

FMD PROGRAM

INDEPENDENT TRAINING IMPACT ASSESSMENT

EVALUATION REPORT OF USAID / FMD - FINANCED TRAINING TO THE BANQUE CENTRALE DE MADAGASCAR AND THE CAISSE D'ÉPARGNE DE MADAGASCAR

Submitted to USAID Madagascar

***NY HAZO NO VANON-KO LAKANA, AO NY ALA NANIRIANY
TO MAKE A CANOE FROM A TREE,
THE WHOLE FOREST IS USEFUL***

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ACRONYMS AND KEY WORDS

BCM	Banque Centrale de Madagascar
BPR	Business Process Re-engineering
CAER	Consulting Assistance on Economic Reform
CAMPC	Centre Africain de Management et de Perfectionnement des Cadres
CEM	Caisse d'épargne de Madagascar
CV	Curriculum Vitae (résumé)
Fasi	Malagasy cultural taboo
GOM	Government Of Madagascar
HR	Human Resources
IMATEP	Institut Malagache des Techniques de Plannification
IR	Intermediate Result
ISCAM	Institut Supérieur de la Communication des affaires et du Management
Mora Mora	Malagasy expression to express total absence of urgency or stress
PERT	Planning and evaluation review technique
PR	Public Relations
PRODIF	Programme de Development Des Institutions Financières
PTT	Poste, Télégraphes et Télécommunications (Malagasy Post Office)
SPO	Special Priority Objective
TA	Technical Assistance
TOR	Terms of reference
TQM	Total Quality Management

EXECUTIVE SUMMARY

Introduction

USAID/Madagascar has been active in sponsoring participants for long-term and short-term technical training to strengthen the institutional capacity of selected technical ministries implementing the Mission's projects. In 1993, USAID/Madagascar initiated the Financial Markets Development (FMD) Project with the goal of increasing investment and employment in the private sector by increasing the level of domestic financial savings and the share of savings going to the private sector. To achieve this goal, FMD has helped to develop the capacity of the *Banque Centrale de Madagascar* (BCM) to implement stable, non-inflationary monetary policies consistent with free market principles, and to develop the institutional capacity of the *Caisse d'Epargne de Madagascar* (CEM) to provide sustainable financial services to its clients. FMD training has been conducted through local Malagasy training institutions, such as the *Institut Malagache des Techniques de Plannifications* (IMATEP) and *Institut Supérieur de la Communication des Affaires et du Management* (ISCAM), as well as third country and U.S. based institutions. The entire portfolio of training activities includes over 1200 trainees, of which approximately 83% are employees of the BCM, 16% are employees of the CEM, and a few participants are from supporting Ministries.

The Scope and Approach of Development Associates' Evaluation

In order to assist USAID/Madagascar determine the impact of the training on the professional growth of the recipient and the strengthened capacity of the recipient institutions, Development Associates, Inc., a private management and government consulting firm, was contracted by the United States Agency for International Development to conduct an evaluation of the Financial Market Development Project (FMD) sponsored employee training at Madagascar's *Banque Centrale de Madagascar* (BCM) and the *Caisse d'Epargne de Madagascar* (CEM). In particular, Development Associates was to "Review and analyze FMD's entire training portfolio to develop a methodological approach for the evaluation; formulate appropriate criteria for selection of individuals to be interviewed and include an interview questionnaire; and specify appropriate techniques for assessing institutional capacity strengthening."

To carry out this evaluation, Development Associates sent a consultant to Madagascar during the period of July 11 through August 4, 1998. Working closely with USAID staff and representatives from the recipient institutions, BCM and CEM, the consultant designed and administered an approved questionnaire to 120 individuals who had participated in the FMD training program (88 from BCM and 32 from CEM). After completion of the questionnaire, respondents were asked to participate in an informal free flowing discussion on the results of the training itself. To complement the data from the questionnaire and the group discussions, the consultant conducted interviews with selected senior management and with specific individuals whose questionnaire responses made them stand out from the rest (strong views, outspoken, critical, enthusiastic, etc.).

Major Findings, Conclusions and Recommendations

The FMD training program, targeted at two major financial institutions in Madagascar, has increased the capacity of the BCM and the CEM to act as catalysts for macro-economic change within the country. Malagasy human capital and organizational structures have been changed in a positive and durable manner.

The training has improved capacity, both individual and organizational, by addressing some of the key issues that handicapped the recipient organizations. The institutions and their staff now have the tools to establish a strategic perspective and develop a global understanding of their respective roles in the macro-economic evolution of the country. Furthermore, the training which has been aimed at behavioral change at least as much as at simple skills transfer, has resulted in positive attitude changes.

One of the major impacts of the FMD training on the institution and staff of the Banque Central de Madagascar (BCM) has been to broaden their perspective to include both the Malagasy people and their needs, and to an even larger extent, the global economy. Training has broadened the perspective of many people, including both those trained in-country and those who studied abroad.

Improvements at the Caisse d'Epargne (CEM) that resulted from training will benefit clients directly, allowing them to have faster access to capital, interest, and even money transfer services. It follows that those changes will have direct impact on the poorer and lower-middle class Malagasy. The hopes are that this will increase the well being and prosperity of the group. The institution has also been strengthened. Based on the FMD training, the CEM is now capable of making and re-investing profits in an effective and efficient manner.

The CEM has undergone a cultural change of significant magnitude, which can in part be attributed to FMD training. In less than five years it has gone from being a bureaucratic state agency, passively applying centralized plans and budgets, to being a self-managed pro-active business-minded enterprise, leading a technical innovation (international money transfer) in Madagascar.

In summary, the FMD training program has increased the knowledge, skills, and capability of the trainee participants from both the BCM and the CEM and has improved the capability of both institutions to better serve the needs of Madagascar and its citizens.

Recommendations--The evaluation of the Financial Market Development (FMD) sponsored training shows positive results on the professional growth of the recipient trainees as well as carry over into the systems of the two major banking organizations. Strengthened capacity was demonstrated in the results of the questionnaires as well as in specific examples of changes in procedures and overall communications and management. Nevertheless, specific steps listed below can be instituted in order to maximize the benefit of the training of the last four years as well as to improve the quality of the training activities.

1. Formalize a Professional Development team within each bank.

At BCM groups of middle managers were formed to carry out on-the-job training tasks based on the content of the formal training courses. Such groups could serve as the nucleus of a professional development assessment and training team. The advantages of such entities are numerous. The team's identification of performance problems and related training needs would form a basis for designing training as well as provide a baseline for measuring the results.

2. Maximize the spread effect of the original training.

Select several of the graduates of earlier training programs to lead an on-going, abbreviated version of the training program. The sessions would provide a refresher for those who have received training as well as an orientation for new staff.

3. Provide a Train-the-Trainer course for the in-house facilitators.

Though the FMD training generally employed a hand-on methodology, responses from many trainees suggest that training could have been more practical. An on-site Train the Trainer (TOT) course would focus on methodologies and how to develop materials and case studies that relate to real-work situations. Ideally, a TOT course would incorporate opportunities for the students to teach. This approach is sometimes described as "train me/show me/let me do it." Provided that the objectives are modest, a TOT course on methodologies could be given in 5 days.

4. Develop a long-term training plan.

USAID's support and guidance to develop a formal training plan would be valuable in institutionalizing the program of knowledge and skills upgrade in the sector. Training courses should only be recommended or designed after the institutional problems are defined and the training needs identified. A thorough assessment would define the needs, explain the performance problems, provide a baseline for future assessments, and finally identify course content to address the issues. The training plan developed after the needs assessment has been completed would address both in-country and off-shore opportunities.

5. Consider providing basic and refresher courses on economics, legal issues and international capital flows.

Discussions with senior managers and others relative to types of training required to further the "modernization" of the financial institutions, particularly the BCM, failed to reveal any mention of these topics. It may well have been an oversight, although it was the sense of the evaluator that such a need existed. Thus, it is recommended that, at a minimum, an informal needs assessment be conducted to determine whether there is such a need and at which level of the organization. If a knowledge gap is indicated, this theoretical material could be organized into a series of one day seminars or short in-house courses with exercises in fundamentals. A guest speaker series for senior management on current issues has been found to be a successful format for presenting new information to management.

I. INTRODUCTION

Development Associates, Inc., a private management and government consulting firm, was contracted by the United States Agency for International Development (USAID), specifically USAID/Madagascar, to provide participant training services under Contract No. FAO-I-00-96-00021-00, Task Order 801. The Task Order called for Development Associates to provide (1) services related to individual and group participant training in the U.S.; (2) technical assistance for an evaluation of "35 in-country management training courses for bankers" and (3) the implementation of in-country training activities in eco-tourism and port operations related to Madagascar.

This report addresses the evaluation of the Financial Market Development Project (FMD) sponsored employee training at Madagascar's *Banque Centrale de Madagascar* (BCM) and the *Caisse d'Epargne de Madagascar* (CEM).

A. Background

Historically, USAID/Madagascar has been active in sponsoring participants for long-term and short-term technical training to strengthen the institutional capacity of selected technical ministries implementing the Mission's projects. Currently, USAID/Madagascar, in partnership with the BCM and CEM, is implementing activities through the Financial Market Development (FMD) Project in support of USAID's Special Program Objective (SPO) of An Improved Environment for Private Initiative. The FMD Project began in September 1993 with the goal of increasing investment and employment in the private sector by increasing the level of domestic financial savings and the share of savings going to the private sector. To achieve this goal, FMD has helped to develop the capacity of the Central Bank to implement stable, non-inflationary monetary policies consistent with free market principles, and to develop the institutional capacity of the CEM to provide sustainable financial services to its clients. FMD training has been conducted through local Malagasy training institutions, such as the Institut Malgache des Techniques de Planifications (IMATEP), Institut Supérieur de la Communication des Affaires et du Management (ISCAM); international training institutions such as the Centre Africain de Management et de Perfectionnement des Cadres (CAMPC) and the International Development Law Institute (IDLI); and U.S. based institutions such as the Federal Reserve Bank, National School of Banking, International Management Development Institute (IMDI), and the Intrados Group, as well as several others. The entire portfolio of training activities includes over 1200 trainees, of which approximately 83% are employees of the BCM, 16% are employees of the CEM, and a few participants are from supporting Ministries. The BCM participants who received training through the HIID contract were divided into five teams of approximately twenty individuals each. Participants of each team received several training courses; therefore, the same individuals have multiple listing on the FMD training manifest.

B. Statement of Work

The main objective of the evaluation is to assess the extent to which the FMD Project sponsored employee training contributed to the professional growth of the recipient trainee, and how the training strengthened the financial capacity of the recipient institutions (BCM and CEM).

A secondary objective was to inform USAID's Special Program Objective's (SPO) design of future training, especially in the area of microfinance.

The evaluation covers both the training conducted in-country (35 two-week courses of 20 participants each) as well as training conducted in the U.S. and third country institutions (this latter requirement was added shortly before the evaluation was to take place). The detailed Statement of Work (SOW) is attached as Annex A.

II. METHODOLOGY

The methodology selected for the evaluation consisted of three inter-related parts: (1) the administration of a 5-page questionnaire; (2) discussion of the training with groups of questionnaire respondents; and (3) informal interviews with specific individuals, mostly senior management. The evaluator also reviewed available internal administrative files, documents and reports, such as training course evaluations (by trainees and trainers), "after action" reports by returning trainees sent overseas for training, and training modules and materials.

The questionnaire was administered to 120 individuals who had participated in the FMD training program, 88 from BCM and 32 from CEM. Respondents were not asked to place their names on the questionnaires. The questionnaire (see Annex B), in French, asked for the respondent's personal data (sex, age, education, grade or position in the organization, length of employment, and number of subordinates supervised--Charts 1 - 5) as well as: (1) the types of courses taken under the FMD/USAID training; (2) the respondent's assessment of the training received, including the quality of trainers and training materials; (3) the impact of the training on the respondent, including a quantitative assessment of the respondent's job performance as a result of the training; (4) the impact of the training on the organization (e.g., how the organization changed as a result of the training, two concrete examples of improvement); and (5) the respondent's recommendations for future training.

The questionnaire was administered in groups of 10-20 people in closed door informal meetings with the evaluator present to answer or clarify any question raised by participants. Homogeneous groups were used, because in the Malagasy context, greater responsiveness was expected if the groups did not mix levels of management. One interesting characteristic of the way participants filled the questionnaire was the frequency of written comments, including comments in fields where they were not expected. For instance, the multiple choice sections are often graced with explanations, details, justifications or comments. In general, the participants tried to answer with care, putting some serious thought into questions about concepts sometimes unfamiliar. The questions about productivity and its measurement, for instance required a great deal of time for some groups, in particular the lower management of the CEM, but these groups were also the ones that came up with the most significant examples and illustrations.

Each session lasted from 60 - 90 minutes, with the questionnaire administration lasting 15-30 minutes and the remainder of the time devoted to open discussion. After the respondents completed the questionnaire, the evaluator opened up the session to comments, exchange of views, and/or further discussion of the elements or sections in the questionnaire. It also served as a forum to obtain additional perceptions of the global changes affecting both the trainees and the parent institutions.

The group discussions were not as productive as expected. Time tended to be a limiting factor, with many respondents leaving immediately after completing the questionnaire. In addition, many respondents were reluctant to participate openly, to voice opinions in a group setting, and/or to appear to be critical of someone else's work. Thus, criticism often had to be "pried out" of groups, by asking some catalyst, a more daring individual, and pushing them to talk, when they were hesitant to speak out. Frequently, once someone started, then others would join in and confirm a particular finding. In the CEM, and in the junior management levels of

Chart 1
(Chart 1: Proportion of sample population: by Gender)

Chart 2
(Chart 2: Proportion of sample population by Age)

Chart 3

(Chart 3: Proportion of sample Population by education level reached)

Chart 4

(Chart 4: Proportion of sample population by years employed)

Chart 5

(Chart 5: Proportion of sample population by number of subordinates)

the BCM, groups were more outspoken and meaningful feedback was received. In the higher echelons of the BCM, verbal exchange was fairly standardized and formal.

The recipient organizations had a significant role in determining those chosen for the questionnaire and discussion. In the case of the CEM, because the total number of employees trained was smaller, the sample consisted of the people available in Tana during the study period, who were recruited with the help of the personnel manager.

For the BCM, a more complex sampling approach was adopted. The first step was to identify and list their entire population of trainees, as well as the detail of the courses attended. In order to do this, it was necessary to re-organize and collate various lists made available by USAID, the BCM and the CEM containing names of all the trainees, courses and subject matters that USAID had financed over the years of the project. There were three distinct factors taken into account. In order of importance, these were:

- (1) the level of management and type of training undertaken;
- (2) demographic/personal characteristics; and
- (3) availability and/or capacity to respond to the questionnaire.

The evaluator worked with BCM to obtain a sample that was as closely matched as possible to the total population. With the assistance of Ms. Louisette Rahajarivony, the Director of Human Resources, the total population was divided into six groups based on level of management and training undertaken. Once these groups were determined and the optimum number of people in each was decided upon, Ms Louisette Rahajarivony selected people from the Bank, in accordance to the second series of parameters (gender, age, education level, etc.).

To complement the data from the questionnaire and discussions, the evaluator conducted informal interviews with selected senior management and with specific individuals whose questionnaire responses made them stand out from the rest (strong views, outspoken, critical, enthusiastic, etc.).

Following are a set of findings related to the impact of the training activities over time as measured by the participant assessment, group discussion and selected interviews.

III. FINDINGS

A. Training Providers

The majority of the training (in-country) in support of the Financial Market Development (FMD) Project was provided by IMATEP and ISCAM, with secondary support from other institutions such as IFESH, INSCAE, and USIS. Off-shore training was provided by INTRADOS, CAMPC, IDLI, IMDI, NSB, IMCE, and BRI.

Training sessions involved instruction on a variety of topics including: English for businessmen and lawyers, Business and job development, and computer programming internet skills, financial management, economics, research and strategies for market development, and upgrading of secretarial skills--among others. Over 1200 individuals received training of some type, of which approximately 38% were women.

Individuals Trained--Table 1.1 illustrates the number of training sessions conducted by each institution during 1994-98. CAER, which is not a training organization but a sponsor of USAID training projects, supported 462 participants. Both ISCAM and USIS each conducted sessions for about 26 percent of the participants. IMATEP directed sessions for only 131 participants, or 9.7 percent. Eleven other entities conducted training courses for only 3.2 percent of the participants.

Table 1.1
Number of Individuals Trained by Institution

Training Institution	Number Trained	Percent
CAER	462	34.2
IMATEP	131	9.7
ISCAM	351	26.0
USIS/ELT	363	26.9
Other	43	3.2
Total	1355	100

Participants received an average of 40 hours of training over a period of approximately 24 days. These results are based on 813 training hours reported for 1,159 trainees. A total of 537 training hours or 191 participants were not reported.

BCM employees who received training accounted for 83 (percent) of the total number of trainees. CEM personnel had a total of 220 courses for their employees or 16 (percent).

There were 22 participants who received their training outside of Madagascar. Of those who received instruction abroad, 13 were male and 9 were female. There were also 26 trainees who received their training in the United States.

B. Effect of the Training on Individual Growth

The findings in this section summarize the more significant responses from the questionnaire but do not take into account the subjective data gleaned from the group discussions and the informal interviews with selected managers and respondents. That data is included in the findings related to the financial institutions covered in the next section. Two charts follow which illustrate the data.

The evaluator has not included absolute scales on the bar charts referenced here since the questionnaire allows five (5) degrees of "agreement/disagreement" for each question (answer) which does not allow a straightforward comparison of percentages. The bar charts express the key results of the questionnaire. One tallies the questions (or groups of questions) whose answers show a significant deviation from the mean in a positive way, or in a negative way. Areas which do not show a significant deviation from the mean are deemed to be neutral, or non relevant, and therefore are not discussed.

The following charts (Chart 6 and Chart 7) represent graphically the trainees' perception of the quality of training as well as the individual benefits derived from the learning activity. To the extent possible the trainee assessment is augmented by concrete examples of quality. Though in general, the CEM trainees have a more positive perception of the effect of training than those from BCM, both groups valued the training highly. The majority of both groups also found the trainers qualified.

In the major areas queried, (meeting professional needs, producing confidence, useful training documents, improved relations with colleagues, improved technology) participants acknowledged substantial improvement after training. Although the two charts indicate a difference in degree between BCM and CEM trainees, our real interest lies in the universal agreement about the value of training.

The BCM trainees felt that the training met their personal and professional needs and instilled confidence in themselves; enabled them to take a more strategic view of their work; and tended to make them more productive. They also felt that the training materials were useful on the job even long after the training was completed.

The CEM trainees on the other hand were much more positive on their feelings (perceptions) of the training. Across the board, the number of trainees with negative perceptions was very small. Almost all of them felt that the training met their personal and professional needs; instilled more confidence in self; improved their relationships with colleagues and superiors; and improved their productivity. The training was deemed to be culturally appropriate for Madagascar; and the trainers were well qualified, although this was tempered somewhat during the oral discussions. The CEM trainees also felt that the training led to improved working conditions; resulted in a better work atmosphere; and resulted in better service for CEM clients.

Examples of improvement

Turning our attention to Chart 7, Perceived Points of Improvement, we see that while the preponderance of respondents from the BCM found none or minimal improvements in their general working conditions, and others made a point about the inapplicability of the training to the individual's specific tasks, there were still many who felt that the training helped them in their relations with superiors as well as with subordinates. Additionally, they felt that the training had improved their productivity as well as enhanced their career prospects and improved their chances for salary increases.

On the other hand, the respondents from the CEM were about evenly divided between those who saw improvement and those who did not. It is also interesting to note that the CEM respondents focused more on the trainers and the quality of trainers, while the BCM respondents

Chart 6
(Chart 6: Key positive perceptions BCM, CEM)

paid more attention to how the training served to improve them and their ability to move ahead in their job. Nonetheless, CEM respondents also felt that the training had improved their prospects for a better job and increased salaries. They also felt that the training had resulted in improving their professional position within the CEM.

The dominating impression is that of a significant improvement in quality of work and a general feeling of the bank reaching international levels of competence. This has had a positive effect on morale and motivation, and, within the serious and grave attitudes prevalent in the offices, there is clearly a high level of job-satisfaction and motivation.

C. Impact of Training on the Financial Institutions¹

The two recipient institutions are at opposite sides of the economic spectrum, one, the Banque Centrale de Madagascar (BCM), serving the country's macro-economic environment through its monetary, supervisory and banking activities, the other, the Caisse d'Épargne de Madagascar (CEM), serving the population's financial bottom tier. CEM's clients are the vast majority of Malagasy who cannot have access to normal banking.

Both institutions play a key role in the economic strategy of the country, at different levels and with different clients, but with a similar objective, to create conditions that will allow Madagascar to cross the threshold of a modern economy and climb the steps of economic development.

Banque Centrale de Madagascar (BCM)

The Central Bank, in Madagascar as anywhere else, is the foundation stone of the economy. Its "company culture" obviously reflects this overwhelming responsibility, and its people and institutions are, by the nature of their task, stable, formal and precise. Even its location in the center of the old business center indicates its tradition and its role. It has a strong corporate identity, and its people are conscious of the unique and privileged nature of their situation. Bank personnel by the nature of their task, are stable, formal and precise. They are conscious of belonging to an elite group, and it is not a bad thing in the absolute. Probably, in the past this elitism was not always exclusively based on skill. Nonetheless, their attitudes reflect the responsibility and seriousness of their task, even to excess, a sometimes isolationist and "ivory tower" mentality.

This mentality which, in many respects, influences of the institution's stability and independence, can also result in excessive inertia. In the Central Bank, the dominant attitude is one of calm and professionalism. There was no undue enthusiasm, either positive or negative, about the training, the trainers, or the impact of the entire project. This could very well be due

¹It should be noted that the findings that follow are based on respondents' answers to the questionnaire as well as on the results of the group interviews conducted after the questionnaire was administered. Complementing that data are the results from the informal interviews (away from the environment in which the questionnaire was administered) with selected managers and some respondents.

Chart 7

(Chart 7: Perceived Points of Improvement BCM, CEM)

to the fact that the Bank's culture is extremely conservative, and does not accept suggested changes without a careful study and long testing.

However, both off and on record, it was made clear to the evaluator that the training had changed the organization's culture in a number of important ways. Although cultural changes (like all other changes) in the BCM appear slow, in actual fact, considering the size of the Bank, all its personnel, starting at the top, have shown the capacity to accept change selectively but decidedly. Internally, although the culture of the management was a very closed, secretive and discreet one, departments are starting to make teamwork a habit, and to exchange information as a matter of course.

The most visible variance in terms of collective answers are found in the BCM's middle management, where a larger minority has views that are out of phase with the majority of the Bank's perceptions. Some of these are undoubtedly expressions of original thought and should be encouraged, especially in the BCM environment, others are simply out of step with the general movement and reflect a poor capacity to understand and accept change.

For example, an increasing number of people, even at middle management level are feeling the need to "manage" the Bank more like an enterprise, using contemporary management tools and techniques, including in "soft" fields like communication, human resources and public relations.

The generalization of teamwork and "company spirit" between levels of management and between departments is felt by all the people interviewed. This is especially visible in the relations with the administrative department, which was up to now a relatively humble element of the Bank's structure. It now has a stronger sense of belonging.

Another positive point is the integration of all the training into a coherent training strategy, the design of which involves all directors. This in itself is a typical result of a training visit abroad for the human resources director.

Productivity in the BCM is not a concept that has made its mark, and numerous participants found it difficult to relate to questions addressing it. However, a number of improvements seem significant to the participants. For example, respondents felt that as a result of the training, institutional objectives are defined more clearly and superiors tend to make decisions much faster. The capacity to communicate vertically has also improved.

Examples of productivity improvements include:

- ▶ study of creditor's balance sheets: average time reduced from one month to one week,
- ▶ audit of agency's accounts: increased by 15%,
- ▶ risk analysis of credit establishments demonstrated a 95% improvement,
- ▶ improved procedures for internal control, and
- ▶ search for legal information--time reduced by 97%, from one day to 10 minutes.

The higher levels of management identify improvement more in terms of strategy, inter-department effectiveness and personal capacity (decision-taking, analysis, vision and communication rather than those of a day to day nature.

The "technical" types of training, indispensable for the modernization of the Bank's communication and information systems included subject matters such as secretarial organization, computer skills, applied math and statistics. This training, administered throughout the levels of management (director level included) was extremely well diffused by either "osmosis" or by secondary or follow-on training . Although the latter was not always formal and could have been more systematic, it appears that needs expressed at any level were effectively satisfied.

On the other hand, more theoretical training subjects such as economics, legal issues or international capital flows were not addressed, even when there was a need for such training. This is probably due to the size of the Bank and the fact that the company culture is less open to spontaneous exchange of information. Other limitations include the fact that the potential recipients of this training are top managers with limited time available for formal training and the preparation for, and presentation of these topics requires more time and personal investment. Additionally, the initiative in training policies is too often left solely to the human resources director. Although managers at directorate level may exchange some information and skills during the course of their work because they are in close contact, senior and middle management do not. And this deprives the Bank of the benefits of high-level training.

An area of significant improvement and advances in training in the BCM is the use of "projects-oriented training as follow-on to the formal training activity." Five of these project groups were formed during the CAER training and they turned out to be very effective. For example, one project carried out by a group of middle managers back from an off-shore training course was to set up an inter-department monetary committee. Others created a group to help formulate the monetary policy of the Bank or collaborate with the Ministry of Finance to improve the national accounting system. Although the formal training projects are over, most of these groups are still active today. These operational bodies within the Bank provide the potential for testing and applying a training strategy. Furthermore, implementation of the concept could:

- ▶ extend the training application to other strategic objectives or targets,
- ▶ allow directors to concentrate on getting their people to work together,
- ▶ transfer skills, aptitude and attitudes to many people through real action,
- ▶ offer a way to apply and therefore remember and improve training syllabus,
- ▶ increase communication between departments, and
- ▶ create personal contacts and generate more teamwork.

It also would result in a training strategy that is even more action-oriented, now that the "remise à niveau" (general capacity building) has been carried out to a large degree of satisfaction. In the light of this, the above point about follow-on training becomes even more relevant.

It must be stressed, that overall, the directors, have actually done a lot of action-oriented training, for instance writing functional procedures, TQM assessments, or a new strategy for their departments as a project of the training abroad. The human resources director even established contact with other Central Banks to help her define and implement concrete international linkages.

It could be argued that the directors have more freedom in their actions and a broader vision for their tasks, but another difference is the increased self-confidence and motivation boost they feel after coming back from training. This excellent example must be followed by more of the senior and even middle managers who benefit from training. This will require resources, organization, and delegation from their superiors.

Caisse d'Epargne de Madagascar (CEM)

The Caisse d'Epargne de Madagascar started in 1918, is a much smaller, more intimate organization, with a more informal and relaxed style. This was the case before the FMD program, and it has moved in proportion, toward being a more efficient and cohesive management team.

The CEM has kept the best side of an old-fashioned moralistic and paternalistic feeling toward the public, inherited from the days of French colonialism, which can be seen in the little proverbs and maxims printed at the bottom of every page of its famous "livret" (the book clients keep). Even its logo, an ant, is a colorful and pedagogical message of encouragement to save and put aside for a rainy day.

Its recruitment is generally more eclectic, and there is a flatter organizational structure (flatter pyramid). This should not hide the fact that a hierarchy exists, and is quite present, but the fact that there is day to day contact, allows for less formal communication flows.²

An exceptionally good relation of trust and openness between the USAID project management and the CEM has made huge progress possible, not only in terms of technical improvement, but also management mentality and pro-active business development. This trust is also quite visible within the company culture, and it is this trust within the ranks of the Caisse, that helps all members of the staff take the courageous leap of faith into modern, efficient and business-oriented behavior patterns.

The overall response to FMD training, and the FMD package in general, has been an enthusiastic one, both at the individual level and for the organization as a whole. The training of directors in the US, has had a strong impact on people's minds, not only in terms of technical skills and knowledge, but also as a discovery of alternative management styles. Learning that authority does not need to be formal, and that gender and age relations can be more comfortable, served to restore the natural friendly courtesy of the Malagasy. The role of the

² In the future, this could present a danger, as the drive toward a more modern professional attitude continues, because contact is very different from communication, and that as managers focus more and work harder, the communication flows might need to be made more systematic.

human resources director, who considered the mentality change a priority, was also instrumental in the implementation of the change.

The normal fear of change, present in any body subjected to change, was made easier and smoother in the CEM by the hands-on and consultancy type pro-active USAID participation in all major decisions and implementations. This is one of the keys of success.

As a simple but telling example, the CEM has become the first Malagasy body to create organic linkages with Western Union, to set up a money transfer service to the country. The macro-economic impact of such a step are significant, especially, when it is related to the normal efficiency and poor client-friendliness of banks in the country.

The CEM has found it relatively easy to apply some form of measurement to their work capacity. Examples of improved capacities as listed in the questionnaires include: an increase in the number of satisfied clients (85%); increased productivity in maintenance of checking of accounts on the CEM's books; reduction of mistakes; faster preparation of financial statements; ability to search for information both numerically and alphabetically; a 100% increase in new accounts per day; reduction in time that customers spent waiting at the counter from 40% to 80%; and faster preparation of the payroll for CEM staff. These examples indicate a real productivity, accountability and client-service attitude in the CEM company culture.

In the higher levels of management, expressed improvements are more often related to inter-department and interpersonal relation and to improved vision, planning and strategy. The examples given are often the disappearance of the civil service mentality, better strategic management, improved work environment, and access to English language.

In summary, the data strongly suggest that this very prevalent change of attitude is the direct result of the FMD training, given that the CEM was not known before, by the account of its own people, as an efficient (or even effective) operation. There is a real pride, now, in the way people do their job with more capacity, satisfaction and productivity. This attitude is found in the semantics of the responses where the CEM is sometimes compared to "other banks" or even "the competition", and "client satisfaction" has become a major preoccupation .

In terms of human productivity improvement, the changes are striking as well, bearing in mind that labor-capital costs ratios are different from the US, and labor saving is not a priority. As a result of the increases in deposit volume, client base and number of regional offices staffing increased approximately 250%, going from about 50 to 130 people, and at the same time, employee absenteeism dropped from 16% to less than 1%;

It is difficult not to over-state the quality of the FMD impact on this venerable institution. What has emerged is a new organization, led by a body of mostly young managers, who have the capacity and will to accept an active role in the development of the country's economy. Managers now share information horizontally and vertically, delegate more, and train their people. The management team has a real strategic vision and therefore are able to set goals and targets for themselves, in the light of collectively agreed objectives.

It is interesting to note that the changes experienced within the CEM did not impact negatively on the staff. This is best illustrated by the fact that when the choice was given to them of staying in the Post Office structure or transferring to the new Caisse d'Epargne (at no initial salary difference), 100% of them decided to do so. N.B. It was made clear to the

evaluator that one of the reasons for this collective attitude was the training received under the FMD Training Project.

IV. CONCLUSIONS

It is the conclusion of this report that USAID's objectives have been served extremely well by the training component included in the FMD package. The FMD program has targeted two institutions, and has increased capacity in the BCM and the CEM to act as catalysts for macro-economic change within the country. The Malagasy human capital and organizational structures of these institutions have been changed very profoundly and durably.

The training has improved capacity, both individual and organizational, by addressing some of the key issues that handicapped the recipient organizations. The institutions and their staff now have the tools to establish a strategic perspective and develop a global understanding of their respective roles in the macro-economic evolution of the country. Furthermore, the training which has been aimed at behavioral change at least as much as at simple skills transfer, has resulted in positive attitude changes. Over the duration of the program, the training has acted as a lubricant to change, and a transmission belt to actual implementation of desired structural changes.

One of the major impacts of the FMD training on the institution and staff of the Banque Central de Madagascar (BCM) has been to broaden their perspective to include, both the Malagasy people and their needs, and to an even larger extent, the global economy. Training has broadened the perspective of many people, including both those trained in-country and those who studied abroad.

The courses in economics, statistics and computer use seem to have made a large overall impact, and the senior levels of management clearly have generally broken down the "tunnel vision" from which the BCM suffered. The feeling among the staff is one of improved vision, synergy, and better teamwork.

Improvements at the Caisse d'Epargne (CEM) that resulted from training will benefit clients directly, allowing them to have faster access to capital, interest, and even money transfer services. It follows that those changes will have direct impact on the poorer and lower-middle class Malagasy. The hopes are that this will increase the well being and prosperity of the group. The institution has also been strengthened. Based on the FMD training, the CEM is now capable of making and re-investing profits in an effective and efficient manner.

The CEM has undergone a cultural change of significant magnitude, which can in part be attributed to FMD training. In less than five years it has gone from being a bureaucratic state agency, passively applying centralized plans and budgets, to being a self-managed pro-active business-minded enterprise, leading a technical innovation (international money transfer) in Madagascar.

In summary, the FMD training program has increased the knowledge, skills, and capability of the trainee participants from both the BCM and the CEM and has improved the capability of both institutions to better serve the needs of Madagascar and its citizens. The changes are significant because they have been accepted from within.

V. RECOMMENDATIONS

The evaluation of the Financial Market Development (FMD) sponsored training shows positive results on the professional growth of the recipient trainees as well as carry over into the systems of the two major banking organizations. Strengthened capacity was demonstrated in the results of the questionnaires as well as in specific examples of changes in procedures and overall communications and management. Nevertheless, specific steps listed below can be instituted in order to maximize the benefit of the training of the last four years as well as to improve the quality of the training activities.

1. Formalize a Professional Development team within each bank.

At BCM groups of middle managers were formed to carry out on-the-job training tasks based on the content of the formal training courses. Such groups could serve as the nucleus of a professional development assessment and training team. The advantages of such entities are numerous. The team's identification of performance problems and related training needs would form a basis for designing training as well as provide a baseline for measuring the results.

2. Maximize the spread effect of the original training.

Select several of the graduates of earlier training programs to lead an on-going, abbreviated version of the training program. The sessions would provide a refresher for those who have received training as well as an orientation for new staff.

3. Provide a Train-the-Trainer course for the in-house facilitators.

Though the FMD training generally employed a hand-on methodology, responses from many trainees suggest that training could have been more practical. An on-site Train the Trainer (TOT) course would focus on methodologies and how to develop materials and case studies that relate to real-work situations. Ideally, a TOT course would incorporate opportunities for the students to teach. This approach is sometimes described as “train me/show me/let me do it.” Provided that the objectives are modest, a TOT course on methodologies could be given in 5 days.

4. Develop a long-term training plan.

USAID's support and guidance to develop a formal training plan would be valuable in institutionalizing the program of knowledge and skills upgrade in the sector. Training courses should only be recommended or designed after the institutional problems are defined and the training needs identified. A thorough assessment would define the needs, explain the performance problems, provide a baseline for future assessments, and finally identify course content to address the issues. The training plan developed after the needs assessment has been completed would address both in-country and off-shore opportunities.

5. Consider providing basic and refresher courses on economics, legal issues and international capital flows.

- ▶ Discussions with senior managers and others relative to types of training required to further the "modernization" of the financial institutions, particularly the BCM, failed to reveal any mention of these topics. It may well have been an oversight, although it was the sense of the evaluator that such a need existed. Thus, it is recommended that, at a minimum, an informal needs assessment be conducted to determine whether there is such a need and at which level of the organization. If a knowledge gap is indicated, this theoretical material could be organized into a series of one day seminars or short in-house courses with exercises in fundamentals. A guest speaker series for senior management on current issues has been found to be a successful format for presenting new information to management.

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ANNEX A
STATEMENT OF WORK

ANNEX B
QUESTIONNAIRE
