

IX National Conference

«Microfinance in Russia on the Threshold of Change: Lessons of the Crisis and New Opportunities»

November 17-19, 2010, Moscow

Holiday Inn Moscow Sokolniki

Working languages: Russian, English

Conference Agenda

(may be subject to changes and additions)

17 November 2010

08.30 – 16.00	Registration of the Conference participants
16.00 – 18.00	1. Opening Ceremony of the Conference. Innovative Financial Inclusion. Global Challenges and Practical Solutions Hall «Sokolniki»*
18.30 - 20.30	Welcome cocktail, Buffet Area Passage

18 November 2010

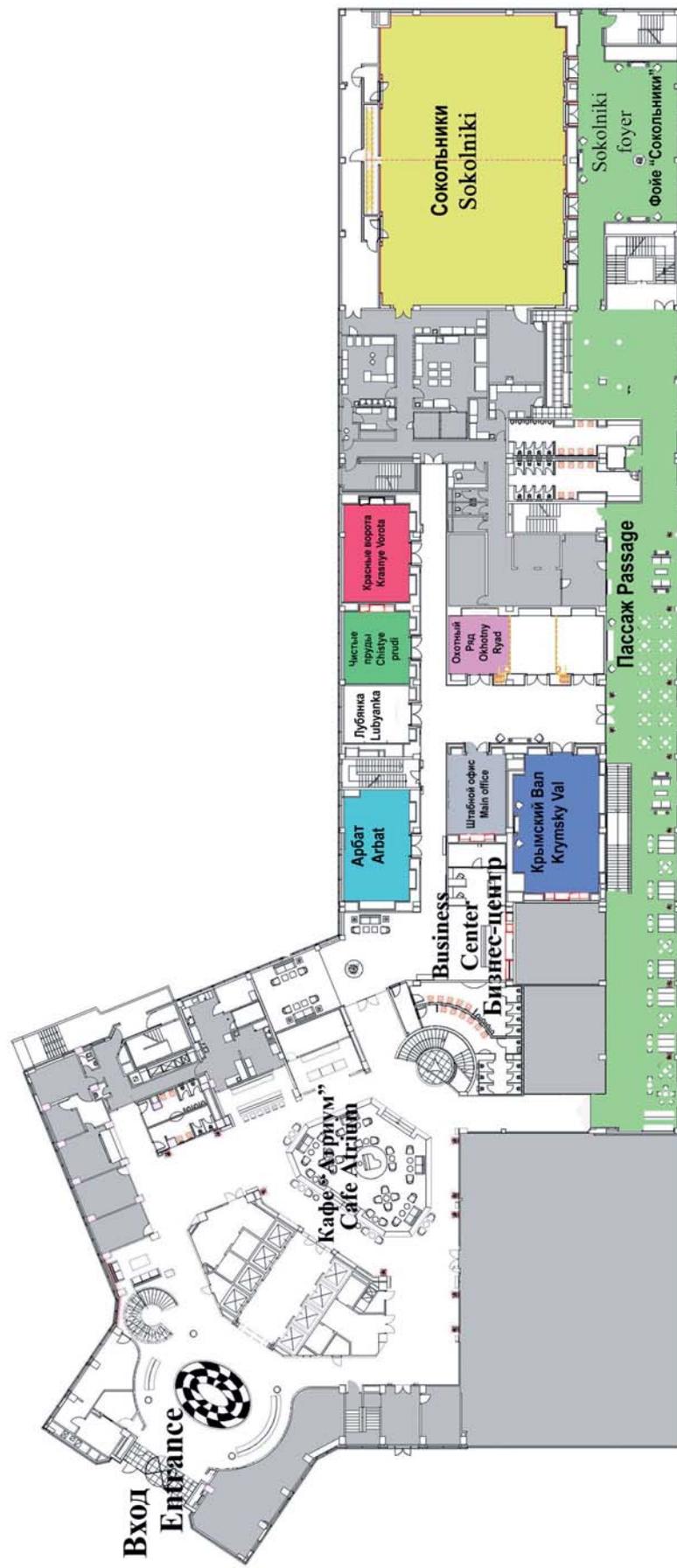
10.00 – 11.30	2. Plenary session. The role of regulation, self-regulation and state support in sustainable development of microfinance. Hall «Sokolniki»*		
11.30 – 12.00	Coffee break, Buffet Area Passage		
12.00 - 13.30	Hall «Krymskiy Val» 3.1. Discussion Credit cooperatives and state regulator: standards and regulations	Hall «Okhotniy Ryad»* 3.2. Discussion Lessons from successful MFIs in Eastern Europe and Central Asia in overcoming the crisis: what is the secret of their success	Hall «Arbat» 3.3. Discussion New opportunities for finance and payment services: e-money and payment agents
13.30 - 15.00	Lunch, Restaurant «Moskva»		
15.00 - 16.30	Hall «Krymskiy Val» 4.1. Debate Self-regulation of credit cooperatives and microfinance providers: what awaits us in 2011	Hall «Okhotniy Ryad»* 4.2. Discussion Interaction between banks and regional infrastructure: practice, experience and mistakes	Hall «Arbat» 4.3. Discussion The future of MFIs in the light of the Law on Microfinance Activities and MFIs
16.30 - 17.00	Coffee break, Buffet Area Passage		
17.00 - 18.30	Hall «Krymskiy Val» 5.1. Discussion Harmonization of accounting rules and standards in credit cooperatives as a prerequisite for correct application of performance standards	Hall «Okhotniy Ryad»* 5.2. Round table Microfinance in Russia. Are there perspectives for banking microcrediting?	Hall «Arbat» 5.3. Discussion State support of microfinance: theory and practice
19.00 – 23.00	Gala evening for the Conference participants, Hall «Sokolniki»		

19 November 2010

10.00 - 16.00	Investor Fair		
10.00 - 11.30	Hall «Krymskiy Val» 6.1. Discussion So you face an inspection visit	Hall «Okhotniy Ryad»* 6.2. Discussion Pricing in microfinance: how to establish fair interest rates	Hall «Arbat» 6.3. Discussion New borrower assessment systems and sales channels
11.30 – 12.00	Coffee break, Buffet Area Passage		
12.00 - 13.30	Hall «Krymskiy Val» 7.1. Discussion Bankruptcy of credit cooperatives: problems and solutions	Hall «Okhotniy Ryad»* 7.2. Discussion Financial support for start-ups: problems and prospects	Hall «Arbat» 7.3. Training Session Creating a Microfinance institution in accordance with the Federal law on Microfinance Activities and MFIs (Presentation of RMC's new training course)
13.30 – 14.30	Coffee break, Buffet Area Passage		
14.30 - 16.00	Hall «Krymskiy Val» 8.1. Discussion Judicial practice Working with distressed assets and enforcement proceedings: methodology and practice	Hall «Okhotniy Ryad»* 8.2. Discussion Social business in Russia: prospects for development	Hall «Arbat» 8.3. Discussion Money laundering in microfinance: how to prevent it
16.00 – 16:30	Closing ceremony, Hall «Okhotniy Ryad»*		

* Simultaneous translation (English - Russian, Russian – English) will be provided.

«Holiday Inn Moscow Sokolniki» Hotel



November 17, 2010

16.00-18.00, Hall "Sokolniki"

Simultaneous translation (English - Russian, Russian - English) will be provided.

1. The Conference Opening Ceremony.

Innovative financial inclusion: global challenges and practical solutions

Modernization of the Russian economy requires an upgrade the country's financial system. To ensure equal access to financial services in small and big cities alike for all segments of the public and business, proactive innovation is required in the financial sector. New financial inclusion mechanisms, such as microfinance, e-money, stored value cards and others that seemed like a thing of distant future yesterday, form synergies with conventional banks for a maximum effect in serving their customers today. Financial innovation occurs naturally as new technology emerges and requires appropriate regulation and a balanced approach to ensure sustainable future development.

During the Conference opening ceremony, a new global initiative for innovative financial inclusion launched by G20 will be presented. Will its implementation change the financial landscape? What new international alliances support these developments? What steps are planned by the Russian government and development institutions to accelerate the Russian economy?

The Conference opening session will also look at how the crisis has affected financial inclusion in Russia and globally, and present the findings of relevant studies.

This session is a unique opportunity to hear first-hand updates from Russian policy-makers and leaders of international financial institutions, and to engage in an open debate.

Facilitator: **Mikhail Mamuta**, National Partnership of Microfinance Market Stakeholders (NAMMS)

18.30-20.30, Buffet Area Passage

Welcome Cocktail Reception Buffet

November 18, 2010

10.00-11.30, Hall «Sokolniki»

Simultaneous translation (English - Russian, Russian - English) will be provided.

2. Plenary Session

The role of regulation, self-regulation and state support in sustainable development of microfinance

The year 2010 and the first half of 2011 mark a turning point in the development of microfinance infrastructure in Russia. Adopted in 2009, the Federal Law on Credit Cooperatives is gradually taking effect. The basic design of a self-regulation system for credit cooperatives is already in place, with second-tier credit cooperatives and mutual insurance societies emerging. In turn, the new Law on Microfinance Activity and Microfinance Institutions adopted in July 2010 provides a favorable framework for microfinance and new regulatory treatment of non-deposit-taking microfinance institutions. The government has been consistently increasing the volume of its support channeled into the microfinance industry. The role of microfinance in efforts to alleviate the impact of the crisis is also growing. On 4 June, the Federal Labor and Employment Service (Rostrud), NAMMS and OPORA Russia signed a landmark tripartite agreement to assist the unemployed in starting up businesses.

However, systemic changes in the market inevitably raise new questions and challenges. Here are just a few:

1. How smooth is the transition to a new regulatory model for credit cooperatives?
2. How will banks, credit cooperatives and microfinance institutions interact under the new legislation?
3. What do government authorities and market participants think of the state support and its effect, and what scale-up measures are envisioned?
4. What are the expectations of market participants and authorities concerning the rate and quality of the microfinance sector development in the mid-term?

The panelists - federal and regional officials and leaders of banking and microfinance sectors - will engage in an open discussion to address these and other issues and identify priority areas of their cooperation in 2011

Facilitator: **Alexander Murychev**, Russian Union of Industrialists and Entrepreneurs

11.30-12.00 Coffee Break, Buffet Area Passage

12.00-13.30, Hall «Krymskiy Val»

3.1. Discussion.

Credit cooperatives and state regulator: standards and regulations

On 4 August 2009, the new Federal Law on Credit Cooperatives entered into force, except a few provisions which became effective later on 4 August 2010 - such as financial performance standards for coops and mandatory update of their charters - and a provision on required membership in a self-regulating organization (SRO) due to come into effect on 4 August 2011.

On 26 January 2010, the Russian Government issued a Decree amending the Statute of the Russian Ministry of Finance; the amendments appoints the Ministry of Finance as the regulator of credit coops with a mandate to issue policies and regulations and to exercise monitoring and oversight. The Ministry of Finance is expected to issue a number of sub-laws to regulate credit consumer coops (CCC) and establish procedures for maintaining a register of credit coops and their self-regulated organizations; monitoring and oversight procedures; reporting requirements, including financial performance compliance reports; audits of CCCs and their self-regulated organizations; financial performance standards; allocation of reserve funds, and others.

Will these regulations ensure that credit cooperatives are appropriately organized and managed? Or will they rather impose prohibitive costs with unpredictable consequences?

The audience will have an opportunity to discuss these issues with the Ministry of Finance officials, market practitioners, and industry experts.

Facilitator: **Valeriy Kasatkin**, Altay Association of Credit Unions

Speakers: **Representative** of the Russian Ministry of Finance
Ivan Vishnevskiy, Ukraine Association of Credit Unions "Loans Defense Program"
Alexander Solomkin, League of Credit Unions
Andrei Sidnev, "Centralnaya Narodnaya Kassa" second-tiered Credit Consumer Cooperative
Alexander Barnewitz, GERFO Fund

12.00-13.30, Hall «Okhotniy Ryad»

Simultaneous translation (English - Russian, Russian - English) will be provided.

3.2. Discussion.

Lessons from successful MFIs in Eastern Europe and Central Asia in overcoming the crisis: what is the secret of their success

"There is opportunity in every crisis" (Winston Churchill)

The global financial crisis has had a negative impact on many microfinance institutions worldwide, including Russia. However, some microfinance institutions in the CIS region were not affected by the financial meltdown. Some of them maintained good portfolio quality and even finished 2009 with a profit. What is the secret of their success? Is the success due to smart management or effective methodology? How did the crisis impact on their performance? What measures did they take to overcome the crisis? The largest successful microfinance institutions from Azerbaijan, Kazakhstan, Kyrgyzstan and Tajikistan will share their success stories.

Facilitator: **Nadezhda Kim**, Russian Microfinance Center

Speakers: **Shalkar Zhusupov**, «KazMicroFinance»
Babur Tolbayev, Microcredit company "Mol Bulak Finance"
Grzegorz Galusek, Microfinance Centre (MFC)
Agarazi Babayev, Vision Fund AzerCredit

12.00-13.30, Hall «Arbat»

3.3. Discussion

New opportunities for finance and payment services: e-money and payment agents

The session is supported by



De facto, the e-money market in Russia has been around for 10 years. The vast majority of market participants agree that the country's payment systems would benefit from uniform rules of operation. Currently Russia is finalizing a policy framework for this market to help it become a predictable formal industry with adequate consumer protection and fair, transparent rules for market operators.

Both regulators and operators want the new rules to promote financial inclusion, ensure accessibility and transparency of new services and instruments, and stimulate the development of e-money and successful business models.

This discussion provides an overview of the new policies for e-money and payment agents in Russia. A variety of approaches to regulation will be discussed, including applicability of relevant international experience, as well as suggestions and concerns voiced by some of the key players.

Facilitator: **Viktor Dostov**, National Association "E - Money"

Speakers: **Ivan Oskolkov**, Russian Ministry for Economic Development
Representative of the Central Bank of the Russian Federation
Yevgeniya Zavalishina, Yandex.Money
Roman Lukashov, the Center of Payment Systems and Settlements Investigations
Benjamin Wright, Financial Services Volunteer Corps

13.30 – 15.00 Lunch, Restaurant «Moskva»

15.00-16.30, Hall «Krymskiy Val»

4.1. Discussion.

Self-regulation of credit cooperatives and microfinance providers: what awaits us in 2011

On 4 August 2011 - a little over six months from now – all credit coops will be required to join a self-regulatory organization (SRO). What criteria should guide the choice of SRO: membership fee, CEO's personality, or future plans? What are the pros and cons of SRO membership for a coop? Will coops have a hard time complying with performance standards established by SRO? What kind of reporting will SRO require? Will it duplicate the reporting required by the regulator? Will it be possible to switch between SROs? In such case, will coops be allowed time to adapt to the new SRO's standards? These and other questions will be discussed at the session attended by registered non-profit partnerships planning to become self-regulated organizations of credit cooperatives. The potential SROs and the coops - those who have made their choice as well as those who postpone it until the last moment - will share their perspectives, ideas and concerns.

The discussion will also be useful for MFIs other than coops; the former's membership in SROs is voluntary, but the issues raised by coops during the session will help them make their choice

Facilitator: **Vladislav Krivosheev**, Russian Microfinance Center

Speakers: **Alexander Solomkin**, Non-commercial partnership of Credit Consumer Cooperatives "Cooperative Finances"
Andrei Sidnev, NP "Union of Credit Cooperatives "Narodnye Kassy"
Aleksander Norov, Non-commercial partnership "National Union of Credit Cooperatives"
Pavel Sigal, Non-commercial partnership "Interregional Union of Credit Cooperatives "OPORA KOOPERATSII"

15.00-16.30, Hall «Okhotniy Ryad»

Simultaneous translation (English - Russian, Russian – English) will be provided.

4.2. Discussion.

Interaction between banks and regional infrastructure: practice, experience and mistakes

The session is supported by



The Federal Law № 209-FZ on the Development of Small and Medium-sized Enterprises in the Russian Federation provides for a range of measures to support regional SME and microfinance infrastructures. The Ministry for Economic Development has allocated significant funds via the Federal Program for SME Development, mainly to regional infrastructure providers, such as guarantee funds, MFIs, leasing companies, etc. Practical experience accumulated since such resources first became available reveals a few common mistakes made by regional actors in applying to banks for funds. Therefore banks feel the need to make some recommendations to potential partners.

The session will give an opportunity to regional infrastructure providers to meet face to face with banks engaged in regional SME support, learn about programs and opportunities available, and discuss some practical issues.

Facilitator: **Nadezhda Karisalova**, VTB 24 (JSC)

Speakers: **Stanislav Siluyanov**, «MDM-Bank», JSC
Sergey Korotkov, ZAO Citibank
Banks representatives

15.00-16.30, Hall «Arbat»

4.3. Discussion.

The future of MFIs in the light of the new Law on Microfinance Activities and Microfinance Institutions

The session is supported by

ДОМАШНИЕ ДЕНЬГИ
ПО ПЕРВОМУ ЗВОНКУ



The first microfinance institutions appeared in Russia more than 15 years ago. Since then, the lack of microfinance-specific regulation has created certain barriers to their development and their ability to attract investors. On 2 July 2010, the Federal Law on Microfinance and Microfinance Institutions was adopted, due to come into force on 4 January 2011. It is widely believed that the new law will give a major boost to the microfinance market in Russia and help it become more sustainable and attract larger investments. At the same time, market practitioners have many questions about the new rules set by the law, in particular how these will work in practice: What practical opportunities are available under the new Federal law?

- What are the rules and requirements established for microfinance institutions?
- What legal risks arise from microfinance operations?
- What restrictions are imposed on microfinance institutions?
- What consumer protection measures are available?
- What problems faced by microfinance institutions remain unresolved under the new law?

This session provides an insight into some of the novelties introduced by this law. While being important to existing MFIs, the discussion will be particularly useful for institutions that consider starting their microfinance operations in 2011.

Facilitator: **Mikhail Mamuta**, National Partnership of Microfinance Market Stakeholders (NAMMS)

Speakers: **Representative** of the Russian Ministry of Finance
Andrey Yemelin, Association of Russian Banks
Yevgeniy Bernshtam, JSC «Domashniye dengi», JSC
Andrey Marulev, «Microfinance», Ltd
Pavel Sigal, «Center for Microfinance» Managing Company
Viktor Pushin, Udmurt State Fund for SME Support

15.00-16.30, 17.00-18.30, Hall «Chisty prudy»

4.4. Round Table

Round Table for RMC's partners in Plan Your Future program for improving financial literacy of low-income people

The session is supported by



Increasing attention is being paid in Russia to the challenge of financial literacy. Consumers often lack the skills necessary to deal with an increasingly complex financial system and a wide range of sophisticated new financial products and services. Financial education is essential for managing personal finances, balancing savings and spending, assessing risks and making sound investment decisions, accessing a variety of financial products and services and planning for retirement. An educated consumer of financial services is better protected from fraud.

Investment in financial literacy attracts private savings into the country's economy, promotes competition in the financial market and enhances financial stability.

Since 2006, the Russian Microfinance Center, with support of the Citigroup Foundation and Clifford Chance Foundation has been successfully engaged in financial education by implementing the Plan Your Future program of financial literacy for low-income people in Russia. Its goal is to train RMC's partners in delivering financial literacy courses to their communities. A total of 109 trainers have been trained so far who currently provide financial education in 29 Russian regions. A round table session supported by US-RF will be held as part of the Conference. It will bring together the most active trainers of the financial literacy project and create an opportunity to address some of the challenges and issues of providing financial literacy courses, share the lessons learned and peer advice, look at the project outcomes and future prospects. The discussion will help RMC to update its ToT strategy and improve the project implementation.

Facilitator: **Tatyana Dikova**, Russian Microfinance Center

16.30-17.00 Coffee Break, Buffet Area Passage

17.00-18.30, Hall «Krymskiy Val»

5.1. Discussion.

Harmonization of accounting rules and standards in credit cooperatives as a prerequisite for correct application of performance standards

The session is delivered with support of the Russian Ministry of Finance



In September 2010, NAMMS supported by the Ministry of Finance set up a Working Group to develop accounting standards for credit cooperatives. The lack of a uniform accounting methodology across SROs makes it impossible to monitor coops' compliance with the standards set by the Federal Law on Credit Cooperatives. This session will feature a discussion with industry practitioners to collect their input on the accounting standards proposed by the Working Group. The session will be addressed by representatives of NAMMS, Cooperative Finance and Caisse Populaires SROs, and the Ministry of Finance.

Facilitator: **Victoria Tagirova**, National Partnership of Microfinance Market Stakeholders (NAMMS)

Speakers: **Representative** of the Russian Ministry of Finance

Lyudmila Fattakhova, Altay Association of Credit Unions, Non-commercial partnership of Credit Consumer Cooperatives "Cooperative Finances"

Svetlana Nyucheva, «Arens-consult», LLC, Non-commercial partnership "Union of Credit Cooperatives "Narodnye Kassy"

17.00-18.30, Hall «Okhotniy Ryad»

Simultaneous translation (English - Russian, Russian - English) will be provided.

5.2. Round table:

Microfinance in Russia. Are there perspectives for banking microcrediting?

The session is delivered with financial support of the German Ministry of Finance, the US Russia Foundation for Economic Advancement and the Rule of Law (USRF), and with organizational support of KfW



Bundesministerium
der Finanzen



USRF
THE U.S. RUSSIA FOUNDATION



In 2009 the number of active microfinance institutions ranging from credit cooperatives, agricultural credit cooperatives, deposit taking non-bank credit organization, NGO and commercial microfinance organizations, was more than 2700. The consolidated number the borrowers was about 613000. The Russian commercial banking sector though has not set an eye on microfinance in a bigger scheme so far. What are the specifics of microfinance in Russia from a bank's perspective? What are the experiences? Which approaches could be identified for a successful future microfinance perspective? Where are the interfaces of microfinance to MSME? A set of questions seem to be the key to understand future bank involvement in microfinance. At this session you will be able to get familiar with the microfinance experience of international players in microfinance industry as KfW, EBRD and IFC as well Russian development and commercial banks as VEB/RosBR, VTB-24 and NBD. These institutions will give a view on their approaches in financing MSME in Russia via banking sector and about successful downscaling projects.

The round table is financed by German Ministry of Finance and the US Russia Foundation for Economic Advancement and the Rule of Law (USRF) and supported by KfW.

Facilitators: **Gail Buyske**, Financial Sector Strategies, Inc.
Aleksey Eskindarov, Director of the Department for SME Support of the State Corporation Bank for development and Foreign Economic Affairs (Vnesheconombank)

Speakers: **Michaela Walsh**, Womens' World Banking
Lars Oermann, KfW
Matthias Adler, KfW
Marie-Paul Claes, IFC
Arvid Tuerkner, EBRD
Andrey Marulyov, Microfinance Ltd.
Aleksander Sharonov, NBD Bank

17.00-18.30, Hall «Arbat»

5.3. Discussion.

State support of microfinance: theory and practice

Since 2008, the Russian government has been consistently increasing its support of the microfinance sector via its small business support program implemented by the Ministry for Economic Development and Vnesheconombank/Russian Bank for Development. The purpose of state support is twofold: on the one hand, it is designed to make microfinance available to populations unserved by private and cooperative institutions, and on the other hand it seeks to boost the development of microfinance and build its capacity. In 2010 and 2011, the Ministry for Economic Development and Vnesheconombank/Russian Bank for Development plan to launch new products designed specifically for first- and second-tier credit cooperatives and for private microfinance institutions.

What mechanisms are in place to achieve the two-fold purpose of state support? What are the first results of this support? What are the Government's long-term priorities in stimulating the microfinance market? This is one set of issues to be discussed at the Round Table. On the other hand, market participants will offer their vision and practical ideas on how to support microfinance and credit cooperatives. Invited participants of the Round Table include representatives of the Ministry for Economic Development, the Russian Bank for Development, and CEOs of microfinance institutions.

Facilitator: **Mikhail Mamuta**, The National Partnership of Microfinance Market Stakeholders (NAMMS)

Speakers: **Andrey Medvedev**, Chief of division for microfinance and small business funding development of the Department for SME development of the Russian Ministry for Economic Development
Olesya Teploukhova, Deputy of the Chairman of the Board "The Russian Bank for Development (RosBR)"
Andrei Sidnev, "Centralnaya Narodnaya Kassa" second-tiered Credit Consumer Cooperative
Aleksander Bosyak, Altay Fund of Microloans
Andrey Marulev, "Microfinance", LLC
Tatyana Sharova, Belgorod Oblast SME Support Fund
Stanislav Volkov, Expert RA

19.00-23.00, Hall «Sokolniki»
Gala Evening for the Conference Participants

November 19, 2010

10.00-16.00, «Passage»

The Investor Fair

External funding remains important for microfinance institutions, including credit cooperatives. Moreover, the financial crisis has caused a decrease of foreign investments. Nevertheless, the Russian microfinance industry continues to be attractive for Russian commercial banks and international investment companies. The Investor Fair will offer the microfinance industry a unique opportunity to learn more about banks and investors operating in Russia and about the products they offer - these will also be listed in the Investors Catalogue. In addition, representatives of microfinance institutions will have a chance to meet and negotiate directly with officials of commercial banks and specialized investment companies who have confirmed their participation in the Investor Fair.

10.00-11.30, Hall «Krymskiy Val»

6.1. Discussion.

So you face an inspection visit

Despite promises by the authorities to reduce administrative barriers and cut the number of checks, despite adopted relevant laws and regulations and even prosecutorial inquiries into the bureaucrats responsible for excessive checks, there has been no tangible improvement so far. It is therefore particularly important for institutions facing bureaucratic "checks" to develop an algorithm for dealing with inspectors and using legislation to defend themselves. Credit cooperatives and other microfinance institutions who have successfully dealt with difficult situations will share their advice concerning appropriate and effective communication with the government inspectors.

Facilitator: **Anna Baitenova**, National Partnership of Microfinance Market Stakeholders (NAMMS)

Speakers: **Representative** of the General Prosecutor's Office
Alla Matveyeva, Credit Consumer Cooperative «Zolotaya Rus»
Anastasia Mosolova, Credit Consumer Cooperative «Pervuy Dalnevostochnyy»
Irina Nagornova, Credit Consumer Cooperative «Union of Bank Officers»

10.00-11.30, Hall «Okhotniy Ryad»

Simultaneous translation (English - Russian, Russian - English) will be provided.

6.2. Discussion.

Pricing in microfinance: how to establish fair interest rates

Providing microfinance services to low-income people and microentrepreneurs on a regular basis requires a combination of social and business objectives. On the one hand, MFIs work to reduce poverty, but on the other hand they are trying to make a profit that will allow them to raise more capital and serve more clients.

This dilemma forces institutions to choose between reaching out to a maximum number of low-income people while merely covering their costs and seeking to increase their profits and achieve financial sustainability. Are our services affordable to low-income people and microbusinesses, do we address their needs and capabilities? These and other questions related to effective pricing strategies for MFIs and establishing fair interest rates will be discussed at this session.

Facilitator: **Pavel Sigal**, "Center for Microfinance" Managing Company

Speakers: **Tatyana Sharova**, Belgorod Oblast SME Support Fund
Olga Tomilova, Consultative Group to Assist the Poor (CGAP)
Yevgeniy Bernshtam, JSC «Domashniye dengi», JSC "Finotdel"
Vasilij Solodkov, Banking Institute of the Higher School of Economics

10.00- 11.30, Hall «Arbat»

6.3. Discussion.

New methodologies for assessment of the borrower's creditworthiness and new marketing techniques

The session is supported by



According to OPORA Russia, approximately 70% of entrepreneurs had problems with accessing loans in 2009. As a rule, banks refused to lend them money because the applicants lacked required collateral or their accounting records did not meet the bank's standards or their credit history was not long enough, etc.

At present, the credit market is growing after the economic slump and the Central Bank rate is at its historic low, but small businesses continue to face the same problems. This is especially noticeable in the sector of small and micro businesses served by microfinance institutions.

Before the crisis, the microfinance market had been growing dynamically, but the crisis emphasized the importance of a careful risk assessment and the need for new and better systems of measuring the creditworthiness of SME borrowers.

There are two main challenges faced by microfinance institutions in Russia, namely borrower assessment and marketing of microloans - a relatively new product in the Russian market.

This session will look at ways to assess the solvency of business and consumer borrowers, including new scoring systems as well as conventional procedures. Russian and international experts in the fields of scoring and business assessment will share their vision and explain how such systems work in and outside Russia.

Another relevant issue to be addressed is marketing based on technology, including telemarketing and web-based promotion.

Facilitator: *Ivan Biryukov, Russian Microfinance Center*

Speakers: *Levon Brutyan, «Creditreform RUS»*
Marlena Kherli, «KRIF», LLC
Sergey Korinskiy, «Highly Intellectual Innovation Internet Technologies», LLC
Oleg Lagutkin, «Ekvifaks Credit Services», LLC

11.30-12.00, Coffee Break, Buffet Area «Passage»

12.00-13.30, Hall «Krymskiy Val»

7.1. Discussion.

Bankruptcy or credit cooperatives: problems and solutions

Russia's current legislation does not address the specifics of bankruptcy in credit cooperatives. More importantly, neither SRO nor the regulator have the power to prevent bankruptcy and unauthorized withdrawal of the coop's assets. To address these deficiencies, the Ministry for Economic Development followed NAMMS' advice and drafted a bill amending the Law on Bankruptcy to address the specifics of bankruptcy proceedings in credit coops. As a key novelty, the bill will enable external management to help SROs prevent bankruptcy of the credit cooperative. The session will cover some of the key issues arising from bankruptcy of credit cooperatives and discuss the proposed bill and related advice from practitioners and SROs.

Facilitator: *Victoria Tagirova, National Partnership of Microfinance Market Stakeholders (NAMMS)*

Speakers: *Dmitry Skripichnikov, Deputy Director, Corporate Governance Department, Russian Ministry for Economic Development*
Representative of the State Duma of Federal Assembly of the Russian Federation
Aleksander Norov, Non-commercial Partnership "National Union of Credit Cooperatives"
Alexander Solomkin, League of Credit Unions
Aleksander Bondarev, Non-commercial Partnership Association of Credit Cooperatives "Narodnie Kassi"
Irina Churakova, JSC «Perm Entrepreneurship Development Center»
Aleksey Lashko, Credit Consumer Cooperative «Sodeystviye»

12.00-13.30, Hall «Okhotniy Ryad»

Simultaneous translation (English - Russian, Russian – English) will be provided.

7.2. Discussion.

Financial support for start-ups: problems and prospects

The session is supported by



Small and microbusinesses are active users of microfinance. The biggest challenge seems to lie in developing systematic approaches to financing a growing number of start-ups (businesses one year or less in operation).

Currently in Russia, there are a number of SME support programs targeting start-ups, including a program implemented by the Federal Employment Service (Rostrud) designed to promote self-employment through encouraging business start-ups by the unemployed.

Currently, Rostrud, NAMMS and OPORA Russia are implementing their tripartite agreement aimed at promoting cooperation between regional employment services, MFIs and credit coops to lend to subsidized start-ups.

The session will discuss the challenges and opportunities of this program for MFIs, credit coops and employment services. The session is expected to feature presentations from Rostrud, NAMMS, OPORA Russia and major Russian MFIs.

Facilitator: *Irina Chaika, Primorskiy Kray Association of Credit Cooperatives*

Speakers: *Mikhail Mamuta, National Partnership of Microfinance Market Stakeholders (NAMMS)*
Alexey Vovchenko, Deputy Head, Federal Service on Labor and Employment, Ministry of Health and Social Development of the Russian Federation
Ludmila Sklyarenko, National Partnership of Microfinance Market Stakeholders (NAMMS)
Natalya Igoumnova, Khabarovsk Kray Fund for SME Support
Albina Perfilyeva, Credit Consumer Cooperative of Citizens "Kapital Plus"
Boris Tkachenko, International Business Leaders Forum
Giorgio Parola, MIKRO KAPITAL S.A.R.L.

12.00-13.30, Hall «Arbat»

7.3. Training Session.

Presentation of RMC's new course **Creating a Microfinance Institution in Accordance with the Federal Law on Microfinance and MFIs**

The session is supported by



What is the right procedure for setting up and running a microfinance institution under the new Federal Law № 151-FZ on Microfinance and MFIs taking effect in 2011?

- What must an MFI's charter and other founding documents contain?
- What opportunities does the new Federal Law provide to microfinance market participants?
- What needs to be included in microlending procedures and agreements?
- What restrictions are imposed on microfinance institutions?

These and many other questions will be answered by RMC's new training course which examines in detail some of the key provisions of the Federal Law № 151-FZ on Microfinance and MFIs. The course participants will also learn about key differences between conventional banking and microfinance; look at pros and cons of various MFI charter types; understand eligibility criteria for acquiring the status of microfinance institution, and review the opportunities and limitations arising from microfinance activity.

Facilitator: *Yelena Stalnova, Russian Microfinance Center*

13.00 – 14.30 Coffee Break , Buffet Area Passage

14.30-16.00, Hall «Krymskiy Val»

8.1. Discussion.

Judicial practice. Managing distressed assets and enforcement proceedings: methodology and practice

The Russian court system is not based on case law, but all practicing lawyers know that the court's decision is very important and determines the final outcome of the case.

Judicial practices vary across Russian regions. How often are debt enforcement cases decided in favor of microfinance institutions? What is the cost of effective solutions?

This discussion looks at cases involving MFIs' engagement with courts and bailiffs, and at ways microfinance institutions can manage their debt collection.

Facilitator: **Yelena Stalnova**, Russian Microfinance Center

Speakers: **Yelena Stratyeva**, Credit Consumer Cooperative of Citizens «Soyuz»
Angelina Belkina, Union of Credit Consumer Cooperative
Valeriy Kryachkov, Interregional Rural Credit Consumer Cooperative «Narodnyi Kredit»
Yelena Sherbatykh, Voronezh Oblast State Fund for SME Support

14.30-16.00, Hall «Okhotniy Ryad»

Simultaneous translation (English - Russian, Russian - English) will be provided.

8.2. Discussion.

Social business in Russia: prospects for development

"No greater misfortune than wanting something for oneself." Lao Tzu

Businesses worldwide pay unprecedented attention to corporate social responsibility. Its manifestations can be quite diverse. Among them, one of the most promising forms is social business.

On 28 September 2010, a Social Business Conference hosted by the Ministry for Economic Development marked the beginning of a new project: the Russian Microfinance Center Foundation (RMC), Grameen Creative Labs and Our Future Foundation for Regional Social Programs, supported by the Ministry for Economic Development, launched a social business model in Russia to encourage corporations and NGOs to start joint projects. "Social business is a new strategy for corporate social responsibility bringing the private sector's creativity and efficiency to solving social problems for sustainable long-term results. In particular, it has helped millions of people in different countries to overcome poverty and use microcredit to start their own businesses."

Social business is a new but highly dynamic phenomenon worldwide. Like any new phenomenon, it requires analysis and discussion of a number of issues. The session will be addressed by leading Russian experts in social entrepreneurship. International experts will speak about social business in other countries and present a methodology for assessing the social performance of organizations, including microfinance institutions.

Facilitator: **Ivan Biryukov**, Russian Microfinance Center

Speakers: **Artem Shadrin**, Deputy Director of the department of strategic management (of programs) and budgeting of the Russian Ministry for Economic Development
Viktor Glushkov, Oxfam
Dinara Khering, MicroFinanza Rating
Aleksandra Moskovskaya, The Banking Institute of the State University - Higher School of Economics
Vasilii Dachko, Russian Academy of Medical Sciences

14.30-16.00, Hall «Arbat»

8.3. Discussion.

Money laundering in microfinance: how to prevent it

On 2 August 2009, the Federal Law № 163-FZ amending the Federal Law of 7 August 2001 № 115-FZ on Combating Legalization (Laundering) of Proceeds from Crime and Financing of Terrorism (AML/CTF) entered into force; the amendment includes credit cooperatives as a type of institutions listed in Article 5 of the AML/CTF Law.

Almost a year later, on 5 June 2010, the Russian President signed Federal Law No 153-FZ amending a number of existing laws pursuant to the new Law on Microfinance and MFIs to come into force 180 days following its official publication, i.e. on 4 January 2011. This Federal Law also includes microfinance providers as a type of institutions subject to AML/CTF supervision.

Thus, all credit cooperatives - and all MFIs in the near future - must register with the appropriate regulator, adopt internal AML/CTF rules, appoint responsible officers to supervise compliance, and report large and suspicious transactions.

What is an efficient way to set up an internal AML/CTF system? Is training available to compliance officers? What is the reporting procedure? How to determine whether a transaction is suspicious? Is the danger of legalization of criminal proceeds via the microfinance sector really as high as the legislators make it appear? And most importantly: what will be the cost of compliance for credit cooperatives and MFIs?

The session participants will hear the perspectives of government regulators and industry experts, share views and lessons learned from setting up internal controls, and look at various options of creating efficient internal AML/CTF systems.

Facilitator: **Andrey Yemelin**, Association of Russian Banks

Speakers: **Representative** of the Federal Financial Monitoring Service
Anna Baitenova, The National Partnership of Microfinance Market Stakeholders (NAMMS)
Julia Mold, Financial Services Volunteer Corps
Sergey Kopytin, Bolshaya Murta Credit Consumer Cooperative of Citizens
Sergey Dorozhkov, Institute of Bankers of the Association of Russian Banks

16.00-16.30, Hall «Okhotniy Ryad»

Simultaneous translation (English - Russian, Russian - English) will be provided.

Closing Ceremony

Glossary

Business Breakfast is a meeting in an informal, welcoming atmosphere and an opportunity to discuss specific questions and concerns with invited guests who will share their opinion or relevant expertise and engage in informal conversations. In addition to learning valuable information, usually a business breakfast is the perfect opportunity for networking and establishing business contacts. A breakfast is served, including tea and coffee, etc.

Debates is a form of a discussion, where speakers during a specified period of time state their positions on this or that issue, and then answer the questions of both participants of the debates and other speakers. Debates give a participant a possibility not only to ask a speaker a question of interest, but also to wade in a discussion with him, plunge into an argument, so in the end find of approach the verity.

Discussion is a discussion of relevant issues with the presenters and other participants of the session.

Investor Fair is an exhibition where investors present their programs and products. Visitors can consult, negotiate with staff of the investor companies and sign agreements.

Master Class is a demonstration of a certain technique or skill by a relevant specialist.

Plenary Session is a session format where the audience is accommodated in one big conference room to hear VIP guest speakers.

Round Table is a discussion focusing on a certain issue to summarize the participants' ideas and opinions. Usually, round tables do not feature formal presentations, but allow the audience to contribute on an equal basis. The facilitator's role is to describe the problem, briefly review different perspectives and solutions, invite comments from the floor, and provide feedback and a final summary.

Training Session is a hands-on workshop designed to build or develop certain practical skills.



Mikro Kapital S.a.r.l. is a management company established in Luxembourg in 2008. Mikro Kapital together with established by him also in 2008 securitization fund called Mikro Fund is a member of the Italian group of companies S.I.S.I. (International society for investments development). Together with Mikro Kapital in the S.I.S.I. group we have the following subsidiaries: Concern “General Invest” LLC (investment company, Russia), IOOO “Mikro Leasing” (leasing company, Belorussia), OOO “FFL” (consulting company, Russia).

The core activity of Mikro Kapital S.a.r.l. is the following:

1. Attracting investments to Mikro Fund managed by Mikro Kapital S.a.r.l.
2. Investing bonds funds in capital or disbursing them in loans to financial institutions, operating in SME (small and medium-sized enterprises) program on the CIS territory.

The main clients of Mikro Kapital are microfinance organizations, credit cooperatives and leasing companies. In addition, Mikro Kapital disburses loans directly to small and medium-sized enterprises. Thus, as of 01.09.2010 Mikro Kapital’s investment in Russia and Belorussia economy are equal to a sum over 22 million euro.

Thanks to well-balanced portfolio and flexible capital structure, the fund meets the needs of a large type of investors with different risk-return profiles on the one hand and provides many categories of borrowers with the funds required for their business development on the other.

Mikro Kapital S.a.r.l. aim is to make a contribution to Russia and the CIS countries economic development by economic structure diversification and thus fostering the growth of middle class layer.