

Russian Study Tours

High-Level Review

October-December 2015

Report

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Acronyms

CB	– Central Bank
CC	– Credit Cooperative
CU	– Credit Union
ILCU	– Irish League of Credit Unions
ILCUF	– Irish League of Credit Unions Foundation
MoU	– Memorandum of understanding
SRO	– Self-Regulating Organisation

Executive Summary

Irish League of Credit Unions Foundation (ILCUF) has hosted annual Russian study tours for many years. The last review of the programme was carried out in 2007. In the middle of 2015 ILCUF commissioned another review to find out if the programme continues to be relevant and whether any improvements may be necessary.

The review was carried out by an independent consultant in October-December 2015. The methodology included observation, information gathering using an evaluation form (October 2015 study tour), and semi-structured interviews with both Russian and Irish organisers as well as participants of the past study tours. The small number of interviews and selection of respondents by the Russian organisers of the study tours may have impacted the findings of the review.

Various aspects of the study tours were assessed. These included: overall assessment, relevance, adequate selection of topics, general versus specialist topics, optimal group profile, pre-trip preparation, learning methodology and quality of materials, repeat participation, optimal duration and intensity, quality of logistic support, study tour financing, other relevant areas and methods of support that ILCUF could provide.

Overall assessment of the programme by interviewees is that study tours are relevant and useful and should be continued. Over years the organisers continuously improved the study tours and their quality is very good – for the purpose and within the resources available.

The study tours are exposure visits and are particularly suited to the leaders and senior managers of credit cooperatives. These tours are generalist in nature, even though they also delve in some more specialist topics, which may vary from one study tour to another. Both the exposure to the ideas, concepts and principles of the cooperative movement and the practical side of running a credit union are valued by the participants. The Russian participants appreciate that the information is presented as food for thought rather than being prescriptive – creating space for own judgement and encouraging informed decisions.

On the Russian side, the preparation to a study tour takes about a year and culminates in a pre-trip seminar which includes team-building and orients participants to the most important issues that the study tours can provide. The Russian group leader helps group members put things into perspective and benefit the most from the experience – professionally and culturally.

The learning methodology – a combination of classroom sessions and visits to credit unions – was found adequate by the participants. Both formal training and informal interactions with Irish colleagues are important to the learning and changing the mind-set. Russian participants are increasingly looking for more interactive methods to be used in the training. They are willing to share their own experience alongside listening to their Irish colleagues' expertise.

Views on repeat participation varied among interviewees. Generally, study tours should not be repeated. However, those who had opportunity to come to Ireland several times thought that it helped them gain a much deeper understanding of the principles of the cooperative movement and relate it better to their own experience in Russia. This would be particularly useful to leaders in the Russian cooperative movement.

Study tour duration, intensity, and logistical support appear to have reached the optimal point. There were suggestions that materials could be improved, but at the same time it is understood that a significant investment into the production of the materials might not be justified.

Russian participants now finance almost all of own expenses; however, the direct costs in Ireland continue to be covered by the Irish side. Recently, due to unfavourable exchange rate, financing has become a major problem for the Russian side. This may lead to the change in the group composition, as mostly large and mature credit cooperatives will be able to send their managers and staff on the study tours, while small and young organisations will not be able to afford to take part. ILCUF may need to look into the issue and find a way to support exposure visits for the smaller organisations.

A number of ways for ILCU and ILCUF to continue engagement with the Russian cooperative movement have been discussed with the interviewees. These include, for example, exposure visits for the Russian Central Bank or inclusion in the study tour of a topic as to how to manage, measure and feel that CC indeed help the poor and how this is done in Ireland.

Recommendations

1. I recommend that the established processes for the organisation of the study tours are maintained. I was not able to see whether these processes are documented. It would make a lot of sense to briefly document the processes on both Irish and Russian side, so that – in case of staff turnover – it should be possible to replicate the study tours to the same level of quality.
2. Since study tour participants are asking for an increased use of interactive training methods, reducing the proportion of lectures, I suggest that the ILCU training department is consulted and their expertise is used in this, as far as resources allow for this.
3. There is a solid relationship based on trust between ILCU/ILCUF and the leaders from the Russian side who participated in the programme in the past. It makes a lot of sense to keep the door open and maintain this relationship at the strategic level, even though the funding opportunities for this may be very limited. Perhaps the funding issue should be discussed with the Russian CB and Gardarika Association representatives to see whether ILCUF engagement can be funded through sources that Russian side can help identify.
4. To avoid possible exclusion of smaller credit cooperatives from the programme, it would be useful to consider whether co-financing from ILCUF should be specifically targeted toward these organisations while they experience financial limitations.
5. The study tours would benefit if a poverty focus session was included in the programme. This issue is in line with the ILCUF mission; it is relevant particularly to the smaller credit cooperatives operating in remote areas and should be on the radar of the larger ones as well.

Background and Introduction

Since the last review of a 2007 study tour captured in the report dated 2008, Russian study tours continued to be annually hosted by the Irish League of Credit Unions Foundation (ILCUF). In the middle of 2015, ILCUF commissioned a high-level review of the Russian study tours to see whether they still add significant value to the Russian credit unions and the ILCUF, offer suggestions for improvement, and look at the long-term strategic role/purpose for ILCUF and Russia.

The Russian study tours originated as part of the capacity building programme for three Russian regions (St. Petersburg, Karelia, and Moscow Oblast/Region). This programme comprised training in Russia culminating in an exposure visit to Ireland for some participants. The study tours included both sessions in the Irish League of Credit Unions (ILCU) headquarters and visits to credit unions. The topics, duration and intensity were adjusted over time in response to feedback from the trainees. Overall, the study tour coordinators – on both the Irish and Russian side – clearly and quite success-

fully did their best to reach the balance between the overall purpose, available resources, and relevance of the study tours to the Russian credit cooperatives, both for the movement and individual organisations.

It has to be noted that the context has dramatically changed since 2007. To name just a few factors, the Irish economy has experienced a severe crisis and the Russian economy is currently going through a downturn – among other problems – leading to pronounced difficulties in maintaining the value and the good quality of loan portfolios in financial institutions and securing savings. Competition with the banking sector is getting stiffer. In both countries, prudential regulation of credit unions has become far more difficult than previously. Russian CUs are still adjusting to the creation of the mega-regulator (2013). Russian counterparts have gained significant experience and expertise and have become quite demanding in terms of capacity building, as their capacity to finance it and exposure to various models and opportunities have increased. As these and other changes take place, it makes a lot of sense to review Russian study tours and see if any change in strategy is required.

This report provides a summary of the views expressed by both the Irish and Russian counterparts in the study tours on various aspects. Main topics of enquiry included:

- Overall assessment
- Relevance
- Adequate selection of topics
- General versus specialist topics
- Optimal group profile
- Pre-trip preparation
- Learning methodology and quality of materials
- Repeat participation
- Optimal duration and intensity
- Quality of logistic support
- Study tour financing
- Other relevant areas and methods of support that ILCUF could provide.

The writer of this report is an expert in microfinance, working in the sector since 1995. In May 2013, I joined Alan Moore on the visit to Russia, during which I was introduced to the people in St. Petersburg and Karelia who remain instrumental in organising the study tours on the Russian side. The same people are quite influential in the Russian credit cooperative movement; their understanding of the current state and the vision for the future of the movement contributes to the advancement of credit cooperatives in Russia. I conducted interviews in Russian and English, depending on the language spoken by the respondents.

The review was carried out during the last quarter of 2015. The schedule of the activities can be found in Annex 2.

This report has three sections. The first covers the methodology used in the review; the second discusses the findings followed by summary conclusions; and the last section offers a small number of recommendations.

1. Methodology

The work started with reading the 2008 report and continued with observation as I attended the first 1.5 days of the Russian study tour in October 2015.

At this stage, informal feedback was solicited through conversations with the study tour participants. Conversations were held with the group leader as well as the trainees who take different positions in their credit cooperatives – both managers and specialists. A number of ideas from these conversations were later thrashed out with both Irish and Russian organisers of the study tours. This mostly concerned the issue of the general versus specialist focus of the programme, opinions re other forms and methods of capacity building as well as strategic perspectives on what issues are most relevant for the ILCUF engagement with the Russian credit cooperative movement.

Formal feedback from the October 2015 study tour participants was received from the evaluation forms, which included:

- 1) Existing template (in Russian) that has been used by the Russian coordinator and translated into English for the review by the Irish colleagues;
- 2) Additional page that I offered to get a quantitative assessment of various aspects of the programme. This addition was accepted by the Russian organisers and administered by the ILCUF staff. The findings are included in this report.

Semi-structured Interviews of the study tour participants from previous years were carried out on Skype in the Russian language (see the list in Annex 3) over November-December 2015. In case of regular participants, most interviews took 50-60 minutes each. Participants were generous in sharing their experience and views. It has to be noted that some of the interviewees visited Ireland a few years ago, and were able to provide high-level feedback. This group included 5 people: 2 women and 3 men, from Karelia (1), Central Russia (2), Moscow (1), and St. Petersburg (1). As to their positions, four were involved in credit cooperatives at the board level, one was in a senior position at the Russian League level (also in charge of the training department), and from among the five, two people were engaged in Self-Regulating Organisations (SROs).

The second group of semi-structured interviews also numbered 5 people. These respondents both organised and participated in the study tours and the interviews took longer, between 1.5 and 2 hours. From this group, it was possible to solicit both own experiences and views on how the study tours developed over time and what resources went into organising the tours on the Russian side. This group included 3 women and 2 men; 3 persons from St. Petersburg and 2 from Karelia; 3 persons in senior positions at the credit cooperative association or second-tier cooperative level and 2 persons who are closely involved in the coordination of the study tours.

Semi-structured interviews with two ILCUF board members and the General Manager in October and December 2015 took between roughly 1 and 2 hours each.

Limitations

As per the Terms of Reference (Annex 1), a small number of interviews was carried out and the interviewees were selected from the short list offered by the Russian organisers of the study tours. There might be a certain bias in the feedback received from the phone interviews since there was no random selection. The feedback was overwhelmingly positive.

This feedback from phone interviews was assessed against the evaluation from the October 2015 study tour for consistency and against the 2008 report, to see if any substantive issues might arise from the comparison. I did not find any major discrepancies that would indicate that the selection of interviewees affected the objectivity of the assessment. My observations from the October 2015 study tour (and from the June 2013 joint visit from Russian Ministry of Finance, Russian Microfinance

Centre and CGAP – which had a similar structure) largely confirmed the evaluation offered by the interviewees.

2. Findings

Study tour purpose and structure

The study tours have a clear purpose: they are in fact exposure visits for those already in senior positions in CC and associations or those who are about to take such senior positions. Russian organisers of the visits clearly prioritise the opportunity for Russians to see a live cooperative movement, built on a set of principles that makes it fundamentally different from a purely profit-driven financial sector. Russian participants underscore the demonstrative effect of the visit that helps believe that it is in fact possible to create a strong movement that emphasises unity, community and self-help over profit. This evidence empowers people to start or continue the work based on the ethos of the cooperative movement.

An important note was made by interviewees that this demonstrative effect is reached by a combination of the depth in the understanding of the overall cooperative movement and practicalities of credit union operations, on the one hand, and the openness and honesty in sharing the experience, on the other hand. **What is particularly well received is that good practice is mostly presented as food for thought rather than being prescriptive – creating space for own judgement and encouraging informed decisions.**

It is a “generalist” programme by its nature. However, the group composition may include specialists who are looking to for a more in-depth discussion of topics relevant to them. Such participants make suggestions to organise a sessions with specialists from credit unions where the practical experience can be talked though in detail.

Study tours now have quite a long history and the programme has evolved over the last 15 years. The biggest difference between 2015 and previously reviewed 2007 study tours is that no training is provided by a ILCUF programme in Russia prior to the visit to Ireland. However, the Russian organisers conduct a one-day training that covers a brief history of the Irish cooperative movement and includes team building. The one-day programme helps manage participants’ expectations and focus on the most relevant issues that the study tour is built for. In Ireland, the programme comprises two major parts: 1) ILCU-based general sessions presented by ILCU staff; and 2) visits to credit unions, followed by a reflection session that captures the key learning points from the whole experience and an evaluation.

It was, however, argued by one of the Russian organisers (from outside Karelia) that one has to be careful in how the “poverty alleviation” topic is presented to the Russian audience. Some may be uncomfortable to acknowledge and discuss the issues and the wording and the approach has to be well-chosen and thought through.

Overall assessment

Overall assessment by interviewees is that study tours are relevant and useful and should be continued. The scores ranged between 7 and 10 out of 10.

October 2015 study tour participants unanimously evaluated the experience as excellent, giving 5 out 5 (100%).

One can conclude that over years the organisers reached the quality of the study tours, which is hard to emulate – for the purpose discussed above.

Relevance

Broadly speaking, two aspects of study tours were highlighted by the Russian study tour participants and organisers as being valuable:

1) *Exposure to the ideas, concepts and principles of the cooperative movement that pursues mutual-help rather than business objectives*

Russian study tour interviewees value what they learnt about the history of the movement, its outreach, and the accomplishments. Many are particularly impressed by volunteerism, the fact that Credit Unions are run by “ordinary people”, not “super qualified professionals”. They saw practical examples during visits to credit unions – large and small, including those in remote locations (“seeing is believing”; “talked to people, looked at their mind-set, confirmed own thoughts”). Participants were able to relate this experience to the Russian cooperative movement while they reflected as to what their own contribution to the Russian movement could be.

Russian participants – who also had opportunities to familiarise themselves with other approaches (such as those of Desjardin and Raiffeisen) – feel that the Irish mentality is closer to theirs. They value the open, honest, no-pressure discussions (both formal and informal) of a whole spectrum of issues that help make own judgement and this leads to a change in their mind-set, they say. “The approach of both ILCU and ILCUF is that they share their experience openly and never push anything onto the participants so that one can take the experience into consideration and make one’s own informed decision. This helps avoid a negative reaction to new ideas and practices and facilitates close contacts. There is a warm, human side to this Irish-Russian business relationship, which is much appreciated.” “The Irish openly share what they work on and how they live. This wins you over.”

The interviewees said the experience was highly motivating. Many see the Irish cooperative movement and the ILCU as a model to aspire to. They also feel that over years a large enough number of people were able to learn about the Irish experience first-hand and the critical mass of similar-minded people has been created which it is now influencing the cooperative movement in Russia from within.

2) *Exposure to the practical side of running a credit union*

Study tour participants appreciate the opportunity to learn about various systems and processes that Irish Credit Unions have created such as the product development, work with members, management structure, internal control, IT, marketing, or risk management. Quite a few interviewees mentioned that they noted approaches and practices that they later applied in their work in Russia. At times participants wished they could delve more into certain topics (e.g. financial management, or delinquency management, or insurance, or internal audit, etc.), but at the same time they realised that it was not very critical.

The study tours reveal the spirit of cooperation and what it means in practice - “a good combination of the spirit, culture, tradition, practice, and theory”. As a result participants are inspired to do similar things back at home – “this is not only my work, it is a passion”. Overall, from the interviews, October 2015 evaluations, and observation, I would conclude that study tours have been very relevant, both at the Russian cooperative movement and credit cooperative levels.

Adequate selection of topics

The contents of the programme include topics that are included in every study tour – such as introduction to ILCUF, volunteerism, and the ILCU structure, functions and changes – while apparently

some topics are added due to current demand. Russian organisers – once the group is formed – collect requests from the participants as to what topics the group finds particularly relevant and these are included in the programme to the extent possible. The system seems to be working well and within the overall purpose of the study tours.

October 2015 study tour participants expressed interest in quite a wide range of additional topics they would like to know more about, for example, internal audit and control, and risk management alongside more detailed requests, e.g. paperwork, which is provided to the members or first interaction with members/clients. It seems that within the time available, organisers are well able to make quite appropriate selection of the topics, bearing in mind that some issues can be addressed during CU visits, and question-and-answer sessions.

The more specialists are included in the group, the more one can expect requests for narrower issues to be detailed in the sessions. However, it seems that the generalist approach is well suited to the study tour programme. Demonstration of a living example of a strong cooperative movement to either novices or seasoned professionals who need evidence that cooperative principles work ensures that the study tours remain competitive (even though other multiple opportunities exist to learn from).

Regulation and interaction with the Central Bank became of particular interest in recent years, since the mega-regulator was created in Russia in 2013. During the interviews, the issue of regulation came up consistently. Some felt that the regulator in Russia is damaging credit cooperatives by applying the same approach to them as it does to the for-profit organisations where loan capital comes from deposits rather than from share capital of the members and where requirements to management and reporting are costly to comply with. This was a topical issue and interaction with the regulator (the Irish experience) was discussed during the October 2015 study tour. Perhaps this is one of the topics that is quite relevant for the future ILCUF involvement in Russia.

General versus specialist topics

While specialists participate in the study tours, their expectations are quite adequately managed prior to the study tour by the Russian organisers. The generic nature of many sessions and visits to CUs is generally understood and accepted by the participants. At the same time, in the evaluation forms, quite a few suggestions are made about very specific issues that participants would like to discuss in a lot more detail. While more insight into the details of certain aspects of CU operations are asked for, it is clear that a different format would be required. Some participants of the October 2015 study tour made respective suggestions. This can be discussed separately and perhaps delivered if resources allow (this is discussed further in the report).

As the study tours stand now, they provide a reasonable combination of general topics and more specialist ones. It appears that the programme reached a fairly good balance between the two. I observed it during the October 2015 study tour.

However, there might be a difference in the approach to general and specialist topics. It seems that the latter are rather presented as “this is how we do it” (e.g. in marketing and communications and insurance). This experience sharing is very much appreciated by the participants; at the same time, there is a sense that perhaps these sessions could be more interactive and allow for more of the two-way discussion of critical issues pertaining to each topic and involve practitioners from credit unions in such conversations, not only specialists from the League.

To some extent, this might depend on the facilitation skills of the presenters, who are (understandably) not professional trainers or facilitators – they are experts who take time to prepare material and

describe their work. They might be using these materials once a year, and the effort invested in the session is very adequate.

The bottom line is that participants are clearly interested in various specialist topics, looking for depth and interaction. They also understand that the time and capacity to take in new information are quite limited. Perhaps some adjustments could be made to the training methods and materials; this is discussed in a bit more detail later in this report.

Optimal group profile

Overall, the study tours are best fit for CC senior managers rather than specialists unless the latter are keen to get exposure to the big picture issues. The demand for detailed in-depth treatment of operational issues seems to be unrealistic to meet within the format of study tours, as the duration is short, resources are quite limited, and choices have to be made in favour of more strategic matters.

A combination of managers and specialists in the group was found quite useful by some interviewees who thought that a better understanding of the strategic issues is achieved when these are scrutinised by specialists from their perspectives as part of the discussion.

Also a heterogeneity in the level of experience was thought to be useful. Even though the study tours were generally viewed as suited “for beginners”, the involvement of the “veterans” was seen an opportunity to network and learn from within the group. The reaction of the experienced participants to presentations and their questions and comments added a lot to the learning experience of the novices in credit cooperation. Some interviewees would particularly emphasise that they “were lucky with the group” as well-known people in the movement took part.

Some interviewees mentioned that it would be quite expensive and inefficient to send a specialist on an Irish study tour as it covers a wide range of topics and the learning is quite wide; the study tours are far better suited to leaders at the council level or that of executive directors. Others referred to some tensions between “bosses” and “staff” that need to be dissipated by the group leader.

Linked to the selection of participants was the topic of financing (also discussed later in this report). Group profile changed over time as the capacity building programme funded by ILCUF came to an end and many of the study tour costs began to be covered by the Russian participants. According to the Russian coordinators, this posed certain challenges – now the larger, better-off credit cooperatives are able to afford the costs.

Apparently, in 2014 when the enrolment became particularly challenging due to unfavourable foreign exchange rates, some staff from microfinance organisations, so the group was enrolled not only from credit cooperatives. Russian organisers felt that – even though the study tour had a positive outcome in terms of microfinance organisations’ appreciation of the ethos of the cooperative movement – the learning that comes from the informal interaction with colleagues seemed to be weaker than usual in 2014.

There is concern whether smaller cooperatives will be able to send their managers on the exposure visits to help them create a vision for their organisations within the context of the cooperative movement.

Perhaps the geographical expansion of the study tour audience to Russian regions beyond the original three and even to the former Soviet Union states (e.g. Kazakhstan) helps continue to recruit groups for the study tours every year and retain their original purpose. It is important to maintain

the majority of council/executive level participants in the group, otherwise the purpose of the study tours will have to be revised alongside all of its other elements (e.g. programme and methodology).

Pre-trip preparation

On the Russian side, one study tour takes one year's work. The main stages include timely information about the study tour, correct positioning, group formation (by June-July), discussion and the selection of the agenda, travel arrangements, Skype meetings with the group. Promotion is an important part, as various events in the sector create quite a lot of competition for the study tours.

A while ago, study tour organisers found that the different level of participants' preparation reduces the effectiveness of the study tours. This called for a pre-trip seminar, which initially was held in Ireland and for the last 5 years have been held by the Russian organisers.

The purpose of the seminars is to help study tour participants let know each other before the trip as well as to provide background information, orient them to the most important issues and to focus a bit less on details. At this stage, the group also meets the group leader who helps participants put things into perspective and take the most from the experience – professionally and culturally.

The pre-trip seminars comprise introductory lectures about the history of Ireland and the Irish credit cooperative movement highlighting a number of key points such as volunteerism. Team-building exercise is also included in the programme; rules and expectations are set for the smooth functioning of the group and best learning outcomes. According to the Russian organisers, in the October 2015 group, some possible dynamics arising from the situation around the Crimea were taken care of during the pre-trip seminar.

Interviewed participants found pre-trip seminar useful and fun. Some thought it could be shorter, others suggested it should take place in Moscow while quite a few liked an opportunity to see St. Petersburg. Overall, it seems to be well organised and the general information is particularly useful for the first-timers who thought it was a good starting point for the study tour.

Learning methodology and quality of materials

Study tours offer a range of methods that facilitate participants' learning. The programme starts with classroom sessions where key topics are discussed. In the middle of the week, field visits take place and participants have an opportunity to observe – as much as possible – how the principles are realised in practice. More discussion takes place after the return from the field and on the last day participants discuss the learning. There is a follow-up call by Skype organised upon return to Russia by the Russian coordinators. After October 2015 study tour, participants started a Facebook page and placed some materials (mostly photos) there. The flow of the study tour is well thought through and participants clearly appreciate it.

The formal learning process is complemented by informal interactions with Irish colleagues; some participants said that it is the after-hours intensive discussions with people like Pat Fay and Gerry Thompson that really helped change the mind-set. Others praised the opportunity to informally communicate with the more experienced Russian colleagues, which is an excellent learning and networking opportunity.

The feedback on the training methodology indicated that a change to make sessions more interactive would be greatly appreciated. Russian participants felt that they had experience that might interest their Irish colleagues, but they were never asked to share it, so that Irish colleagues could explore it and perhaps learn from it, too. It was noted that lectures, even with questions and answers, were overused, at the expense of interactive methods.

At the same time, it was noted that the atmosphere was good and opinion exchange did take place. As mentioned earlier, some Russian participants wished representatives from CUs could have been involved in the ILCU sessions to add a practical perspective from the ground and make the discussion more lively and intensive.

The language barrier is clearly an impediment to learning. Reading, oral comprehension, speaking in the English language greatly enhances the experience and the lack of the skills pose challenges both for the participants and presenters. This means that the group heavily depends on one interpreter and the choice of training methodologies becomes more limited.

Suggestions made by participants – based on their experience from other trainings – often don't take into account the language barrier. However, some of these suggestions might be worthwhile trying out, provided the ILCU training department could be involved in preparing such sessions, if it is not too much work and feasible.

The methods that could be added to the menu include those that increase two-way communication between participants and presenters, especially those covering specialist topics. For example:

- Break-out groups, each discussing a different topic with an expert (with the help of volunteer interpreters) during one session. Groups report the key points of their discussion to the large group at the end of the session. Some Irish organisers felt that the study tour groups were too small and break-out groups were not feasible
- Case studies – one to three – on topics prioritised by participants. The discussion in small groups will be in Russian, the report back to the group also in Russian, with simultaneous translation to the experts who will provide feedback at the end of the report, and address any questions;
- Facilitated round-table discussions; this was brought up quite a few times. Russian participants feel that they have gained experience and expertise that their Irish counterparts might be interested to hear about and discuss; round table discussions provide an opportunity to thrash out different topics as colleagues rather than teachers and students;
- Business game/simulation, which will help uncover the mechanisms behind certain policies, procedures, and decisions. Even though suggested by some participants, this option might be quite time consuming – both in terms of developing such training tools and using them during the study tour;
- Opportunities to split up during CU visits and talk to various people one-to-one. This, of course, is only possible if participants can converse in English on professional topics.

If these or similar interactive methods were used in the past, it would be useful to look at the reports if they exist or talk to the people who were involved in organising such sessions, to find out why they were dropped. The demand for diversifying the training methods is definitely there – as adult learning methods develop generally and study tour participants get exposed to them at various other training courses and conferences.

Brought up by specialists in the October 2015 group was an issue of a longer term placement of Russian experts in Irish CUs as “shadowing” or “immersion”. It seems that such options had been discussed in the past and were not taken up as a mini-project (e.g. 2-4 placements per year). This would be a significantly different approach, which will benefit individuals more than the movement or or-

organisations unless the individuals are tasked to work on a specific assignment (e.g. a policy, guideline, manual) where the outcome will be shared with the association and become available to many organisations.

While a small project using a different approach could make sense, I did not hear too much appetite for it from the Russian organisers. Finance and language barrier are perhaps the first hurdles that will not allow to consider this much further. From the ILCUF perspective, it has small staff and relies on good will from the ILCU who are under pressure; overstretching both ILCU, ILCUF and CU resources would not be entirely wise. However, if there was demand ILCUF might try it out.

In October 2015, the quality of training materials received most of the negative comments and the lowest score – however, the total number of negative comments was very small, and the average score for the materials was still high – at 4.3 out of 5 (86%).

The comments were made mostly about the availability of materials in the Russian language, as some presentations apparently were not translated. One of the reasons might be that the materials were provided to the translator only a couple days before the trip. I could see that other printed materials were only available in English and didn't seem to be intended for translation – not accessible to many participants, even though available.

Apart from the availability, comments were made about the contents of the materials. These were mostly the slides from the PowerPoint presentations. While it is handy to have the translated bullet points to follow the presentation during the session, it might be more useful to have the bullet points expanded into short paragraphs, in the form of a one or two pages with key messages from the lecture. This would mean very little additional work for the presenters who use Notes in the PowerPoint.

Russian coordinators are aware of the issues with the materials as well as how costly it would be to dramatically improve them. My view on the issue is that the overall satisfaction with the study tours does not depend on the quality of the materials and even if significantly improved, the high score of 100% for overall satisfaction (as in October 2015) is impossible to beat.

What could be done is to send the PPT in reasonable time prior to the study tour, print the slides out so that they are easily readable, and have them in the Russian language for all sessions that use PPT presentations. If possible, create 1-2-pagers with key messages for all main topics, which can form a study tour brochure and can be reused.

Repeat participation

Repeat participation was discussed in the 2008 report, which indicated that in 2007 the majority of trainees had already been on an Irish study tour before 2007. It appears that in the past, repeat participation up until 2010 was more common than it is now. These days Russian organisers say that they give priority to first-timers.

Interviewed study tour participants' views on the issue ranged widely as some said that repeat participation was not really necessary, some would like to come on a study tour again, and others said that every time they came, they learnt a lot. The learning from repeated study tours came from several sources: even the same topics presented by different people (such as volunteerism) help understand the subject much better; mind-set shift takes time and it is useful to come back after one had time for reflection and gaining relevant experience; some topics change over time (e.g. regulation became relevant in the recent years).

A few Russian study tour organisers and leaders of the CC associations had an opportunity to visit Ireland repeatedly. They have also been exposed to credit cooperation in other countries such as USA, Canada, Germany, Poland and Vietnam. They are now strong believers in the values and ideas of cooperative movement and promote these in Russia. They continue their work in the associations and credit cooperatives. In their opinion, Ireland's experience stands out both as inspiration and a source of practical ideas as to how various issues can be approached without losing the sight of the cooperative ethos.

Repeat participation seems to be well justified for group leaders. Currently, each group has a leader who is a senior manager and attended the programme before. I could observe that the presence of such a person who manages the group takes the pressure off the Irish organisers and reduces the risk of things going not to plan. As far as I understand the related cost is covered by the Russian side.

Repeated exposure to the Irish cooperative movement might not be within the remit of the study tours and this would be particularly true for specialists such as accountants, auditors or lawyers. The small number of the bigger and stronger credit cooperatives and associations who can afford the trip are likely to start looking for additional items on the agenda that meet the evolving needs of Russian organisations.

Repeat participation does not seem to be a significant problem from the financial point of view as the Russian side now covers the lion's share of own costs - not counting the time invested in the study tour by the receiving side. From the Irish perspective, the issue would be rather whether the Foundation meets its development objectives by making a positive impact on the system that empowers and serves the financially excluded in Russia. This is briefly discussed further in the report.

Optimal duration and intensity

Over time, several adjustments were made so that the duration and intensity of the programme are optimal and the learning objectives are met while participants have an opportunity to get a glimpse of the Irish culture and bring back a few presents for family and friends at home. All aspects – formal training, informal learning, cultural exposure and shopping – were mentioned as quite important and a lack of any of them would have taken away from the satisfaction with the study tour.

A full week was assessed by the interviewees as an optimal duration. Either a shorter or longer time would be challenging for a number of reasons. Shorter visits would make it difficult to justify the travel expenses and would not leave sufficient time to visit at least two credit cooperatives (a minimum, according to interviewees). When a shorter study tour was tried, apparently, participants found it too hectic.

There were suggestions that the time on the road should be reduced; for example, some felt that 3 hours one way was too long; others thought that if remote CUs were to be visited more days should be added to the programme. It is useful to see the smaller organisations serving remote communities. Perhaps in the pre-trip seminar, it is worthwhile spending a few minutes to explain why and how CUs are selected for the visit and see if it might be possible to fill the time on the road with some activities that will be a part of the learning experience (e.g. a quiz/game, preparation of a presentation on a topic for the last day, Irish music, etc.).

The intensity – 10 am to 4:45-5 pm for classroom sessions and longer in case of travel – was found very adequate and no changes seem to be required in this respect.

Logistical support

Logistic support was found to be generally good, even though satisfaction with this aspect was slightly lower than with others (with the exception of the quality of materials) – at 4.7 in October 2015. Participants who came to Ireland several times could give more examples of issues in the past (e.g. airport transfers, accommodation, visa support). However, currently, both the number of any hiccups was assessed as small and their effect on the overall satisfaction from the study tours was negligible.

Russian organisers feel that they now have ample experience and are well familiar with the process, so that they know where the risks lie and how to manage them.

On the Russian side, it was felt that once-a-year frequency of the study tour is optimal – taking into account the demand, financial capacity of the sending organisations, and the amount of work that goes into proper preparation where the full cycle (from promotion to the final meeting with participants and follow-up) takes about a year.

On the Irish side, there did not seem to be appetite for more frequent tours. A dedicated person – according to him – spends roughly 20 per cent of his time on the Russian study tours. A lot of his time is dedicated to maintaining the relationship between the ILCUF and credit unions and visits from the Russian study tour participants is an opportunity to remind the CUs about what they are doing is part of the broader international movement and that their work is an inspiration to people in other countries. Overall, the ILCUF costs, time and effort seem to be manageable and – at the same level – the study tours can continue.

Russian participants wished to be offered an option to buy tickets to a concert/theatre one night, and a half-day excursion with translation on Saturday, and they were happy to cover those expenses. Some people felt there was a need for more informal interaction (about CUs and generally about history and culture) and were prepared to bear the costs involved.

Study tour financing

The sources of financing for the Russian study tours changed over years. While initially the costs were borne by the Irish-funded programme, recent study tours are majority-funded by the Russian side, except for the direct costs such as use of time of the Irish organisers, presenters, classrooms, equipment, refreshments, etc. If this was all costed, it could be found quite expensive. In the past, Russian coordinators considered an option of bringing the Irish trainers over to Russia, hoping that the cost will go down. This brought out the issue of the cost of the Irish staff time – preparation at home, travel, and working days overseas; these costs turned out to be prohibitive.

According to the Russian organisers, at least two factors affect the practical decision as to whether CCs can spare funds for the capacity building abroad: regulatory requirements to gradually fully provide for the loan impairment, which has a direct impact on the profitability, and the unfavourable foreign exchange rates. Training and travel budgets are said to be the first to cut. In this situation, the co-financing provided by ILCUF is greatly appreciated as it helps maintain the group composition that encourages participants' learning both from Irish and Russian colleagues.

From the interviews of the Russian participants, it is good that one has to pay for the study tour as one expects a return on the investment in the form of certain knowledge. On the other hand, Russian organisers, are conscious that participants should not see the study tour as a holiday at CC expense. Even though participants' organisations pay, candidates are still screened before they can join the group.

Unfavourable foreign exchange rates impede Russian participant's capacity to send more people on study tours. Russian rouble to euro exchange rate roughly doubled over the last few months and if the trend continues, Russians will no longer be able to cover as many costs as in the last study tours. This may have a negative effect on the developmental objectives of the programme, as people who will be able to afford it will be "tourists" rather than learners who are going to apply their new knowledge.

Russian organisers created a system of discounts, e.g. for organisations that participate in several events or are association members, and also unpegged over half of the payment from euro. There is virtually no room for any price increase.

To conclude, financing has become a major problem and it seems it will continue to be so while the exchange rate is increasing and CC profitability is under pressure.

Other relevant areas of support ILCUF could provide

1. From the October study tour and interviews with the Irish and Russian organisers, an issue came up as to how the Russian study tour programme contributes to the poverty alleviation or development goals of the Foundation. Apparently, the principles of the cooperative movement could lend it to setting up specific social objectives and measuring progress toward achieving them. The need for financial services in the remote areas where financial institutions fail to reach low-income population is apparent in Karelia; however, when they do reach the poor, the levels of over-indebtedness are not tracked and the "financial inclusion" becomes detrimental.

In Karelia, the leaders of a well-established credit cooperative are trying to create a structure that makes outreach to the underserved areas efficient and sustainable without outsourcing essential functions to a commercial service provider. Perhaps, what they call "social performance management" in the microfinance sector could be included as one of the topics in the study tour programme. The Karelian key informants underscored that outside Moscow and St. Petersburg (90% of Russia, as they said) both poverty outreach and finance for CC capacity building present a real challenge.

In St. Petersburg, some felt that this might be an uncomfortable topic. According to one of the interviewees, microfinance in Russia has largely turned into usury, even though the initial intention was poverty alleviation. It was said that the organisers would welcome a half-day session as to how to manage, measure, and feel that CC help the poor, how this is done in Ireland.

2. ILCUF previously engaged with the Russian Microfinance Centre and developed capacity of the Russian CU League. The reputation that has been created within the Russian credit cooperative movement and the approach – that of a professional, open, objective, and impartial facilitator – perhaps provides an opportunity to continue to inspire and guide (if there were any appetite for such influence) at the sector level. This engagement already takes several forms at different levels, e.g. consultations are provided and visits from Central Bank are hosted.

The relevant department of the Russian Central Bank seems to be keen to expose some of its staff to the Irish experience, and experts involved in CB-initiated working groups seek to consult with ILCU experts.

As ILCUF seems to be prepared to continue exposure visits, one of the ways could be to see if it is feasible to create a critical mass of Russian policy makers who have a fairly good understanding of the nature of the credit cooperative movement and CC features that can differentiate them from other institutions in a financial sector.

It might be worthwhile to explore whether such a relationship should be formalised. Since regulation and governance issues are critical to the survival of CC, which are expected to meet new requirements, sharing current experience of how Irish CUs are coping with the evolving environment would be extremely important for the Russian colleagues.

The issue of the possible underestimation of the social side of CC work by the regulator has been brought up by the key people in the Russian North-West CC association Gardarika and by interviewed CC Chairs for whom the Central Bank approaches the work of credit cooperatives as if it was “illegitimate” banking; CC Chairs were concerned that the mega-regulator might not fully appreciate why and how credit cooperatives should be differently regulated compared to banks and what should drive mergers and the reduction in the overall number of credit cooperatives.

There is a lot of concern among Russian interviewees that excessive focus on prudential issues takes away the focus from mutual help within community, emphasises accounting and legal issues, drives up the operating and reporting costs, without drawing the line between member-owned organisations and commercial banks. It seems that Russians who saw the Irish cooperative movement as a model are now looking up again to the Irish experience to help think through how the values and principles of the cooperative movement can be incorporated into prudential supervision.

3. If ILCUF is happy to continue its Russian engagement keeping with the role to orientate and provide input into the discussion on strategic issues, including
 - a. how CCs position themselves against commercial banks,
 - b. how CCs increase outreach generally and particularly to remote areas, where it is expensive to operate and controls maybe weaker,
 - c. how CCs better work with youth,
 - d. how CCs deal with over-indebtedness and low financial literacy,
 - e. how the Russian League becomes stronger (as compared to SRO) in representing the whole Russian cooperative movement, which is now fragmented.

This would help keep the door open and maintain the relationship.

4. Russians are keen for ILCUF to continue to come to Russia and attend their fora (e.g. Karelian tourist convention as well as others) and would welcome a study tour for the Irish experts in Russia.
5. There is a need to see beyond survival and regulation (currently, accounting and legal issues), and create appropriate resources that emphasise values and development, perhaps using the Facebook page that was created by the October 2015 group.

Conclusions

- 1) Russian study tours, even though they have been organised for many years and the context changed dramatically, remain relevant to the participant’s organisations.
- 2) Semi-structured interviews with Russian participants and Irish organisers revealed that – on both sides – there is appreciation of the value these study tours add to the Russian cooperative movement and the sense that they should be continued.
- 3) The study tours retained their original purpose and remain to be exposure tours intended for those in senior positions in the CC movement or individual organisations.

- 4) The programme is of a generalist nature. The majority of sessions cover topics on strategic issues; selected specialist topics are presented at the League; however, practical detail – to some extent – can be sought during CU visits, even though the time for details is limited. Interviewees noted a good balance between exposure to history, culture, tradition, theory and practice, and were satisfied with the most topical issues selected for the programme (e.g. regulation).
- 5) The tours often “change mind-sets” and “open eyes” on the fundamental values and principles of the Irish cooperative movement. The evidence observed during visits to different credit unions, large and small, centrally located and remote, seems to have a quite a profound demonstrative and motivational effect on the participants.
- 6) Participants were impressed by the open and honest sharing of experience; they appreciated that many topics were presented as food for thought rather than dogmas and were happy to consider the new ideas. Interviewees said they indeed noted and used some practices they observed during CU visits.
- 7) The group composition can be quite heterogeneous in terms of position (manager/specialist), experience (novice/veteran), or geographical regions. For the smooth functioning of the group, participants go through a pre-trip seminar which prepares them for the experience. The diversity of the group adds to the learning experience and this is facilitated by the group leader.
- 8) The learning methodology employed was largely appreciated but many participants felt that more interactive methods could be used that would allow Russians to share their experience with the Irish colleagues.
- 9) Generally, materials could be improved, but there is no indication that the investment will have a dramatic influence on the learning outcome.
- 10) Repeat participation in the study tour seems to have been more common in the past. These days it is mostly the group leaders who are repeat participants. Participants themselves differ on whether it makes sense to come back and neither Russian nor Irish organisers encourage this.
- 11) It appears that optimal duration and intensity have been reached as participants are generally happy with both.
- 12) Preparation and logistical support on both sides has been good, according to participants, and if any issues occur, they are manageable and are not detrimental to the overall level of participants’ satisfaction.
- 13) On the one hand, self-financing of participants’ costs make it possible for the programme to continue. On the other hand, financing has become a big issue since the Russian rouble weakened almost twofold over the last months. CCs experience reduced levels of profitability due to recently introduced regulatory requirements. There is pressure from competing events. ILCUF’s co-financing of Russian participants’ costs is greatly appreciated.
- 14) A number of relevant areas of support ILCUF could provide include:
 - a) Exposure tours for the Russian Central Bank staff and policy makers, to create a critical mass of those who appreciate not just the legal and accounting side of the CC operations, but also the values and development focus;
 - b) Inclusion of the session in the study tour as to how to manage, measure and feel that CC indeed help the poor and how this is done in Ireland;

- c) Continue the Russian engagement keeping the role to orientate and provide input into the discussion of a number of strategic issues, such as CC positioning against commercial banks, how to increase outreach, strategies to work with youth, deal with over-indebtedness and low financial literacy, and strengthen the Russian League;
- d) Exposure visits to Russia of the Irish experts;
- e) Support in the creation of appropriate resources that emphasise values and development objective in the cooperative movement.

15) Overall, the study tours have a clear specific purpose and are well fit for it in all aspects.

Annex 1. Terms of Reference

RUSSIAN STUDY TOUR – HIGH LEVEL REVIEW

BACKGROUND: ILCUF has been running for many years Annual Russian Study Tours for Russian credit unions, staff and leaders. In recent years these events have been co-funded circa 50% by Russian participants.

Given this fact and a previous evaluation of a specific study tour in 2007, it is clear these events are useful and valuable. However, it would be beneficial at this stage to review at a high level the study tour format to assess:-

- If it continues to add significant value to Russian credit unions and the ILCUF;
- Suggestions for improvement;
- Long-term strategic role/purpose for ILCUF and Russia.

Methodology

- Attend 1 day of 2015 study tour;
- Interview key credit union personnel from Russia and Ireland;
- Read relevant documentation on study tour (including 2007 evaluation) from Russia and Ireland plus Russian report on previous attendees (TBC – if this report was completed).

Key Contacts: Alan Moore, Yury Marinichev, Sveltana Amosova.

Irish Interviewees: Alan Moore, Pat Fay, Gerry Thompson.

Russian Interviewees: 10 people, determined by Yuri and Sveltana (including interviewing them).

Timeframe: 7 - 10 days

Annex 2. Actual schedule

October 18	0.50	Reading of the 2008 report
October 19-20	1.50	1.5 day attendance of the Russian Study Tour sessions at the ILCU head office
		Interview with Gerry Thompson, conversations with Alan Moore and James Gallagher
		Informal conversations with the group leader and 5 participants
		Addition to the evaluation form
October 23		Receipt of the completed evaluation forms
November 18	0.50	Receipt of the study tour participant list (2001-2014), brief analysis of the received data
		Interview schedule with group 1 (5 participant/organisers)
November 20	1.00	Interviews with Y. Marinichev, S. Amosova, E. Korsunskaja, N. Timokhina
December 11	0.25	Interview with Alan Moore (by phone)
December 14	0.25	Interview schedule with group 2 (5 participants)
December 21	0.15	Interview with L. Miliavskaia (by Skype)
December 22	0.60	Interview with V. Khodos, K. Volokho, O. Vakhrushev (by Skype)
December 23	0.50	Interview with Pay Fay (face-to-face)
December 28	0.25	Interview with A. Fisunov, I. Gorokhov (by Skype)
January 13-14	2.50	Report writing
Total days	8.0	

Annex 3. List of people interviewed

Group 1 – Participant/Organisers (year of the study tour is in brackets)

- 1) Mr Yuri Marinichev (2006, 2011) – St. Petersburg
- 2) Ms Svetlana Amosova (2006, 2008) – Karelia
- 3) Ms Natalia Timokhina (2006, 2010, 2014) – Karelia
- 4) Ms Ekaterina Korsunskaja (2002, 2008, 2012) – St. Petersburg
- 5) Mr Vadim Khodos (2001, 2006, 2007, 2013) – St. Petersburg

Group 2 - Participants

- 6) Ms Liudmila Miliavskaia (2008, 2011) – Karelia, CC Board Chair
- 7) Mr Oleg Vakhrushev (2011) – Nizhniy Novgorod, CC Chair
- 8) Ms Klavdia Volokho (2011) – Moscow, Deputy Director General of the Russian League, Council Member of the SRO Cooperative Finance
- 9) Mr Anatoliy Fisunov (2012) – Volgodonsk, CC Chair, Chair of the Council SRO Cooperative Finance
- 10) Mr Ilia Gorokhov (2010) – St. Petersburg, Director, Second-Level CC

Annex 4. Interview questions – Russian participants

1. Если оглянуться назад, насколько стажировки были полезными? (от 1 до 10)
2. Что именно было полезно? Приведите, пожалуйста, примеры
3. Что было наименее полезно? Приведите, пожалуйста, примеры
4. Если стажировки продолжать, какие изменения были бы полезны –
 - a. Содержание (тем)
 - b. Профиль участников (специалисты или руководители на уровне правления/исполнительных директоров)
 - c. Состав группы (комбинация или специализация)
 - d. Продолжительность
 - e. Интенсивность
 - f. Частота (количество раз в году)
 - g. Методы
 - h. Повторное участие
 - i. Логистика
 - j. Подготовка перед поездкой
 - k. Материалы
 - l. Финансирование
5. Если смотреть в будущее, есть ли ещё какие-либо направления, по которым Фонд или Лига могли бы принести пользу – обучение, регулирование, разработка новых продуктов, концепции или инструменты

Annex 5. Interview questions – ILCUF

1. One of ILCUF goals is poverty alleviation. To which extent do you think ILCUF work meets this objective through its engagements with Russian credit unions and their association?
2. What other ILCUF goals do Russian study tours aim to meet?
3. In your opinion, what is the main objective of the study tours, from ILCUF perspective?
4. Do you see this main objective change in the next 3-5 years? If so, how?
5. Russian study tour groups include people in quite a wide range of positions – chairpersons of credit unions, associations, experts in specific areas, SROs. From your perspective, what are the main challenges in meeting various demands of the study tour participants?
6. Is there any value added to the individual Irish Credit Unions in hosting the visits? Would they be happy to host Russian experts who would like to “shadow” some of the specialists for a few days (provided Russian interns speak English, of course).
7. I heard from the Russian side that, they think, currently, the CU ethos and the comparative advantage over banks is overshadowed by focus on regulation and supervision.

In your view, what are the ways to assist Russian CUs and their associations to find the right balance between two objectives:

- a. to grow and expand the range of services to members
 - b. maintain sound systems and protect member savings.
8. From the logistics point of view, how demanding is are the study tours (time, effort, money)?
 9. Are there any critical issues that you feel are important for this study tour review?

Annex 6. Addition to the study tour evaluation form

ОЦЕНКА стажировки в Ирландской Лиге кредитных союзов, г. Дублин

17 – 25.10.2015

1. Ваша общая оценка стажировки:

2. О каких еще темах Вы хотели бы больше узнать?

Пожалуйста, оцените и прокомментируйте следующее:

	1=Плохо	2=Посредственно	3=Средне	4=Хорошо	5=Отлично
Стажировка в целом	1	2	3	4	5
Комментарии:					
Продолжительность стажировки	1	2	3	4	5
Комментарии:					
Содержание стажировки	1	2	3	4	5
Комментарии:					
Методы предоставления информации	1	2	3	4	5
Комментарии:					
Качество материалов	1	2	3	4	5
Комментарии:					
Организация стажировки	1	2	3	4	5
Комментарии:					
Предварительная организация	1	2	3	4	5
Комментарии:					