



Russian Microfinance Center

Monthly bulletin (May 2005)

In this issue:

- **Legal Forum on the Development of the Microfinance Sector**
- **A Seminar on Microfinance Development in Kalmykia**
- **A Microfinance Conference in Bucharest**
- **A Forum on the Role of Microfinance in the Development of Russia's Regional Economy**
- **RMC News**
- **A Benchmarking Program for Russian MFIs**
- **Ratings of Russian MFIs**

Legal Forum on the Development of the Microfinance Sector

On May 18, a round table was held in the State Duma entitled "The Legal Forum: Microfinance Sector Regulation in the Russian Federation. Commercialization as a possible option for MFI development". The event co-organizers included RMC, CGAP, and the Association of Russian Banks, with support from the State Duma, the World Bank, the Russian Chamber of Commerce and Industry, the 'Russia' Association, and the 2005 Year of Microfinance National Committee.

The participants looked at various approaches to regulation and supervision in the microfinance sector, and at options of commercialization available to MFIs, namely, the possibility to microlend in the form of non-bank credit and deposit institutions (NDCO). The participants pointed out that registration and reporting requirements for such institutions are very strict and it may be reasonable to relax them.

As a follow-up to the Forum, a decision was made to set up a working group with participation of the Ministry for Economic Development and Trade, the Ministry of Finances, the Bank of Russia, the State Duma, RMC, the Association of Russian Banks, and MFIs. It is expected that by September 2005, the working group will draft guidelines for commercialization and regulation of microfinance.

Please, contact RMC Legal Advisor Anna Baitenova (abaitenova@rmcenter.ru) for more information on the Forum and on RMC's participation in the working group.

A Seminar on Microfinance Development in Kalmykia

On May 13, 2005, in Elista, Kalmykia, a seminar was held on "Microfinance as an effective instrument of SME support in Kalmykia." Its participants discussed the importance of microlending as an instrument of SME support and social development in the Republic of Kalmykia. It should be noted that representatives of the Kalmykia Government took an active part in the event and expressed their interest in developing non-bank funding mechanisms to support SME in the republic. RMC Business Development Director Rigo Ovchiyan attended the seminar and made a presentation on the state of the Russian microfinance sector and the role of microlending as an instrument of SME support. Based on the outcomes of the discussion, the participants adopted a final resolution reflecting the main trends and prospects of SME development in the Republic of Kalmykia.

A Microfinance Conference in Bucharest

On May 26-28 in Bucharest (Romania), the 8th International Conference on Microfinance was held, entitled "Success of Microfinance: How do We Use this Success to Maximize Benefits for Clients?" co-organized by the Microfinance Centre for CEE & NIS and the Romanian Microfinance Coalition.



Russian Microfinance Center

Monthly bulletin (May 2005)

The annual conference was attended by more than 400 representatives of MFIs from different countries. RMC was represented at the conference by its Director Mikhail Mamuta and chief training and consultancy expert Ekaterina Butova. The conference plenaries and sections focused mostly on issues of microfinance development, such as the introduction of new products and services and broadening the scope of microfinance operation.

A Forum on the Role of Microfinance in the Development of Russia's Regional Economy

On June 2005, in Vladivostok, a forum on the role of microfinance in the development of Russia's regional economy will be held. It will be an important joint event between the government and MFIs in the framework of the Mid-Term Program for Social and Economic Development of the Russian Federation in 2005 – 2008, and part of efforts to establish favorable conditions for the development of SME financial support mechanisms designed by the Ministry of Economic Development and Trade. The Forum was co-organized by the Association of Credit Cooperatives and the local Administration in Primorsky Krai. The event is supported by the Primorsky Krai Chamber of Commerce and Industry, RMC, the National Union of Organizations for Mutual Financial Assistance, and the League of Credit Unions.

RMC News

The RMC Website now features a forum of designers and users of software products specifically designed for MFIs. This resource helps in finding answers to various questions about the use of such software. In addition, this forum is expected to facilitate better mutual understanding between designers and users of the software.

A Benchmarking Program for Russian MFIs

In May 2005, negotiations were completed between MixMarket and RMC integrating Russia in a global benchmarking project and giving Russian MFIs the opportunity to be presented in the world microfinance market reviews. This project, when implemented, will have a positive effect by making the Russian microfinance market more attractive to investors and more transparent. The signing of a bilateral agreement between RMC and MixMarket has been scheduled for June 2005.

Please contact RMC Business Development Director Rigo Ovchian at rovchian@rmcenter.ru for more information on this project.

Ratings of Russian MFIs

In May 2005, RMC conducted negotiations with two leading international microfinance rating agencies interested in providing their services in the Russian market. A rating assessment is required by most international investors before they make a funding decision. In addition, rating programs also aim at improving transparency of microfinance operations. Besides, to minimize their rating costs, Russian MFIs can access a subsidy provided by the CGAP Rating Fund for up to 80% of the rating cost.

Please, contact RMC Director Mikhail Mamuta at mmamuta@rmcenter.ru for more information on RMC activity aimed at making rating services available in Russia.

Sushevskaya str., 8/12, bld.1, office 322, Moscow, Russia, 127055

Tel.: +7 (095) 258-8705, 258-6831, Fax: +7 (095) 258-8709

www.rmcenter.ru, info@rmcenter.ru