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FINCA
Small Loans-Big Changes

QUARTERLY PERFORMANCE REPORT (WITH SUMMARY TABLES)
January-March 2002

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INTRODUCTION

This report first outlines the major goals of FINCA Samara, the expected results over the life of the project, and targets for achieving those results. The report then describes results obtained in the current reporting period and the program's accomplishments to date. The report next describes certain problem areas and solutions found to address those problems. Lastly, the administrative section of the report provides information on funding and expenditures as well as summary and numerical data on FINCA/Samara's accomplishments to date.

PROGRESS REPORT

1. Background – FINCA Samara's Major Goals

FINCA/Samara's (F/Samara) mission is to create a regionally focused micro-finance institution serving over 2,300 active clients, 80 percent of whom are women, throughout the Samara Oblast. Using group lending methodology, or Village Banking, and an individualized Small Enterprise Loan product, FINCA plans to disburse over $13 M while maintaining a portfolio at risk of no more than three percent. Through effective training, close supervision, and active participation, F/Samara will prepare a dedicated cadre of local professionals to assume management of the institution over the course of the project.

In addition to the operational component of the program, FINCA will promote an enabling regulatory and legislative environment for MFIs in Russia. To that end, FINCA will conduct dialogue with and provide training for key national and regulatory officials aimed at identifying and addressing key policy and regulatory champions affecting MFIs. Furthermore, FINCA willl organize specialized workshops and seminars on policy-related issues, as well as provide for research and information dissemination in Russia, ie., maintenance of Internet site, regular dissemination of newsletter on microfinance-related issues, etc. Through this work, FINCA will promote

a framework for modifying the existing regulatory environment to meet the needs of the micro-finance sector.

A further goal of the project is to prepare F/Samara for eventual transformation into a formal financial institution capable of providing small entrepreneurs access to credit for years to come. Ultimately, the goal of the project is to create a locally-managed, self-financing, micro-finance institution that will serve as a model for the Russian Federation.

2. Expected Results Over Life of Project (LOP)

2.1. CREATING / SUSTAINING PRIVATE BUSINESSES AND JOBS

A. Providing Employment Through Working Capital Loans

By providing working capital loans to low-income clients in Samara, F/Samara will play an important role in the creation and sustenance of businesses and employment. These loans enable entrepreneurs to expand their activities and, in some cases, offer employment to others. Over the LOP, F/Samara expects to create or sustain approximately 8,625 jobs through the support of small and medium businesses in the Samara oblast and neighboring oblasts.

2.2. PROVISION OF TRAINING AND CONSULTING TO PRIVATE BUSINESSES

A. Training Clients on Working with Credit

Together with the provision of loans, F/Samara aims to train clients on how to work responsibly work with credit. Over the course of the loan cycle (12-20 weeks), clients receive training in rudimentary accounting skills necessary to track internal savings and FINCA loans. F/Samara also provides training on group management to enable clients to conduct meetings themselves and to make cash flow projections. In turn, these skills are passed from more experienced clients on to new clients.

2.3. TRAINING PROGRAMS IN YOUR ACTIVITY

F/Samara will participate in select conferences, symposia and workshops on the subject of micro-finance in an effort to learn from others and share the experiences of the Samara program. This will strengthen the local management and build bridges to other micro-finance organizations.

In addition, F/Samara will host representatives from other micro-finance organizations in Russia and the NIS (including other FINCA programs), for training and information sharing between programs.

2.4. DEVELOPING FINANCIAL INTERMEDIARIES SUPPORTIVE OF BUSINESS

A. Creating a Model Self-Financing MFI by October 31, 2003

As a revenue-generating and professionally managed affiliate of FINCA International, F/Samara will be positioned to internally finance its local operational requirements.

Most importantly, F/Samara will be independent from donor finance and economically self-reliant by covering all local operational costs and local tax burdens. F/Samara will also possess the financial wherewithal to cover the costs of inflation and currency devaluation. The program will be positioned to source commercial lines-of-credit through formal, financial intermediaries. The following tactics will be used to progress towards this goal:

- Offer high-value products at competitive, market-based, interest rates.
- Institutionalize operational systems, policies and procedures.
- Document cost containment processes.
- Institutionalize "portfolio quality plus growth."
- Create a cost/benefit culture among local managers and staff.

B. Developing a Locally Managed Institution.

In order to become economically self-sufficient and financially viable, F/Samara must be locally and professionally managed by Russian employees. Institutionally, F/Samara will benefit from having committed and well-trained local managers who have a vested interest—financial, professional and personal—in the success of F/Samara. The project will be initiated by a team of experts who will train and transfer capacity to local managers over the LOP. The NIS Hub will also offer formal assistance and training to key members of the F/Samara staff. FINCA International and the NIS Hub will continue to offer technical support beyond the LOP as management sophistication and systems upgrades require. The following tactics will be used to progress towards this goal:

- Recruit, hire and offer at- or above-market compensation to qualified employees.
- Implement FINCA formalized training systems and support ongoing development through documentation, manuals and personnel evaluation systems.
- Provide advanced training in accounting and financial management.
- Perform ongoing capacity building through the involvement of key staff members in planning, budgeting, monitoring, evaluation and decisionmaking processes.
- Implement targeted training and best practices transfer through FINCA rotations and cross training with other FINCA and partner programs.
- Provide local staff with ongoing support from F/I and the NIS Hub after the exit of long term, TA personnel.

C. Building Public Confidence in the MFI Sector Specifically and the Financial Sector in General.

A critical component of F/Samara's success will be the ability to build confidence among clients. Through consistent and unbiased implementation of lending practices, F/Samara will create a reputation of being a safe and sound financial institution that serves ongoing financial needs of target clientele. F/Samara will build regional awareness and maintain flexibility in the marketplace. The project will continually monitor market needs in order to adapt micro-finance products and services. The following tactics will be used to progress towards this goal:

- Train staff on customer service and the clear representation of products and services.
- Ensure consistent implementation of program policies and procedures through continuous oversight.

- Offer higher quality, competitively priced products and services designed to better fulfill client needs.
- Maintain organizational flexibility to adapt to changing market needs.
- Operate efficiently to offer low-cost, high-value products and services.

D. Positioning F/Samara for Possible Transformation into a Regulated, Formal, Financial Institution.

To be sustainable, F/Samara must evolve into a private, regulated financial institution possessing high credit quality, deposit safety, advanced financial systems, professional management, and adequate oversight and internal controls while generating an economic surplus. Utilizing the research and policy development conducted by FINCA International and OSU, F/Samara will determine the most effective institutional form to assume in the long-term.

E. Preparing the Model Project for Expansion Into Other Regions of the Russian Federation.

Building on its reputation and high quality operations in Samara Oblast, F/Samara will prepare for possible expansion to neighboring regions of Russia (e.g. Saratov, Orenburg, Ulianovsk). FINCA has followed this same expansion scheme in other countries: experienced management staff from the existing operations initiate and oversee new regional programs; systems and best practices are transferred to the new operation and financial services delivery commences with little development time required. The Samara Oblast office will offer ongoing support to the new regional office to ensure a quality portfolio and sustainable operations.

2.5. TRAINING PROGRAMS FOR FINANCIAL INTERMEDIARIES

A. Training Local Staff in Methodology and Operating Systems.

Throughout the LOP, F/Samara will formally train employees in the theory and application of lending methodology, finance/accounting systems, and human resources management. Drawing on experience, materials, and personnel from Central Asia and the Caucasus, FINCA can provide effective training in the Russian language in an efficient, low-cost manner. After initial system and skills training, employees will continue to develop through close supervision and on-thejob training.

2.6. NEW FINANCING MECHANISMS FOR FINANCIAL INTERMEDIARIES

A. Offering Competitive Products to Fulfill Client Needs.

F/Samara will offer two (2) distinct loan products to clients group loans or Village Bank loans and Small Enterprise Loans or Individual Loans. The former – Village Banks - are community-based credit and savings associations consisting of a minimum of three clients, mostly women (80 percent). Village banks take short-term loans (12-20 weeks) from FINCA to help grow their businesses and make scheduled weekly payments of principle, interest and savings. Clients qualify for greater loan amounts based on repayment history and accumulated savings. Village bank members pledge support to each other materially and with solidarity through difficult times, thereby decreasing the credit risk to FINCA.

F/Samara will also continue to offer an individual loan product, or Small Enterprise Loan (SEL). In the SEL program, loan terms and conditions are not predetermined; terms and conditions vary according to business need and risk. Over time, terms and conditions can be modified given an individual client's established credit history. Since risk is greater with the SEL product, more due diligence and training is performed before a loan is granted.

In addition to the above-mentioned two main loan products, F/Samara will offer additional loan products, such as: (1) holiday loans, (2) seasonal loans and (3) parallel. It is necessary to continually monitor market needs and adapt the micro-finance products and services to improve program growth and maximize client retention.

2.7. IMPROVING ACCESS TO CREDIT AND FINANCE

A. Disbursing Loans to Clients.

Over the LOP, F/Samara expects to distribute 13,554 loans valued at approximately $11.5 M to Village Banking clients, and 1,180 loans valued at over $1.9 M to individual clients. The portfolio at risk will be no greater than three percent, combined for both aspects of the program.

2.8. BUILDING AN INSTITUTIONAL ENVIRONMENT SUPPORTIVE OF PRIVATE BUSINESSES

A. Building Support for Microfinance.

As F/Samara builds its client base and loan portfolio, it will be in a good position to gather support from other grantees and the local government to help build an environment supportive of MFIs and their clients. A strong operational performance record and professional relations will prove to other institutions and the local government the value of microfinance. FINCA will maintain ties with other grantees and institutions working to support private business and banking in Samara, including Financial Services Volunteer Corps (FSVC), the Morozov Project, CARANA Corporation, and the Eurasia Foundation. Additionally, FINCA will work to coordinate efforts with the Small Business Support Department of the Regional Administration, and the Regional Initiative of the US State Department.

2.9. BUILDING A BETTER REGULATORY AND POLICY ENVIRONMENT

A. Promoting an Enabling Policy and Regulatory Environment for MFIs and Their Clients.

A supportive policy and regulatory environment is critical for the long-term success of micro-finance institutions and their clientele. F/Samara will identify key policy and regulatory issues that influence the safe and sound performance of MFIs, constrain the delivery of financial services to the target clientele, and restrict the development of the target clientele into successful users of those services. Policy and regulatory constraints to the achievement of these goals will be identified and an appropriate policy and regulatory framework will be promoted through training and dialogue with key national and regional authorities. Such policy-related activities will include:

- Identify key policy and regulatory issues to be addressed.

- Document and analyze the consequences of policy and regulatory constraints on the MFI and its clients.
- Engage in policy dialogue with relevant national and regional authorities.
- Develop a framework for modifying the existing regulatory environment to meet the needs of the micro-finance sector.
- Create an action plan with key policy-makers to promote implementation of recommendations
- Coordinate with the U.S. Treasury Department, USAID and the World Bank in advocating for an improved regulatory environment.

Furthermore, FINCA will organize an annual workshop where key findings and issues will be presented. As needed, FINCA shall also organize specialized seminars and workshops on policy-related issues.

3. Current Results in the Reported Period

3.1. CREATING / SUSTAINING PRIVATE BUSINESSES AND JOBS

F/Samara employed 65 full-time Russian national staff– 42 in Samara, 8 in Syzran, 9 in Togliatti, and 6 in Otradniy. The Financial Services (FS) Department delivered 1,669 (1,255 group loans, and 414 individual loans) working capital loans to small businesses. As a result of these loans, 1,685 jobs were created and/or sustained.

3.2. PROVISION OF TRAINING AND CONSULTING TO PRIVATE BUSINESSES

Training and consulting to private entrepreneurs and business owners during the loan approval process is an integral part of the F/Samara micro-finance program. Our financial services officers (FSOs), who conduct the meetings with the loan recipients, provide the training and consulting services. During the reporting period, 12,860 hours of training was delivered to 1,682 clients (including group and individual clients and new FSOs). Of those receiving training, 89% were women. The training enabled our clients to analyze their businesses and qualify for loans, and our FSOs to learn our loan disbursement methodology.

In addition to the regular training provided, F/Samara's legal department drafted Legal Bulletin No. 3 about FSO/Client Relations. These bulletins are an additional source of information for our clients about issues of importance. A fourth bulletin will be prepared in the following quarter.

3.3. TRAINING PROGRAMS IN YOUR ACTIVITY

A. External Training.

During the reporting period, F/Samara staff traveled outside of the Samara region to conduct and/or participate in various training activities and seminars. In particular:

- Deputy Director traveled to Moscow where she made a presentation about F/Samara at TACIS organized seminar entitled 'Access to Finance for Small Business in Russia.'
- Two finance staff -an accountant and financial analyst – traveled to Nizhnii Novgorod to participate in a seminar on the 'New Tax Code in the Russian Federation.'

B. Internal Training.

In an effort to share information between the various micro-finance programs operating in Russia, during the reporting period F/Samara:

- Invited the Director of "Vozmozhnost dlya vsekh" to conduct a seminar for credit officers on the topic "How to Conduct a Thorough Business Analysis"
- Hosted and provided training for two staff members from FINCA/Tomsk

3.4. DEVELOPING FINANCIAL INTERMEDIARIES SUPPORTIVE OF BUSINESS

A. Creating a Model Self-Financing MFI.

During the reporting period, F/Samara management was active in reviewing and adopting key documents necessary for the development of a sustainable, self-financing MFI. To that end, the following activities were carried out:

- Revised (simplified) the client registration form for groups and individuals
- Revised Loan Agreement documents
- Revised employee job descriptions to reflect changes in several positions
- Completed draft of F/Samara employee satisfaction survey
- Revised new employee training program for new credit officers
- Revised and updated internal documentation as per the new Russian Labor Code
- Drafted memorandum regulating work with the client archive
- Prepared memorandum establishing procedures for filing client documents
- Revised list of documents necessary for taking an individual loan
- Prepared a memo regulating client fines and penalties
- Prepared sample documents for use in the new employee hiring process (per new Russian Labor Code)
- Prepared an instructional memorandum for field staff - 'What to do if approached by tax inspector or representative of an official inspection organ'

B. Developing a Locally Managed Institution.

In an effort to improve the internal operations of the project, several changes were made in the management structure of the program. First, a decision was made to restructure the management of the Financial Services Department (hereinafter FS Dept). To that end, the Manager of the FS Dept position was split in two creating the following positions: (1) Manager of Operations, FS Dept, who is responsible for the day-to-day operations of the FS Dept, including interacting with credit officers and supervisors and clients; and (2) Manager of Strategic Planning, FS Dept, who is responsible for the long-term strategic planning of the department, including expansion and product innovations.

In carrying out the above, one supervisor was promoted to the position of Manager of Operations, FS Dept, and one credit officer was promoted to back-fill the vacancy left by the advancing supervisor. The previous Manager of the FS Dept was shifted to the Audit Department, where a new position was created – Field Auditor Level 1.

In addition to the above, a decision was made to create a Marketing Specialist position. This was done for two basic reasons: (1) the continued growth and

development of F/Samara depends on the extent to which new clients are attracted to the program, and marketing is a way to get the information about the program to them; and (2) the Manager of Strategic Planning, FS Dept, was responsible for marketing, but with the change in the management structure of the FS Dept as described above, she is unable to balance both responsibilities.

The above-mentioned management changes are expected to improve the overall efficiency of operation of the project. Top management will be carefully monitoring the situation to ensure maximum success.

In addition to the above, F/Samara management staff had the opportunity to participate in trainings provided by an outside consultant from 'Vozmozhnost dlya vsekh' in Nizhnii Novgorod, and internally by fellow managers. In the following quarter, F/Samara's Deputy Director will resume providing bi-monthly management trainings on such topics, as Delegation of Responsibility, Working/Communicating with Clients, and A Manager's Work Regime.

C. Building Public Confidence in the MFI Sector Specifically and the Financial Sector in General.

During the reporting period, F/Samara continued to implement a comprehensive marketing and public relations program. As part of that process, the following was accomplished:

Marketing/Advertising:
- Program ads in Togliatti, Syzran, Samara ("TV Press Nedelja", "Sedmoi Kanal")
- FINCA posters at markets and trading equipment companies
- Radio ads at Kirovski market
- Ads on each page of the magazine "Optovik"
- Drafted a one-page program summary for marketing purposes
- Ordered new brochures, posters to use for marketing purposes
- Sent 50 informational letters about the program to potential clients
- Made new bags with FINCA logo to present to clients/partners

Public Relations:
- Published article on the program in local newspaper in Bolshaja Chernigovka, and in Samara newspaper "TV Press Nedelja"
- Prepared information on the program for RI Calendar of events

D. Positioning F/Samara for Possible Transformation into a Formal Financial Institution.

Top management in FINCA International is currently reviewing the recommendation for re-registration of the Samara Regional Micro-finance Program (hereinafter F/Samara presented to them by the FINCA Hub office following consultation with local Russian and international lawyers. During the reporting period, F/Samara secured a letter of support from the Head of the Small Business Support Department of the Samara Oblast Administration for the re-registration of F/Samara into a Russian credit cooperative. Once a decision is made regarding the issue of re-registration, F/Samara will proceed accordingly. (*We anticipate that a final decision could come in the following quarter.)

E. Preparing the Model Program for Expansion Into Other Regions of the Russian Federation.

During the reporting period we continued with our marketing research to determine where next to expand the program. The Manager of Strategic Planning, FS Dept continued gathering information from the raions in the extreme northern and southern parts of the oblast. Once we have collected all the data, we will analyze it and determine our next steps. We plan a gradual expansion, first to the northern regions, and then to the south. This will ensure that we do not stretch ourselves too thin and will allow us to maximize our impact.

In addition to the above, we continued a dialogue with officials in neighboring Ulianovsk and Orenburg oblasts. Both regions are interested in attracting the FINCA program, as there are few, if any, financing alternatives for the micro- and small-business sectors. Based on the preliminary information that was gathered during the reporting period, we are considering a gradual expansion to two or three cities – Buguruslan in Orenburg Oblast, and Novospaskoye and Dmitrovgrad in Ulianovsk. In order to minimize up-front costs associated with the expansion and to test the market, we will use our current network of satellite offices to service the clients in each locale. Buguruslan is a short drive from the Otradniy satellie office, while Dmitrovgrad can be serviced by our Togliatti satellite and Novospaskoye by our Syzran office. We anticipate starting first in Buguruslan, and then Novospaskoye and Dmitrovgrad. However, before doing so, we need to gather additional information. That process will be continued in the following quarter.

3.5. TRAINING PROGRAMS FOR FINANCIAL INTERMEDIARIES

A. Training Local Staff in Methodology and Operating Systems.

During the reporting period, F/Samara conducted staff training for 13 financial service officers (FSOs), a Database Operator, a Financial Assistant and a Marketing Specialist. A team of managers collaborated on the training. FSO training consisted of one week in the classroom discussing FINCA methodology, and one week in the field shadowing experienced FSOs to see how they interact with their clients. The training for the Database Operator and Marketing Specialist was provided by individual Department Heads.

3.6. NEW FINANCING MECHANISMS FOR FINANCIAL INTERMEDIARIES

A. Offering Competitive Products to Fulfill Client Needs.

During the current reporting period, F/Samara engaged in the following activities to improve the competitiveness of the products it offers to clients, including:

- Analyzed client drop out data and developed action plan to address the issues discovered (new list of reasons)
- Implemented a new strategy plan based on analysis of the results of Clients Survey summary report to minimize the adverse impact of the traditional 'dead season' in January
- Revised terms and conditions for parallel and seasonal loan products
- Expanded the list of topics for discussion at client Focus Groups
- Solicited input from FSOs regarding arrears management

In addition to working to improve the competitiveness of our products and services, F/Samara management organized a competition in January for the FSO(s) who disburse the most loans and attract the most new clients. Small prizes were awarded to each FSO. The competition provided an incentive to the FSOs to reach beyond the normal to try to win the prize(s). As a result, January's results surpassed expectations.

3.7. IMPROVING ACCESS TO CREDIT AND FINANCE

During the current reporting period, F/Samara improved access to credit by delivering 1,669 working capital loans worth $1,506,244 USD to micro-entrepreneurs. In addition, by mobilizing internal savings, approximately $119,599 was lent between FINCA clients.

Further, in each month during the reporting period, a marked increase on the value of loans disbursed was reported over the same period in the previous year. Specifically, the values are:

- January '02 was 720% greater than January '01 ($499,088 vs $60,839). This is particularly significant given the fact that January tends to be one of the slowest months of the year – in business terms - for our clients, and is therefore commonly referred to as a 'dead season.' Not only was a record set for loans disbursed in one month, the total disbursement was 5% higher than in December- a month generally considered one of the strongest month's of the year.

- February '02 was 225% greater than February '01 ($502,457 vs $154,704), and slightly higher than January's record monthly disbursement.

- March '02 was 217% greater than March '01 ($504,699 vs $159,458), and slightly more than February's disbursement.

The record disbursements helped our loans outstanding portfolio jump nearly 20% - from $1,176,475 on 31 December 2001, to $1390,320 on 31 March 2002. Also as a result of the record disbursements for the quarter our active client base increased by more than 10% - from 1,470 on 31 December to 1,651 on 31 March.

3.8. BUILDING INSTITUTIONAL ENVIRONMENT SUPPORTIVE OF PRIVATE BUSINESSES

A. Building Support for Microfinance.

During the reporting period, F/Samara had numerous meetings with local and oblast government officials, directors of business centers and representatives from other U.S.-Government funded and European organizations. These meetings focused on building an environment supportive of MFIs and their clients and included:

- Attended monthly roundtable meetings organized by the Regional Initiative
- Deputy Director attended a meeting initiated by the Samara City Administration to assist in development of local Program for small business support
- Met with local banks to discuss a client referral system (referrals from local banks to F/Samara)

- Met with the Director of Small Business Support Centers in Togliatti, Neftegortsk, Sergeevsk, Pochvistnevo, Zhiguljovsk to discuss areas of cooperation
- Met the Director of Small Business Support Department of Samara Oblast Administration, Mr. Kopytin
- Met the Head of Sergievsk/Suchodol Small Business Support Center and the Director of the Municipal Fund for Small Business Support in Sergeivsk to discuss areas of cooperation
- Met with representative of Association "Women of Volga Region" to discuss ways of cooperation
- Met with representatives of Sojuz Predprinimateli (Association of Entrepreneurs) of Samara to discuss cooperation
- Met representative of the insurance company "Nasta" to discuss how we can inform our potential clients through their company
- Met director of Business Incubator of Samara to discuss ways of cooperation
- Took part in the Round Table at Dom Zhurnalista to discuss ways of cooperation with press

3.9. BUILDING A BETTER REGULATORY AND POLICY ENVIRONMENT

[The activities described in this section were/are being carried out/coordinated by Laura Fainzilberg, Artem Fedorov and Ekaterina Fedorova in FINCA International's NIS Hub office in Moscow through their work with the Microfinance Policy Working Group and cooperation with other MFIs and stakeholders in Russia.]

During the reporting period, the FINCA 'policy team' (described above) enhanced its work with the Russian Microfinance Working Group (hereinafter the Working Group) to promote a more enabling policy and regulatory environment for MFIs and their clients. FINCA concentrated on strengthening the Working Group as a means to promote the microfinance movement in Russia and on supporting international and indigenous practitioners through practical trainings, the creation of useful learning materials, and through information disseminations. Furthermore, FINCA established formal relations with representatives from the Russian Microfinance Center. More specifically, the 'policy team':

- Met with representatives from DAI on March 8th to discuss policy piece and Microfinance Policy Working Group's cooperation with the newly established Russian Microfinance Center.
- Conducted Microfinance Policy Working Group meeting 12 March 2002 with all members present and a representatives from the Russian Microfinance Center. Discussed a possibility of establishing Microfinance Association in Russia and also setting up a steering committee with the Russian Microfinance Center in order to monitor and approve any proposed legislature for the microfinance industry.
- Laura Fainzilberg and Lawrence Yanovitch continued working on arranging a trip of Russian State Duma members to Washington DC to discuss the issues of "Legislative support for non-bank finance sector development" (June2002). The purpose of the proposed visit is to establish a dialogue, and to exchange information on legislative support for development of the non-bank finance sector as a source of funding for small business. During the proposed trip Russian legislators will be informed how microfinance works to provide alternative sources of credit, and create economic opportunities for the smallest, most vulnerable groups of entrepreneurs, even in such well developed countries like the United States. Both, FINCA-Moscow and USAID have been working with the

Inter-parliamentary Relations /Administration of State Duma to prepare a list of proposed candidates for the trip and a possible roundtable discussion with the members of the Policy Working Group prior to the trip to Washington.

- Organized a seminar, conducted by "Vozmozhnost dlya vsekh" in conjunction and under support of FINCA International, entitled "Changes of Legislation in the Area of Taxation and Accounting and the Influence on the Activities of MFIs," 23-25 January 2002, in Nizhny Novgorod. The main topics of the seminar were: a) compliance with the new charter of the tax code "Tax on profit of organizations," and b) changes in MFIs' taxation and accounting system. Representatives of 19 MFIs and governmental agencies of small business support took part in the seminar.
- Effective 1 January 2002, Chapter 25 "Tax on profit of organization" of the tax code of the Russian Federation came into force. The Chapter made significant changes to the order of taxation of profit. The tax rate was decreased to 24%, the Chapter changed the procedure of assessment of taxable base, calculation and payment of the tax, assessment of the profit for taxation. In accordance to Charter 25, dedicated financing both commercial and non-commercial organizations is not subject to the profit tax, profit received from the giving loans can be deducted from the taxable base but with the limitations provided in article 269 of the Tax code. Tax code (art.266)provided prohibition on making reserves on debts appeared in connection with failure to pay for all organizations exclusive banks.

4. Program Accomplishments: LOP

4.1. CREATING / SUSTAINING PRIVATE BUSINESSES AND JOBS

To date, F/Samara has created or sustained 9,308 private businesses and 9,843 jobs through direct hiring and small business lending.

4.2. PROVISION OF TRAINING AND CONSULTING TO PRIVATE BUSINESSES

To date, nearly 9,000 clients (8,881 to be exact) have received over 67,000 hours of training (67,328 hours to be exact) in accounting, group management and cash flow management in preparation for delivery of loans. Furthermore, F/Samara's clients have received three informational legal bulletins on various topics of relevance, had access to informational brochures about small business regulation prepared by the Small Business Department of the Samara Oblast Administration, and received free consultation and advice via F/Samara's business 'hot line.'

4.3. TRAINING PROGRAMS IN YOUR ACTIVITY

F/Samara staff has participated in numerous conferences, symposia and workshops, inside and outside Russia, to improve their knowledge about the sphere of micro-finance and to share their experiences about the Samara project. Such seminars include ones organized by Ohio State University/University of Goethe, Germany (in Frankfurt, Germany), and the Microfinance Center for CEE and NIS (in Bratislava, and Budapest).

In addition, F/Samara has hosted representatives from FINCA programs in the NIS including Azerbaijan, Krygyzstan, and Tomsk, and representatives of other MFIs in Russia.

4.4. DEVELOPING FINANCIAL INTERMEDIARIES SUPPORTIVE OF BUSINESS

F/Samara registered in the Samara oblast on 1 April 1999. Less than three months later – on 21 June 1999 – the first group loans were disbursed to clients in Otradniy city.

Currently, the program operates as an affiliate of FINCA International. Other registration options are being examined to ascertain the best possible legal form for the program over the long-term.

The program is demand-driven, but continues to market to women, providing them with working capital loans to micro-entrepreneurs. The staff and systems are dedicated to this goal through close supervision, incentive pay schemes, and training.

4.5. TRAINING PROGRAMS FOR FINANCIAL INTERMEDIARIES

To date, F/Samara has conducted staff training to over thirty Financial Service Officers (FSOs). A team of managers facilitates the training on FINCA's methodology (one week), and FSO client interaction (one week), conducted in the field. In addition to the general new employee training, F/Samara management has provided (and will continue to provide throughout the LOP) weekly/monthly training to help the staff deal effectively with the issues that arise.

Also, to date F/Samara management has organized special targeted trainings for the FS Dept including: 'How to Communicate Effectively with Your Clients; and How to Conduct a Thorough Business Analysis.'

Beyond that, F/Samara management has provided a series of monthly management trainings on a wide variety of topics, including..... . The goal of such trainings is to build (strengthen) local management capacity.

4.6. NEW FINANCING MECHANISMS FOR FINANCIAL INTERMEDIARIES

F/Samara has introduced two products: (1) "Village Bank", or group lending methodology –April 1999, and (2) Small Enterprise Loans (SEL) or an individual loan product – June 2000.

Both loan products have been well received by our clients. Group lending is generally applicable to those clients who do not possess the necessary collateral for an individual loan, while the SEL product is for those clients who have more developed businesses, need larger loan sizes and can guarantee their loans with collateral. Since project introducing the SEL or individual loan product, the number of group loan recipients has increased only slightly increase (largely remaining constant), while the number of individual clients has increased significantly. As of 31 March, our loan portfolio broke down as follows: 34% group loans, and 66% individual loans.

4.7. IMPROVING ACCESS TO CREDIT AND FINANCE

F/Samara has delivered 9,308 loans in the amount of $6,418,817 to entrepreneurs. The successful outreach and expansion has been the result of market orientation, geographic expansion, product diversification, targeted marketing, and staff development.

4.8. BUILDING INSTITUTIONAL ENVIRONMENT SUPPORTIVE OF PRIVATE BUSINESSES

A. Building Support for Micro-finance.

During the LOP, F/Samara has developed close working relations with the Small Business Department in the Samara Oblast Administration, as well as the individual Business Support Centers located throughout the oblast. In addition, F/Samara participates in the monthly roundtable meetings sponsored by the U.S. State Department's Regional Initiative. These meetings allow F/Samara build support for micro-finance with the help of the various U.S. Government-funded and European organizations that attend such meetings and work throughout the oblast.

Long-term partners include (among others):
-Samara Oblast and City Administration
-Local Business Centers throughout the Oblast
-Association "Women of Volga Region"
-Association of Entrepreneurs of Samara region
-Regional Initiative

4.9. BUILDING A BETTER REGULATORY AND POLICY ENVIRONMENT

The activities described below were coordinated by Laura Fainzilberg, Artem Fedorov and Ekaterina Fedorova, among others, in FINCA International's NIS Hub office in Moscow through their work with the Microfinance Policy Working Group and cooperation with other MFIs and stakeholders in Russia.

F/Samara initially partnered with the Ohio State University (OSU) to develop a better understanding of the Russian policy and regulatory environment and to promote an environment supportive of MFIs and their clients. In the second year of the grant, F/Samara has shifted direction and focus. F/Samara concentrated on strengthening the Russian Micro-finance Working Group as a means to promote the micro-finance movement in Russia. In addition, management focused on supporting international and indigenous practitioners through practical trainings, the creation of useful learning materials, and through information dissemination. Thus far, highlights of the Policy Component include:

- Working together with OSU, F/Samara produced a seminal report on the state of micro-finance regulation in Russia. A second report was prepared on the legal and regulatory environment for SME in Russia, based on survey results from Samara.
- F/Samara has worked together with Victoria Tagirova, Director of "Vozmozhnost dlya vsekh" to sponsor a series of training seminars for MF practitioners in Russia. These seminars have focused on: tax regulation, registration, marketing, advocacy efforts, and delinquency issues. These seminars aimed at increasing the professionalism of MFIs in Russia and are open to all practitioners.

- F/Samara has worked with the SME Resource Center to produce a survey of "Supply and Demand for Micro-finance in Russia." The SME Center has also undertaken an effort to catalog all MFIs in Russia.
- F/Samara has sponsored two conferences on Micro-finance in Russia (August 1999 in Samara and December 2000 in Moscow). The conferences have brought together MF practitioners, donors and Russian government officials to engage in a dialogue on the state of micro-finance and on ways to improve the legal and regulatory environment.
- F/Samara has worked closely with the nascent Russia Microfinance Working Group to strengthen ties among leading MF practitioners in Russia. The Working Group acts to coordinate efforts on advocacy, information exchange and best practices in Russia.
- F/Samara, in the context of the Working Group, began to release a monthly bulletin highlighting pertinent issues and upcoming events as well as legal issues.
- FINCA International produced a final report, in Russian and English, on the microfinance conference that was held December 6-8, 2000 in Moscow. The document covers the main ideas about current state of microfinance in Russia that were discussed during the conference and also plans about establishment of a real and strong microfinance sector.
- Company "Vozmozhnost dlya vsekh" in conjunction and under support of FINCA International conducted the seminar "Changes of Legislation in the Area of Taxation and Accounting and the Influence on the Activities of MFIs," 23-25 January 2002, in Nizhny Novgorod. The main topics of the seminar were: a) compliance with the new charter of the tax code "Tax on profit of organizations," and b) changes in MFIs' taxation and accounting system. Representatives of 19 MFIs and governmental agencies of small business support took part in the seminar.

5. Problem Areas and Achievements

A. Management of Financial Services Department (FS Dept).

Problem:
The Program grew significantly during the reporting period. As a result of the exponential growth, it became more and more difficult for the Manager of FS department to effectively manage the day-to-day program operations in Samara, and the satellite offices in Syzran, Togliatti, and Otradniy on the one hand, and the strategic development of the program on the other.

Solution:
A decision was to reorganize the management of the FS Dept -- to separate the two functions described above – day-to-day operations andlong-term, strategic planning in the FS Dept. Job descriptions (JD) were revised (prepared) and staff was moved. Two managers appointed to manage the FS department: Operational Manager and Strategic Planning Manager. A supervisor was promoted to the position of Operations Manager, FS Dept, while the former Program Development Manager shifted into the position of Strategic Planning Manager, FS Dept. (The former Manager of the FS Dept, was shifted into a second auditor position.)

Results:

The results of probation period for both FS Managers will be analyzed and the appropriate changes will be made in the JDs for both managers to increase efficiency of management system for FS Department.

B. Employee Pool

Problem:
It is increasingly more and more difficult to find qualified employees for the FS Dept (largely in the position of credit officer). In the previous two hiring processes, less than 10% of the resumes received were considered qualified for the position(s), and of them, less than 5% qualified after an interview.

Solution:
In an effort to address this issue, we have sought the advice of a professional employment agency, have conferred with hiring agents for tips and insight about how and where to advertise for the vacancies that we have, and are reviewing the management of the hiring process internally to ensure that we have the most effective structure in place.

Results: report next quarter

C. Reduced Bank Fees at Sberbank

Issue:
F/Samara is forbidden by Russian law to disburse loans in cash and/or collect client payments in cash, which means we are forced to work through the Russian banking system. And since Sberbank is the only bank with a network of branches throughout the Samara, we are forced to work with (through) it. Sberbank has a high bank fee structure that we are obliged to pay to cover the cost of their services. Each month we found ourselves paying more and more in bank fees, given that our disbursements are increasing. Therefore, we decided to raise the issue of decreasing the bank fee rate with top management of the bank.

Result (Achievement):
After a series of meetings in which we presented various information confirming the growth in disbursements and the consequent significant increase in bank fees, we were able to convince the bank management to reduce the bank fee rate from 1,5% to 1%. This is a significant victory for the program and will result in savings of thousands of dollars over the remaining LOP.

D.

B. ADMINISTRATIVE INFORMATION

Contract Data:
1. Estimated Cost (LOP) USAID Funds: $8,000,000
2. Expenditure of USAID Funds During Reported Period: $327,800
3. Cumulative Expenditure of USAID Funds including the reported period: $5,091,246
4. Average Expenditure Rate of USAID funds ($/month): $109,267

Number of U.S. employees receiving salaries from USAID grant funds: 2 (includes Laura Fainzilberg, NIS Regional Director, who is responsible for the policy component of the grant)
Number of Russian employees receiving salaries from USAID grant funds: 71 (includes two employees from FINCA's NIS Hub – Artem Fedorov and Ekaterina Fedorova – who are responsible for the policy component of the grant)

Schedule of Positions:

No.	Position Title	Position Description	U.S. or Russian
1.	Jeff D. Ferry	Program Director, Chief of Party	US
2.	Olga P.Sedykh	Deputy Program Director	Rus
3.	Irina Fradkova	Program Development Manager	Rus
4.	Margarita Dinor	Office Manager	Rus
5.	Valeriy Chernov	Lawyer	Rus
6.	Lyubov Kozlova	Internal Auditor	Rus
7.	Tatiana Vostrova	Finance Manager	Rus
8.	Tatyana Smagina	Chief Accountant	Rus
9.	Natalia Katalnikova	Finance Assistant	Rus
10.	Irina Vasilieva	Finance Assistant	Rus
11.	Elena Melsitova	Accountant	Rus
12.	Kristina Levashevskaya	Cashier	Rus
13.	Olesya Fomina	Financial Analyst	Rus
14.	Alexander Golovanov	MIS Specialist	Rus
15.	Anna Loshkaryova	Database Operator	Rus
16.	Elena Shumlina	Financial Services (FS) Manager	Rus
17.	Svetlana Kirianova	FS Supervisor – Samara	Rus
18.	Anna Zatsepena	FS Supervisor – Samara	Rus
19.	Ludmilla Vasyakan	FS Supervisor – Samara	Rus
20.	Larisa Golikova	FS Supervisor – Syzran	Rus
21.	Irina Suslova	FS Supervisor – Togliatti	Rus
22.	Svetlana Agafonova	Financial Services Officer (FSO)	Rus
23.	Nadezhda Gorina	FSO	Rus
24.	Lidia Sarayeva	FSO	Rus
25.	Dana Semyonova	FSO	Rus
26.	Natalia Karsakova	FSO	Rus
27.	Olga Korytova	FSO	Rus
28.	Ekaterina Berg	FSO	Rus
29.	Svetlana Konovalova	FSO	Rus
30.	Natalia Misura	FSO	Rus
31.	Nadezhda Ostapchuk	FSO	Rus

32.	Lyudmila Ushakova	FSO	Rus
33.	Vera Bryantseva	FSO	Rus
34.	Tatyana Busygina	FSO	Rus
35.	Konstantin Davydov	FSO	Rus
36.	Gulia Mustafina	FSO	Rus
37.	Vladimir Moiseev	FSO	Rus
38.	Yelena Rusina	FSO	Rus
39.	Lyuba Starkova	FSO	Rus
40.	Nadezhda Shaber	FSO	Rus
41.	Marina Shirina	FSO	Rus
42.	Evgenia Afonicheva	FSO	Rus
43.	Svetlana Darienko	FSO	Rus
44.	Lyuba Lavrova	FSO	Rus
45.	Oleg Plaksin	FSO	Rus
46.	Olga Stroyeva	FSO	Rus
47.	Alexey Zemtsov	FSO	Rus
48.	Andrey Kornilov	FSO	Rus
49.	Khabib Murdashev	FSO	Rus
50.	Maya Ryaskina	FSO	Rus
51.	Olga Sablina	FSO	Rus
52.	Yelena Tchuchulina	FSO	Rus
53.	Rinat Dinukov	Chief Driver – Samara	Rus
54.	Evgenyi Kurnosenko	Driver – Samara	Rus
55.	Victor Bozhko	Driver – Samara	Rus
56.	Igor Kerzhenzev	Driver- Samara	Rus
57.	Andrey Nasledov	Driver - Otradny	Rus
58.	Alexander Kirsanov	Driver – Syzran	Rus
59.	Sergey Gostev	Driver – Togliatti	Rus
60.	Sergei Tolkushkin	Security	Rus
61.	Alexander Filatov	Security	Rus
62.	Galina Medvedeva	Secretary	Rus
63.	Julia Shishova	Office Manager (Syzran)	Rus
64.	Yelena Azarochkina	Office Manager (Togliatti)	Rus
65.	Yelena Biryukova	Custodian (Samara)	Rus
66.	Galina Nesheret	Custodian (Otradny) /part-time	Rus
67.	Maria Semenova	Custodian (Syzran) / part-time	Rus
68.	Alsu Gubaidulina	Custodian (Togliatti) / part-time	Rus
69.	Galina Solovieva	Custodian (Samara) / part-time	Rus
70.	Laura Fainzilberg*	NIS Regional Manager	Expat
71.	Artem Fedorov*	NIS Legal Counsel	TC
72.	Ekaterina Fedorova*	NIS Regional Finance Manager	Rus

* FINCA NIS Hub office employees, responsible for policy component of grant

SUMMARY TABLES FOR QUARTERLY REPORT

All numbers in the Summary Tables should represent summary & numerical data in support of information provided in the textual description of your activities. These tables show what you have accomplished before this quarter, during this quarter and to-date (including this quarter) and, for comparison , what you aim to accomplish over the Life of Project (LOP). Please, use exactly the format provided below. If you do not do some of the activities reflected in the Tables, just leave the respective cells blank. After each Table you may add any explanations which you think may help understand the tables and eliminate ambiguity in interpreting the numbers. Please, do not delete auxiliary text as it helps to understand the content of tables.

TABLE 1. PROGRESS IN CREATING/SUSTAINING PRIVATE BUSINESSES AND JOBS

Please, give explanations under the table as to how you track/estimate numbers in this table.

Category	Cum. Previously	This Period	Cum. To Date	Life of Project Goal
# New Businesses Created	3	-	3	-
# Businesses Sustained	7 636	1 669	9 305	8 625
TOTAL # Businesses Created and/or Sustained	7 639	1 669	9 308	8 625
# New Jobs Created	539	16	555	278
# Jobs Sustained	7 639	1 669	9 308	8 625
TOTAL # Jobs Created and/or Sustained	8 178	1 685	9 863	8 903

Note: *-Businesses sustained calculated as total number of clients (active and departed) over LOP.*
-Jobs created based on organizational employment and estimate of employment created as a result of lending.
-Jobs sutained is total clients over LOP.

TABLE 2. PROGRESS IN PROVIDING TRAINING AND CONSULTING TO PRIVATE BUSINESSES

Please, list training programs developed within your activity in Table 3. If some positions are not applicable to your Program, leave respective cells blank.

	Cum. Previously	This Period	Cum. To Date	Life of Project Goal
TRAINING (also, list training programs in Table 3)				
In-country based training				
Technical (other)				
Training Programs held (# of programs)	4	3	4	3
Person-hours (hours)	54 468	12 860	67 328	99 304
Total # of participants	7 199	1 682	8 881	9 062
Total # of women participants	6 312	1 492	7 804	7 250
% of women participants	88%	89%	88%	80%

Note: . -Village bank client training at 4 hours per person for recycled clients,6 hours per person for new clients
-Credit personnel training at minimum 320 hours per person
-SEL client training at 6 hours per person for recycled clients,10hours per person for new clients

TOTAL TRAINING				
Training Programs held (# of programs)	4	3	4	3
Person-hours (hours)	54 468	12 860	67 328	99 304
Total # of participants	7 199	1 682	8 881	9 062
Total # of women participants	6 312	1 492	7 804	7 250
% of women participants	88%	89%	88%	80%
TOTAL TRAINING AND CONSULTING				
Programs / consulting sessions (# of them)	4	3	4	3
Person-hours (hours)	54 468	12 860	67 328	99 304
Total # of participants	7 199	1 682	8 881	9 062
Total # of women participants	6 312	1 492	7 804	7 250
% of women participants	88%	89%	88%	80%
TRAINERS / CONSULTANTS				
US Trainers/Consultants				
Long-term (>, = 12 mo. in host-country with program)	2	0	2	2
Short-term (< 12 mo. in host-country with program)	1	0	1	
Third-country Trainers/Consultants				
Long-term (>, = 12 mo. in host-country with program)	0	0	0	
Short-term (< 12 mo. in host-country with program)	5	2	7	5

Note: -Methodology and system experts from Central Asia and Caucasus.

TOTAL TRAINERS / CONSULTANTS				
Long-term (>, = 12 mo. in host-country with program)	2	0	2	2
Short-term (< 12 mo. in host-country with program)	5	2	7	5
Long-term + Short-term	7	2	9	7

TABLE 3. TRAINING PROGRAMS DEVELOPED WITHIN YOUR ACTIVITY

List training programs developed within your program in the following table. Keep updating this table on a cumulative basis - keep all past programs developed and available in it.

No.	Training Program Title	Program Length (days)	Program Length (hours)	Expected Number of Listeners	Training Manual (Yes/No)	Program Cost Est. ($)
1	Village Bank Client Training	1		8 003	yes	371 000
2	SEL client training/preparation	2,5		1 012	yes	110 000

Note: -Training program costs calculated as percentage of staff time spent on training clients and is on-going through LOP.

TABLE 4. DEVELOPING FINANCIAL INTERMEDIARIES SUPPORTIVE OF BUSINESS (if applicable)

Category	Cum. Previously	This Period	Cum. To Date	Life of Project Goal
Created/Strengthened organizations providing training/consulting to private business financing institutions (# of such organizations)	1	0	1	1

TABLE 5. TRAINING PROGRAMS DEVELOPED FOR FINANCIAL INTERMEDIARIES

List training programs developed for financial intermediaries in the following table. Keep updating this table on a cumulative basis - keep all past training programs developed and available in it.

No.	Course Title	Course Length (days)	Course Length (hours)	Expected Number of Listeners	Training Manual (Yes/No)	Program Cost Est.. ($)
1	Financial Service Officer Training (internal)	60	480	47	yes	no

TABLE 6. MANUALS DESCRIBING NEW FINANCING MECHANISMS

List manuals describing new financing mechanisms developed by your program in the following table. Keep updating this table on a cumulative basis - keep all past mechanisms developed and available in it.

No.	Manual Title	Manual Size (pages)	Date of Issuance	Available in English (Yes/No)	Available in Russian (Yes/No)	Manual Cost Est.. ($)
1	VB manuals	44	Dec 2000	No	Yes	67,68
2						
3						

TABLE 7. PROGRESS IN IMPROVING ACCESS TO CREDIT AND FINANCE (if applicable)

If the program has several branches in different locations, such a table should be provided for each location, and a summary table should be provided for all locations.

Note: No lending activity in current reporting period.

Category	Cum. Previously	This Period	Cum. To Date	Life of Project Goal
FINANCING PROGRAMS (micro lending programs, lending programs, lease programs, direct investment programs, etc.)				
# of micro lending programs	1	1	1	1
# of lending programs	1	1	1	1
# of lease programs	-	-	-	-
# of direct investment programs	-	-	-	-
Total # of financing programs (sum of above)	2	2	2	2
CAPITAL IN FINANCING PROGRAMS				
$ capital in micro lending programs	518 336	476 973	476 973	3 140 140
$ capital in lending programs	658 139	913 347	913 347	1 345 774
$ capital in leasing programs	-	-	-	-
$ capital in direct investment programs	-	-	-	-
Total $ capital in financing programs (sum of above)	1 176 475	1 390 320	1 390 320	4 485 914
MICRO LENDING				
Micro lending annual interest rate used (%)	48%	48%	48%	60%
# of micro loans (< $300)	1 721	186	1 907	-
# of micro loans ($300 through $1,000)	4 689	923	5 612	14 098
# micro loans (> $1,000)	565	146	711	-
Total # micro loans (sum of above)	6 975	1 255	8 230	14 098
Total # micro loans to women	6 344	1 180	7 524	11 278
% of # micro loans to women (%)	91%	94%	91%	80%
$ value of micro loans	3 644 912	685 494	4 330 406	11 563 000
$ value of micro loans to women	3 320 943	639 640	3 960 583	9 250 400
% of $ value of microloans to women (%)	91%	93%	91%	80%
$ min size of micro loan made	100	65	65	-
$ max. size of micro loan made	1 780	1 631	1 780	-
$ average size of micro loan made	520	471	471	-

LENDING				
Lending annual interest rate used (%)	48%	48%	48%	60%
# of loans (< $1,000)	245	156	401	-
# of loans ($1,000 through $10,000)	417	258	675	1 186
# loans (> $10,000)	2	0	2	-
Total # loans (sum of above)	664	414	1078	1 186
Total # loans to women	436	300	736	-
% of # loans to women (%)	66%	72%	68%	-
$ value of loans	1 267 661	820 750	2 088 411	1 915 847
$ value of loans to women	759 531	551 812	1 311 343	-
% of $ value of loans to women (%)	60%	67%	63%	-
$ min size of loan	166	322	166	-
$ max. size of loan	13 605	9 699	13 605	-
$ average size of loan	1 917	1 982	1 982	-
TOTAL FINANCING				
Total # of clients in all financing programs	1 470	1 651	1 651	2 263
Total # of women clients in all financing programs	1 252	1 394	1 394	1 810
% of # of women clients (%)	85%	84%	84%	80%
Total $ value provided to clients in all financing programs	4 912 573	1 506 244	6 418 817	13 478 847
Total $ value provided to women clients in all financing programs	4 081 374	1 191 452	5 272 826	-
% of $ value provided to women in all financing programs (%)	83%	79%	82%	-
$ min size of financing per client in all financing programs	100	65	65	-
$ max. size of financing per client in all financing programs	13 605	9 699	13 605	-
$ average size of financing per client in all financing programs	798	902	902	-

TABLE 8. BUILDING INSTITUTIONAL ENVIRONMENT SUPPORTING OF PRIVATE BUSINESSES

If you have created/strengthened business associations, professional associations, business incubators, business centers, training institutions, or other business support organizations, list them and summarize information about them. Indicate how close each is to being self-sustaining by placing the appropriate letter in the column "Self Sustaining Status": A - Already self-sustaining, C - Close to becoming self-sustaining (anticipated within next quarter), N - Not yet self-sustaining, but well on its way, F - Far from self-sustainability. In this Table also provide the figure that applies: the number of active association members, or the number of micro businesses in the incubator, etc.

No.	Name of Organization	Time of Major Assistance (mo.yr)	No. of employees	No. of Members (entities or persons)	Self Sustaining Status (A, C, N, or F)
1	Business Center / Kinel	2+yrs	7	49	C
2	Business Center / Novokuibechevsk	"	8	52	N
3	Business Center / Otradniy	"	3	48	N
4	Business Center/ Kinel-Cherkassi	"	3	31	N
5	Business Center/ Krasniy Yar	"	2	34	F
6	Business Center /Syzran	"	3	36	F
7	Business Center/ Pokvistnevo	"	3	37	N
8	Business Center/ Togliatti	7mons	6	50	N
9	Mozorov Training Institute	2+yrs	10		
10	Business Incubator / Kinel	"	2	33	N
11	Povolzhe Business Women's Association	7 mons	5		
12	Fund 'Sovdeistvie'/ Kinel	2+yrs	2	33	N
13	Business Services Center / Sergeivsk and Novokuibechevsk	7 mons	3		F
14	Business Consulting Services Center / Samara	7 mons	3		F
Etc.					

TABLE 9. PROGRESS IN BUILDING A BETTER REGULATORY AND POLICY ENVIRONMENT

Show any positive new regulatory or policy changes that you have influenced (show such changes cumulatively - add any new entries in the table without deleting previous entries). Indicate the type of regulatory or policy change by the appropriate letter in the column "Type of Change":

A - Government Funds for Business Growth: regional oblast, or city governments set aside a larger portion of their budgets to run Private Business development offices or programs to attract foreign investment. They start or expand regional / local funds that support private business development

B - Legal and Regulatory Environment: Tax laws are simplified. Incentives are established that encourage Private business formation. Procedures or requirements for registering new businesses with legal authorities are simplified or improved.

C - Access to Information. More useful information that benefits private businesses is gathered and is made available to private businesses.

D - Other (describe)

No.	Description of Change	Date Change effected (mo.yr)	Type of Change (A,B,C, or D)
1	Creation of an enabling regulatory environment for MFIs and their clients.	LOP	B,C