



Russian Microfinance Center

March 2006

Monthly bulletin

In this issue:

Days of Small and Microbusiness Credits in the Republic of Sakha (Yakutia)

A Round Table on Bank Credits to MFIs: New Trends of Collaboration

The 8th All-Russian Banking Conference on Credit Infrastructure for More Efficient Lending

News of the National Association of Microfinance Market Stakeholders (NAMMS).

Centurion Capital

Meeting of the RMC Supervisory Board

The Project "Credit Cooperatives in Russia: Towards Transparency and Financial Stability"

Training news

Days of Small and Microbusiness Credits in the Republic of Sakha (Yakutia)

Between 15-17 March 2006, the Days of Small and Micro Business Credits were organized in Yakutia by the Government of the Sakha Republic, the Federation Council, and the Russian Microfinance Center. Co-organizers included the Association of Russian Banks, the League of Credit Unions, the Union of Rural Credit Cooperatives. It should be noted that the First Association of Credit Unions of the Sakha Republic (Yakutia) and its Director – G.I. Skryabina made noticeable contribution to the organization of the

event.

The Days of Microbusiness Credits elicited interest from finance and credit institutions, small businesses, government and municipal authorities in Sakha. The event was attended by more than 350 people. The Conference co-organizers succeeded in taking the conference to an inter-regional level; besides guests from Moscow, Yakutia welcomed credit cooperatives and microfinance practitioners from Rostov, Voronezh, Vladivostok, Khabarovsk, and other Russian regions. Key themes on the confer-

ence agenda included the development of microfinance in Russia, with a special emphasis on the National Project for the Development of Agro-industrial Complex; cooperation between banks and MFIs, and general issues of microfinance and SME credits.

As an outcome of the discussions, the Government of Yakutia made a number of decisions aimed at promoting microfinance in the Sakha Republic; these decisions were documented in the Conference Resolution.

A Round Table on Bank Credits to MFIs: New Trends of Collaboration

On 16 March 2006 in Yakutsk, a round table discussion on Bank Credits to MFIs: New Trends of Collaboration was held as part of the Days of Small and Micro Business Credits in the Republic of Sakha (Yakutia). The round table was attended by more than 200 repre-

sentatives of government, commercial banks and microfinance institutions. The participants focused on practical aspects of collateralizing borrowed funds, as well as problems and prospects of bank lending to MFIs. They discussed the practice of regional governments that subsidize part of

the interest rate on loans to credit consumer cooperatives in the framework of the Ministry of Economic Development and Trade program for state support of SME. The round table agenda included a discussion of proposals to amend the Bank of Russia Regulation of 26.03.2004 (No

254-P) on the Procedure of Loan Loss Reserve Formation by Credit Institutions with Regard to Loans and Similar Debt; the proposed amendments seek to expand MFIs' access to credit.

The VIIIth All-Russian Banking Conference on Credit Infrastructure for More Efficient Lending



On 16 March 2006 in the President Hotel, Moscow, the 8th All-Russian Banking Conference was held on Credit Infrastructure in Russia for More Efficient Lending. The Conference was organized by the Association of Russian Regional Banks and focused on improving the infrastructure of lending through coordinated efforts of financial intermediaries, in particular,

commercial banks and government regulators. The conference was attended by approximately 200 people and consisted of three sessions:

- The establishment and development of credit infrastructure in Russia;
- The role of credit infrastructure in efficient bank lending;

- «Credit infrastructure in Russia: operators, objectives, and future prospects.

The session on Credit infrastructure in Russia: operators, objectives, and future prospects was attended by



RMC Business Development Director R.M. Ovchiyan, who made a presentation on the current status and future prospects of microfinance industry in Russia.

News of the National Association of Microfinance Market Stakeholders (NAMMS)

On 21 March 2006, the first meeting of the NAMMS Supervisory Board chaired by Victor Yermakov was held in the Russian Chamber of Commerce and Industry. The meeting approved the Supervisory Board membership and adopted a Regulation on the Supervisory Board. The NAMMS Supervisory Board is the governing body of the Association advocating on behalf of microfinance consumers - SME operators and low-income people - as

well as microfinance practitioners. The Board plays an important role in developing strategies that will help the Association to meet the needs of the market.

On 14 April 2006, the general assembly of the League of Credit Unions decided to join NAMMS. Now NAMMS membership includes RMC, the Association of Russian Banks the Association of SME Development Agencies, and two major associations of credit cooperatives - the Na-

tional Union of Organizations Providing Mutual Financial Assistance and the League of Credit Unions - with a total membership of more than 250 coops, allowing broad and equal representation of credit cooperatives' interest in microfinance. Currently, negotiations are underway to involve more microfinance market participants in NAMMS. First Deputy Chair of the State Duma Committee on Credit Institutions and Financial Markets

Pavel Medvedev expressed his interest in promoting Russia's microfinance industry, and was invited to join the NAMMS Board of Trustees.

Please, contact RMC Legal Advisor Anna Baitenova at abaitenova@rmcenter.ru for more information about NAMMS.

Centurion Capital



In 2006, Centurion Capital, a company co-founded by the Russian Microfinance Center and the Association of Russian Banks, started lending to Russian MFIs.

The company's target clients include credit cooperatives, consumer

societies, SME support funds, non-bank deposit and credit institutions, and other commercial and non-profit organizations.

Loan applicants must meet certain requirements, such as being a registered Russian legal entity engaged mainly in microlending; strict compliance with Russian

laws, and at least 2 years' history of active operation. Loan amounts range between 800,000 thousand and 4 million rubles with maturities of up to two years. See www.centurioncapital.ru for details of the company, applicant requirements and loan terms and conditions. You can also download a loan application form.

Please, contact Assistant Loan Officer Olga Maximenko or General Director Irina Fedayeva by email application@centurioncapital.ru or phone 8 (495)978 0289.

Meeting of the RMC Supervisory Board



On 31 March 2006 the RMC Supervisory Board met in the Chamber of Commerce and Industry. RMC Director Mikhail Mamuta opened the meeting with a report summarizing the

Center's operations in 2005 and key objectives for 2006. He mentioned the establishment of the National Association of Microfinance Market Participants and a network of regular clients – the RMC Partnership - designed to offer loyal customers a range of services on favorable terms.

RMC's capacity-building projects, such as promoting institutional development of the microlending market, efforts to improve laws and policies affecting microfinance, and cooperation with the National Bureau of Credit Histories were also described. RMC Business Development Director Rigo Ovchyan provided a detailed description of the projects Rating Assessment for Russian MFIs and Benchmarking for Russian MFIs. Both projects seek to pro-

mote transparency and microfinance standards in Russia.

RMC Legal Advisor Anna Baitenova spoke about the forthcoming Fourth MFI Forum on Legal Issues.

The Supervisory Board admitted two new members: Alibek Akhverdyev, Chairman of the Board, Intellect Cooperative, and Konstantin Fedotov, Deputy Director, Oryol Federal Fund for Small Business Support.

The Project "Credit Cooperatives in Russia: Towards Transparency and Financial Stability"

On 31 March and 1 April, in Sochi, a conference was held to present Phase Three of the project "Credit Cooperatives in Russia: Towards Transparency and Financial Stability" implemented by the National Union of Mutual Financial Assistance Organizations with support from Dejardin, Canada. RMC Director Mik-

hail Mamuta and Manager of MFI Services Anisa Aisina attended the conference.

The National Union is a co-founder of the National Association of Microfinance Market Participants (NAMMS). The conference attendance – members of credit cooperatives that form the National Union - received information

about NAMMS's goals, objectives and areas of work. The participants expressed an interest in attending future events organized by NAMMS. The conference enabled NAMMS to adapt its strategy to the needs of



credit cooperatives.

Training news

On 22-24 March 2006 in Moscow, RMC delivered an open-access training course in Internal Controls and Internal Audit in MFIs. The 3-day crash course was designed to meet the demand of microfinance institutions for knowledge and skills involved in managing operational risks. As MFIs grow, the need for inter-

nal controls emerges as a necessary condition for their long-term viability. To remain competitive, MFIs develop their product lines and expand the geography of their operations. However, their rapid growth is associated with new risks and challenges. Internal controls are integral to risk management; they help to make better decisions by

providing accurate, full and timely information allowing MFI boards and managers to respond promptly to problems as they arise.

Over the three days, the participants learned answers to their questions about microfinance risks and risk assessment, and about establishing effective internal controls for

better management of their operations. In addition, the course covered goals, objectives, functions and priority areas of internal controls and internal audit in MFIs.

Please, contact Yelena Zakarzhevskaya, RMC Training Coordinator, at ezakarzhevskaya@rmcenter.ru about enrolling in RMC training courses.