



Evaluation of the Urban Livelihoods programmes in the Russian Federation

Full Report

Oxfam GB Programme Evaluation

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Evaluation Of Oxfam GB's Urban Livelihoods Programme In The Russian Federation

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1. INTRODUCTION

1.1 Aim

This evaluation was commissioned by Oxfam GB in order to assess the impact of the Urban Livelihoods Programme in the Russian Federation. The evaluation report aims to assess progress to date of the components funded by the Doen Foundation (2004-2007) and the EU's IBPP programme (2005-2007). The report also considers issues affecting the sustainability of project outcomes, the replicability of this work, and lessons for the future.

1.2 *The Urban Livelihoods Programme in the Russian Federation*

The Oxfam GB Urban Livelihoods Programme in the Russian Federation began in 2004. Its aim was to improve sustainable livelihoods of urban poor through small business development and through promoting municipal governance.

The programme was piloted in five municipalities in small and medium-sized towns in Russia:

- Aleksin, and Shchekino (Tula region)
- Ostashkov and Vishniy Volochek (Tver' region)
- Rybinsk (Yaroslavl' region).

The programme had two components:

- Supporting the development of small and medium-sized enterprise (SMEs)
- Working with municipal governments to create a positive environment for low income, small scale entrepreneurs

1.3 Methodology

The consultants used both primary and secondary research in order to evaluate the programme.

Secondary Research included documentation from Oxfam staff based in Russia included the Grant Application Form to the EU IBPP programme, evaluation reports for the EU IBPP programme and three evaluation reports for the Doen Foundation as well as a range of progress reports from the micro-finance institutions, needs assessments and surveys commissioned by Oxfam in this time. Documentation included training seminar evaluation sheets and conference attendance sheets, a random sample of these were checked by the consultants as part of the work.

In addition, the consultants ensured familiarity with background documents that informed the development of the programme and its specific activities and

including SME development both in Russia and elsewhere in the EU (see bibliography).

See Appendix 1 for bibliography and list of materials

Field research was planned to take place using both qualitative and quantitative methodologies.

Quantitative methodologies had been planned to include analysis of secondary data gathered during the course of the programme, to include data on beneficiaries and outputs. However, while programme activities were assessed most highly by those had taken part, it was not easy to access the monitoring details of age, gender, income, educational background, type of (potential) business of participants to enable the consultants to assess the accuracy of targeting of these activities. Nor with the outsourcing of various training components was there a comprehensive data collection to evaluate the success of these outputs, for example: who/how many of those who attended “Start your own Business” courses actually did so and what type of business if so; which of the entrepreneurs expanded their businesses after the enterprise training etc. Neither were these details easily available from the business advisory services or micro-finance branches and this made it hard to carry out a quantitative evaluation. Perhaps this could become part of an impact assessment later, when there has been more time for participants to put the theory into practice.

The consultants undertook in-depth individual interviews with a range of stakeholders in all five of the areas where the programme took place. An additional researcher was engaged to visit the two pilot towns in the Tver’ region. Interviewees included management and delivery agents, as well as beneficiaries and other stakeholders.

1.4 Structure of the report

Section two summarises the context for the Programme, the context of enterprise creation in Russia, and makes comparison with similar initiatives elsewhere

Sections three and four contain the key findings of the evaluation of the Urban Livelihoods Programme in the five pilot towns

- Section Three: Working with entrepreneurs
- Section Four (Doen): Micro finance initiatives
- Section Four (IBPP): Working with municipalities

Section five identifies the wider impact of the programme as a whole in relation to Oxfam core quality factors: participation, environmental protection, decent jobs, gender equity and sustainability.

Section Six considers what has been learnt from the Programme, and recommendations and policy implications arising from the evaluation and draws out the overarching conclusions.

2. CONTEXT

2.1 Background to the programme

The overall aim of the Oxfam GB Urban Livelihoods Programme in the Russian Federation is to improve sustainable livelihoods of urban poor through small business development and through promoting municipal governance. It was funded initially by the Doen Foundation, from 2004 – 2007. In 2005, additional funding from the European Commission's Institution Building Partnership Programme was secured, to run to December 2007.

See Appendix 2 for further information on the funders.

2.1.1 Small and Medium-sized Enterprises (SME) in Russia

With the collapse of many state industries and services, the potential for SMEs to both impact unemployment and to fill gaps in production and service provision is widely acknowledged by the international community.

The Russian experience of transition has been particularly harsh. Granville and Leonard (2007) comment that the struggle “to beat inflation was prolonged” and this contributed to severe welfare consequences for many Russians. Further they argue, “the challenges faced by all transition countries was the additional task of creating a federative structure and determining the appropriate amount of regional autonomy.” In this context, the path of small businesses has not been an easy one, caught as they were in the stranglehold of corruption and red tape of the early transition era, at a time of fast societal change and equally fast changing governance institutions.

A further challenge in the post-socialist transformation has been the historic lack of concepts and structures for entrepreneurialism. With only the brief New Economic Policy of 1920s close to living memory there is no real business tradition in the country and the word “business” can still carry negative connotations from those days, sometimes by people in local authorities who have not only remained in power from Soviet times but also retained some of their “soviet” attitudes.

On a structural level, academics and policy makers describe how the growth of a market economy requires “adequate institutions and appropriate behaviour” (G W Kolodko, April 1999, for the World Bank), which will only succeed if they are introduced gradually, and which require “new organisations, new laws and changes in behaviour of various economic entities.”

The general public may also have ambiguous attitudes to business according to their age and beliefs, with an underlying suspicion of those doing well when

others are struggling during difficult times. Research commissioned by the European Bank for Reconstruction and Development (EBRD) found that “unequivocal support for the market economy is low in Russia”, and that as many as 41% of respondents favoured a planned economy in some circumstances. Entrepreneurship is a new concept, and EBRD research found it has traditionally been viewed with some suspicion by many Russians. However, attitudes appear to be changing, and there is a growing view that individual talent and hard work can lead to an individual’s success. However, many respondents to the EBRD research said that corruption can undermine small business, “sometimes to the point of extinguishing it”.

Early international intervention in Russia concentrated more on civil society development and reforming of major industries, leaving the area of small business development neglected.

2.1.2 The relationship between small business development and poverty:

Despite rapid economic growth in recent years, one out of five people in Russia still continue to live under the poverty line, according to World Bank statistics. There is also significant geographical inequality. In the Tver region, the UNDP estimates the poverty rate to be 40% - double the national average. Research for the Urban Livelihoods programme, carried out by the Levada Institute, found that the rates of “poverty vulnerable” households in two of the pilot towns was even higher. This research defines “poor” households as those which have to “refrain from nearly all kinds of expenditures, keep to strict limits on a regular basis, except food, power and heating.” On this basis, it found that the percentage of “poverty vulnerable” households in the three towns was:

- Rybinsk: 36%
- Aleksin: 60%
- Ostashkov: 43%

EBRD research found that poverty was one of the primary concerns among survey respondents, along with corruption, a decline in social services, and “an inability to fend for oneself in a society in which people increasingly distrust one another and don’t feel they can ask their neighbours for help.” If there is little trust of one’s neighbours, there is even less of financial and NGO social welfare institutions, an issue explored in the Levada Institute research for the Urban Livelihoods Programme. This reported that:

“A considerable part of poverty vulnerable households would entrust that mission [to provide support] to none of currently existing organizations specially established for that purpose (neither welfare agency, nor any other governmental institution, nor charity funds, nor initiative groups). Respondents in Ostashkov are especially tough with this regard, 70% of them would trust no one.”

Interviewees were more likely, however, to trust “traditional institutions” such as the welfare agency, pension fund, or social security department.

Many small and medium sized towns have experienced particular difficulties with the closure of key industries, which traditionally have provided the overwhelming majority of local employment. Local populations experienced dramatic falls in living standards and have limited opportunities for alternative, stable, paid employment. The Levada research found that small business was seen by some as a way out of poverty. 51% of entrepreneurs interviewed in Rybinsk and 28% in Aleksin stated that the reason to start their own business was “the expectation of a higher income”.

Many people, however, faced limited scope for setting up their own businesses or developing alternative employment. Oxfam GB’s development workers found that this was due to a mix of historic and cultural factors and the weakness of local small business infrastructures. In the context of both lack of trust and lack of experience, the role of developing institutions to provide support for the new activity of small business is particularly challenging.

2.1.3 Enterprise support

Enterprise creation has been held to be crucial to a key plank in regenerating the economy. This includes the changing relationships within the local economy where newly established SMEs operate as sub-contractors to the supporting organisation, which takes the opportunity to out-source the services and/or production which were previously undertaken in-house.

The impetus for self-employment training in developing countries and those in transition is the pressing need for new employment opportunities. Training, and particularly technical training, is thought to enhance the potential for productive self-employment by providing marketable skills. Grierson (1989).

Whilst high quality appropriate training is generally acknowledged to be the key to successful entrepreneurship, access to finance can also be an important area. Many small business ideas in Russia cannot reach fruition for this very reason and special schemes of support are needed, for example easier access to start-up capital.

In the UK, The Small Firms Loan Guarantee (SFLG) supports SMEs with viable business plans that do not have the assets to offer security against a conventional loan by providing lenders with a **government guarantee** against default in certain circumstances. The SFLG is a joint venture between the Department for Business, Enterprise and Regulatory Reform (BERR) and a number of participating lenders.

The scheme is available to businesses with a turnover of up to £5.6m, and guarantees loans of up to £250,000. The guarantee to the lender covers 75 per cent of the loan amount, for which the borrower pays a 2 per cent premium on the outstanding balance of the loan.

2.2 Pilot towns

Oxfam's chosen pilot towns share many of the same characteristics of their counterparts throughout the Russian Federation – a few major industries and employers, an economy based on these and beautiful nature around rather than on mineral resources and raw materials, and a predominantly Russian population with only small numbers of migrants.

Most of these towns have a local employer where the nature of the work necessitates early retirement, who together with Chernobyltsy and other tough professions provide a fair number of people below normal retirement age who need more than their pensions to live on.

However, all the pilot towns chosen are atypical of towns throughout the Russian Federation in their geographic proximity (in the Russian sense of the word) to Moscow with all the advantages and disadvantages thereof – higher prices for land from those who want summer cottages near a river/forest, increased population with great spending potential for the summer season, buses organised to take commuters in to Moscow on a daily basis to do better paid work, banks and chain stores spreading their sphere of interest out from the capital. For example about 50% of Aleksin's working population work in Moscow, where wages are 3-4 times as high as local wages. As it tends to be men who work in Moscow, this makes SMEs more likely to be set up by women.

Town profile - ALEKSIN

on the Oka River, 40 miles (65 km) northwest of Tula city. Aleksin, first documented in 1236, was at first a fortress, then a river port. The decline of river trade adversely affected the city, but since the October Revolution (1917) it has become a significant industrial centre, with engineering and building-materials industries.

Aleksin is a fairly typical Russian small town with a declining population 2002 – 77,600 down to 75,000 in 2006 – despite migration to the area as the death rate is almost three times higher than the birth rate. IMR is generally lower than the Russian average at 6-9 per 1,000 births apart from in 2005 when it rose to 17.2. Under 10,000 of these live in villages and the remainder in towns. Around 60% of the population is working age.

Aleksin is similar demographically to the other pilot towns chosen but differs in that it has benefited from a progressive regional head of economics who has since been promoted to working at oblast' level. In a real effort to support local businesses the Aleksin region has reduced by 25% the local tax which hairdressers and shops pay according to the square footage of their business.

The pilot towns chosen had low development of NGOs and as such initially no local partners, which weakened the continuity of the interventions.

Nevertheless, this allowed Oxfam to develop strong individual local links. With these the Urban Livelihoods Programme has developed a range of services and support to small businesses which are described in the next sections of the report.

3. ENTERPRISE SUPPORT

3.1 Planned outputs

One of the main target groups for the Urban Livelihoods Programme was small scale entrepreneurs and aspiring entrepreneurs. Its aims in relation to this group were to:

- Enable 1,125 entrepreneurs to expand their business through an improved business infrastructure, access to legal services and an improved administrative environment.
- Enable 500 low-income entrepreneurs, facing barriers in setting up or expanding their businesses, to access legal aid services so that they can spend less time and resources on administrative issues as a result.
- Enable 375 low-income people to set up micro or small businesses through an improved business environment in five towns.
- Set up five associations or networks of low-income entrepreneurs and enhance their capacity to lobby and influence municipal governments

These aims were delivered through three training programmes (Training for Entrepreneurs, Training for Trainers and Training for Start-ups), a programme of business and legal advice services, and the development of networks of entrepreneurs in each town. The training programmes were part of Oxfam GB's Urban Livelihoods Programme, and funded by other donors. This component was funded by the Doen Foundation.

3.2 Training for Trainers

Oxfam GB trained eight local trainers from Rybinsk, Aleksin and Shchekino.

Most of those trained to become trainers are women. Those who have gone on to deliver training have enjoyed the different methodologies introduced by the ILO, such as brain-storming, role playing etc. They have found them effective with their groups as shown in evaluation forms, a sample of which were viewed by the evaluators and a few are quoted below:

"I was virtually made to revise my opinion on my abilities".
"I could not even imagine that my eyes could be so widely open; it's like I've got a strong brain boost!"

3.2.1 Training for Start-ups

"I wish such workshops were held more often because there is an acute necessity in such events for those who would like to set up their businesses".

One couple of newly trained trainers went on to run a series of 13 training seminars in the five regions, eleven were for unemployed people and two were for school graduates. As a result of this contribution 118 people were trained of whom 96 were women and 22 were men.

See Appendix 8 for details of these courses and a range of comments from the evaluation forms.

3.3 Entrepreneur training

Based on the findings of a needs analysis undertaken in October 2004 with 50 potential and 50 established entrepreneurs, training modules were developed in business planning, assessing the financial viability of a business idea and finding/attracting capital.

The following training was delivered

Activity	Delivery Partner	Outputs	Dates
Needs assessment for training and business consultancies	ILO and Institute of Management and Marketing	Developed training courses	November 2004
Training of trainers for start-ups for Rybinsk	ILO	2 trainers trained for Rybinsk	2004
Training sessions for start-ups in Rybinsk and Aleksin	ILO	3 training courses in Rybinsk and Aleksin. 38 entrepreneurs	2004-2005
Training sessions for entrepreneurs in Rybinsk and Aleksin	Institute of Management and Marketing	5 four day trainings in Rybinsk and Aleksin. 100 entrepreneurs	2004-2005
Training sessions for entrepreneurs in Vyshniy Volochek, Ostashkov and Rybinsk	Institute of Management and Marketing	10 training sessions in Vyshniy Volochek, Ostashkov and Rybinsk. 135 entrepreneurs	2006
Training of trainers for start-ups for Aleksin	ILO	2 trainers from Aleksin	2006
Training sessions for start-ups in Vishniy Volochek, Ostashkov, Rybinsk.	Trainer from Rybinsk	3 trainings in Vishniy Volochek, Ostashkov, Rybinsk. 30 people.	2006
Training for entrepreneurs	Institute of	7 training sessions. 92	2007

in Aleksin and Shchekino	Management and Marketing	entrepreneurs	
Training for trainers in Shchekino	Institute of Management and Marketing	4 trainers in Shchekino	2007
Training for start-ups in Ostashkov, Vyshniy Volochek, Rybinsk	Local trainer from Rybinsk	5 training sessions. 55 people	2007
Training for start-ups in Vyshniy Volochek, Ostashkov, Rybinsk, Shchekino, Aleksin	Vikulin studio, Rybinsk trainer	13 training sessions. 119 people.	April – Dec 2007
Total		469 entrepreneurs 8 trainers	

As the attendance and evaluation sheets for these seminars are held by the Institute of Management and Marketing, the consultants were unable to access them. However, qualitative interviews demonstrated that the training was highly valued by beneficiaries.

According to the data in the three Doen reports (Dec 05 to May 07), 285 entrepreneurs received training, of whom over 70% were women. Courses included:

- Effective Management for Small Business
- Marketing Strategy
- Fundamentals of Successful Business – a 10 day training course for entrepreneurs and potential trainers: run 5 times in Rybinsk
- Modern Techniques of Training Entrepreneurs
- ILO training: Start Your Own Business

The reports cite follow up to the early (2005) training indicating that more than 50% of those trained had identified a direct benefit of the training on their business performance. Five beneficiaries stated that the training had increased their turnover by 50-100% and six that profitability had increased by 20-100%.

During a general boom period in the Russian economy the size and sphere of work of these most successfully expanding businesses would be of interest for market analysis and how their expansion compared with national averages.

Disaggregated data on the level of income, gender, age, size and type of business of trainees was not available, and the Doen reports, on which much of this analysis has been based, did not comment on the impact of the training.

3.4 Business advisory services

A priority for the programme was to develop a range of infrastructure services to support entrepreneurs and those wishing to start small businesses. This component of Oxfam GB's Urban Livelihoods Programme was funded by the Doen Foundation.

Data from Oxfam shows that over the period of the project, the numbers of consultancies given are as follows:

Activity	Delivery Partner	Outputs	Dates
Market research on business opportunities in 5 towns	Symbol Marketing	5 marketing reports shared with local consultants	2005-2006
In each town a business/legal consultants were selected and started business/legal consultancies <i>Doen & EU</i> (for legal services)	Local business consultants	554 small-scale entrepreneurs received 791 business development consultations and 782 legal consultations in all the five towns.	2006
Business and legal services in five towns	Local business consultants	416 entrepreneurs received 416 business consultations. 344 entrepreneurs received 594 legal consultations.	2007
Business and legal services in Ostashkov and Vyshniy Volochek.	Local business consultants	93 business consultations, 62 legal consultations.	April – Dec 2007

These figures appear to demonstrate the achievement of planned outputs – however there is need for further clarification as to whether the numbers are 'double-counting' entrepreneurs

Nevertheless, the high numbers of advice sessions indicate a clear need for the service, and the great need which had developed over the post Soviet period.

Data provided to the consultants shows that a large number of consultancy sessions have been held in the pilot towns, covering legal issues, marketing issues, business services, human resources, financial issues including book keeping, business plan development, registration of a new business, taxation and licensing. Legal aid services are also provided through these business consultancy organisations.

Oxfam GB has reported to funders that it applied four different approaches to pilot models of providing business advisory services to entrepreneurs and achieving sustainability, *as detailed in Appendix 3*

3.5 Impact of business advice component

3.5.1 Targeting low-income businesses

With no hopes of ever being the big money-spinner that consulting services to big businesses could be, Oxfam have nevertheless found a cohort of enthusiasts who believe in supporting small businesses who cannot afford to pay. In Aleksin they do this by making larger business clients pay enough to be able to subsidise advice-giving to those on a low income. In Shchekino they make their service accessible to all by the low subscription to the association of entrepreneurs which gives them access to free advice.

Reporting requirements have not been standardised to show the income level of those who make enquiries, their age or gender. There appears to be a slight gender shift: the May 2007 Doen report claims more than 50% women clients for Rybinsk's "Business-Consult/Service"; by April 2008 they were seeing more male clients. None of the other centres have reported on the gender balance of their clients but a rough look through client lists (during the field visit) shows a mix of both men and women.

3.5.2 Impact at the policy level

While advising small business clients and representing their issues at all levels they are in turn providing a well-educated mouthpiece for small businesses. As yet the new President has still to turn his words of support for small business into law, but if/when this happens, these consultancy services have the mechanisms in place to assist in their implementation in the regions.

3.5.3 Dissemination

Literature has been produced to answer the most frequently asked questions – generally around issues of inspection by regulatory bodies. Aleksin's "Information-Consultation Centre" has produced a clear and easy to use guide to the responses and requirements of inspection bodies (health and safety/fire/police etc) and all centres and associations of entrepreneurs could benefit from having copies. The programme is currently in its dissemination phase and sharing this literature amongst all the pilot towns and beyond.

3.6 Developing networks of entrepreneurs

Developing networks of entrepreneurs was identified as an action that would strengthen their collective position, and so enable them to influence municipal government, and so improve the environment in which their businesses operate. The Urban Livelihoods Programme sees these networks as mechanisms through which the voices and concerns of small scale entrepreneurs could be articulated within local government structures in each of the five towns. The Mid Term Review recommended that investment should be made in developing these associations of entrepreneurs in all five towns. This was taken up and has been implemented.

Data obtained from Oxfam demonstrated the following outputs

Activity	Delivery Partner	Outputs	Dates
Creation of associations in towns	Oxfam	Associations created in all the five towns	2007
Org. consultancy for associations	Business service company	Recommendations for associations developed	2007
Urban Forums	Associations in the towns	5 urban forums for entrepreneurs.	2007

Oxfam's reports to funders¹ describe how the programme has offered practical support for these associations. Examples include funding office furniture and equipment for each of the five associations and support to register the associations. The associations in each town developed at different times, and act with different levels of strength with the aim of seeking to address the administrative barriers faced by small businesses. (See 6.3)

3.7 Impact of Entrepreneur Networking Component

Entrepreneur networking unions vary enormously from town to town according to their origin and leader.

While some municipalities were initially dubious as to the need for such associations, this aspect of the programme has been welcomed by the networks themselves. Most networks have either gradually gained in strength or proved that when the situation is crucial, change can be effected by working together to fight for a specific cause.

The programme was assessed to have the following impact in key areas:

3.7.1 Impact on SMEs

Whether members or not, it would seem likely that many entrepreneurs are pleased that such bodies exist. They could join these if they chose so that they would not be alone or divided in facing a common problem. Given the erratic nature of Russia's past business development and many concerns for the future this must be comforting. In addition these associations give a certain prestige to those involved in "business", not so long ago a dirty word, making it seem more of a profession.

While not specifically targeting pro-poor people, the associations of entrepreneurs aim to be as inclusive as they can. They have a standard low subscription rate and offer services for even the smallest of micro-businesses.

3.7.2 Impact at the policy level

At the time of the evaluation, it is not possible to assess the policy impact of the associations as most are only a few months old. However, even at this

¹ DOEN – third report

early stage they seem to give each town the beginning of a debating forum and consultative processes at all levels of government.

In addition, some associations plan to join together to press for changes and the removal of administrative barriers.

The Rybinsk Union achieved a rent freeze for the central market and the Shchekino union have been asked for comments on federal laws, these are not inconsiderable achievements and bode well for the future of their influence.

4. PROVISION OF MICRO-FINANCE

The Urban Livelihoods Programme aimed to enable 2,000 poor people to start up or expand their businesses, by providing loans and a range of business development services. The programme has supported the opening of micro-finance branches in each of the pilot towns, three of which were visited for the purposes of this evaluation. The micro finance component was an integral part of Oxfam GB's Urban Livelihoods Programme, and funded by the Doen Foundation.

In the early stages of the programme delivery, Oxfam and external consultants reported that this component enabled easier access to micro-finance 'on the door step'.² With branches being local, people no longer had to travel distances to seek financial assistance or to make repayments. Initially, the loan process was also easier than with local bank branches, of which there were few at the time. This put the infrastructure in place in these pilot towns before many other larger towns had such facilities.

However, Russia's financial world is a fast-changing place and by the Mid Term Review of the Programme in 2006 they noted that the financial industry had begun opening up "...of late, 'new banks from Moscow have started offering much better deals with simpler procedure...[and] aggressive marketing'³" This observation is supported by Sergey Borisov, President of "Opora Rossii" (an information hub for SMEs) who notes in an article on their website dated January 2008, that the amount of money loaned by banks to small businesses has risen from 28-40% and competition has begun between credit giving institutions. In the same article, Borisov claimed that only 10% of the micro-finance market is being fulfilled.

Apart from fund transfers Oxfam have also provided staff training for MF branch loan officers in selling techniques and marketing (May 2006) and in lending techniques (October 2007) and took a smaller group to Azerbaijan to learn from an experienced similar Oxfam project.

4.1 Russian Women's Microfinance Network (RWMN)

Oxfam has been assisting RWMN in the pilot towns to maintain their vibrancy and will to stay in town – helping them identify additional resources.

A number of changes were proposed at the mid-term review that would change the nature of micro finance products to meet entrepreneurs' needs and attract a more diverse clientele. Examples of such changes were longer loan periods of 2-3 years, larger loan amounts and favourable repayment terms in the initial 3-6 months. This would make the capital requirements more flexible to attract new entrepreneurs, especially young people, while also exploring the development of consumer loan products. It was also recommended that micro finance institutions should keep their procedures simple, have a quick processing time, and personalise their services, in order to maintain their edge over other credit agencies.

² Doen mid-term review

³ *ibid*

The evaluation found that these recommendations have, in the main, been acted upon.

In the short lifetime of this project there have been two major changes. The first is the change from two regional funds (Tver' Development and Kaluga Funds) to RWMN delivery. The second took place in December 2007 when RWMN became a Non Deposit-taking Credit Organisations (NDCO) to allow for leverage of further funds and give the potential for future services, for example lending for small business expansion and savings.

The renaming and modifying of terms and conditions have been obstacles to both trust and stability which these three branches have had to cope with. Now the increased regulatory demands require a more formal style of working, losing them some of their advantages of speed and personal contact.

Before RWMN's status change to an NDCO the method of repayment necessitated regular contact between clients and the office. Sometimes when paying in cash at the office it would become a slightly social occasion over a cup of tea or at least chance to discuss how business is going while the notes were counted. It was in many ways a more personal approach to finance.

While relieved of having to count money and take it to the bank themselves the staff's workload has not decreased significantly with the new system as it is a lengthy procedure copying bank repayments on to their computers. For clients also, repayments now take longer as they often have to queue in banks. With time poverty often accompanying financial poverty this makes it less attractive for poorer customers,

An added 1-2% commission makes the RWMN interest rates more complicated to assess and less competitive. The turnaround time from application for a loan to receiving it is still faster than in the banks but the amount of paperwork required has increased considerably.

RWMN seems to retain only the advantages of: looking beyond the official sources of income of the client, being flexible in restructuring repayments or not penalising those who make a payment a day late.

In each of the towns visited for this evaluation, the position of the RWMN branch was very different (*see Appendix 3 for details*)

4.2 Meeting micro-finance targets

Data supplied by Oxfam for this evaluation shows that only **201** new jobs were created out of 1742 enterprise loans. Data gathered through the evaluation field visit found that in the first 10 months of their work the Aleksin branch gave loans to 102 entrepreneurs to a total sum of 3,901,833 roubles for their expansion. By November 2006 they claimed that approximately 20 new jobs had been created as a result of their loans – these were mostly in trade and for drivers with an average wage in trade of 4-5,000 roubles and 8-9,000 for drivers. It is clear from the data available that the job creation targets have not been met and that the issue is more than one about a lack of capital.

Over the same period the 285,000 roubles were loaned to ten new entrepreneurs to set up their own businesses. Of these ten, three were men aged about 26, two started a computer club and café and the third, a furniture

remover left for Moscow. Of the seven women one aged 36 started a private taxi firm, another aged 56 (Azeri) started a shoe repair business, and the remaining five with an average age of 33 went into buying and selling food or consumer goods. One of them gave up.

If this is typical of all the other towns for this time, it was a good start for new businesses but one that was not sustained presumably due to external financial factors with market satiation or increased competition. Some reasons for the lower number of start-ups may have internal causes and this would be an interesting area for Oxfam and RWMN to explore.

Cumulative data on micro finance is summarised in the table below.

	Whole period : Micro Finance Loans					
Indicator	Aleksin	Shchekino	Rybinsk	Ostashkov	V. Volochek	Total
No of business loans granted	437	483	365	210	247	1742
No of consumer loans granted	171	155	82	85	30	1679
Total loans granted	262	217	131	155	85	3421
No. men helped	74	98	49	60	36	1610
No. women helped	188	119	82	95	49	1766
% women from total client number	72%	55%	63%	61%	58%	52%
No. people found work	50	25	8	11	9	201
No. registered businesses	2	2	0	0	0	29

Data supplied by Oxfam, based on the Poverty Score card data, shows the share of poor/relatively poor people among MF clients:

Year	Aleksin	Shchekino	Rybinsk	Ostashkov	V. Volochek
2005	60%	52%	70%	70%	70%
2006	60%	62%	65%	70%	68%
2007	58%	62%	59%	63%	60%

Oxfam organised a trip to Azerbaijan for the micro-finance officers to see how a longer-established programme there is working and in particular how they have developed group loans. This idea has not met with great enthusiasm in Russia, where many small businesses are sole traders and those with 2 workers are often a husband and wife team, due either to a different social structure or lower trust levels.

The administrative barriers survey revealed the varying tendencies of small businesses in the five pilot towns and few looking at much if any expansion in the future. As the economy picks up and unemployment rates drop it is becoming increasingly hard to get staff prepared to work the long hours in the summer or working outside in the cold in winter often for below average wages.

See Appendix 7 for business trends in each town

Consumer versus Enterprise loans:

Another town where RWMN has a branch, Lyudinovo, has a huge number of enterprise loans, vastly outstripping the number of consumer loans unlike in the majority of pilot towns (Only Vyshniy Volochek of Oxfam's pilot towns has more enterprise than consumer loans). It would be interesting to know why and how this has affected the number of jobs created and business start-ups. According to Oxfam's policy research in summer 2007 Lyudinovo's divided administration had no plans for the socio-economic development of the region, no association of entrepreneurs etc and yet the average salary in a small business was higher (7,700 roubles) than either the town's average (5-6,000) or large industries' (6,800) average salaries. The town does have a Canadian instigated business incubator which receives little official support and Lyudinovo's micro-loan office has a poor reputation for both interest rates and good customer relations. Is the high rate of business loans then due purely to proximity to Moscow and the success of local large industries both providing a wealthier clientele for small business ventures to capitalise on?

4.3 Impact

The delivery of micro-finance has made a significant difference on an individual scale to those people who have found a niche, and who have an entrepreneurial approach but had been limited by the lack of resources or lack of access to resources. They have enabled new and struggling entrepreneurs to develop their small businesses, and where additional jobs have been created, there is anecdotal evidence that these have been paid reasonable wages, if still somewhat below the town's average. This provision has, then, provided real assistance to the poor of the towns.

5. WORKING WITH MUNICIPALITIES

The role of local authorities is crucial in developing local economies. In Russia, the municipalities face a number of challenges in relation to this function. Small business development has not been a major consideration for resource allocation and municipal staff is often without the skills or experience for developing a strategy to support this area in the fast changing period of transition. There are often poorly developed channels of communication between municipal government, the business community, small businesses and local entrepreneurs, and civil society: In interviews with Oxfam GB, entrepreneurs and low-income communities have often described their relationships with municipal authorities as 'tense', and there is a need to build greater trust between these agencies. Finally, municipal government relationships with oblast' and federal government are in flux. Federal policies are not always cascaded into local practices, and opportunities to benefit local entrepreneurs can be lost.

Added to this, during the period of the Urban Livelihoods Programme, there was a major reform of municipal government: the Federal Law on General Principles of Self-Governance in 2006. This meant that the municipalities in the pilot towns were in the process of reorganisation and job descriptions were changing. Indeed, the municipal staff in small business support departments were to be transferred from the region to town administrations. This was happening at the same time as the programme was seeking to build up relationships with the key people in the municipalities.

In this difficult context, the Urban Livelihoods Programme aimed to

- encourage a policy dialogue with the municipalities about small business development
- to support their capacity to support small business development
- stimulate incentives and creative approaches
- reduce disincentives that hinder small business development.

During the field visit, the evaluator only had one full interview with a municipality – in Aleksin – where Oxfam came with a strong recommendation and they have since found the Moscow team helpful and conscientious. They were already starting to work on a more progressive attitude towards developing business when Oxfam came along this was a good opportunity. The excellent programme has lifted Aleksin above other towns in the locality in their approach to business development and helped them win competitions run by the Austrian Chamber of Commerce. The support from Oxfam helped them realise their goal of opening a Business Centre, the only one as yet in the Tula Oblast'. This is co-funded by the local municipality and is set to give on-going support after the end of the Oxfam programme.

They have attended training seminars which have widened their horizons. External analysis of their economic situation, of low income households in particular and the situation for entrepreneurs has helped them define their target groups. Specific seminars on housing, tourism and not for profit organisations have been particularly helpful aided by good trainers using interactive training methods.

In addition it was an excellent opportunity to network with people in similar positions in different oblasts (Yaroslavl' and Tver') and exchange ideas and progress.

There have at times been difficulties getting participants to come to training, especially those sessions over weekends. While at first uncertain of the need for associations of entrepreneurs and employers, they now give them their support having realised the benefit of dialogue.

5.1 Policy Dialogue

Oxfam carried out a "Municipal Scan" in the two initial pilot towns of Aleksin and Rybinsk to assess municipal policies on small business development. While this area was a stated priority of the two municipalities, a major constraint was the lack of dialogue between low-income entrepreneurs and the municipalities. As a result of the Municipal Scan Oxfam and the municipal authorities developed action plans in each of the pilot towns. This laid the basis for the development of constructive relationships with these municipalities, gained their support for further IBPP funding, and laid the groundwork for the development of the programme.

5.1.1 Municipal working group and inter-regional conferences

Oxfam GB and the municipalities organised a working group in each municipality, as a primary vehicle through which to channel the dialogue between the two groups and to act as seed-beds for small business development in each town. Each working group also received support from an OST-Euro consultant. (See below Consultancy Support to the Municipalities) During the project period there was regular communication between Oxfam, OST-EURO consultants and municipalities. Every two months Oxfam staff visited one of the municipalities.

5.1.2 Inter-regional workshops

Between February 2006 and October 2007, Oxfam held a series of 5 Inter-Regional workshops. They aimed to bring together the members of the Municipal Working Groups, through which they could share and develop skills, ideas and projects, exchange experience. They also planned to discuss policy issues affecting small business, including with representatives from regional and federal government.

Date	Length (days)	Number attending	Location
Feb 26-28, 2006	3	30	Tver Region
May 23 – 25 2006	3	25	Yaroslavl Region
Oct. 17 – 19, 2006	3	36	Tula Region
Dec 20 – 22, 2006	3	28	Moscow Region
Oct 30-31, 2007	2	33	Moscow Region

The first three interregional workshops were represented by the municipal working groups (representatives of the municipalities and business communities), while the last two (fourth and fifth) involved mainly Business Infrastructure Project implementers and only some of the core group of representatives of the municipalities. Where participation varied at these events the participants were expected to share new knowledge at their local working groups. This enabled some continuity of debate, plus a wider feeling of inclusion and ownership with more people being involved. Frequency and length could have precluded regular attendance by the same people.

See Appendix 6.2: Inter-Regional Conferences

5.1.3 Municipal performance scorecard

In April 2006 Oxfam GB engaged a consultancy, Step by Step, to develop a set of governance indicators called the Municipal Performance Scorecard. Its purpose was to provide a standard format for gathering data against which to measure the impact of the changes which have occurred through the activities of the Urban Livelihoods Programme. This has the potential to offer a very useful tool and is undoubtedly a good idea. However, the scorecard that was developed proved too complicated to be effectively deployed by the municipalities with their limited resources.

5.2. Building capacity

Oxfam's core approach to its work with municipalities has been to offer practical, capacity building support. This has created a positive mechanism to develop dialogues about small business development and pro-poor policies while also encouraging entrepreneurs in each town.

5.2.1 Consultancy support to the municipalities

From February 2006, Oxfam engaged OST-EURO to offer support to the municipalities. One of the outcomes of this support was the development of business advice services - a practice that supported the development of the Business Consultancy Services in each town. They have also supported the municipalities in preparing funding proposals to raise money for priority ideas, for example, the development of the Business Centre in Aleksin.

5.2.2 Stimulating incentives - business infrastructure projects:

To support the building of local capacity and increase local cooperation as well as improving municipal practices, Oxfam developed an incentive programme that they named “the Innovative Municipal Initiative Fund for Business Infrastructure”. The municipalities were asked to propose projects from local organisations in each town, against given criteria. The proposals were assessed by a board made up of Oxfam GB programme and finance staff and consultants from OST-EURO. One of the proposals was rejected, and others were refined. The process was not designed as an open competition.

Oxfam made available a maximum award for each town of 14,690 Euros. This went towards 6 projects (2 in Aleksin, splitting the town’s allocation).

Each proposal was from a local organisation, supported by the municipality, and was to run for 9 months from December 2006 but including plans for longer sustained activity. In addition to funding from the Urban Livelihoods Programme, Oxfam has supported fundraising for additional funds for some of these projects – for every rouble of EU funding an additional 5 roubles from other sources (municipal, regional, private) has been raised. This has extended their scope beyond the original proposals, and built the capacity of each municipality in developing their infrastructures for small business and in raising funds for this purpose.

See Appendix 6.3 for descriptions of the Business Infrastructure Projects

5.3 Reducing administrative barriers

One of the aims of the Urban Livelihoods Programme is to reduce the disincentives that hinder the development of small business. Stakeholders expressed to Oxfam staff and consultants that they faced a range administrative barriers that often became major obstacles to the development of their businesses, for example the cost of buying and having to use cash registers. They are particularly onerous for those engaged in trade, although all said that

“in regard to administrative bodies, entrepreneurs feel themselves less equipped and more vulnerable than with other problems.” [Participatory Appraisals report 2007].

In November 2006, Oxfam commissioned the research centre NIC Socium to conduct surveys on this issue in the five pilot towns. Interviews were conducted with 449 entrepreneurs across the five towns. The survey found that, as well as the complexity of the regulatory systems in Russia, the inexperience and “business illiteracy” of new entrepreneurs themselves added to the problems they faced. Therefore, one of the most important measures to overcome administrative barriers could be “well timed full-scale information about the actual scope of the regulatory bodies.” However, the majority of entrepreneurs interviewed said they had never sought the help of professional advice services, not believing that such services had the capacity to solve their problems.

The extent of administrative barriers as a disincentive to small business development has been raised consistently throughout this programme. The Participatory Appraisals in 2007, for example, highlighted a similar set of issues, and identified some positive changes that have occurred. For example, in Ostashkov, simplified documentation for reporting has been designed, and there is a simpler process to seek a licence for trade. However, there is a recognition that most of the administrative regulations (including tax, sanitary and fire inspections, police activities etc.) are set and implemented by federal government. Therefore creating the administrative conditions for the easier development of small business is not within the scope of the municipalities. The small changes that have occurred need to be considered against this background.

See Appendix 8 for a summary of the main findings of the Administrative Barriers report

5.4 Outputs

The outputs of the Urban Livelihoods Programme's work with municipalities include:

- "Instruments of Support for Business at a Regional and Local Level" is a 286 page detailed account of the experience of the Oxfam project in the five pilot towns. It shows the mutual benefit of a good working relationship between municipality and businesses and how the former can help optimise development of the latter by creating the conditions for establishment and growth.
- "Best Municipal Practices" – a 46 page glossy booklet produced with the assistance of OST-EURO. After a general introduction from Oxfam giving background to the situation for small businesses in Russia as opposed to other countries in Europe. Then there follows six case studies of the most successful examples of small business development in Russian small towns – four of these from Oxfam's pilot sites, two from the Moscow Oblast'.

It is not a textbook of steps to be taken but descriptive material of various ways in which enterprising groups and individuals have developed ideas into successful small businesses and the supportive infrastructure required from their local municipality. It has already been distributed to 50 regions through the established network of OST-EURO.

Given the statistic that only about a third of Russia's c1,000 municipalities have a long-term small business development strategy this book has great potential if widely distributed.

5.5 Impact

Key areas on which this aspect of the programme has impacted are:

Low income businesses have benefited: Practical measures of keeping rents low (Rybinsk) have helped struggling small enterprises (Policy Research Jul-Aug 07).

Poverty reduction: In Ostashkov the administration has endeavoured to keep wages decent and stop informal pay by encouraging employers to contract to pay no lower than the subsistence minimum for Tver' oblast and supply the administration with statements of salaries – 75 such contracts signed so far. While helping the poor who would be the majority of such employees, it may also seem like another method of control over the activities of free enterprise.

6. WIDER IMPACT

6.1 Improved Business Environment

It is clear that the business environment is improving for small business in Russia. Unrecognised before as a profession, small business has now even been mentioned by President Medvedev' and to varying degrees this recognition is spreading through the regions.

Sergey Borisov, President of "Opora Rossii" (www.opora.ru - an information hub for SMEs) was interviewed on 22 January 2008 and states: *"over the past 4 years small businesses have started to raise their head after a period of stagnation. Every year now we have 50,000 new small businesses appear and possibly as many as 100,000 new ones in 2007. These are good signs but it isn't enough. I consider that we need the number of small businesses to triple at least. Today, with a population of 145 million Russia has 4 million small businesses, of which 1.13 million legal entities with up to 100 people employed and 3 million individual entrepreneurs. Compared to USA which has 24 million small businesses with a population of 250 million and similar proportions in other countries like France and Germany"*

In December 2006 the survey of Administrative Barriers assessed the situation and tendencies towards expansion for small businesses in each of the 5 pilot sites. The average age of small businesses in each town was

Rybinsk : nine years

Aleksin: eight years

Shchekino, Ostashkov and Vyshniy Volochek: seven years.

See Appendix 7 for business trends in each town

More recently an analysis of small business development in Rybinsk, published on 21st January 2008 in "Rybinskiye Izvestiya" concludes from its survey that the majority (64.34%) of small businesses are not expecting risks to decrease, while 27.8% expect them to rise. 57.8% were having problems with taxation and 52.2% complained of high rents. More small businesses than before (2004-6) were struggling to gain enough working capital. Despite these problems they are optimistic in predicting an increase in the growth of production and services and wages for small businesses in 2008.

6.2 Removal of administrative barriers

Oxfam undertook a survey in 2006 to establish the administrative barriers to business, and their impact on existing and new businesses..

They concluded that a key barrier was inspection of enterprises at municipal level, which is highly subjective and plays on the lack of education and experience in legal matters of the entrepreneurs being inspected.

This is corroborated by Sergey Borisov, in the January 2008 article “Bureaucrats killing the Goose which lays the Golden Egg” where he criticises officials for their greed and corruption in taking an average of 10% turnover off small businesses in the form of administrative barriers, up from 8.5% in 2005. This is over and above taxes and is apparently worse in the larger cities than in the smaller towns.

Oxfam’s mid-term review recommended giving entrepreneurs better knowledge of how to deal with these inspections. Given many business people’s lack of trust of consulting services this was followed up by a handbook written in Aleksin, describing each regulatory body and what they could check for. However, by the time of the evaluation visit this information had still not been spread to all the other towns involved in the programme.

Influencing federal policy is a high objective for any regional programme, but it seems that change could well be on its way perhaps partly due to the attention being given to such issues by a number of stakeholders.

For example, the Minister of Interior, Rashid Nurgalyev has been said to be considering ways to improve the situation and the number of checks carried out on new enterprises.

Opora Rossii is lobbying for a more western approach where initial checks by various departments (health and safety, fire, police etc) are of a more consultative nature, giving advice so that the business can avoid fines or extra taxes. This would require local authorities and entrepreneurs working together towards similar aims.

6.3 Improved situation for individual entrepreneurs

The programme has undoubtedly made an impact on individual entrepreneurs. However, the evaluators have not been able to assess, for example, which sizes and types of business have benefited most, or which age group or gender has made the most progress from their participation in the programme. We have also not been able to assess why those who failed did so or whether additional advice, training or more lenient loan repayments could have meant the difference between success and failure for their business. (See Recommendation 6.5.: Organisational issues)

All entrepreneurs in these towns now have better access to both financial and non-financial services and these are being taken up erratically but, as trust builds, increasingly. Building trust and so enabling the take up of services is a slow process and the early impact of the Urban Livelihoods Programme appears to be positive. There are many beneficiaries from the micro-finance scheme: in a survey of 13 clients who had applied for repeat loans, in Aleksin, family income had increased by 50% and was spent on education for children, the purchase of electrical appliances, automobiles, maintenance and the purchase of apartments.

6.4 Social targeting and participation of beneficiaries

Participatory Appraisals are carried out, to find out entrepreneurs' views, but these and regular collection of monitoring data could be better utilised in the on-going design and development of the programme

The russification of Oxfam's poverty scorecard has helped with targeting, particularly of the micro-finance elements of the Urban Livelihoods Programme. There are specifics to Russia in its background and also its climate – for example the rise in expenditure required by a Russian winter, availability of housing and housing conditions. The questions now look more at the structure of family expenditure, asking what percentage of income goes on essentials, and if there was an emergency how would you raise the extra money needed, where do you buy your clothes. This was a positive change, which was implemented as a result of the learning from the initial use of the poverty score card.

6.5 Decent jobs

Data had not been collected to establish if 'decent jobs' were created as a result of the programme. Average wages are mentioned in some reports and the Ostashkov contract for decent wages is another example, but we have no details on the working hours and conditions of the new jobs etc.

6.6 Gender equity

Reports show satisfaction with aims of over 50% of direct beneficiaries being women. Indeed monitoring shows that overall 60%+ of programme beneficiaries are women as they are the majority of those involved in the trade sector and this is the major entrepreneurial activity in the pilot towns. However, there are clearly discriminatory forces in play which have made more women unemployed and therefore necessitating them to take up this tough and insecure line of work. With market forces now changing, many people have commented on how much harder it is now for small traders, particularly those selling produce, to compete against the influx of supermarkets and chain stores.

Oxfam projects are renowned worldwide for challenging gender inequality in various communities and cultures as poverty and gender inequality are so strongly linked. To quote from Oxfam's 'Let's Talk' "Gender stereotyping – the idea that males and females are limited to certain specific roles – causes inequality and poverty for both sexes. Girls might be deprived of education or women confined to low skilled, low-paid jobs; whilst boys might be forced into 'macho' roles or men discouraged from spending time on child-care. These are real everyday issues". It is never comfortable addressing any type of inequality, perhaps especially in a country whose history was proud to boast early great steps forward for women. However, equality is an essential element of poverty reduction.

Partners need to understand this to enable them to follow Oxfam's principles and be more effective towards eradicating poverty. The school which received computers were training boys in their use while girls were learning to use sewing machines. So, although girls made up just over 50% of the business

school participants, one fears that with such attitudes around they may have been channelled, whether openly or subtly into lower paid sectors of work.

6.7 Environmental Impact

No data had been collected on the environmental impact of the programme.

6.8 Sustainability

It was a positive and forward thinking move to link the business advice services with the fledgling associations of entrepreneurs as it should help on the trust issue as well as in supporting the associations' development. In Shchekino the 2 activities have been already linked, in Aleksin it is the business advice centre which is "housing" the union of entrepreneurs" until it can stand on its own feet and in Rybinsk the Association of Entrepreneurs is about to open its office and start giving consultations from there. Again three slightly different models have been used and it will be interesting to see which set up provides the best cooperation and results.

There is now a micro-finance structure in each town and these reached financial sustainability early on in the programme. Given enough flexibility to adapt to changing market conditions RWMN will stay and prosper.

The municipalities have not only developed their skills in providing the best climate for small business development but also reached a better understanding of their needs and how the town needs them.

This is all part of a cultural change of acceptance of small business which is slowly happening throughout society. This is partly due to the passing of time and realisation of the benefits that small businesses can bring and helped by the training in particular of schoolchildren.

7. CONCLUSIONS AND RECOMMENDATIONS

The evaluation demonstrated both good practice and also some areas for improvements if the programme is to be continued.

7.1 *Business support*

7.1.1 Business start-ups

The data provided to the evaluators shows low numbers of registrations of new businesses during reporting periods when such information was available. (See Section 4D, and Appendix 5). We have seen no evidence to suggest that this will be different in other reporting periods while conditions of loans remain as of now.

It is possible that there might have been more start-ups if the micro-finance component had been more directly linked to the start-up training. The evaluator found during the field visit, that there was no joined up support for people with good ideas but limited resources. For example, low interest business loans for start-up businesses, linked to and conditional upon the take up of training and business consultancy advice.

The evaluators identified several area in which the programme would benefit from better integration. These are identified below: 6.5.1.

7.1.2 Gaining the trust of entrepreneurs

The importance of business consultants gaining the trust of entrepreneurs cannot be overstated. Many business people in Russia assume that consultancy services, sometimes with municipal support or connections, will be yet another form of inspection or control.

Oxfam have chosen business consultants who are men and women trusted in their communities, their local standing coming from previous experience in Soviet enterprises running either economics or human resource departments or from current entrepreneurial success or legal background.

Recommendation: Any future programme needs to continue with the good practice that the local partners are of sound local standing.

7.1.3 Developing associations of entrepreneurs

Some Soviet-era fear remains about getting together and speaking out⁴. Many entrepreneurs think the best plan is to 'keep their heads down' in the hope that those in power will leave them alone. Given recent memories of the 'collectivisation/dekulakisation' process, (one interviewee mentioned her grandmother and family were exiled for owning a sewing machine), the

⁴ Policy Research Assessment of the environment for small businesses – Jul-Aug 2007

current uncertain climate with fast changing laws and Putin showing the consequences of businesses who step out of line (Khodorkovsky), this is perhaps not surprising. It still takes a specific issue threatening a specific group for them to come together and even then it may only be temporarily until that battle is fought.

Whilst this does not invalidate the concept of associations of entrepreneurs, it does mean that their effectiveness will be limited.

Recommendation: It is important that the tangible gains from these associations are widely promoted; and that their links with the municipalities are built on to ensure that they continue to develop the dialogue and deliver benefits to local entrepreneurs.

7.2 Micro-finance

The RWMN operates in a climate that is more competitive than when the programme was first planned. Each RWMN branch needs a measure of autonomy to develop its local distinctiveness in order to be competitive.

There is a great depth of experience, from both past and present delivery of services, in the branches of RWMN. The whole network, and other micro finance providers targeting poor entrepreneurs, would benefit from a greater level of sharing evidence about what works best. This could be by developing practical written information about good practice that could be disseminated to other similar towns with similar needs.

For example:

In Aleksin, the branch has a **good transparency policy** - producing an accessible one page leaflet explaining the change of names and procedures, showing their running costs and past and current portfolio size and listing their advantages which includes minimal paperwork and an individual approach.

In Shchekino, RWMN staff made some recommendations to the evaluator about how they felt that they could be more competitive:

- simplify loan processes for small loans
- make available small loans with a lower percentage of interest for those starting up a business, to give more realistic assistance to start-ups. This would address the fact that “at the moment conditions are the same for a millionaire or a new business.”
- restructure the service, to lower interest rates and increase the speed of dealing with documentation
- investigate the possibility of reopening a cash repayment system. This would require a strong room with appropriate security, with an impact on the resources of the Branch.

Recommendation: These suggestions should be explored and implemented where possible. This would enable micro finance loans to be better targeted at lower income people and entrepreneurs.

7.3 Working with Municipalities

The Urban Livelihoods Programme appears to have been highly successful in stimulating an increased dialogue with the municipal governments in the pilot towns. Over time, this will help develop mutual respect and overcome the fears of many small entrepreneurs that they are seen as being merely “cash cow providers of local taxes” and a community improvement resource.

In May and July 2007, one of the findings of the Participatory Assessments with Entrepreneurs was that “on the whole, the entrepreneurs do not know much about what municipalities are doing for entrepreneurs”. However, members of the focus groups who had used the business advice services had a higher level of awareness of the work that municipalities had carried out to support small businesses.

Recommendation: An area for ongoing work is the continued improvement of local strategies for economic development, with the small business sector being seen to play a key role, especially in tackling poverty.

7.4 Regional and federal policy

This is the area of work that appears to have been least effective. The mid term review suggested some regional policy recommendations, including lobbying for the introduction of a Regional Guarantee Fund to support small business development and to lobby for the development of a business incubator in each town, which is running elsewhere to great success.

However, the evaluators question whether these aims are realistic in the context of continual flux at the federal policy and governance level in Russia. The combination of parliamentary and presidential elections, regional and local government re-organisation undermine the scope for addressing the administrative barriers that make it difficult for small businesses to start up, develop and thrive. Neither has it been an easy time for a foreign, particularly a British-based, NGO to be seen to be influencing policy at that level.

Recommendation: In this context, it is important to consider what can be achieved. For example:

- The entrepreneurs’ associations appear to offer a useful focus for creating, where possible, a local response to regional or federal policy.
- The presence of independent and preferably externally registered NGOs that support small businesses, such as Opora Russii, have been effective. Such organisations can act as intermediaries between the authorities, federal structures and small entrepreneurs. They can become pillars in the establishment of constructive dialogue between all stakeholders.

7.5. Organisational issues:

7.5.1. Better integration within the Urban Livelihoods Programme

The evaluators were concerned about the lack of integration between the different components of the Programme, and reiterated the mid-term reviews recommendations to:

- Offer incentives to clients for take up of a wider range of services.
- Introduce a “common business card” listing all the Oxfam service providers, so small businesses more easily know about all the services available.
- Oxfam should develop better linkages within their contractual arrangements with service providers – e.g. incentives for linking the different services.
- Oxfam should organise regular meetings (e.g. every two months) to bring all the service providers together.
- Build on the relationships developed with the municipalities, in order to engage them more strategically in the business support components. The evaluators believe that Oxfam has achieved this, for example through the Business Infrastructure projects. It will be important that this strategic engagement is maintained, and that the indisputable gains of the Programme are not lost when it draws to a close.
- A more integrated and collaborative service provision (credit, business and legal) would also work as a decentralised business incubator.

A further issue that would have enabled a greater level of integration within the programme concerns the choice of towns. The evaluators found that the regular visits which Oxfam staff and consultants have been able to make were insufficient to have brought about real transformation. The spread of pilot towns (two towns south of Moscow, and three to the north) also precluded the possibility of setting up a regional office to provide more regular support. A geographic cluster would have created greater synergy and allowed for more sustained regional support.

This is no longer a relevant question as considerable developments have been made in each of these towns and networks between them begun, however it should be a consideration for any future programme set-ups in a country of this size with poor transport infrastructure.

Recommendation: Any work that builds on from the achievements of the Urban Livelihoods Programme should ensure that there is greater integration of all of its elements; and greater dissemination of effective practices across the entire programme.

7.5.2. Systematic data collection

We have referred to the absence of data to support this evaluation, and were concerned to see that the same issue was highlighted in the Mid-Term Review, which recommended that

“data collection mechanisms should be compared across the different components of the Programme to identify overlap between different services.”

The lack of effective data management undermines the ability of programme staff to best direct their work, to understand its impact and where it is (and is not) being effective. Key data should be kept and regularly collated centrally with the appropriate data collection mechanisms in place with each project partner. This will ensure that data that is currently collected is managed within an agreed and more easily accessed framework and that in certain areas, for example, age profiling of clients and disability status is systematically collected for the first time.

Recommendation: Oxfam should urgently develop proper systems for the monitoring, and therefore management, of its work in Russia, to include details of age, gender, income, educational background, type of (potential) business of participants. This needs to integrate data from all the elements of the programme, and to collate data centrally and consistently, for example who/how many of those who attended “Start your own Business” courses went on to start a business, and what type of business if so; which of the entrepreneurs expanded their businesses after the enterprise training etc.

Assistance should be given by the core staff, to local projects, to ensure that effective information is gathered about the work of the programme. This will need to include working with appropriate stakeholders so that there is a shared understanding of the need to gather information, and about how it will be used. The specific challenges of information gathering in Russia need to be taken into account.

7.6 *Pro poor work*

The evaluators found that there are a wide range of barriers and assumptions that impact on whether or not small business development can have an impact on the poverty level of a town. This includes

- Whether people involved with small businesses are receptive to change
- The income strata in the pilot towns
- The proximity to Moscow, that means local people can commute to Moscow for wages roughly triple those of the town average
- The impact of the summer influx of Muscovites on the economy of the pilot towns

In order to test assumptions about poverty in central Russia and continually assess the effectiveness of the programme against this, the Mid term review recommended that Oxfam conduct an in-depth study to assess the impact of the programme on the lives of poor people.

This kind of research, such as the Levada study, is valuable only if it is closely linked into the programme's policy and practice. We are concerned that the application of the programme's commissioned research is not always clear. There have been some very positive moves, such as the revision of the poverty score card, which now offers a real reflection of poverty in central Russia. It is important that this is used with all service providers, so that Oxfam gains an ever more accurate understanding of the issues, regional differences and disparities, and so can best target its services.

Recommendation: For the programme to have maximum impact, it needs to integrate the policy work with the programme of work as it develops, so that the body of research informs the development of policy and practice.

7.7 Equality Issues

7.7.1. Gender

In order to promote gender equity, disaggregated statistics need to be kept of all components' inputs and outputs. This might include, for example, the gender breakdown of who benefits from loans – not only number of loans, but amount per loan.

In addition, qualitative data needs to be gathered in relation to gender roles – whilst there are more women participating in start-up training, the data provided to the evaluators showed that they remain a minority in decision-making forums.

Recommendation 1: Partners may be unaware of the relationship between poverty and gender discrimination and so training could be offered to key players who may influence the programme's work. For this the Programme could draw on existing ideas, practices and programmes from Oxfam GB and other organisations. An example is training material on ILO's Gender, Poverty and Employment website and the material is already in Russian.

<http://www.ilo.org/public/english/employment/skills/informal/gpe/informa/pack/russian.htm>

Recommendation 2: With women still bearing the burden of domestic and caring responsibilities arrangements need to be made or at least offered to cover childcare or care of an elder for the period that training or seminars are being held to make them accessible to people of all ages and in all situations.

7.7.2. Age

Training has been aimed at teenagers and adults while loans and advice have been offered to people over a range of ages. However, there could well be groups of men or women from certain age groups who have either not heard of opportunities or been attracted to or able to take advantage of what is on offer.

Recommendation: Monitoring data needs to disaggregate statistics at all levels. Where bias is apparent, this should be investigated.

7.7.3. Disability

As invisible as they were in Soviet days, disabled people have not been mentioned in this programme and yet they and their carers will make up a fair percentage of Oxfam's low income target group. One Business Centre visited was on the second floor in a building with no lift. While appreciating the difficulties of making buildings accessible to all it is important to acknowledge this issue.

Recommendation: Consult with any of the local disability organisations and bring in experience from Oxfam's work in this area in other countries to develop an action plan.

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