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**Office of the Superintendent of Financial
Institutions
International Advisory Group (OSFI-IAG)**

End of Phase II Evaluation

Terms of Reference

I Evaluation Title

Office of the Superintendent of Financial Institutions International Advisory Group – End of Phase II Evaluation

Project Number 3434-F1-7-1

Acronym: OSFI-IAG

II Program/Project Description

On April 2, 2001, then Minister of International Cooperation, Maria Minna (in conjunction with then Finance Minister Martin), announced a three year technical assistance program totaling \$5 million per year to help strengthen the integrity of financial sectors in the Caribbean and elsewhere.

In response, and in anticipation of being chosen by CIDA to be a primary source of expertise, OSFI created the International Advisory Group (IAG) effective February 1, 2002. CIDA entered into a three-year agreement with OSFI totaling \$2.8 million. The second three-year phase was approved on March 21, 2005 in the amount of \$4 million.

OSFI-IAG's mandate is to

Develop, implement and administer a technical assistance program in the areas of bank and insurance company regulation and supervision in support of Canada's commitment to help strengthen the integrity of financial sectors in the Caribbean and elsewhere.

Goal: To contribute to CIDA's objective of strengthening the stability and integrity of the financial sector in developing countries and countries in transition by providing technical assistance to help those countries meet international banking and insurance supervision standards.

Purpose: To improve domestic government's capacities in the regulation and supervision of their banking sector and insurance company sector.

OSFI-IAG's technical assistance has been provided using a number of delivery channels including telephone/email correspondence, receiving foreign delegations in OSFI's office, training, follow-up assistance to help countries address weaknesses identified in the Financial Sector Assessment Program (FSAP), etc. OSFI-IAG often uses a practical approach where it works side by side with foreign supervisors to help them "put in practice" the concepts/training they have received.

OSFI-IAG's activities during the second phase have included:

- Providing long term technical assistance to the **Bank Negara Malaysia** who as a result are set to introduce risk-based supervision.

- Entering into an agreement to provide long term technical assistance to the **Superintendente de Bancos of the Dominican Republic**.
- Supporting the **Central Banks of Ghana and Nigeria** with technical assistance and training on risk-based supervision.
- Participating as a member on the **OECD task force on corporate governance of banks in Eurasia** with the long-term goal of developing concrete recommendations to improve corporate governance.
- Assisting the Thailand Department of Finance to prepare for an FSAP.

OSFI-IAG has five staff and delivers most of its technical assistance using these resources. For a number of reasons the original intent of using other OSFI staff or OSFI retirees has not worked out. When staff from OSFI operating units are used CIDA covers the cost of the secondee's salary and benefits for the time he/she is involved in an IAG assignment. These costs are calculated at OSFI's daily rate for the actual number of days dedicated to a CIDA eligible assignment.

Demand for OSFI-IAG's services exceeds supply, and OSFI applies criteria to determine what countries are priorities.

III Reasons for Evaluation

CIDA's Performance Review Policy calls for periodic, independent evaluations of the Agency's programs and projects. The Administrative Agreement between CIDA and OSFI requires an independent evaluation under terms mutually agreeable to OSFI. The evaluation is being conducted at the end of Phase II of the project and will be used to inform decisions regarding subsequent phases.

IV Scope and Focus

The consultant will:

- Assess progress made towards the purpose of improving domestic government's capacities in the regulation and supervision of their banking and insurance sectors with respect to the targeted countries.
- Assess performance in terms of the relevance of results to CIDA priorities and policies, sustainability, appropriateness of design, and informed and timely action.
- Identify lessons learned and provide recommendations for guiding future programming of this nature.

More specifically, the evaluation is to focus on the following questions:

Results

- What project results – anticipated and unanticipated – have been achieved to date, particularly in relation to the project's target groups and beneficiaries?

- Has the project been able to meet expressed partner country needs for capacity development in the banking and insurance sectors?
- How has the project contributed to the overall strengthening of these sectors in partner countries?

Relevance

- Does the project continue to make sense in relation to the conditions, needs or problems to which it is intended to respond?
- Is the project consistent with CIDA's policies and priorities?

Cost Effectiveness

- Is the relationship between costs and results reasonable?
- Are services delivered in an efficient, effective and timely manner?

Sustainability

- Is institutional capacity being developed and is it adequate to take over and sustain the benefits envisaged?
- What is the likelihood that project benefits will continue after completion of project phase II?

Appropriateness

- Are the management structures and developmental focus appropriate for the needs being addressed?

Are the project resources, capacities and selected strategies sensible and sufficient to achieve the intended results?

- Are the targeted geographic areas still the highest priority? If not, in which direction could the project shift its focus?

Partnerships

- How strong and effective are the partnerships involved in the project?
- Is there shared responsibility and accountability for project results by all partners?
- How effective is the communication, coordination and cooperation among the project partners?

- What relationship does the project have with other CIDA-funded financial sector initiatives? How do these initiatives complement and reinforce one another? Should these relationships be built upon? If so, how?

Challenges, Constraints and Threats

- What have been the key challenges, risks and threats facing the project?
- How has the project dealt with these and with what degree of success?

Lessons Learned

- What are the key lessons from implementation to date?
- How has the project dealt with these and with what degree of success?

Note: This project has been designed as a responsive facility and it has maintained that approach. Demand greatly exceeds supply in part because the demander does not bear any costs and in part because of a significant need for this type of assistance. This responsive nature and the implications that has for strategy should be considered in the evaluation.

V Stakeholder Involvement

Stakeholder participation is fundamental to CIDA evaluations. This particular evaluation is more complex than most because of the accountabilities of OSFI and the Minister of Finance for the work of IAG. The Consultant is expected to be cognizant of the special context of this evaluation and ensure a cooperative approach is used throughout evaluation design and planning; information collection; the development of findings; evaluation reporting; and results dissemination.

CIDA will be responsible for designing the TORs, hiring the consultants and ensuring that the final report is received. OSFI will be invited to comment on the draft TORs, workplan and evaluation report. CIDA will confer with OSFI before selecting an evaluator, but CIDA retains the authority to make the final selection decision. OSFI will be consulted extensively during the data collection phase.

While no field mission is planned for this evaluation, it will be important for the evaluator to design a methodology to obtain feedback from key partners, particularly partners who have benefited from training or technical assistance directly.

VI Accountabilities and Responsibilities

CIDA's Project Team Leader will represent the Agency during the evaluation. She/he will direct and coordinate the evaluation.

The Project Team Leader is responsible for:

- Overall responsibility and accountability for the evaluation;
- Guidance throughout all phases of execution;
- Approval of all deliverables; and,
- Co-ordination of the Agency's internal review process.

The Consultant is responsible for: 1) conducting the evaluation; 2) the day-to-day management of operations; 3) regular progress reporting to CIDA's Project Team Leader; 4) the development of results; and, 5) the production of deliverables in accordance with contractual requirements. The Consultant will report to CIDA's Project Team Leader.

VII Evaluation Process

The evaluation will be carried out in conformity with the principles, standards and practices set out in the *CIDA Evaluation Guide*.

The consultant will prepare an evaluation work plan that will operationalize and direct the evaluation. The workplan will describe how the evaluation is to be carried out, bringing refinements, specificity and elaboration to this terms of reference. It will be approved by CIDA's Project Team Leader and act as the agreement between parties for how the evaluation is to be conducted.

The Consultant's will prepare: 1) an evaluation work plan; and, 2) an evaluation report in accordance with standards identified in the *CIDA Evaluation Guide*.

A preliminary report will be submitted to CIDA for review and discussion no later than 2 weeks following the beginning of the mandate. This report should include the context analysis, the observations, findings, recommendations, lessons learned (segregated between developmental lessons and operational lessons) and conclusion. Following the preliminary report, the evaluator should meet with the CIDA representative (PTL) to present its work.

The deliverables are to be:

- Prepared in English only, except for the final executive summary that will be submitted in both official languages.
- Submitted to CIDA electronically via e-mail and/or on a CD, in either Microsoft Word or Lotus Word Pro Millennium.
- Submitted in hard copy format (three copies for the drafts and five for the final document).
- Submitted to the CIDA Project Team Leader.

The CIDA Project Team Leader will coordinate a management response incorporating feedback from appropriate officers at CIDA. This response will be added as an Annex to the final evaluation report.

IX Evaluator Qualifications

The evaluation will be carried out by one Canadian evaluator.

The Consultant is expected to be:

- A reliable and effective evaluation manager with extensive experience in conducting evaluations and a proven record delivering professional results.
- Fluent in English.
- Fully acquainted with CIDA's results-based management orientation and practices.
- Experienced and/or knowledgeable of public financial sector, preferably banking.
- Knowledge of technical assistance for capacity building approaches.

X Internal Cost Projection

The basis for payment and payment scheduling will be determined during contract negotiations. Options for method of payment include: 1) fixed-price (possibly linked to the main deliverables), or 2) cost plus on a fixed per diem basis.

CIDA's project for the level of effort and cost for the evaluation are set out below:

Projected level of effort

Activity	No. of Days
Workplan Preparation	7
Data Collection	12
Debriefing, Analysis and Report Preparation	12
Total	31

Projected Cost

Type	Cost
Professional Fees at \$650/day	\$20,150
Travel, Communication, and other out of pocket expenses (as per receipts)	2,000
Total	\$22,150