



# Evaluation of the Urban Livelihoods programmes in the Russian Federation

Annexes

Oxfam GB Programme Evaluation

June 2008

Commissioned by: Oxfam GB MEEECIS

Evaluators: Megan Bick, Lori Streich, Angela Dale

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

## Appendices

	<b>Page</b>
Appendix 1 – Evaluation Sources	2
Appendix 2 – Funder Background	3
Appendix 3 – Business Services in the five towns	4
3.1. Business Services in Rybinsk	
3.2. Business Services in Aleksin	
3.3. Business Services in Shchekino	
3.4. Business Services in Ostashkov	
3.5. Business Services in Vyshniy Volochek	
Appendix 4 – Entrepreneurs' Networks	6
4.1. Entrepreneurs' Networks in Rybinsk	
4.2. Entrepreneurs' Networks in Aleksin	
4.3. Entrepreneurs' Networks in Shchekino	
4.4. Entrepreneurs' Networks in Ostashkov	
4.5. Entrepreneurs' Networks in Vyshniy Volochek	
Appendix 5 – Micro-credit in three towns	8
5.1. Micro credit in Aleksin	
5.2. Micro-credit in Shchekino	
5.3. Micro-credit in Rybinsk	
Appendix 6 - Municipalities	12
6.1. Municipal working groups	
6.2. Inter-regional workshops	
6.3. Business Infrastructure Projects	
Appendix 7 - Business trends in each town	16
Appendix 8 – Training for start ups	17
Appendix 9 – Administrative Barriers: Summary of key issues	19
Appendix 10 – The consultancy	21

## **Appendix 1 – Secondary Evaluation Sources**

### **1: Documents from Oxfam GB**

Grant Application Form to the EU IBPP programme

Evaluation reports for the EU IBPP programme

- o Year 1 Interim Narrative Report: 10<sup>th</sup> January 2006 – 9<sup>th</sup> January 2007: February 2007
- o Year 2 Interim Narrative Report: 10<sup>th</sup> January 2007 – 9<sup>th</sup> July 2007: August 2007

Evaluation reports for the Doen Foundation:

- o 1<sup>st</sup> Annual Narrative Report: 1<sup>st</sup> October 2004 – 30<sup>th</sup> September 2005: December 2005
- o 2<sup>nd</sup> Year Interim Progress Report: 1<sup>st</sup> October 2005 - 31<sup>st</sup> March 2006 : May 2006
- o 3<sup>rd</sup> Year Interim Narrative Report 1<sup>st</sup> October 2006 – 31<sup>st</sup> March 2007 : May 2007
- o Mid term Review Report: May 2006

Background and policy documents prepared by or for the programme, to inform its development:

- o Policy research: findings of a survey conducted among entrepreneurs, municipal authorities, consulting companies and associations of entrepreneurs in Ostashkov, Rybinsk, Lyudinovo and Shchekino: July 2007
- o Assessment of the environment for small and micro-entrepreneurs
- o Levada Institute Data: development of a poverty profile and analysis of the poverty-vulnerable target group in Rybinsk, Aleksin and Ostashkov;
- o Report on the Participatory Assessments with entrepreneurs in five pilot towns
- o Report on the possible means of defining the economic well-being of the Development Fund customers in the town of Rybinsk
- o Identifying the administrative barriers which inhibit small business development: December 2006

Background documents that informed the development of the programme and its specific activities:

- o Training needs assessment of aspiring and established entrepreneurs in Rybinsk : 2004

Progress reports from the micro-finance institutions:

- o Aleksin, Shchekino and Rybinsk: December 2006

### **2. Research data: References:**

Brigitte Granville and Carol Scott Leonard, 2007: Do Institutions matter for technological change in transition economies? The case of Russia's 89 Regions and Republics: Working Papers, Centre for Globalisation Research, No 4

EBRD, 2006: Russian Attitudes and Aspirations study (part of the Life in Transition survey)

Grzegorz W Kolodko, 1999: Ten years of post-socialist transition lessons for policy reform: Macroeconomics and Growth, Development research Group, World Bank

## **Appendix 2 - Funder Background**

### **Doen Foundation**

The Doen Foundation “works towards the achievement of a liveable world in which everyone has a place.” It’s philosophy is to enable people to be actively involved in society by funding sustainable, entrepreneurial projects. It’s website states that:

*“people are better able to provide for themselves if they have access to funds. This boosts their self esteem and so enables them to develop relationships”*

Through a partnership with Triodos Bank, the Doen Foundation invests in microfinance organisations. The 2006 Annual Report comments that the Doen Foundation shifted its micro-finance focus towards the development of the financial sector in the wider sense, and began to invest in organisations which help SMEs get off the ground in developing countries. This has resulted in support being given to organisations which work directly with these entrepreneurs.

### **Institution Building Partnership Programme – IBPP**

The IBPP Support to Civil Society and Local Initiatives programme is designed to support an institution building process for a successful transition towards market economies. Its main themes include local economic development and administrative reform. A prerequisite to achieve the programme’s objective is the setting up and running of an international partnership. This is the context for the development of the Oxfam GB Urban Livelihoods Programme in the Russian Federation.

The Programme aims to improve the business environment for small and medium sized entrepreneurs by

- strengthening their skills in planning and developing their businesses
- enhancing communication between the private sector, civil society and municipal authorities
- strengthening the infrastructure for small business support
- reducing disincentives to small business development, such as administrative barriers.

The programme proposition is that small enterprise development and strengthened municipal governance are key ingredients for equitable growth in the Russian Federation. In this context, the programme has sought to support local authorities to improve the business environment for small-scale entrepreneurs, and to advocate for pro-poor regional and federal policies regarding small business development.

## **Appendix 3 – Business Services in Five Towns**

### **3.1 Business services in Rybinsk**

A business consultant, an expert lecturer on tax and planning, was funded by Oxfam to offer face to face and telephone consultations to entrepreneurs and start ups.

The consultations covered issues such as the registration of business, developing business plans, and accounting<sup>1</sup>. With the support of an analyst and an average of 20—30 consultations a month the consultant was in an ideal position to monitor the development of small businesses in the region and to represent their issues in an Economics Club and also at the Coordinating Committee on small business which was due to have its first meeting in April 2008. He has analyses of the situation for small businesses published in a local paper on a regular basis.

This consultant was in post from an early stage of the Urban Livelihoods programme and has also provided organisational consultancy to the Rybinsk Union of Entrepreneurs. This link enabled members of the union to find out about the business consultancy service and to then access further advice.

The consultant also informed his clients about the services of Rybinsk Micro Finance branch. The consulting services have been further developed through the development of a web page for Rybinsk entrepreneurs, funded by money raised by the business consultant, who also became a member of the working group of the municipality on development of the municipal strategy.

Oxfam has also used a comprehensive support service which offers legal, tax and book-keeping advice firstly through “Business Consult”, later renamed “Business Service” when the original director moved to a bank and the second in command took over. Their reputation has grown over time and about one third of their clients are repeat clients.

The most frequently asked questions were about the rights of inspectors, property and taking on staff. Traders from the union of entrepreneurs have been particularly concerned by the lack of clear rental agreements for stalls in the local market. Traders hold meetings in their small offices where women tend to be the more vocal, while more men seek advice. Clients have been mostly between the ages of 30 and 60.

### **3.2 Business services in Aleksin**

Oxfam has supported the establishment of an NGO run Information Consultation Centre. A group of four to five lawyers, working with support from two administrators, provides business development and legal consultations to local entrepreneurs. The NGO works with newly qualified lawyers who would otherwise struggle to get work experience.

Verbal consultations are free but full consultations have to be paid for. The work with larger enterprises subsidises work for potential and small businesses. The number of enquiries varies – at up to 19 per day, but details of the background of all these are not monitored. The Centre is building up large amounts of information gained from ministerial internet services.

A wide range of types of enquiry are received, and include help with business registration, help with tax fines etc. The latter is complicated by the frequent law changes, with new laws even created under the same name as old laws etc.

An increasing number of enquiries are coming from people in the village who want to sell their allocation of collective farm land, particularly if it is alongside the river, and hence offering an opportunity for dacha building.

---

<sup>1</sup> Information provided in the DOEN report

### **3.3 Business services in Shchekino**

A report to Doen Foundation in May 2007 states that Oxfam GB plans to continue business and legal consulting to entrepreneurs through an association of entrepreneurs that was eventually registered on 25<sup>th</sup> December 2007 after some considerable delay. These two services are strongly linked - for a subscription of 300 roubles a range of advice is available – this is the rough price of one hour’s legal advice at the commercial rate.

Consultations are carried out in offices behind a shop in the town centre, so the service is easily accessible to those in town or visiting town. Since opening, they have had up to 20 clients in one day. The service provider has been greatly helped by Oxfam’s training and support. The advice given is primarily about contracts, medical insurance, and other human resource issues, as well as start up advice.

### **3.4 Business services in Ostashkov**

“Business Partner” By May 2007 they had not only helped 16 new organisations to register but also had 32 consultations, prepared 12 court cases and represented 4 cases in the court of arbitration.

### **3.5 Business services in Vyshniy Volochek**

“Status”, a consulting firm, provides the business consultancy services. It has also provided information seminars on a range of topics including taxation, licensing, registration and etc. In order to be more accessible to local entrepreneurs, Status runs sessions through the local library branch and the Tver’ Government joint project on small business support and by May 2007 had provided 87 legal consultations.

## Appendix 4 - Entrepreneurs' Networks

### 4.1 Entrepreneurs Network in Aleksin

The union of entrepreneurs "Small Businesses of Aleksin" was formed at the time of a threat in the rise in property rental prices.

It was registered in January 2007 and by May had a membership of ten micro entrepreneurs with plans to increase this "up to seventy members by the end of this year". Within its first five months, it had established a positive dialogue with local authorities to address a range of issues, one of which is the closing of one of the town markets for reconstruction this summer. Oxfam reported that the association and the town administration "*dealt with this issue by making sure that the entrepreneurs had adequate premises for the period of reconstruction and therefore will be able to continue trading.*"

Membership has not increased however, as small businesses tend to pay their subscription only when they need advice and will come together only over a common difficulty which is threatening the very existence of their business. The association is currently being housed by the Information-Consultation Centre until it is strong enough to stand on its own feet.

Ideas for its future include:

- Website construction which would extend their accessibility to those who are unable to visit the consulting centre during working hours (Oxfam are now assisting with this).
- Development of an open forum on the website where people can raise issues that they otherwise may be worried to raise, but using nicknames here can be anonymous. This can help develop an arena for political lobbying even strikes.
- Development of an investment strategy where they could be a legal mediator and put together people who want to borrow with those who want to invest.
- Support the creation of a Technopark based on a German model where rent is free for 1<sup>st</sup> year, 30% for 2<sup>nd</sup>, 70% for 3<sup>rd</sup> and then 100% thereafter.
- Encouragement of more SMEs in the service industry – kindergartens/nannies, window cleaning services or even putting together all those involved in construction to offer a complete service for building holiday homes.

### 4.2 Entrepreneurs Network in Rybinsk

The Rybinsk "Union of Small Business Entrepreneurs" was registered as early as June 2005 as a Non-Commercial Partnership when there was an attempt to close the central market and the traders got together to fight this decision. By May 2007, it had 200 members as other issues were faced. However, in April 2008, membership had dropped to 45, all of whom were from the central market. Others had fallen away as they were not facing any acute problems. Some entrepreneurs feel it is a waste of time as nobody listens to them. But one result of their early action was to get the municipality to agree to freeze the rent at this central market for four years while other markets have seen rises.

The committee is made up of five men and two women, with an even gender balance of membership. One of the main issues they are facing is the Certification of Production required for all goods and yet this is not always available from their Cash and Carry depots or from importers. The union is involved in an active dialogue with the local authorities and on this subject got the Oblast' level person in charge of Standards and Size to speak to them. They negotiated an agreement that if 30% goods on a stall were certified then that trader would not be fined. Members told the evaluator that recently "*it felt good to be at a meeting where there were 15 civil servants and 15 small entrepreneurs*" – being treated more on an equal basis.

In April 2008, the Union opened its office, and at the time of the field visit, had just started to provide consultations to its members. For a 200 rouble per month subscription, advice will be offered about accountancy and taxation and when the Union can find a suitable part-time lawyer it will also offer advice on business regulations etc. It is preparing a seminar on selling to troublesome customers. The training and support from Oxfam has given them confidence and motivation while also helping them to raise their profile and speak out.

#### **4.3 Entrepreneurs Network in Ostashkov**

The Non-Commercial Partnership “Representatives of Registered Tax-Payers” was registered in January 2007. By May 2007, it had attracted eight members and, like the association in Aleksin, planned to increase its membership to seventy members by the end of that year.

Its goal is to advocate the interests of the small business sector in the town and it also plans to provide legal services to entrepreneurs and become a networking forum through which entrepreneurs can exchange their experience and establish business contacts. Round tables have been organised to help develop an “Association of small businesses in tourism”.

#### **4.4 Entrepreneurs Network in Shchekino**

The union of entrepreneurs had a different start here with an early attempt to form in 1999 after the local authorities tried to close down the town market and arrested a local businessman, who refused to sell the market cheaply, on small tax infringements.

The union is now supported and sponsored by a local businessman, son of the arrested entrepreneur. Their registration was long delayed and took until the end of December 2007. Since then they have recruited 78 members and they are already looking to move to larger premises. The evaluators spoke to union members who had received advice on legal issues, contracts, medical insurance etc.

The Union has made a film showing the problems of small businesses along the lines of the Rybinsk film and estimate that in Shchekino the problems they face are claimed to be 70% the same as elsewhere, and include administrative barriers and fast changing laws. There is an additional local issue concerning electricity connection for new businesses.

The union receives several letters per day. Many of these letters request donations to local causes (veteran day events, talented schoolchildren going to next stage of international competition etc), but others ask for suggestions to improve oblast’ and federal laws.

They recently held a conference to identify ways forward, and now plan to lobby to:

- End the use of cash registers for those traders who pay tax by square metre rented rather than amount of sales
- Limit the number of agencies who can run checks on businesses to four or five, rather than the current 26
- Simplify taxation at a local level.

#### **4.5 Entrepreneurs Network in Vyshniy Volochek**

No data was available on this network.

## Appendix 5 – Microcredit in Three Towns

### 5.1 Microcredit in Aleksin

As elsewhere there is increasing competition in the loan market in Aleksin. However, this branch is maintaining its position in the market place, and though client numbers have dropped the total sum of their loans has increased.

Founded as part of the Kaluga Fund and smoothly transferring over to RWMN the Aleksin branch fast reached operational sustainability while trying to retain its individual approach, even to the point of giving staff home phone numbers to clients. Their office space is pleasant and central and they visit trading points as well as keep a photo album with a short description of the work of some of their clients – one hairdresser who has managed to buy her own salon, a carpenter, traders etc.

*One of the most interesting clients from all perspectives is a Moldovan refugee, a single mother with three children. She first asked for a loan to buy a van to bring goods into her village for sale and she has now traded in the van and taken a further loan to build a shop there. This woman was refused an initial loan by the banks.*

Critical success factors are:

- the informal approach of the staff
- understanding the real needs of clients
- flexibility with the repayment terms, and restructuring loans when needed

The manager has monitored their success to date with statistics for the (almost) three year period of working with Oxfam support:

- **18** new businesses were supported with credit totalling 735,000 roubles.
- 53 million roubles have been loaned in total and the current portfolio is 12.5 million, up from 7.4 million on 14<sup>th</sup> December 2007 when they became an NDCO.
- The current number of clients is **236** of which 100 are entrepreneurs and 136 are consumer loans.
- 163 (70%) of clients are women
- In 2007 **152** enterprise loans were given with an average size of 72,000 roubles. The average length of a loan is 18 months.
- They have 99% repayment rate
- Numbers have risen and fallen due to internal changes and a changing external environment, varying from 203 clients at the start of 2006 to 390 at the start of 2007

The age range of clients is 21-65, the upper limit for those with a good credit history only. Loans are provided to people of all nationalities providing the requirements are met, and the client profile includes Azeri, Armenian and Moldovan clients. This supports evidence (e.g. in the Doen Mid Term review Report) that immigrants have a positive approach to risk and are willing and keen to start up new businesses.

Most of the enterprise loans have been for market trading purposes and there are still few tourist businesses, printers, dentist in the town and those working in building and repair tend to be in the 'grey economy'.

Informal discussions with some traders (all women) who were in receipt of RWMN loans identified that there was a high degree of trust between RWMN staff and their clients, who were happy to talk about business although few were finding the current climate an easy one.

A focus group discussion found that recipients were happy with the credit facilities but would like the maximum sum to be raised from its current amount of 350,000 to 500,000.

Focus Group participants were mostly long-term clients who had used the loans to develop their businesses, with a greater number of trading points and therefore more staff and stock. They had originally taken advantage of the reduction in interest offered to those who brought in new clients until the scheme had stopped. Participants identified how the loans had supported their business – examples included buying vehicles and re-stocking after a fire. Two clients files checked (details looked at without the names) had taken out a larger loan each time starting at 30-50,000 and going up to 130-255,000 respectively. This shows the growing confidence in the use of the service.

## 5.2 Microcredit in Shchekino

In Shchekino there were ever-decreasing numbers of clients with staff holding little hope of gaining new ones as the Moscow head office assures them will happen. However, despite the drop in the numbers of clients, the size of the portfolio has risen, as demonstrated below:

Period	Number of Clients	Size of portfolio (Roubles)
Oct. 2006	289	6,824,000
Oct. 2007	245	7,846,000
April 2008	186	9,300,000

There has always been a higher demand for consumer loans in Shchekino than for enterprise loans. However, the number of consumer loans has decreased while the number of enterprise loans remained stable.

Year	No. new Consumer Loans	No. new Enterprise Loans
March 2006	29	13
March 2007	16	13

Of the 70 enterprise loans on file at the time of the field visit three were for services, one was for production (fish) and 66 were for trade. Since becoming an NDCO, there has only been one start up loan.

Statistics gathered during the field visit found that average loan sizes had increased slightly from 2007 to 2008:

Date	Average size of loan
March 2007	126,000 Roubles
March 2008	130,000 Roubles

With average wages lower in Shchekino (7,000 roubles) even than in Aleksin (12,000 roubles) more clients and potential clients from here are from Oxfam's target group. Staff are hopeful

mostly of picking up new clients who have been turned down by the banks for reason of their profession or lack of collateral. These two factors could mean that RWMN in Shchekino may well be working with more of the poorer section of the community, the target group of the Urban Livelihoods Programme, than other branches.

This is supported by early data collected in on 1 October 2006 showing clients' financial status:

- 46 were poor
- 15 were low-income
- 26 had a reasonable income.
- 54 clients resulted from 153 enquiries between 1 July and 1 October 2006.

The decrease in client numbers was attributed to the change to becoming an NDCO. Staff in Shchekino described how they have not been able to apply any flexibility to their services since this change.

As a result, the one day turnaround, the ease of giving out and taking in money at the same place, and the absence of hidden additional payments have been lost. As a consequence, this RWMN branch is experiencing a downturn in business and losing out to old established institutions like Sberbank.

### 5.3 Micro credit in Rybinsk

In Rybinsk the RWMN staff were feeling positive, despite their difficult past with the Tver' Development Fund before changing to RWMN. They appeared to have more flexibility to fight local competition from the increasing number of banks in the town.

This branch was part of the Tver' Development Fund which closed in April 2007 with poor publicity and consequent lack of trust. The branch has no statistics available from the early period of the Tver' Development Fund but an October 2006 report in Oxfam's Moscow office details only one enterprise loan to a woman for trading. Between March 2007 and March 2008, client numbers fell here as elsewhere.

Year	Number of clients
March 2007	200
March 2008	118

A major reason for this was the loss of trust brought about because of the problems that led to the temporary closure of the Branch. Data supplied during the field visit demonstrates that numbers are no longer dropping at such a rate. Staff members attributed this to loans being offered for up to 3 years, a period of stability starting in the branch and an advertising campaign, supported by Oxfam which funded a banner, and advertisements on television and in the local newspapers to raise the profile and awareness of RWMN in Rybinsk. Staff are monitoring the advertising campaign closely.

In April 2008, there were

- 28 enquiries as a result of the newspaper advertisement, six of whom had become clients
- 20 enquiries as a result of the banner, one of whom had become a new client.

Evidence gathered during the field visit showed approximately twice the number of consumer loans are taken out, than enterprise loans. A higher percentage of men take out these consumer loans.

	Enterprise Loans	Consumer Loans
Loans to women	26	31
Loans to men	12	49
<b>All Loans</b>	<b>38</b>	<b>80</b>

Their youngest client is 23 and their oldest is 65. In all locations RWMN staff described how men tend to take out consumer loans for cars and holidays, while women's consumer loans tend to be related to family support, for example for education or dental treatment for their children.

The rise in the number of male clients may indicate a shift away from loans to the poorest people in Rybinsk. It should be noted that loans are not given to people in the rural area around Rybinsk where there is more poverty than in the town.

The adoption of NDCO status has been welcomed by RWMN staff in Rybinsk, who see the recent change as positive one. Unlike in Shchekino (where staff said they were not at liberty to change interest rates set by the Moscow head office of RWMN), the staff in Rybinsk have done their own market research, comparing bank rates throughout the town. They have chosen to undercut some of them to attract business. They have also come to an arrangement with Yarsotsbank and the NDCO covers the commission charge there rather than the client. They give preferential interest rates to clients who have good track records with RWMN. They hope that this will encourage repeat loans and build up a stable client base.

In addition, RWMN is more flexible than a major competitor, Sberbank, who are strict about their upper age lending criteria, and will not lend to women over 55 or men over 60. They will, for example, put loans onto a minimum repayment schedule if there is a genuine reason to do so. To illustrate this approach, it was adopted when a trader broke a leg and so was unable to work for a period of time. Collateral isn't required for loans up to 30,000 if the client has been in one place of work for 18 months. For higher sums a car or goods for sale are taken as collateral.

Despite this flexibility, and the clear steps to adapt to the current market, there have been no requests for business start up loans in the past year.

## Appendix 6 - Municipalities

### 6.1. Municipal Working Group

Oxfam GB and the municipalities organised a working group in each municipality, consisting of municipal managers and active entrepreneurs. The working groups were designed as the seed-beds for small business development in each town. They offer a basis for local dialogue between the administrations, the business community and civil society organisations.

There was an expectation that their members would:

- participate in Oxfam GB's activities and training events including the Inter-Regional workshops;
- coordinate locally with Oxfam GB, MF partners and contractors (business and legal services);
- co-ordinate with associations of entrepreneurs and individual entrepreneurs, and organise Urban Forums in their towns.

Each working group would benefit from the services of an OST-Euro consultant.  
(Consultancy Support to the Municipalities)

### 6.2. Inter-regional Workshops:

Between February 2006 and October 2007, Oxfam held a series of 5 inter-regional workshops, aimed at the members of the Municipal Working Groups. Their purpose was to provide an information forum for developing the IBPP programme training. Oxfam reports to funders [February 2007] that the work [of the Working Groups]

*"is organised as a set of interregional workshops that gather the five municipal working groups regularly together to obtain knowledge and skills on economic planning, participatory methods, monitoring and evaluation, management information systems and other aspects described in the IBPP project. In addition these workshops serve as a platform for exchange of experience between municipal managers and entrepreneurs, and a mechanism to monitor the project progress. They also include discussion of policy issues affecting small business, since regional and federal government representatives participate in the workshops as well. "*

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

Participants included:

- municipal managers
- active entrepreneurs from the five pilot town invited to give presentations as appropriate
- representatives of regional government

External speakers were invited as appropriate to the Conference sessions and many of the sessions were run by consultants.

Themes covered at the series of workshops included:

- information about the IBPP project
- small business development at federal, regional and municipal levels
- participatory approach and social partnership in the process of municipal strategic planning
- training in monitoring and evaluation

- public utilities and housing reform, and opportunities for small business development
- development of small business support municipal programmes
- urban forums as a mechanism to develop a dialogue between municipal governments, the business community and civil society organisations

Oxfam data describes how participants appreciated the opportunity to meet colleagues engaged with similar activities, to exchange experiences and to gain practical knowledge and skills.

### **6.3. Business Infrastructure Projects**

These were designed for practical cooperation between municipalities and small businesses and were supported through the Urban Livelihoods Programme. One project was selected for each town, apart from Aleksin which had two. The projects are described below.

#### **Rybinsk – “Business and Us”:**

This project was to make a film about small business in the town, in order to create favourable conditions for entrepreneurship and encourage young people in particular to be involved in entrepreneurship activities. The film was made by the Vikulin-studio and took 9 months to produce. It was launched in a showing to all those involved who were given a certificate at the celebration. The mayor has watched it twice and written a speech based on its findings.

While the municipality had aims for this to be a promotional film for the town, it has also stuck hard to reality, showing both opinions of people on the street and entrepreneurs. It aimed to raise the status of small business, to show the public that it is a real possibility for everyone but also that it is hard work, getting up early etc and not just a fast route to easy wealth.

Oxfam reports that over 1000 people have seen the film. It has mostly been given to schools, further education institutions and libraries. The evaluation of the film by 46 schoolchildren was that on the whole it was useful (27), learning how many small businesses there are locally, how they started up and even that it is possible for a business to grow without huge financial resources if you have the initial capital, talent and luck. There were also comments about the style and sound quality of the film and that it went on too long. For some it raised the interest to visit a small business.

When 27 local entrepreneurs watched the film they had more comments: wanting more detail on the difficulties of starting up – even showing those who started and failed; requesting interviews with clients too etc. and for it to be shown to a wider public. They wanted more discussion afterwards and further seminars, even on a quarterly basis on taxation, credit, hiring staff, business planning etc.

This idea of a film has been copied by the union of entrepreneurs in Shchekino – even using some of the shots and interviews of this film.

A website is also part of this project but as yet the practicalities have not been fully decided. They want consultants from the other 4 pilot sites to be involved.

#### **Aleksin – Project 1: Development of a Business Centre for Entrepreneurs,**

This project, “The Municipal Fund for Local Development” aims to create favourable conditions for the business sector in the town by providing office space, business, training, legal and informational services to entrepreneurs.

On the second floor of a central building it has three small offices, one housing a computer with internet connection for entrepreneurs to use, and a large hall for training sessions. It aims to bring together all business interests in the region – small, medium and large and are developing a website for all of these along with general information about the region, a labour exchange, real estate, health and other useful information. It is new and currently being

developed - i.e. the RWMN micro-credit organisation doesn't yet get a mention in the credit giving institutions.

The Business Centre is run by a coordinating committee made up of local entrepreneurs and officials and chaired by the regional governor. They are best known for giving start-up loans but also give legal and accountancy advice with training seminars on dealing with the tax situation being the most popular. They charge as little as 2-300 roubles for training and still struggle to get the numbers – people either have no time or think they know it all already or are hard to convince that sometimes knowledge is worth more than money..

They have produced a useful booklet on starting up your own business as many people coming initially for a loan have no real business plan. The booklet is comprehensive, looking at the advantages and various forms of small business, sources of financing, marketing, a business plan, risks and insurance and at the end a list of relevant organisations and their contact details. The pictures though are 90% male characters.

**Aleksin – Project 2: Development of entrepreneurship among young people** Through a school company 'Scarlet Flower' in school No.11 working in partnership with the town department for education, this project provides children with an opportunity to learn about entrepreneurship through practical activities such as production and promotion of handicrafts produced by children themselves.

A long-term culture change introducing to teenagers not only business principles in theory but also the chance to work out a business plan, organise a company and take up various positions in it and pay a contribution towards its set-up. The group of schoolchildren are then involved in production (of cushions, table decorations, oven gloves, birch bark jewellery etc.) marketing and sharing of the dividends. One of their maths teachers has noted that some of those who struggle with theoretical maths have shown greater ability when working out percentages and profit.

"Scarlet Flower" the first company in this school, has produced some bright, accessible literature on how to start up a business and have been out training in other schools in nearby towns and villages. Having won the prize as best school company of the oblast' (there are now about 70) they were even chosen to take part in an exhibition in Austria and have also been shown on TV twice.

Considerable enthusiasm seems to have been engendered by this project both within the three single-sex groups of schoolchildren from different years but also from their parents showing interest in learning business principles. The training has been broader than just business skills, including also life career planning and presentation skills so aiming not just to increase their amount of pocket money but also to give greater belief in themselves and preparedness for life after school.

The head teacher is keen to develop this side of the school's development. So, the combination of Oxfam providing equipment and a particularly talented arts and crafts teacher with an eye for the market providing her skills a relatively small investment has produced massive and long-term impact for the children, the parents, other schools and the locality.

### **Shchekino - Creation of a business training centre for young people:**

Secondary school No.1 is one of 15 schools in town and is 75 years old. The head is a great-grandmother and yet it is progressive school and successful not only with this project but also in securing its second million rouble award from the President's programme. This project ran a course on entrepreneurial skills, and so aimed to encourage young people to become entrepreneurs. The course covered a full range of subjects – economics of

business, risks, legal matters, IT, ethics and psychology of business. Attendance was high although some classes like “Business English” had less appeal.

After sending round a questionnaire to parents and children asking their opinion of local enterprise and what they would like to attempt in that field, they interviewed 150 applicants. Sixty children (32 girls and 28 boys) were chosen, in the last couple of years of schooling, and were trained for 100 hours, often having to stay late in the evenings. Only one child dropped out and that was early on so was replaced by another. Many of them came from “social group No 2” (low income?), 40% were from the region, 50% from School No.1 and 10% from other town schools. An advanced class was lead by a local entrepreneur and participants were offered work with local enterprises over the summer. At the end of the course they all made presentations of their business plans to a conference.

As a result almost half (14) of the first group of school leavers have gone on to further education in business studies while a couple have started up their own business. These were family businesses (café and honey manufacturing) but they have used the boys’ business plans to help with expansion and ideas. Other participants who are continuing their education wanted to look into their own real estate or counselling businesses.

Within the school itself three companies have been formed – a folklore ensemble giving some paid concerts, “Annushka Atelier” sewing national costumes and doing alterations and a children’s film-making company. Encouraged by the success they are keen to become a Business Lycee giving practical business education in modules with younger groups. They would like to broaden the training with more marketing and personal profiling of children. They are even thinking of holding business classes for parents.

A group of teachers offer schoolchildren private lessons towards the state exam of which a percentage goes towards school refurbishment etc which while commendable for its entrepreneurial effort is concerning for Oxfam’s pro-poor policy. In addition the 8 computers bought for the project were at the time of the visit being used only by the boys of that class as they will be “the heads of households” while the girls were learning to use sewing machines “to help them keep house”.

**Ostashkov - Creation of information centre for tourism industry development.** This project is run by the Association of the tourism organisations of Seliger Lake and project aims to promote the tourism industry in the town by creating an information centre to attract tourists with stalls for selling local arts, crafts and produce, and assist local entrepreneurs to improve their services to tourists.

**Vishniy Volochek - Creation of the exhibition centre for tourism industry development.** This was planned as an open space exhibition centre to attract tourists and town citizens and to provide informational services local small business involved in tourism sector. The outputs from this project include the development of a database of premises and sites available for small businesses, and a guide on sightseeing places in the town.

## **Appendix 7 Business Trends in each Pilot Town**

### **Business Trends in each town:**

**Ostashkov** – has a tendency to increase the number of employees:

In 2005 66% businesses were sole traders; 24% had 2 employees; 10% had 3+ employees

In 2006 58% were sole traders; 21% had 2 employees;

the percentage of those with 3+ employees had doubled to 21%.

**Vyshniy Volochek** - has a tendency to increase the number of employees.

In 2005 65% businesses were sole traders; 24% had 2 employees; 11% had 3+ employees

In 2006 60% were sole traders; 17% had 2 employees

the percentage of those with 3+ employees had doubled to 21%.

Entrepreneurs here are particularly optimistic with 21% planning to take on one or more employees. The average number of employees in a small business here began as 2 and has increased to 3.

**Aleksin** – over the same period the percentages had changed less:

The number of sole traders has dropped from 66% to 61%.

Those with 2 employees has stayed virtually the same 23% to 25%

those with 3 or more employees has risen from 11% to 14%.

94% small businesses have no plans to take on more staff.

**Shchekino** – shows the fewest signs of expansion in this same period with:

81% originally being sole traders and rising to 83% in Dec 2006.

Businesses with 2 or more staff has dropped from 19% to 17%.

89% of small businesses have no aims to take on more staff.

**Rybinsk** – the number of businesses with one worker only had increased from 74% to 84% of the total and commensurately those with 2 or more workers had decreased from 26% to 16%.

Only 12% entrepreneurs even plan to take on more staff leaving 88% not planning any expansion.

## Appendix 8 - Training for Start-Ups.

Contact person: Irina Vikulina, local trainer (workshop “Start your own business”)  
Irina and her husband Yury conducted trainings “Start your own business” funded by Oxfam.  
The workshop data can be briefly summarised as follows:

Table 1<sup>2</sup>.

Location	Dates	Target group			
		Professional affiliation	Gender		Age
			women	men	
Aleksin	December 3 - 7, 2007	The unemployed	6	-	42 - 56
Shchekino	June 25 - 29, 2007	The unemployed	6	-	20 - 35
	November 15 - 19, 2007	The unemployed	7	-	20 - 35
Rybinsk	December 4 – 8, 2006	The unemployed	5	1	35 - 52
	August 14 – 18, 2006	The unemployed	6	4	20 - 50
	February 26 – March 2, 2007	The unemployed	7	2	19 - 53
Ostashkov	November 13 – 17, 2006	The unemployed	5	2	21 - 45
	May 14 – 18, 2007	The unemployed	3	2	27 - 58
	May 15 – 19, 2006	The unemployed	6	1	20 - 45
Vyshniy Volochek	April 24 – 28, 2006	The unemployed	6	5	25 - 57
	November 7 - 11, 2006	Graduate school students <sup>3</sup>	10	2	16 - 17
	January 22 - 26, 2007	Graduate students of financial college	21	2	17 – 20, 1 man was 61 y.o.
	August 27 - 31, 2007	The unemployed	8	1	20 - 54

Total number of participants: 118

Women: 96 (81%) Men: 22 (19%)

Irina: “Students were highly motivated to participate in our trainings – unlike the unemployed: one could feel that they were simply “sent” there by the Employment centre”.

**Responses<sup>4</sup>:** Participants were asked to evaluate the workshops along the following lines:  
1. What they liked most; 2. What they did not like; 3. What surprised them; 4. What they would like to improve.

<sup>2</sup> The data is given in accordance with “Vikulina studio” reports submitted to Oxfam after each workshop. Copies of those reports were kindly made available to the evaluation team by Irina Vikulina.

<sup>3</sup> The local library director asked Oxfam and trainers to organise two additional workshops for college and school students in Vyshniy Volochek. Those workshops were held on January 22 – 26, 2007 and November 7 – 11, 2006 respectively as they were initially timed to school and college vacations.

[Dated by August 17, 2006]

1. "The process development through networking enhances our capacities".
- 1 + 3: "It was great that there were so many remarkable people among us; it's a wonderful life, full of surprises!"
4. "The advertisement of such courses should be broader, brighter and louder! All my doubts and threats turned to be new opportunities!"

[Dated by June 25 and August 16, 2006]

1. "New information, real life examples, concrete answers to our questions"
2. "The employment centre did not provide us with any information about this workshop"; "Too much time spent [on the workshop]"
4. "The organisational information should be totally available for all potential participants!!!"
4. "To prolong the workshop for at least one more week and organise follow-up trainings on how to apply skills learned at the workshop".

[Dated by May 15 and 19, 2006]

1. "Competence of the trainers, all information was well-presented and pretty comprehensible".

[Dated by August 17, 2006]

1. "I could not even imagine that my eyes could be so widely open; it's like I've got a strong brain boost!"

[Dated by August 30, 2007]

1. "My family members are now studying together with me but this time I perform as a teacher! I hope, well, I am almost sure that I will use all lessons and skills learned at the workshop".

[Dated by May 18]

4. "If possible, to acknowledge sponsor's contribution!!!"
3. "Lack of working capital".

[Dated by August 16, 2006]

1. "I got all the necessary information about taxes".
3. "Why have we paid that little?!"<sup>5</sup>

[Dated by December 7, 2007]

4. "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".

[Dated by August 17, 2006]

1. "Discussion with the representative of consulting company"<sup>6</sup>
3. "I was a little bit embarrassed when we had to take a test to get our certificates".
4. "It would be nice to meet all together sometime and discuss our achievements – either in person or at least by phone – may be, in a year?"

[Dated by August 31, 2007] 1. "I was virtually made to revise my opinion on my abilities".

---

<sup>4</sup> People's evaluations were kindly made available to the evaluation team by Irina Vikulina.

<sup>5</sup> According to Irina, Rybinsk employment centre once charged participants 100 roubles per person for their participation in the workshop.

<sup>6</sup> I.e., "Business Consult" which was Oxfam's partner organisation in Rybinsk.

## Appendix 9 – Administrative Barriers: Summary of key issues

### Administrative Barriers Surveys

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. 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 5 towns, distributed as follows:

- Rybinsk: 97
- Aleksin: 92
- Shchekino: 88
- Ostashkov: 88
- Vyshniy Volochek: 84.

Key findings include:

- the range of inspection agencies seem to be the main impediments to potential entrepreneurs and can even be a barrier to any attempts to start a new business
- this is linked to the high level of bureaucratisation of regulatory agencies, and the duplication of their functions
- the complexity of the Russian legal and regulatory system for small business enables state agencies to identify many mistakes made by new entrepreneurs, and then to fine them. A strong perception was expressed that this may be done to extort money.
- The informal nature of communication between small businesses and the legal “regulatory agencies” in small towns can cause and maintain administrative barriers (i.e. it is sometimes cheaper and quicker to pay a bribe than check your legal position).
- The report suggests that one of the main sources of administrative barriers is people’s business illiteracy. Small business owners are disadvantaged by the lack of legal and financial information, for example regarding how to respond to the demands of regulatory agencies.

The survey found that 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 main solutions which this survey points to are:

- Better information, about business literacy, and practical skills and knowledge for running a small business – i.e. business consultancy services
- Improved dialogue – and collective dialogue – between small business owners and authorities . Since so many small businesses are single person operations, this is particularly important.

Findings specific to each town:

In **Vyshniy Volochek** 90% of respondents prefer not to apply to consulting organisations: 42,1% of entrepreneurs don't believe in the organisations' capacity to solve problems connected with administrative / controlling bodies while 15,8% of entrepreneurs "know that such organisations exist but don't have any clue about concrete activities". However, those who ever applied to consulting services reported that those organisations had fully or at least partially helped them to solve their problems. 63,1% of entrepreneurs in Vyshniy Volochek don't participate in educational events mainly due to the lack of information about those events. However, 42,4% of entrepreneurs believe that educational / training events can fully or at least partially help them to solve problems caused by administrative barriers. 32% of entrepreneurs are not interested in attending educational events.

In **Ostashkov** 86% of respondents prefer solving their problems without any help from consulting companies. 53,9% of entrepreneurs believe that such organisations can't solve problems connected with administrative barriers while 21,1% of entrepreneurs reported that there were no local consulting organisations in Ostashkov capable of solving that set of problems. 50% of entrepreneurs don't participate in educational events mainly due to the lack of information about those events. 12,5% of entrepreneurs rather rarely attend these events lacking time and money. 31% of entrepreneurs are not interested in attending educational events.

In **Aleksin** 89% of respondents prefer not to apply to consulting organisations. 51,2% of entrepreneurs don't believe in the organisations' capacity to solve problems connected with administrative / controlling bodies. However, those who ever applied to consulting services reported that those organisations had fully or at least partially helped them to solve their problems. 54,3% of entrepreneurs don't participate in educational events mainly due to the lack of information about those events. 18,5% of entrepreneurs rather rarely attend these events lacking time and money. 51% of entrepreneurs are not interested in attending educational events.

In **Shchekino** 93% of respondents prefer not to apply to consulting organisations. 35,8% of entrepreneurs believe that such organisations can't solve problems connected with administrative barriers. 75% of entrepreneurs don't attend educational events mainly due to the lack of information about those events. 63% of entrepreneurs are not interested in services provided by consulting companies; 59% of entrepreneurs are not interested in the educational events. However, 18% of entrepreneurs would like to receive information about those events but at the moment they don't know where to get it.

In **Rybinsk** 77% of respondents don't apply to consulting organisations. However, 15% of entrepreneurs have applied for legal services and have been fully helped. 20% of entrepreneurs don't have problems in communication with authorities. 45,4% of entrepreneurs don't participate in educational events mainly due to the lack of information about those events. 13,4% of entrepreneurs rather rarely attend these events lacking time and money. 33% of entrepreneurs are not interested in services provided by consulting companies; 39% of entrepreneurs are not interested in the educational events. However, 21% of entrepreneurs would like to receive information about those events but at the moment they don't know where to get it.

## Appendix 10 – The Consultancy

**Rowan Associates** is a consultancy practice that draws on the skills and expertise of freelance professionals, to meet the specific needs of each client. We work with client organisations to

- bring an external and independent perspective
- use a solid evidence base to identify & share good practice

We are committed to making the links between policy and practice, and so supporting organisations to work effectively. We have been commended for our clarity and solutions based approach. Rowan Associates will use the following team to undertake this evaluation

The consultants for this evaluation are:

**Megan Bick** has over 20 years experience of working in the Soviet Union/Russia. This gives her a good historical perspective on the various processes of transition. She is a fluent Russian speaker.

She was the programme director for the Know How Fund's Enterprise Training Initiative II and has considerable experience of working with local government on health and welfare issues as well as extensive experience of working in Civil Society and Third Sector organisations in the former Soviet Union.

Megan is an experienced evaluator, who specialises in collecting qualitative data from beneficiaries. Her experience includes:

- The mid-term evaluation of the TACIS Lien programme,
- The impact assessment of DfID's Partnerships in the Non Profit Sector,
- The summative evaluation of the Joint Programmes between the European Union, the Council of Europe and Russia/Ukraine
- Many of Article 19's project evaluations in Ukraine.

**Lori Streich** has over 25 years experience of work with civil society organisations in the UK. She has been working as a freelance consultant since 1996. She has developed, delivered and managed services – both front line and infrastructure provision. She is a Board Member of a large social enterprise in Bristol.

Lori has designed and carried out complex research and evaluation projects, with a focus on qualitative measures, and enabling ongoing self evaluation. She is skilled at making sense of information, and at identifying practical applications of this information within shifting complex policy agendas. Lori is an award winning community journalist, and has a track record in producing clear and accessible reports.

**Angela Dale** is a qualified researcher and evaluator and a full member of the Market Research Society. Angela specialises in evaluation research on employment and enterprise initiatives, using the project cycle management approach to evaluation. Angela has a particular focus on, and interest in, SME development. Relevant experience includes:

- 12 years as Executive Director of New Working Woman (NWW), a company specialising in women's enterprise development.
- Designing a project aimed at increasing women's employability and the development of SMEs in Russia, funded by the EU
- Leading in the development of the Russian Women Entrepreneurs Development Project: working with NGOs involved in women's SME development and developing a common strategy for women's NGOs in Russia
- Working in Vladivostok for 6 months, developing the University's capacity to train entrepreneurs in the skills required to run a small business, including marketing, financial management and personnel management. This project was funded by DfID.
- Developing and delivering a training course on gender and SME development aimed at trainers of women entrepreneurs and business counsellors working with women's businesses in Zimbabwe and in Mozambique
- Numerous evaluations, including evaluating the impact of BMBA, a London-based organisations specialising in supporting black and minority ethnic people into self-employment.

© Oxfam GB 2008

First published online by Oxfam GB in 2010.

This document is part of a collection of programme evaluations available from Oxfam GB in accordance with its evaluation policy.

This document was originally written for internal accountability and learning purposes, rather than for external publication. The information included was correct to the evaluator's best knowledge at the date the evaluation took place. The views expressed in this report are those of the author(s) and do not necessarily reflect Oxfam's views.

The text may be used free of charge for the purposes of advocacy, campaigning, education, and research, provided that the source is acknowledged in full. The copyright holder requests that all such use be registered with them for impact assessment purposes. For copying in any other circumstances, or for reuse in other publications, or for translation or adaptation, permission must be secured and a fee may be charged. Email [publish@oxfam.org.uk](mailto:publish@oxfam.org.uk)

For further information on the issues raised in this document email [phd@oxfam.org.uk](mailto:phd@oxfam.org.uk)

Oxfam is a registered charity in England and Wales (no 202918) and Scotland (SC 039042). Oxfam GB is a member of Oxfam International.

**[www.oxfam.org.uk](http://www.oxfam.org.uk)**