodology and portfolio analysis

1.1 SURVEY METHODOLOGY

Methodology

A combination of different approaches and methods were used in this evaluation:

- Analysis of the ToC and verification of the evaluation questions
- Portfolio analysis
- Survey of participants
- Desk study and interviews with Swedish stakeholders
- Country visits and participants interview/results seminars

The analysis of the theory of change re-constructed an intervention logic from inputs to outputs to outcomes to impact. The evaluation questions were placed in the intervention logic and effectively tested different parts of the implicit theory of change.

The portfolio analysis was largely drawn from the data assembled from KPMG – it looks at the participant composition, gender and country of origin and the range of different change initiatives. The portfolio analysis served to provide an overview of the programme as a whole and to guide the sampling methodology for the change Initiatives.

Physical and telephone interviews where held with Sida, KPMG and other stakeholders in Sweden. A survey was sent to all participants of ITP 275 and ITP 222.

Two countries were visited; Uganda and Georgia. Programme participants, the leaders and other involved in the institutions that ITP work with as well as relevant parties involved in risk management in banking were interviewed.

Some 8 change projects (selected from the 13 change projects examined under the desk study) were examined during the field visits including in-depth interviews with programme participants involved in the projects and where it was possible their supervisors.

To complement other data collection, a survey was designed to inform the evaluation questions in detail. Many of the evaluation questions are related to the perception of the participant, their response to the training programme and the benefits that they have received.

A number of sampling approaches were discussed with Sida and KPMG during the inception period and it was decided that in order to obtain as many responses as possible the survey should in principle be sent to all participants of the Global, European and African ITP 275 programmes and all the participants of the ITP 222 programmes (at least for all those for that still had a contactable email). This approach was decided upon even at the risk of getting a low response given that many of the participants took part many years ago and may not have good Internet connection etc. The survey was designed to complement the Q1 and Q2 evaluation survey performed by KPMG in during the programme period.

A simple survey with 14 questions was developed. The survey was designed based on answering as directly as possible the evaluation questions with each evaluation question being broken down to a number of more specific questions where relevant.

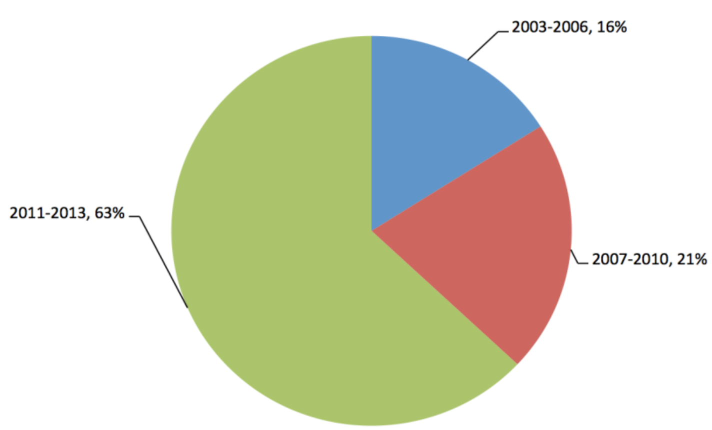
In total the survey was sent to some 432 participants which represents the entire population of participants. Some 52 emails bounced giving a net 380 participants who had active emails. Of these 380, some 137 opened the survey. As can be seen from the table below, the opening rate for the older ITP 222 was considerably lower which is an indication that emails had changed in the close to 10 year period. The table shows a response rate of 63% of those that opened the email responded which is very satisfactory and 23% of those that the survey reached by email responded. Again with a lower figure for ITP 222 mostly likely because it was for an earlier period, which is also indicated in figure E.1 which shows the number of respondents from each year. It clearly shows that latest ITP programmes had the most respondents.

ITP programme	Surveys sent	Bounced	Survey reached	Opened	Completed
ITP 275	197	24 (12%)	173	95 (55%)	64 (67% of the opened, 37% of the survey reached)
ITP 222	235	28 (12%)	207	42 (20%)	23 (55% of the opened, 11% of the survey reached)
Total	432	52 (12%)	380	137 (36%)	87 (63% of the opened, 23% of the survey reached)

Figure E.1 shows that 63% of the respondents came from programmes in the last 3 years (2011-2013). The proportion for the earlier 3 year and 4 year periods is considerably smaller, although the number of participants per year was roughly similar (although not identical). The higher response rate for the last 3 years is partly attributed because the emails of these participants are more likely to be active and partly because the more recent participants would probably have considered the survey more relevant to answer.

With this response rate, a conservative sampling size analysis indicates a confidence interval of 8% with a confidence level of 95%[14]. It was noted that the variation of answers was small with the standard deviation for most questions being less than one interval out of range of five which would tend to increase the degree of confidence. There was also a good consistency found for those questions that were identical to the earlier KPMG survey.

Figure E.1 Proportion of respondents from different programme periods



The limitations are related to the availability of participants and staff from the institutions that they work in and the difficulty in interviewing the final beneficiaries. The chosen methodological approach (which combines: a review of surveys carried out during the training programme; interviews with participants and their supervisors; and also a more detailed analysis of a series of change projects developed and implemented during the duration of the training programme) helped to triangulate information in order to increase the reliability of the conclusions and the relevance of the recommendations.

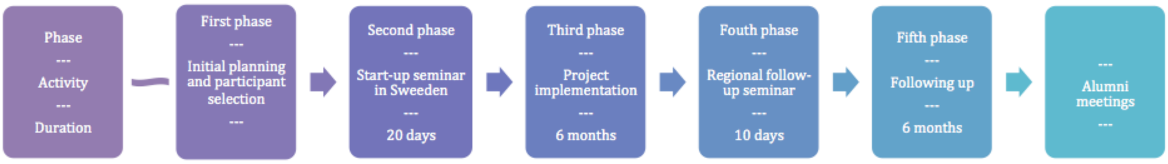
1.2 PORTFOLIO ANALYSIS

The programme

Figure E.2 illustrates the ITP programme structure divided into five phases. The final phase is sometimes complemented by an alumni meeting.

[14] Krejcie, R.V. & Morgan, D.W. (1970) Determining sample size for research activities. Educational and Psychological Measurements, 30, 607-610.

Figure E.2 – ITP 275 programme structure



The **first phase** initiates the programme. During this phase the KMPG evaluates and adjusts the content of the programme, applicants submit their applications, participants are selected and included in a CI group of two to five persons representing at least two different financial institutions in their country. The groups are assigned a mentor who supports the CI.

In the **second phase**, all participants participate in a 20 day seminar in Sweden. During the seminar the participants have the possibility to exchange knowledge and experiences and they receive training through lectures, study visits, exercises and group work. Additionally the participants also have the possibility to work on their group-based CI.

The duration of the **third phase** is normally between 6 months. During the six month period, mentors support the groups in start and develop their CI.

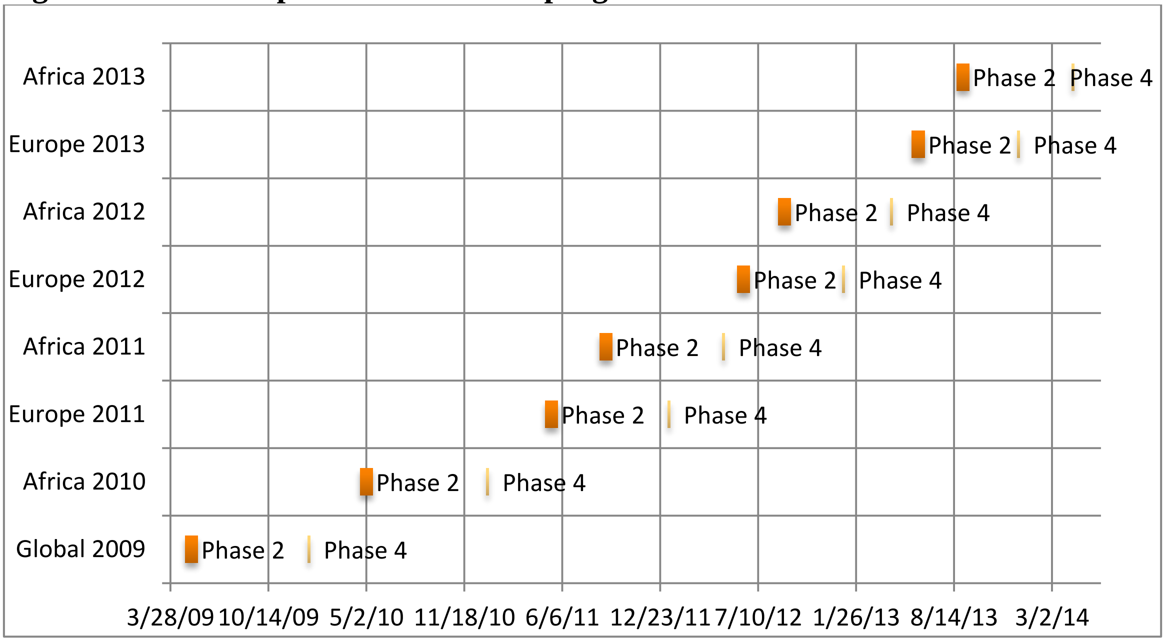
In the **fourth phase** a 10 day regional seminar is held. At the regional seminar the participants report on the status of their CI, they receive lectures from local or regional experts and undertake study visits. Additionally the participants have the possibility to create new networks and strengthen already existing ones.

During the **fifth phase** continued mentoring is provided to participants' CI.

Figure E.3 illustrates the duration, placement and date of the start-up seminars and the regional seminars of all the ITP programmes carried out in the period from 2009-2013.

In total eight programmes have been carried out between 2009-2013. One global programme (Africa/European) in 2009, four African programmes and three European programmes.

Figure E.3 – The implemented ITP 275 programmes

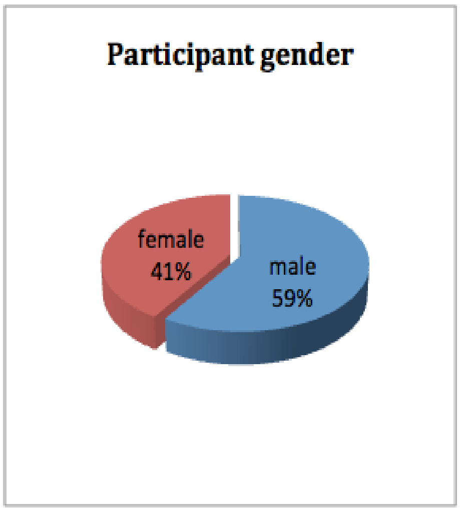


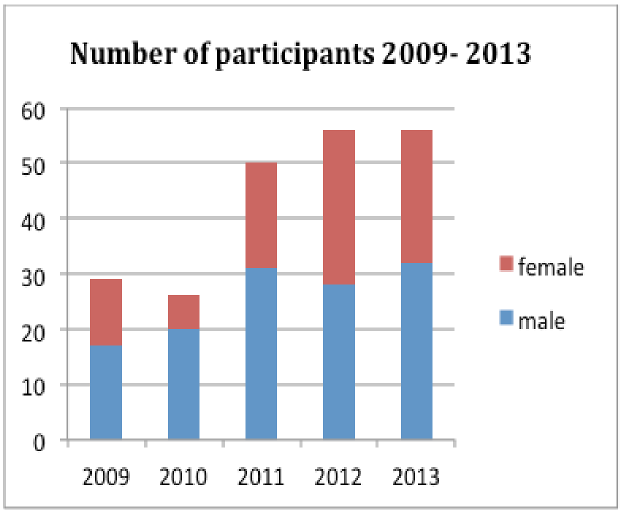
The participants

The programme is aimed at professionals within the field of Risk Management in Finance/Banking policy representing both commercial and central banks, micro financing, financial counselling, ministries, pension companies and research institutions.

The gender division in the programme is shown in figure E.4 where 59% of participants were male and 41% female. The second table illustrate the division of gender during the years the programmes where held.

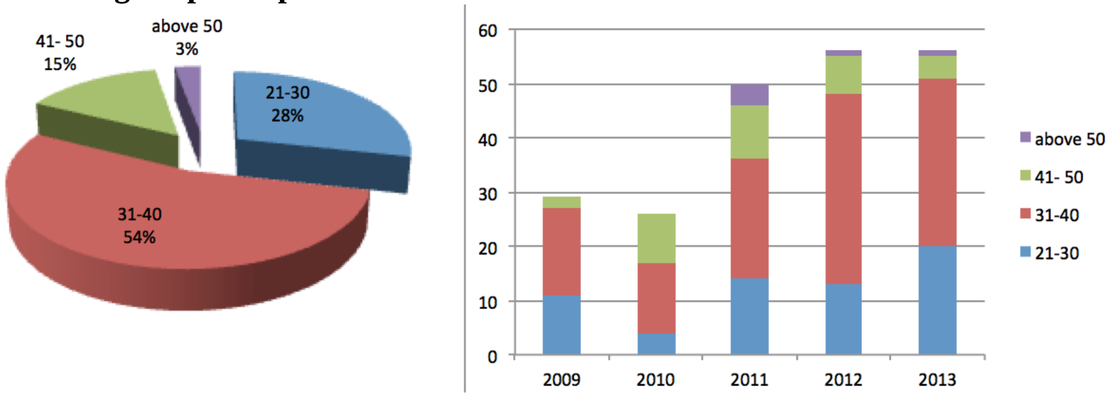
Figure E.4 – Gender division





As shown in figure E.4 the gender balance in the ITP 275 programme improved over time – it needs to be examined if this was through affirmative action or through strict application of merit based selection criteria.

Figure E.5 - Age of participants 2009- 2013



As shown in figure E.5 the majority of the participants were between 21-40 years old (82%), which has been consistent during all the years the programme has run. This potentially emphasises that the ITP is a training programme rather than an institutional programme as the participants are mid-carrier or at junior level.

The figure below shows the country distribution in the ITP 275 and ITP 222 programme. The two charts clearly shows the difference in ITP 222 which focused on global risk management programmes and ITP 275 which shifted focus to concentrate on regional programmes in Europe and Africa.

Figure E.6 – Distribution of participants' countries

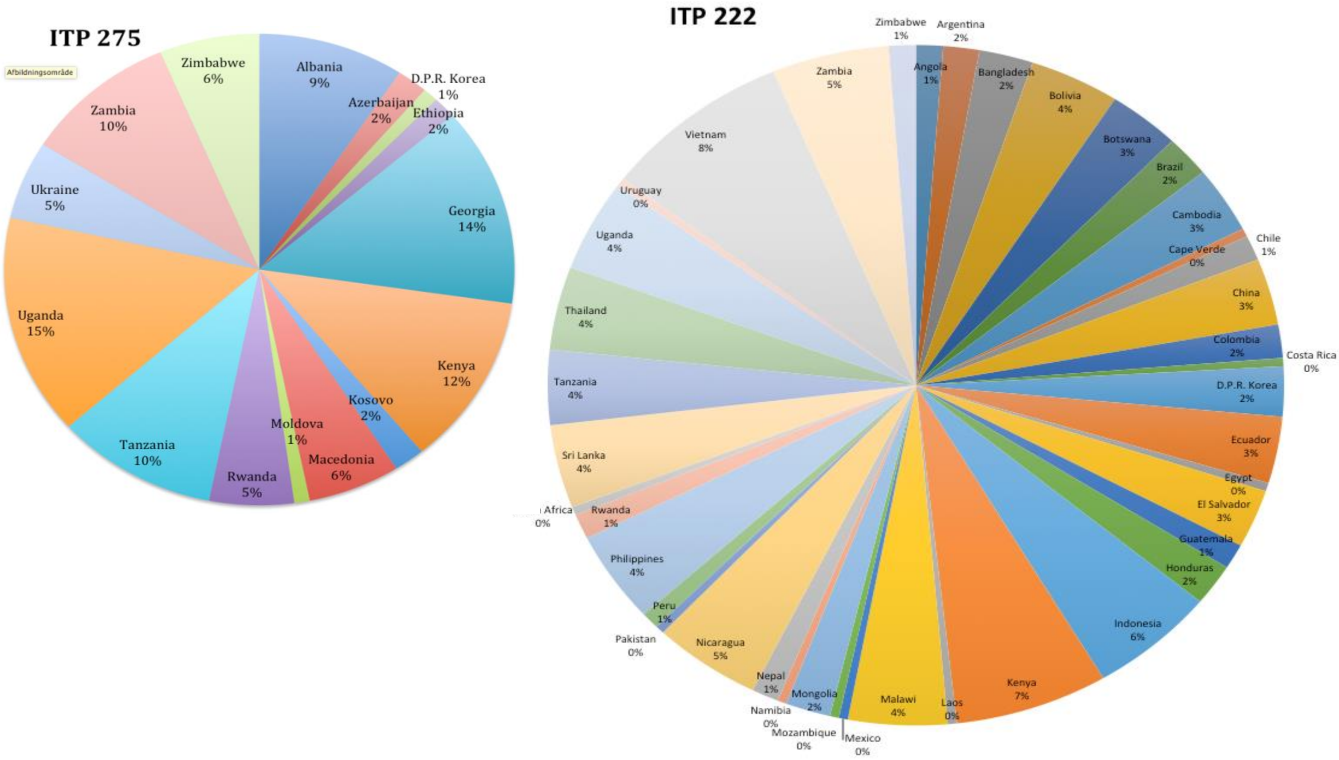


Figure E.7 – Distribution between institutions

Institution	Distribution		Women %	Regional distribution (number)		
	%	Number		Africa	Europe	Asia
Commercial banks	61%	131	43%	75	55	1
Central Banks	17%	37	41%	22	15	
Microfinance / Sacco	11%	23	30%	17	6	
Consultancy / Research	5%	10	60%		9	1
Finance Ministries	3%	7	43%	3	4	
Pension Authorities	3%	6	17%	5	1	
Insurance Institutions	1%	2	50%	1	1	
Total	**100%**	**216**	**41%**	**123**	**91**	**2**

Figure E.7 also shows the balance between participants from the different financial institutions represented in the programme. It shows participants that commercial (61%) and central (17%) banks make up the majority of the participants. Additionally the figure shows the distribution of gender within the different institutions represented. Where possible reasons for the gender division will be explored e.g. with focus on institutions that are more likely to have impact on poverty.

During the study it will be useful to add information on repeating participants from the same institution if this information is available.

It is also relevant to reflect on whether the composition of participants has any bearing on:

- The effectiveness of the ITP275?
- The recruitment strategies to be applied in the future for more balanced representation between different types of actors?

Change initiatives

All participants are part of a group who cooperate with a CI relevant for the ITP programme. The CIs needed to be concrete and approved by the participants' organisations. In total 60 CIs were conducted.

Figure E.8 – Change initiatives

Program	Number of change initiatives		Regional distribution		
			Africa	Europe	Asia
2009	13%	8	4	3	1
2010	10%	6	6		
2011	23%	14	8	6	
2012	28%	17	9	8	
2013	25%	15	7	8	
Total	**100%**	**60**	**34**	**25**	**1**

Data will be obtained on the number of completed CIs. The CI will amongst others examined according to their implementation, relevance, right-based approach and their ability to enhance pro-poor participation.

Annex F - The Programme; learning and transfer of knowledge

By definition, the evaluation team was not able to attend the actual training sessions which is the only real way of assessing teaching effectiveness. Instead, the observations in this chapter are based on three sources:

a) What the participants said;
b) What their bosses said
c) And a review of the slides and materials.

The first two (opinions) are complemented by the surveys at the end of the programme and regional seminars. The latter (materials) is an imperfect basis on which to assess a programme as this is slide material and without hearing how it is delivered remains only a sketchy guide to content and quality.

So with that strong qualification, we convey some impressions below and acknowledge that these may well be countered by the part that we could not see – i.e. the oral explanation, in-bank visits and so on.

1 Structure of the programme

The structural design of the programme is good. It combines all the 'key success factors' that training practitioners look for in an effective programme:

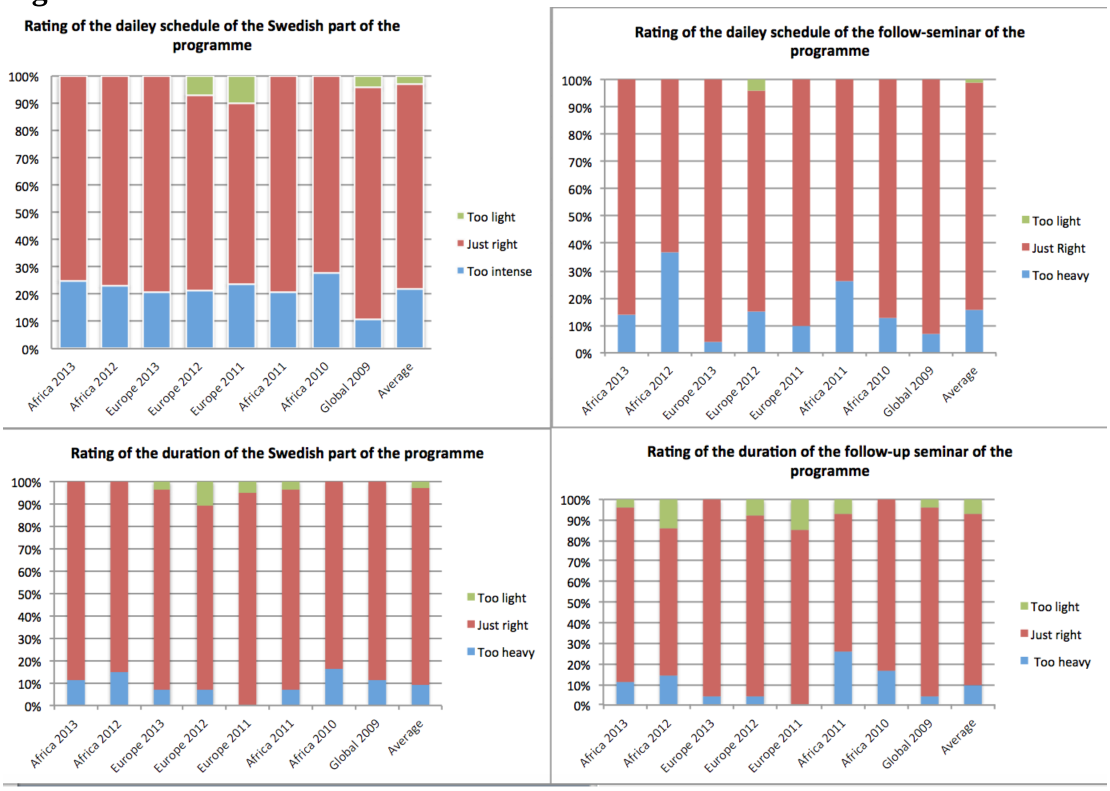
- The core 3-week programme and the 2-week follow-up programme structures a mix of **theory and practice**: sessions that present theory which alternate with in-bank visits and in-class guest speakers presenting their practical experience.
- There is a mix between **learning and applying**; the Change Initiatives require pro-active participation and applying knowledge gained, while the classroom sessions are more traditional teaching and learning.
- There is a **'before, during and after'** structure which is so often lacking in other training programmes. The submission of the Change Initiative proposal before the programme requires formation of teams and professional discussion about risk management issues. The programme itself is structured in two parts – the core and the follow-up – with a suitable time interval. And there is 'alumni after-care' and an alumni seminar which serves several purposes, including creating an 'esprit de corps'.
- There is wide **variety of presenters** so that the participants can interact with different individuals with diverse experience.
- There is an interesting **geographic dimension** with programmes held in Stockholm as well as regionally.

These positive features are echoed by some interview quotes:

- Participants said:
    - "I loved the programme"
    - "The teachers were fantastic"
    - "It was wonderful to meet top management – it showed the programme was serious and taken seriously"
    - "It was fantastic, very professional"
    - "I recommended it to my colleagues – such a pity it has stopped now"
    - "I am disappointed it doesn't continue"
    - "We are now trying to establish a Risk Management Association so that ITP alumni can stay together and be in touch"
    - "The programme was too short – the training in Stockholm should have been 4 weeks and the follow-up training 3 weeks"
- Bosses said:
    - "Oh the SIDA Risk programme….. we derived a lot of value from that programme"
    - "I promoted the participants"
    - "We all benefitted from the experience-sharing when they came back"
    - "The alumni don't only have to work in Risk itself. Even when they switch to other areas of the bank; operations, IT, anywhere, they still have that risk perspective which is so valuable"
    - "The SIDA programme helped us to define our framework and approach to risk – even in the whole banking system".

There is therefore a strong body of opinion that agrees that the structure of the programme imparts value. The written evaluations by the participants confirm that the programme was just right - see graphs below:

Figure F.1



2 Content of the programme

We have reviewed over 30 slide presentations submitted by KPMG. And we acknowledge that slides alone do not convey the full picture on programme content – some topics were discussed that there are no slides for, and the oral accompaniment to the slides is a key part of the content which we have no insight into.

The content of the slide material is world class. It covers the core concepts of Risk Management in financial institutions to best-practice level. Nevertheless we have some impressions that we choose to phrase as questions – as there may be easy answers to why things are as they are.

1. **Could there have been more emerging market relevance in the material?** The slide material is ‘first world’. For example when graphs, charts and data are presented the participants’ countries are rarely included in these charts for comparison to OECD countries. Furthermore there are some risk management issues in emerging markets which are not treated prominently. A few examples illustrate this:

a) For credit scoring the real issue in emerging markets is not how credit scoring works, but the absence of a Credit Bureau and the lack of data to feed the parameters in credit scoring models. So an explanation along the lines of ….this is how credit scoring works if you have credit bureau data …..and this is what you can do without credit bureau data might have been more useful. (Without going into a long digression, there are some useful models that can be developed by mining limited historic data)

b) In banks with rudimentary information systems a number of the advanced algebra based techniques are unlikely to be implementable. Instead simpler ways of getting at the same concept need to be pursued.

c) A main preoccupation with the BIS ‘Basel’ framework is not what it is, but how to implement it. A number of emerging markets are struggling with this – and the key issue is not so much the theoretical understanding of what is in Basel I, II and III but how you go about dealing with it and becoming compliant – both as a regulator and a commercial bank. In many emerging markets, they are trying to implement a blend of Basel II and III – and this poses a range of practical problems and selection issues.

d) Changing risk management is part of a broader package – especially also from a customer perspective. For example, it might (should) lead to changes in a bank’s lending strategy and policy, and might be associated with different application procedures and information requirements. This full cascade of changes (and impacts) could serve to put RM in a broader context and highlight the implementation requirements and challenges for banks.

Perhaps structuring the material more explicitly in two steps: 'technique' and then 'emerging market challenges & approaches' could have benefited the participants?

2. Should the menu of key risks be broadened? Admittedly risks can be aggregated and grouped, and especially operating risk can be a 'collection' of all sorts of things. However, while not questioning the emphasis on credit risk, operating risk, liquidity risk and market risk, we didn't notice much explicit treatment in the slides of strategic risk, reputation risk, pricing risk, e-banking risk and a few others that might deserve separate treatment.

That would also broaden, considerably, the number and type of risk management tools to be taught in the programme. For example, a strategic plan and associated lending policy document are risk management tools – especially for portfolio risk. Even work-out skills can be a risk management tool as they serve to minimise losses in cases of delinquency.

3. Are sector, client and financing differences for risk management highlighted sufficiently? This applies especially but not only to credit risk.

Credit risk management for SMEs and micro and other groups is different than for major corporates and standard clients with 3 years of audited accounts etc. This could justify more material tailored to the specific risks of these customer segments.

Similarly credit risk assessment for the agricultural sector with its seasonality issues (and importance of value-chain financing structures), or the retailing and commerce sector (with working capital issues) are again different from the industrial sector and exporters. We wonder if the material recognises those different applications of risk sufficiently?

Finally, much emerging market finance consists of long-term lending precisely because capital markets (stock exchanges and bond markets etc.) are either absent or under-developed. That large chunk of the financial system calls for credit risk management via project finance techniques – non-reprogramme lending secured on future cash flows.

We wonder if more explicit treatment of such topics might have enriched the programme?

4. Would it have helped to broaden the perspective on risk management to global level? It is entirely understandable that the materials take a Sweden-centric view on risk management – e.g. the credit bureau profiles, the in-bank visits etc. But we wonder if it would not have helped the participants to add brief mentions of relevant risk management features and trends (positive and negative) in major financial centres like London, New York, and maybe a few emerged markets like

Singapore and Hong Kong? In terms of time we would envisage 80/20 Sweden/the rest, so it is not a major imposition on the programme.

5. Could more have been included on disaster cases? This ties in to point 4 above and might have included a close review of some of the spectacular failures in the UK (and US) banking system around 2008/9 and drawn out the lessons for risk management i.e. what can happen when you don't do it properly. Why were some banks across Europe more affected than others? A session devoted to these disaster stories could not only strengthen the 'why risk management?' teaching but should also look at different models of regulation and supervision. Old debates like a unified regulator or separate supervisor/Central Bank – such as the then Financial Services Authority (FSA) and Bank of England in the UK – are highly relevant to the still evolving regulatory scene in emerging markets and should have represented valuable learning for many participants.

6. Should there have been more material on 'making it happen'? The bridge from theory to application needs to be built – or at least strengthened. The gulf between the classroom in Stockholm – with value at risk VAR algebra on the screen – and changing something in a crowded office in Kampala remains huge and maybe more material, addressing "what you can do when you get back to your desk", might have assisted application of techniques and developing a cadre of risk management expertise. Many simple steps could be discussed, such as looking at what other banks in emerging markets have done (e.g. ICICI, DBS and others) and discussing the use of check-lists, the members of appropriate working parties, listing tasks and presenting typical indicative timetables.

7. Could the linkages between the sessions have been strengthened? A key learning experience from a long programme like this one is 'overview' – seeing the whole picture. It strengthens the importance of the messages and grooms participants for a management perspective on RM. The programme and schedule do present the programme components and underlying logic, but perhaps the memorability and clarity of the overview would have been stronger if the materials would have been organised under three simple headings a) why do risk management? b) what is risk management? and c) how do you do it (and make it happen)? Then each session's introduction can refer back to that core structure and signpost the participant to 'where they are' in the overall schedule and learning process.

These are questions – and maybe the answer is simply that this was all done orally and taken care of. We have some other observations on the material:

- The font size is very small for slide material and several sessions (e.g. see the Operations Risk slides) practically copied large chunks of Word text onto slides giving overcrowded hard-to-absorb visuals. This is not an effective technique and a couple of font 32 words on the slide should have been complemented by handouts with full Word text definitions and explanations.

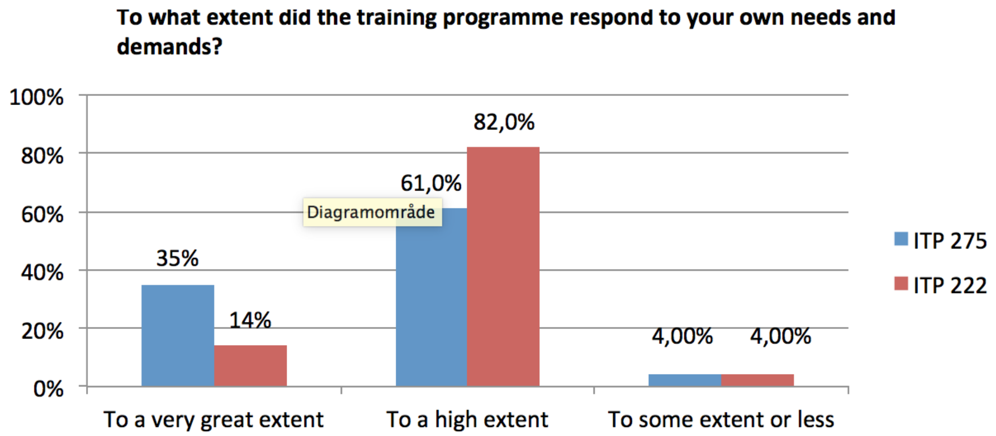
- We did not notice 'summary of learning' messages at the end of sections or the end of topic sessions – though this may have been done on the whiteboard by the trainers. Even if that was summarised in class – we still recommend a written summary as well. This is especially relevant for risks and corresponding tools – and two simple columns could have been built up over the sessions with each session adding to the last one and building towards a complete cumulative picture of the whole programme.
- We also wonder if KPMG took the material through external review before presenting it, perhaps by a Global Association of Risk Professionals (GARP) or Risk Management Association (RMA) professional?

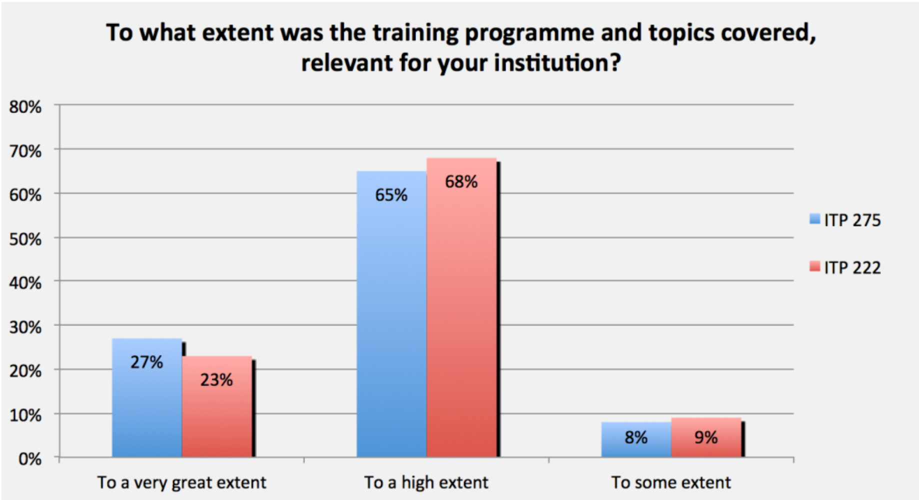
The interviews gave positive feedback, but also referred to some of the points above. The participants said:

- "The trainers were very good – though sometimes presented a bit too much theory"
- "I learnt a lot, especially going beyond operating risk to understand credit risk and market risk"
- "The Anti Money Laundering (AML) was a KPMG model – I wanted to hear real experience"
- "I really learnt so much about all risks"
- "It would have been interesting to learn about other countries too, not only Sweden"
- "It was really useful to visit banks and hear how they really did it"
- "It's very heavy material, but worth it!"
- "The visits to South African banks in Cape Town were very helpful – so relevant, the best part for me"
- "I presented to my colleagues and bosses when I came back, but it's hard to know what else to do"
- "I learnt a lot from discussing with participants from other countries and hearing how they tackled things"

In the independent survey conducted by the evaluation team, 96% participant confirmed this observation. They stated that the training to a very great extent or to a high extent respondent to their own needs and demands, and some 91-92% of participants responded that the training to a very great extent or to a high extent were relevant for their institutions. See figure F.2 below:

Figure F.2


To what extent did the training programme respond to your own needs and demands?
100%
80%
60%
40%
20%
0%
35%
14%
61,0%
82,0%
4,00%
4,00%
Diagramområde
To a very great extent
To a high extent
To some extent or less
ITP 275
ITP 222


To what extent was the training programme and topics covered, relevant for your institution?
80%
70%
60%
50%
40%
30%
20%
10%
0%
27%
23%
65%
68%
8%
9%
To a very great extent
To a high extent
To some extent
ITP 275
ITP 222

Annex G - Survey

1. Thank you for agreeing to complete this survey. Your answers are anonymous. Before we begin we would like to ask you some questions about which programme you attended and other details.

	Which year did you attend the programme?	Which type of programme did you attend?	Select your gender.	Select your institution	Select the answer that best describes the position that you had, when the program was initiated	Have you changed job since you participated in the programme?
Select in the drop down menu						

Programme design

2. To what extent did the training programme respond to your own needs and demands?

To a very great extent	To a high extent	To some extent	Only a little	Not at all
○	○	○	○	○

Please give examples of where your needs/priorities were fulfilled and/or were not fulfilled

3. To what extent was the training programme and topics covered, relevant for your institution?

To a very great extent	To a high extent	To some extent	Only a little	Not at all
○	○	○	○	○

Please give examples of where your institution's needs/priorities were fulfilled and/or were not fulfilled

Programme design

4. Which, if any, concrete changes have there been at your individual level?

	to a very great extent	to a high extent	to some extent	only a little	not at all
To what extent do you use the knowledge you gained from the programme and change initiative?	○	○	○	○	○
To what extent is your acquired competences beneficial for your institution?	○	○	○	○	○
To what extent do you use the tools presented during the programme?	○	○	○	○	○

Any comments you wish to add?

5. Have there been any unexpected benefits or negative effects of the training?

	to a very great extent	to a high extent	to some extent	only a little	not at all
Have there been any unexpected benefits of the training?	○	○	○	○	○
Have there been any negative effects of the training?	○	○	○	○	○

Please provide examples to illustrate your answer

Change Initiative

6. Please rate, to what extent the change initiative was relevant for all participants in your group and your institution?

	to a very great extent	to a high extent	to some extent	only a little	not at all
Was the topic of your change initiative relevant for all participants in your group?	○	○	○	○	○
Was the topic of your change initiative relevant for your institution?	○	○	○	○	○

Please explain/give examples

7. Did your institution adopt any new risk management routines, based on the skills you have acquired from the programme?

	to a very great extent	to a high extent	to some extent	only a little	not at all
Did your institution implement any new routines/improvements based on your change initiative?	○	○	○	○	○
Did your institution implement any new routines/improvements based on the training you have received during the programme?	○	○	○	○	○

Please provide examples to illustrate your answer

Mentorship

8. How would rate the technical skills and knowledge of the mentor for your change initiative?

Very high	High	Sufficient/medium	Insufficient	None
○	○	○	○	○

Any comments you wish to add?

9. How would you rate the guidance you received from your mentor?

	Excellent	Good	Sufficient	Insufficient	Poor
Appropriateness	○	○	○	○	○
Comprehensiveness	○	○	○	○	○
Quality	○	○	○	○	○
Ease of use/implementation	○	○	○	○	○

Any comments you wish to add?

10. How would you rate the accessibility and responsiveness (e.g. timeliness and willingness) of your mentor to your questions and requests for advice?

Very high	High	Sufficient/medium	Insufficient	None
○	○	○	○	○

Any comments you wish to add?

Network

11. We would like to hear your opinion and experience on the networks. Please select the statement that fits you the most:

- ◯ I joined an existing network
- ◯ I have been involved in starting a new network
- ◯ I have not joined a network

Any comments you wish to add?

12. If you participate in a network, how often are you in contact with the network?

- ◯ I do not participate in a network
- ◯ Never
- ◯ Very seldom
- ◯ One per quarter
- ◯ Once per month
- ◯ Weekly

Please comment on which, if any, benefits have you gained through participating in a network?

Recommendations for future programmes
13. In your opinion, which other skills would be needed in order to improve the impact and client benefits of enhanced Risk Management skills?
14. In your opinion, what are the roadblocks and enablers in your country that can be useful for future ITP Risk Management Programmes?

Evaluation of Swedish International Training Programmes (ITP); Risk Management in Banking (2003-2014)

Sida commissioned an evaluation of the ITP 222 and the ITP 275 Risk management in Banking programme 2003-2013 covering 18 programmes. The evaluation concluded: 1) The programme was relevant for partner countries, but did not directly contribute to Sida's wider development cooperation goals nor was it designed to do so, 2) The transfer of technical skills was broadly achieved, 3) New technical skills were adopted to varying degrees in financial institutions, 4) A promising result is that elements of the training will be largely sustained, and 5) Although well managed and implemented, there is scope for achieving higher value and impact within the existing ITP concept.

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