

## Russia

### Sakhalin Regional Microcredit Program



Since 1999 ACDI/VOCA has been helping Russian small business owners gain a foothold in the financial world. Through its over \$7 million USAID-funded Sakhalin Regional Microcredit Program (SRMP), ACDI/VOCA established the Sakhalin Small Enterprise Development Fund (SSEDF), a microfinance institution, and the Sakhalin Small Business Credit Society (SSBCS), a specialized consumer cooperative.

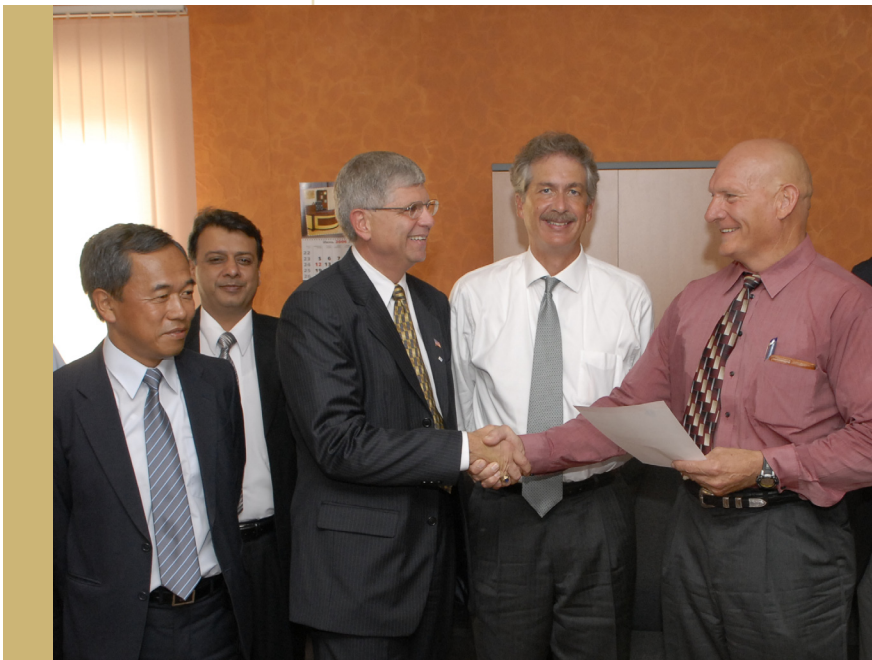
SSEDF and SSBCS deliver much-needed credit in the form of business development loans for start-up and young businesses and collateralized loans of up to \$120,000 to micro- and small-scale entrepreneurs who are unable to access credit through commercial banks, government agencies or other private programs. The program has been particularly successful in reaching out to women, who are usually neglected by local credit institutions but who constitute more than 70 percent of SSEDF's clients.

Since its inception, and with the financial support of a national and international consortium of oil

**Sakhalin clients have received over 9,500 loans, totaling over \$35 million.**

and gas companies operating in Sakhalin, ACDI/VOCA has established a network of branch offices in northern and southern Sakhalin. ACDI/VOCA's program draws upon individual and peer-lending methodologies to mitigate the socioeconomic impacts of uneven development in oil-rich areas. The Sakhalin project offers entrepreneurs and employees of small businesses opportunities to participate in regional economic development by providing necessary financial and nonfinancial services to expand their enterprises. ACDI/VOCA also provides essential training and consulting to program clients and start-up entrepreneurs. In addition to entrepreneur training, four commercial banks have received direct training for their credit personnel and staff in credit analysis and loan development. Trainings are held in accounting, management and credit to ensure that microcredit institutions provide efficient and transparent loans and competitive credit products.

The most significant impact made by the program has been to serve as a model of SME credit to local commercial banks. The program demonstrates to the local commercial banking community that SME loans are very good business, because they provide an avenue for invest-



# Project Profile

ment into the local community and allow banks to build name recognition within a growing client base. Commercial banks have begun SME lending, which is creating a healthy financial competitive environment among lenders that is all to the advantage of small business owners.

To date, about 9,500 loans have been disbursed to 2,140 Sakhalin clients totaling \$35,223,702. It is projected that the program will be directly responsible for creating and/or sustaining over 9,750 jobs in Sakhalin by 2008.

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