Business Development Services in Russia
New Business Development Program
Case Study, Rio, March 1999

TABLE OF CONTENTS

1.0 The Context and Approach
2.0 The Services
3.0 Outreach and Markets
4.0 Impact
5.0 Institutional Issues
6.0 Financial Sustainability
7.0 Summary and Conclusions

Appendices:
Appendix 1: Post-Donor Assistance – What is Left Behind
Appendix 2: Initial Structure of a Business Support Center
1.0 The Context and Approach

Introduction

The case study examines the New Business Development Program (NBDP), established by USAID in 1993. USAID funded the project for 3.5 years until March 1997. The case study highlights and illustrates the salient issues involved in the establishment of business centers and the delivery of business development services on a financially sustainable basis. When the USAID assistance ended in March of 1997 eight BSCs and their “umbrella” organization - the Business Support Centers Foundation (BSCF) continued their activities on self-sustainable basis. The paper highlights some of the challenges encountered in the transition and what is currently left behind.

The USAID Project

The project was funded by USAID and implemented by Deloitte Touche Tohmatsu. The project established eight Business Support Centers (BSCs) in St. Petersburg, Smolensk, Zelenograd, Voronezh, Yekaterinburg, Tomsk, Novosibirsk, and Vladivostok. BSCs provided direct assistance to enterprises, and designed and implemented an integrated program of support to build business infrastructure and improve the environment for small business in Russia’s regions.

Primary Goal and Objectives

The primary goal of NBDP was to assist the emerging new business sector in Russia. Because of the vast nature of the difficulties that faced entrepreneurs, USAID and Deloitte Touche Tohmatsu chose to address the problem on two levels:

- To provide direct assistance to Russian small businesses, and
- To support the development of business infrastructure, business support organizations, and improve the environment for small business

Providing direct assistance to enterprises -- helping them grow and prosper -- was a vital part of demonstrating the potential of private business in the local market and a measure to ensure immediate impact. Successful new businesses demanded a better business infrastructure and business support organizations. The NBDP’s efforts to build government support for entrepreneurship, strengthen business associations, and spread the availability of practical training, were strengthened and shaped by a strong, emerging private business constituency.

Business Support Centers

Under the USAID project, the Business Support Centers (BSCs), were the primary vehicles through which the NBDP was to meet its goals and objectives. The job of the BSCs was to transfer resources and knowledge, and to build economically self-sustaining local business support organizations and businesses that would survive the life of the project. Self-sustainability and “future” life of BSCs were not issues of primary concern at that point. Broader systemic impact of their activities was the most important.

Located in geographically diverse regions throughout Russia that were each facing a distinct set of restructuring challenges, the BSCs were viewed as “laboratories” where relevant solutions could be developed to address particular problems in a region, as well as approaches that could be applied nationally. The size and activities of the BSCs varied with location and local business conditions. The BSCs recruited program consultants to implement the project’s key activities.

The BSCs also provided a point of focus for USAID private sector development efforts, and acted as a liaison with other organizations. Coordination among business support organizations, training institutions, etc., was considered critical to leveraging project resources and developing a limited number of high-impact programs. The BSCs generated proposals for specific regional activities based on the local situation, and request the short-term technical assistance needed to implement activities.
**Contract Management Unit (CMU)**

The CMU was responsible for the selection of BSC sites and assistance in the preparation of work plans for each BSC. Technical assistance and professional support was rendered to the sites through the CMU, which developed the tools necessary for implementation of initiatives, new approaches and product development. The unit was fully responsible for coordinating with USAID on reporting obligations as well as conducting periodic internal evaluations. The CMU coordinated the flow of money to and from the regions and the processing of project related documents. The CMU consisted of a resource manager for each of the program areas, whose job was to manage funding, coordinate program activities among the BSCs, and locate resources to carry out BSC-based programs.

**2.0 The Services**

As mentioned above, the NBDP worked directly with enterprises and supported the development of a strong business infrastructure. It was found that direct assistance to entrepreneurs, facilitation of positive changes in business environment, assistance in institution capacity building were interdependent and mutually reinforcing activities. In this section we describe both of the services offered to build infrastructure, and to enterprises directly.

**2.1 Program Activities to Build Infrastructure**

As discussed above, all the project’s program activities contributed to the development of infrastructure in the BSCs’ eight regions. Key program activities in this area included: Business-Government Relations; Training; Liaison; Business Information and Research and Policy Development, each discussed below.

**Business-Government Relations**

The NBDP used a variety of tools to build effective business-government relationships and to facilitate changes in business environment favorable for entrepreneurs to establish and grow. Faced by a recalcitrant bureaucracy skeptical of the benefit of private business and trained to control private initiative, project consultants designed a participant training program in the U.S. that was used to illustrate first-hand the benefits of public-private partnerships for small business development. Both before and after the training in the U.S., the project brought Western consultants to BSC sites to work with local officials. Special training programs were provided for business association representatives to educate new Russian association members on the workings of U.S. trade and professional associations. Participant training had a significant positive effect on local government support for the BSCs’ efforts at several sites and for private sector development in general.

In addition to training, the NBDP organized joint initiatives with the local administration in each BSC site. These included:

- SME development round table meetings and fora
- Assistance in local economic development programs design
- Regional development/investment promotion committees and activities
- Retraining schemes
- Business-government symposia
- Establishment of entrepreneurs’ advisory boards/councils for local authorities
- Sister City programs

These activities helped to raise awareness of local officials of small business importance for economic development, provide them with knowledge and skills necessary for SME support programs design and management and built a level of trust with the local administration that was key to the success.

**Developing Local Training Infrastructure**

A goal of the project was to ensure that practical business training was available in the local market. A major activity for each BSC was to strengthen the capacity of local training providers to provide practical, skills-
based short courses to new business owners and entrepreneurs. The emphasis was placed on strategic partners that had competitive advantage in delivering this type of assistance and the institutional commitment to developing training as a service line.

BSC training consultants, assisted by their Moscow counterparts provided assistance to these strategic partners through:

- Curriculum development assistance
- Assistance in locating and obtaining existing materials
- Training of trainers
- Participant training
- Co-funding of training activities
- Launching and sustaining fee-based training programs.

Twelve strategic training partners received assistance at the BSC sites, including the Higher Technical University in Vladivostok, the Agricultural University in Voronezh, and the Open University of the UK in Smolensk and Novosibirsk. In Zelenograd, the BSC co-located with the Moscow College of Business Administration. The project also provided start-up financing and assistance to the Morozov project, a national business training program with over 60 business training centers across Russia.

The participant training programs in the U.S. gave Russian local officials and entrepreneurs first-hand experience of productive working relationships between business and government. As well, participant training generated demand for follow-on training. BSCs in most regions combined successful participant training with relevant in-country training. Over 3,000 Russian trainers were trained to deliver business practical skills-based business courses using Western training methods.

**Liaison Component**

Liaison consultants worked to increase the impact of business development institutions and NGOs in a host of ways, such as:

- Establishing effective communication with other programs to learn what is working and avoid duplication, particularly with the CDC, CCI, and Eurasia Foundation
- Significantly increasing the funding of NGO activities
- Increasing funding to Russian NGOs
- Leveraging resources from existing NGOs and U.S. Government agencies, such as the Peace Corps and Center for Civic Initiatives program
- Emphasizing agreements with other technical assistance providers; targeting non-AID sources of funding, such as the Ford Foundation;
- Increasing use of low cost resources to reduce the project costs
- Using flexible funding to support innovative program initiatives.

**Business Information and Research and Policy Development**

Over the course of the project, efforts to provide local businesses with practical business information and services changed. In its early stages, the project emphasized developing information providers who, in partnership with the NBDP, would promote the development of the business information services market in the local sites. Over time, it became apparent that this was happening without project assistance, and so the project did not need to be a catalyst in this area. The project then shifted to disseminating existing business information as widely as possible, and to offering information services to BSC clients.

The typical information services offered to clients by BSCs include:

- Business and Trade Information Libraries
- Trade and Other Client Databases
• Internet Services and Partner Search

Over the course of the project, a Moscow-based Research and Policy team conducted approximately 10 research studies on small business and private sector development issues, including:

• How the Russian Entrepreneur Operates
• The Recruitment Service Market in Russia
• Regional Information Market
• Market Research in the Urals Region

As the project evolved, this project component also evolved and changed. The initial impact of this activity was low due to lack of clarity in the objectives of the program, poor distribution of research, and the lack of an active federal counterpart in the first year of the project. With the creation of the Business Collaboration Center in 1996, the research and policy component gained a key partner, through which materials and publications were disseminated to policymakers, entrepreneurs, and the technical assistance community.

2.2 Direct Assistance to Entrepreneurs

Each BSC, assisted by their Moscow counterparts, used a variety of resources and tools to support direct assistance to enterprises in ways that were most relevant to the circumstances at each site. Our experience with different aspects of direct assistance to enterprises is discussed below.

Enterprise Services

The NBDP’s direct assistance to enterprises focused on enhancing their ability to attract and manage capital. The goal of this assistance was to offer a menu of services that made sense in the particular region, and to build the capacity of the BSC and strategic partners to deliver this assistance on a self-sustaining basis. Although the menu of services offered differed across BSCs, core services included:

• Business planning
• Financial management and analysis
• Marketing and sales strategy
• Legal and regulatory compliance
• Trade and export development
• Business registration and start-up.

Supported by a Enterprise Services manager in Moscow, each BSC developed a strategy to train staff and launch direct enterprise services, delivered by a mix of their own staff, local experts who spent a day or two a week at the center, and volunteers placed through the MBA Enterprise Corps or Citizens Democracy Corps.

The NBDP also developed a series of handbooks and short courses to support BSC consultants. These products include:

• Business planning workbook and courses
• Financial management for small business
• Marketing workbook
• Tax minimization workbooks
• Customs and exporting workbooks.

Business Links

Business Links was not a distinct project component at the outset. As local project activities and operations developed, the BSCs recognized the need to develop relationships and partnerships between businesses to leverage the potential for new business growth. The project eventually defined a specific component in this area, assigned a program manager, and developed a project-wide approach. This area has tremendous potential in the Russian context, as the lack of horizontal links between Russia’s regions, and the absence of a transparent business networking and promotion tradition means that many opportunities remain unexplored.
Initially, BSCs offered trade information and partner search services to new entrepreneurs. BSC consultants advised their clients of potential trade partners and how to approach a foreign or regional partner. Later, several BSCs organized partner search events or exhibitions, where local firms were matched with regional and international companies in the same industry subsector.

In their drive for financial sustainability, BSCs also developed value added services for interested Western and international companies.

Business Links services offered by BSC consultants to local and international clients included:

- Consulting Services
- Trade and Export Information Services
- Technology Licensing Links
- Partner Search
- WWW Design
- Brokerage Services
- Trade Shows and Exhibitions
- Recruitment and Staff Training
- Internet Market Research

One of the distinctive features of Business Links services is the cross-cutting nature of the services offered. Each area of the BSC had a role to play in serving Russian and Western clients with these services.

**Financial Linkages**

From the project’s start, it was evident that the lack of access to a small business credit facility within the NBDP was going to be a major challenge to achieving business development at BSC sites. In response to that challenge, the NBDP designed a financial linkages program to partner Russian SMEs with sources of finance and investment. This assistance involved four main thrusts:

- Staff training for BSC consultants on linking projects to sources of finance
- Increasing the availability of information on sources of finance and investment and formal and informal application procedures
- Support for the development of alternative SME financing schemes, such as credit unions, microenterprise lending, and leasing
- Expansion of existing SME financing schemes through complementary technical assistance.

Coordinated by a manager resident in Moscow, each BSC was coached on linking its clients to sources of finance. The Moscow manager developed relationships with key investment funds, banks, and SME lending programs; distributed information of fund activity through the BSC network; and monitored the investment projects and loan applications submitted by BSCs to these institutions. As a result of these interventions, the BSCs’ ability to link their clients to finance was greatly enhanced.

**Local Training**

Across the BSC network, short, practical, skills-based courses and seminars were developed to meet the needs of local enterprises. Concurrent with the grass roots strategy of the project, each BSC developed local training to meet particular local needs. Courses and seminars ranged from practical business skills to legal and regulatory compliance to export and international trade. Over time, the best of these local level courses were refined and distributed throughout the network. These curricula include:

- Business Planning
- Sales and Customer Service
- Customs Regulation
- Personnel Management
- Financial Management
- Merchandising
- Marketing for SMEs
Over the course of time training needs of SMEs evolved considerably. In response awareness and general training courses were substituted by more specialized skills-based practical training for entrepreneurs in a variety of issues that were treated in depth by qualified trainers.

Each BSC took a different approach to organizing local training. For example, in Novosibirsk and Zelenograd local training was organized through strategic partners, who tailored curriculum to the needs of BSC clients. In Voronezh the BSC used a large network of independent local consultants who, with the assistance of the BSC training consultant developed curricula and delivered the specialized courses. In Ekaterinburg, each BSC staff member developed curricula in line with their specialization and presented courses to local clients. This approach built the credibility of local consultants and kept costs in control, allowing the training to be a profit center for the BSC.

3.0 Markets and Outreach

3.1 The Market for Business Development Services

BSCs in different regional markets faced a variety of local market conditions. In designing a strategy for delivery of services, BSCs looked at the market for business development services in terms of target clients, the mix of services, competing service providers and the attitude of local governments toward business development activities. Each of these factors played into the BSCs business planning process.

Target Clients

The target clients of BSCs varied with the regional economy and local conditions, and the development of a mix of services was designed to meet the needs of these target clients. For example, Voronezh, in the heart of the black soil region has an economy focused on Agriculture and is home to one of the premier Agricultural Universities in Russia. The BSC focused on serving this market through partnerships with the University and local administration designed to assist with the development of the regions agricultural and food processing related small businesses. Novosibirsk, home to Akademgorodok, an enclave of important scientific institutes, focused on encouraging high tech business ventures.

Each BSC targeted 4 main categories of clients:

- Local government - to improve understanding of what helps businesses succeed
- Business associations, NGOs - to strengthen their ability to play an advocacy and problem solving role for the private business sector
- Small business support institutions (incubators, business training centers, consulting companies, credit unions) - to assist in institutional capacity building for ensuring on-going support for entrepreneurs
- Would be entrepreneurs and existing small and medium-sized enterprises in a variety of sectors at different stages of their life cycle - to succeed and expand

Information on targeting specific clients is discussed in the Outreach section below.

Service Mix

Looking at their strengths in the local markets the BSCs developed a mix of services to meet the needs of their target clients and that played to the strengths of their local competitive position. The mix of services was developed to complement other services available locally. In the training area, many BSCs initially offered training directly by staff, but later developed strategic partners who could carry on training activities on a more sustainable basis due to their affiliation with larger training institutes, universities or international NGOs. The mix of services provided by BSCs over time also evolved to fit the stage of the program and the changing competitive environment. Many BSCs assisted local governments in the early stages to help build support for business development initiatives. As the local administration began to see the value of these programs, the level of cooperation and support for programming meant more could be accomplished. In later stages the BSCs concentrated their mix of services on revenue generating services that would help them achieve financial sustainability after USAID funding expired.
**Competing Providers**

BSCs faced certain competitors in their local markets. Competitors ranged from business service centers, information and market research providers, universities and training centers and other donor funded programs. In many cases donors or the local administration heavily subsidized these competing providers. In some cases the quality of services was not sufficient or the outreach to SME clients was limited. For the most part, BSCs attempted to fill unmet needs in the market that complemented the activities of competing providers, this cooperation being beneficial to both sides. An example of competing providers influencing the nature of services offered can be found in the Novosibirsk BSC. There, the BSC supported the UK-funded Open University training center, a provider much better equipped to offer business training to the general public. The BSC did not do much direct training activity. However, the Novosibirsk BSC did see a real market for internet related services given the nature of the local science and technology related industry and the lack of formidable competitors in this area. This focus was later reinforced as the BSC became the regional participant in another related USAID initiative the Business Collaboration Center.

Competing providers included:

- NGOs
- Local Government Agencies
- Internet Providers
- Trade Offices and Consultancies
- Training Centers and Universities
- Independent Legal, Accounting and Consulting Advisors.

Each BSC, as part of a business planning exercise, identified competing providers and developed strategies to offer value added services that complemented those offered by other providers and concentrated on the services that BSCs could provide most effectively.

**Local Administration**

In each of the BSC sites the attitude of the local administration had much to do with the market for business development services. BSCs in St. Petersburg, Voronezh and Yekaterinburg worked very closely with local administrators. In many cases the local administrations made the BSCs official consultants to initiatives such as SME Policy Conferences, Trade Shows, Training Initiatives, Business Incubators, Leasing Programs, and other activities. In cities where the local administration was not overly supportive, BSCs had to develop different partners to carry out activities. In many instances the BSCs assisted local businesspeople in the formation of business associations that could then become effective strategic partners and agents for change.

**3.2 Outreach - Identifying and Reaching Project Beneficiaries**

The NBDP strictly focused on assisting newly formed, private Russian enterprises and institutions that support them. Within this context each Business Support Center (BSC) developed a strategy for targeting beneficiaries and delivering assistance that took local market conditions into account, including the attitudes of the local administration, the capacity of existing business support organizations, and the extent of private sector development. BSC staff reviewed local analyses of the private sector, met with and interviewed local officials, association representatives and business people.

**Infrastructure - Business Organizations - Selecting and Cultivating Strategic Partners**

Each BSC worked extensively through strategic partners. The BSC network developed over 100 strategic partners that ranged from economic development committees, business associations, training centers, business incubators, trade show and exhibition firms, credit unions, and a range of other business support organizations.
Identification of and support for BSC strategic partners followed from the analysis of the local environment and the potential of existing organizations. BSCs also assisted groups of entrepreneurs in forming new associations and NGOs to meet their needs. For example, in each region, BSCs supported the formation of women’s business associations, to encourage women to start new businesses and to build government support for their interests. In each case, a substantial effort was made to develop the local administration as a strategic partner.

The Moscow Program Office developed a strategic partner screen, a simple list of principles used to evaluate and qualify strategic partners, which included criteria such as:

- Organization’s objectives correspond to NBDP objectives
- Organization not subject to undue influence of state entity
- Trustworthy, respected management
- Demonstrated commitment to business support activities
- Cost sharing/in-kind commitments
- Written memorandum of understanding.

A project-wide workshop was organized for BSC Directors on the process for identifying and working with strategic partners, addressing such important issues as selection criteria, developing working relationships, addressing problems, and terminating unproductive partnerships.

**Enterprises and Potential Entrepreneurs**

At each site, the BSCs identified enterprises eligible for direct assistance based on key criteria:

- Target new private enterprises unencumbered by relationships to former state companies.
- Emphasize growth-oriented businesses that do more than just trade.
- Target potential entrepreneurs with ideas and the mindset to create new businesses.

Our approach was to assist a broad range of potential and existing small- and medium-sized enterprises (SMEs). Over time, as the level of private sector activity increased in the regions, the project was able to target subsectors well-suited to small business growth, and where packages of business skills, industry skills, and finance were available to the entrepreneur. These subsectors included:

- Bakeries
- Laundries
- Science/technology
- Construction
- Dairies
- Advertising
- Electronics
- Furniture makers
- Private medical clinics
- Housing
- Agribusiness / food processing

In the later stages of the project, the BSC network attained excellent results by replicating assistance programs in these subsectors at several sites.

### 4.0 Impact

<table>
<thead>
<tr>
<th>National Partners</th>
<th>8</th>
<th>Morozov Project</th>
<th>Training</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ekaterinburg</td>
<td>16</td>
<td>Zarechny OZ</td>
<td>Incubator</td>
</tr>
<tr>
<td>Novosibirsk</td>
<td>16</td>
<td>Open University</td>
<td>Training</td>
</tr>
<tr>
<td>Tomsk</td>
<td>14</td>
<td>Technopark</td>
<td>Incubator, Exhibitions</td>
</tr>
<tr>
<td>Voronezh</td>
<td>16</td>
<td>Agricultural University</td>
<td>Consulting, Exhibitions</td>
</tr>
<tr>
<td>Smolensk</td>
<td>12</td>
<td>Caravan Plus</td>
<td>Information Services</td>
</tr>
<tr>
<td>Zelenograd</td>
<td>11</td>
<td>Moscow College</td>
<td>Training</td>
</tr>
<tr>
<td>St. Petersburg</td>
<td>7</td>
<td>Leontief Center: Training, Policy, Research</td>
<td></td>
</tr>
<tr>
<td>Vladivostok</td>
<td>8</td>
<td>High Tech Association</td>
<td>Consulting</td>
</tr>
</tbody>
</table>
Over the project’s life, the Business Support Centers refined and improved their approaches to supporting new enterprises. While working directly with enterprises, each BSC built strong support networks whose work will continue well into the future. These networks of private businesses, support organizations, financial intermediaries and local government organizations, working at the grass roots level to bring about fundamental change, are one of the most important legacies of the Business Development Program.

The BSCs exposed entrepreneurs to new market norms and concepts through consulting and training activities, conferences and trade shows, and through the placement or facilitation of hundreds of US volunteers as advisors to Russian enterprises. In many of Russia’s regions, especially in the formally closed, military cities, such as Tomsk, exposure to new ways of thinking and doing business had a profound effect. In total, the BSCs acted as advisor and catalyst in the creation of 59 government initiatives to support small business. In many ways, the project provided the first glimpse of the workings of a Western market economy to many people in Russia’s regions.

The NBDP was a successful demonstration of how technical assistance to entrepreneurs -- delivered largely through trained Russian counterparts and organizations -- can effectively support small business development. While funded by USAID, the project achieved substantial impact. The NBDP:

- Supported start-up of 2,606 new businesses and contributed to creating 37,098 new jobs
- Created over 50 new business and professional associations; supported established business associations to build capacity and develop strategies
- Provided practical business consulting to 11,493 potential or existing entrepreneurs
- Developed seminars and workshops in which 36,110 entrepreneurs participated
- Developed close to 180 new training programs with partner organizations; 30 are still in use
- Prepared 70 books and brochures, and a video series to fill training and outreach needs
- Trained 1,722 Russian trainers to deliver business courses
- Trained in the U.S. 765 Russian entrepreneurs, association members and government officials
- Through outreach and assistance to grant applicants, contributed to 96 Russian organizations receiving grants from other international programs worth over US$2 million
- Directly contributed to Russian businesses receiving over US$8.5 million in loans
- Through NBDP-organized trade shows and investor search conferences, helped Russian businesses contract investments worth over US$7 million
- Distributed equipment worth US$1 million to Russian organizations
- Managed the Innovative Project Initiative (IPI) Fund, which disbursed a total of US$2 million to fund 12 projects.

A 1996 survey of NBDP clients revealed that the effects of the program resulted in long-term growth and effects that were sustained after assistance was delivered.

- 75% of assisted entrepreneurs indicated an increase in production since receiving business support services
- 81% indicated increase in sales
- 89% reported increase in customers
- 82% reported increase in net profits.

Note: Further data on the impact of the NBDP can be found in Attachment 1 to this paper. Attachment 1 provides an outline of the activities of each BSC as USAID funding ended. For a full treatment of the impact by project component, please request a copy of the NBDP final report and the final USAID Target Tracker which contains quantitative data on project impact from Clint Stinger at Deloitte Touche Tohmatsu, email: cstinger@dttus.com.

### 5.0 Institutional Issues

Due to the substantial duration of the project (3.5 years) and its geographical diversity (BSCs were located from Smolensk in European Russia to Vladivostok in the far east) institutional issues had tremendous importance for project implementation.
Site Selection and Management

BSC Site selection criteria included:

- The characteristics of the local business environment
- Type of technical assistance required
- Institutions already in place assisting new business
- Attitude of the local administrations toward new business
- The political environment
- The existence of other Western assistance programs.

USAID originally envisioned that there would be a total of 16 BSCs throughout Russia. However, after the first eight BSCs opened, a decision was made to wait on further expansion until the existing BSCs were operating smoothly. In Spring 1994, after a few months of start-up experience, the project team found that significant time, effort, and resources were needed to establish a single business center. Factors contributing to extended start-up time included legal and logistical constraints, including negotiation with local officials, physical set up, staff recruitment, and outreach to clients. Based on experience gained in the start-up period, DTTI and USAID agreed to reduce the number of sites to eight with a three-year life span, instead of sixteen BSCs operating for two years as envisaged in the original project. This plan gave the BSCs the time needed to establish offices, market to clients, develop service capacity, allowed centers to retain sufficient resources to run strong, fully developed regional programs that would be able to have significant assistance outreach capability in each region and community.

Site Management

Each of the sites was to operate independently, with the Moscow office providing only necessary support. One of the carry-overs from the centrally planned economy was Russian familiarity with a model wherein all direction and control was located in Moscow. Moreover, some Russians thought that a decentralized system would be impossible to manage given distances and poor communication infrastructure. Project management emphasized that such a system could be managed if all the site leaders shared a common vision of program goals and activities.

Once the sites were chosen, the central NBDP office hired expatriate directors. The plan was for the expatriate directors to get the BSCs started and to hire Russian directors as soon as possible. The directors would work together for approximately two years, after which the Russian director would take over each BSC. However, when budget pressures increased in 1995, it was decided that the costs of the project could be reduced if the expatriate directors left earlier. Thus, all expatriate directors left the sites by September 1995.

Program Office in Moscow

The role and structure of the project’s Contract Management Unit (CMU) in Moscow changed along with project strategy and goals. During the start-up phase, the CMU was driving the project -- finding sites, hiring personnel, setting up procedures, and initiating programs. Once all the BSCs had been established, the role of the CMU changed to that of providing general contract management; interfacing with USAID and principal subcontractors; project administration and finance, including logistics, reporting, record keeping and financial and management reporting; and providing strategic guidance and support to the BSCs, including procurement support and program delivery support. The CMU was also charged with replicating successful BSC efforts throughout the network and ensuring communications between the BSCs.

In 1995, the NBDP established the Business Support Centers Foundation (BSCF). This Russian, not-for-profit foundation became the “umbrella” for the Business Support Centers, which registered as its local affiliates. By the end of the project it was decided that the BCSs might need more flexibility in their post-donor assistance activities and they were reregistered as independent non-for-profit organizations or in some cases established several non-commercial entities. However, the networking and cooperation between the BSCs and the Business Support Centers Foundation have been maintained. The Foundation has continued to
implement small business development programs in close cooperation with BSCs and market the BSC network to Western and international companies, foundations, and international lending agencies.

**Planning and Evaluation**

Each six-month period was planned by the management team, with input from the BSC directors and their respective consultants and managers. The six-month plan allowed the NBDP to not only plan for the short-term but to develop long-term strategies, identify needs, and respond to the unpredictable changes of a country in the reform process. Programming initiatives were thought out and presented in a form not unlike proposals, detailing objectives, strategy, resource costs, and expected outcomes, usually as described in the current six-month plan.

**The Challenge of Measuring Results**

The CMU collected and reported result data to measure short- and long-term project impact. As the project became larger and more complex, data collection on results became more of a challenge. The project faced some initial caution on the part of Russian counterparts in sharing real data and information, which changed with time and work.

A key question addressed in data collection was how to measure results at the local level. BSCs were trying to achieve a constellation of results at the local level: more business development, improved access to financing, improved local government support, growth of NGOs and associations, the availability of practical training, and so on. While one could count new businesses assisted and trained, or the emergence of new associations and NGOs, other indicators of BSC impact in the region were harder to measure. To measure both quantitative and qualitative results, the NBDP collected and analyzed a large amount of data on individual interventions with businesses and partners, as well as qualitative success stories that demonstrated the impact of these actions on the business environment as a whole.

The CMU measured results in areas such as: businesses created and sustained; jobs created and sustained; business association registered and now self-sustaining; numbers of loans awarded and dollar amounts; numbers of grants given and dollar amounts; people trained locally and international; people consulted and from which professional area; number of government incentives granted; and referrals with results achieved for other USAID-funded organizations.

**6.0 Financial Sustainability**

**6.1 The Transformation from Donor Funding to Self-Funding**

In March, 1997 the USAID financial assistance was completely withdrawn and the New Business Development Program was officially closed. The Business Support Centers started their “independent” life and have been managing to stay in business and maintain self-sustainability for a year and a half. It is necessary to mention that two BSCs (St. Petersburg and Vladivostok) were urged to start functioning on self-sustainable basis 9 months earlier in June, 1996 as a result of substantial USAID budget cuts.

As it was pointed earlier, institutional self-sustainability of the BSCs was not an issue of primary concern at the earlier stages of project implementation. The overall impact of the program on new business development and systemic changes in the business environment were in the focus of the USAID attention. However, when the discussions of BSCs “future” intensified in spring of 1996, the key staff of the BSCs decided to continue their activities on self-sustainable basis. From June, 1996 the level of financial support for six BSCs started to decrease gradually.

**6.2 The Main Challenges in the Transformation to Self-Sustainability**

In the process of transformation to self-sustainability the Business Support Centers had to deal with a number of challenges:

- Limited time available for new business strategy development, identification of market niches and priority client groups, search for alternative sources of finance, the settling of legal issues and
introduction of institutional changes.

- Institutional turnaround. Different client needs--donors vs. entrepreneurs--are best met by organizations with different structures and competencies. The change from donor focus to private sector focus meant a change in organizational philosophy from competent, accountable project management to entrepreneurial provision of business services. This implies considerable changes in organizational culture (entrepreneurial vs. administrative) structure, and staff skill sets.

- The transformation from donor-funding to self-funding introduces an element of uncertainty, which some staff accustomed to relatively secure employment found difficult to cope with. A serious threat to organizational integrity was found in numerous local companies and newly established donor funded projects ready to recruit well-trained and highly qualified BSC employees.

In addition to these challenges there are a number of factors in the local business environment which impact the transformation. Among these factors are: instability of the macroeconomic situation, extremely high level of taxation, including the taxation of not-for-profit organizations, problems of small business liquidity, constant underfunding of the local and regional programs for SME support, insufficient development of the market for business services, lack of business services tradition and therefore a willingness to pay for business development services.

6.3 Major Implications of Self-Sustainable Functioning

Transformation to self-sustainability has led to a number of considerable changes in BSCs activities.

**Mix of Services**

The mix of services became more specialized in response to particular market needs existing in each region. As a rule, BSCs are not able to afford the delivery of products and services which are not fully cost-covered. This relates to services which BSCs used to render to business associations, NGOs, and would-be entrepreneurs. The majority of BSCs have stopped direct training activity as costs are typically higher than revenues generated. The exception includes some highly specialized training courses which entrepreneurs are ready to pay for, and cases when training courses are cross-subsidized and used to extend the BSC client base and outreach, market some new service or product or ensure quality and decrease risk of running some particular programs (e.g., leasing, microlending).

**Client Groups and Outreach**

As a rule, after transformation to self-sustainability the spread of BSC services narrowed, the number of client target groups and the diversity of clients decreased. There was a certain trade-off between the impact and outreach of services provided, and the requirement for financial sustainability of these services. The majority of BSCs had to stop servicing:

- would be entrepreneurs, who are often represented by women and young people
- the self-employed and microenterprises
- start-up small enterprises
- SMEs which have liquidity problems and are not able to pay full price for services
- Business associations and NGOs

Several BSCs managed to continue rendering services to some of these groups. This becomes possible in case of availability of grants, supporting services delivery to certain groups of clients (high-tech enterprises, tenants of business incubators, business associations, etc.) or design and promotion of new product or service (e.g., leasing, microlending). Presently BSCs target their services to the needs of paying clients. Primarily these clients are:

- Small and medium-sized enterprises demonstrating potential for growth, usually engaged in services, construction, trade, food-processing and some spheres of production
- Starting up businesses able to pay for registration and advisory services,
• Local administrations, if they can allocate financial resources for economic development programs,
• Foreign companies interested in Russian market
• Larger companies seeking for advise in restructuring

Institutional Changes

In general BSCs became much leaner (for the purposes of comparison typical BSC organizational structure during the USAID project is illustrated in appendix 2). In order to reduce costs they introduced more flexible organizational structures, where the core team of full-time employees (varies from 3 to 10) is complemented by close cooperation with highly qualified local consultants employed on a part-time basis. In some cases (Smolensk, Zelenograd) BSCs were transformed into a number of organizations, which closely cooperate with each other and share staff and other resources.

Structure of Revenues

The degree of success in achieving self-sustainability varied considerably from center to center. While some of the centers managed to maintain sufficient level of staff employment and high volume of activities (Voronezh, St. Petersburg, Smolensk), the others had to decrease level of efforts dramatically (Zelenograd, Tomsk). The volume and structure of revenues vary accordingly (see appendix 1). In general, sources of revenue include:
• consulting services
• marketing services and information provision
• linkages to sources of finance
• partner search and exhibition activities
• leasing and microlending programs
• advisory services to local authorities
• grants of foreign foundations and technical assistance programs
• sub-lease of premises and equipment

In the most successful BSCs, the largest component of revenue (70-90%) comes from fees from clients, the less successful rely more on grants (up to 50%) and sub-lease of premises (up to 30%). The degree of BSCs’ success in achieving self-sustainability is determined by competency, commitment and entrepreneurial spirit of the key staff and by the demand in local market for business development services.

7.0 Summary and Conclusions

The experience of the NBDP, both pre- and post- donor funding reveal valuable lessons learned for the design and implementation of future programs. Some of the most salient lessons learned are detailed below:

Select Cities Where Assistance Will Make a Difference

It is essential to select geographic locations where assistance will have significant impact and the chances of success are high. Two of the most important criteria for site selection are the following:

• Select cities where local government officials are receptive to assistance. These sites will likely be cities other than the capital cities. Although facilities and resources are much more limited in smaller cities, the needs are greater and the willingness to emphasize SME development is usually higher.

• Select cities where critical mass of private businesses exists and certain demand for business development services is demonstrated.

Partner with Local People and Organizations; Establish Clear Criteria for Partner Selection

Local presence is essential for success. Yet, starting a local center from scratch (“greenfield”) takes more time than the life of most assistance programs. The participation of a local partner can lessen start-up time, increase receptivity of local people to the program, and up the chances of sustainability when the assistance phases out. Local partners also leverage the outreach capacity and acceptance of the program. Because of
the central role of local partners, establishing clear criteria for partner selection from the start of the project is critical.

- Local partners should be respected institutions truly interested in SME development, whether a training institution, business association, or regional development agency.
- While working with more than one local partner is advisable, it is more effective to develop deep working relationships with several reliable local partners than to “spread out” too thinly.
- The local partner should be self-sustaining or have the capacity to become so with technical support in a short time. Local partners should receive targeted training as needed from the project to build their capacity.

Establish a Plan for Self-Sustainability

BSCs should be run as models of what they are teaching others to become. This means adopting a coherent business plan, including a marketing plan, fee-for-service schedule, and so on, from the start of the project. Each BSC should undertake market research to identify a competitive niche for itself in the local business services market and formulate a strategy to develop it. The duration of the project should coincide with the business life-cycle and should be sufficient for achieving self-sustainability level by the institutions.

Run the BSCs as Businesses, Select Staff Carefully

The BSCs should also be managed as businesses, with clear, coherent human resource plans, a team-building business culture, disciplinary procedures, salary and promotion incentives, training and education incentives, and so on. Although the NBDP BSCs used some of all of these management techniques with varying degrees of success, they were somewhat limited by the not-for-profit structure and culture of the BSC network. This non-profit status became more constraining when the BSCs were directed to become self-sustaining entities at the mid-project point.

If staff see their position with the BSC as leading to long-term, sustainable employment and personal career development, they will be motivated to contribute more, and the project will achieve greater stability and experience less staff turnover.

Provide an Integrated Approach with Critical Mass

A program which assists enterprises and builds the environmental supports for enterprise development enhances its impact. An approach which simply provides assistance to enterprises without addressing the business environment will be less successful. A combination of training, consulting, policy and infrastructure development, and access to financing will be most effective. Bring as much together in one place as possible -- establish an “incubator” or similar structure which brings multiple elements together, coordinates them, and thus builds something that is more than the sum of its parts.

Financial linkage activity should include cooperation with local sources of finance, including commercial banks. To generate interest from local financial institutions, the BSCs can organize training for bank credit specialists in modern training technologies, run business plan competitions, and similar activities.

Identify Key Business Sectors for Assistance

To achieve a visible impact, focus on specific business areas where individual enterprises can network with, learn from, and reinforce each other. When the program brings together enterprises of a particular type, often the entrepreneurs will naturally create trade associations, sponsor seminars and conferences, and undertake other joint activities. Particular small business areas that worked in Russia include:

- Bakeries
- Hi-tech
- Information and communications services
- Agribusinesses
**Be Demand-Driven; Focus and Target Services Provided**

The project must identify and address needs based on what is happening at the local level. Different types of assistance, or a different assistance emphasis, will be needed in every region. One way to test the validity of the local assistance plan is to assess needs at the local level and market response to them.

An important objective in service delivery is to grow the BSCs capacity to provide effective services. Recipient clients will quickly discern whether the center is providing assistance that is worth their time and effort. Sustainability of a center means focusing or targeting services and being very good at doing something people will pay for. This may mean doing business plans for SMEs, helping them obtain financing, or writing grant requests that meet the standards of donor agencies.

**Keep the Program Flexible to Change with the Environment**

Like the NBDP, a grass roots technical assistance effort must be able to adapt to changing conditions in every aspect of its organization, from its legal structure to its program activities. The project must be responsive and flexible – to continually monitor the results of the programs and activities as they go forward, and to provide timely response to whatever opportunities or constraints arise. Given the pace of change in the transition economies, it is impossible to clearly predict future needs. The project must be able to respond to factors such as the changing legal environment, developments in the business sector, and changes in program funding. The ability to offer proper intervention at the right time and place ensures real impact of the project. Such flexibility can be built into the project design, with structure where the local BSCs drive program activities and a streamlined process for USAID approval of changes in strategy, delegation of funds, program activities, and other key areas.
Appendix 1: Post Donor Assistance – What is Left Behind

In this section we review the institutions created or assisted by the NBDP, and the experiences of these institutions when USAID assistance ended (status updated in June, 1998). These institutions include:

- Eight regional Business Support Centers
- Business Support Centers Foundation
- Over 100 Strategic Partners.

The Business Support Centers

Novosibirsk
The Novosibirsk BSC has re-registered as an independent, nonprofit organization, the International Consulting Center (ICC). The office of the Novosibirsk ICC is centrally located, of Western standard, with Internet access and 68 square meters of space. The staff includes the director, five full time, ten part time consultants and two support staff. The key staff is highly qualified, has extensive business experience. The ICC is a member of the International Business Association, uniting representative offices of foreign companies in Novosibirsk, the Association of Enterprise Managers of Western Siberia, and the member of the Novosibirsk working group of business consultants. The ICC has signed a cooperation agreement with the Central Siberian Local Privatization Center (LPC) in Krasnoyarsk, and has extensive business relations with Altai Kray and Kemerovo oblast.

Current revenue comes from contracts with local businesses for consulting services (50%) and grants from national and foreign business support institutions (50%). The ICC annual turnover is about $100,000. The focus of the ICCs consulting services are:

- Business strategy
- Tax planning
- Debts restructuring
- Market research/analyses
- Business planning
- Assistance obtaining external financing
- Products promotion
- Partner search and Internet marketing services.

The ICC implements the program of consulting support for high-technology SMEs financed by the grant of Eurasia Foundation and Russian Fund for Support of High Technology Small Enterprises. The center’s well established relationship with the local administration has led to a contract to implement a 7 million ruble program for support of SMEs – tenants of Novosibirsk Technopark, though existing deficit of regional budget caused the delay of project implementation.

Main challenge for the ICC activities – insufficient development of local market for consulting services and low ability of SMEs to pay for services.

Smolensk
The Smolensk Business Support Center (BSC) is well known in the region. The BSC continues to expand its client base, diversifies the activities and continues to develop links with foreign foundations, such as the Eurasia Foundation, Ford Foundation, and the Russian and International Women's Organizations. The BSC is responsible for the creation of five self-sustaining organizations:

- The Business Development Center (6 permanent staff members)
- The information company "Caravan Plus", (4 staff members)
- Educational center "Technopark" (5 employees on staff)
- Non-commercial company "Assistance" (2 employees on staff)
- Appraising agency (4 staff members).

These organizations act as partners in delivering support and services to small and medium business entrepreneurs.
Smolensk Business Development Center has received a credit of about $300,000 from the Federal Fund for Small Entrepreneurship Support and Development for carrying out of leasing activities in the region. Main revenue of the Center (90%) comes from leasing, microlending and consulting services, Eurasia Foundation grant comprises 10% of the revenue and is targeted to support of innovative SMEs. Short-term training courses don’t contribute to revenue generation, but serve for expansion of client base and outreach of leasing and microlending programs and for ensuring of programs’ quality.

**St. Petersburg**
The St. Petersburg Business Support Center has retained its name and is registered as separate, non-commercial entity. The BSC provides consulting services in the following areas:

- Reviewing proposals for financing and business plans
- Business-to-business links - assisting local entrepreneurs to locate venture partners
- Informational services (software, websites, search for business information)
- Recruitment services
- Development of regional programs for SME support
- Financial analysis
- Investments promotion
- Management consulting
- Marketing

The Center had to stop training activities and consulting to start-up entrepreneurs as they were not financially viable. All revenue comes from consulting services. No grants or donor funding are available. The main clients include: SMEs - members of Furniture Producers Association, growing SMEs, exhibition companies, local authorities. In all these service areas, the St. Petersburg BSC has continued collaboration with its key strategic partner, the Leontief Center.

**Tomsk**
Tomsk Business Support Center - a non-for-profit organization is located at the Tomsk Technopark. The office is fully equipped, has Internet access, and meets Western standards. One quarter of the office space is subleased to clients. The BSC is staffed by a director, three consultants and two support staff, all with extensive business experience. The BSC has a well-established relationship with the local administration. There is the potential for a contract with the local administration to support business development. Organization has submitted grant proposal to the Eurasia Foundation and received financial support for delivery of consulting and training services to NGOs and associations. The Center is marketing monthly retainer based contracts with clients. The services offered to clients include:

- Business planning
- Linkages to the sources of finance
- Assistance in grant proposals writing
- Consulting services for business associations and NGOs
- Business links and information services
- Organization of round tables, conferences and exhibitions

Main clients include local authorities, business associations and small growing enterprises, especially in the sphere of trade. Major revenue comes from the contracts with local administration and grants.

**Vladivostok**
The Vladivostok Business Support Center has also retained its original name, and is a separate legal entity. The BSC has continued its close working with local authorities in many areas of its work. Among the BSC’s primary activities are:

- Developing a leasing program in conjunction with local authorities, including a publication on leasing
- Business planning and feasibility studies
- Providing consulting and training services to local and foreign clients, particularly in the areas of marketing and market research
- Assisting Asian and Western clients to locate local venture partners and to understand the Russian market.
- Design of local programs for economic development
Main revenue comes from payment for services (75%), the rest (25%) is comprised by grants. The main client groups include: local and regional administrations, SMEs, foreign companies.

The Vladivostok BSC’s business training function has been largely assumed by a key strategic partner, the Association of Business Tutors. Several former members of the BSC’s training staff now provide training services through the Association.

**Voronezh**

The Voronezh Business Support Center was recently registered as a non-for-profit organization, also titled the International Consulting Center (ICC). The Voronezh ICC is located in a downtown office; part of its premises is also subleased to partner companies. The ICC staff includes 10 full-time employees and a number of highly qualified consultants are working on a part-time basis. ICC has three daughter companies: Leasing Company, Center of Business Consulting and Voronezh Expocenter.

The main services provided by the ICC and associated companies include:

- Business-consulting (including financial management)
- Development and evaluation of business-plans and investment projects
- Leasing promotion
- Financial leasing of equipment
- Market research
- Exhibition activity
- Assistance in establishing business-links.

Main revenue of ICC comes from exhibition and leasing activities (about 45%), grants of foreign foundations comprise only 12% of incomes, no financial support is provided by local government due to difficult budgetary situation.

The ICC has long-term cooperative relations with the regional and municipal administrations, business-associations, and local enterprises and banks, as well as foreign technical assistance programs implemented in the region (TACIS, CDC, CCI, etc.).

**Ekaterinburg**

Ekaterinburg Business Support Center was recently registered as the International Consulting Center (ICC), a non-for-profit organization. Presently it has five full-time employees and three part-time employees. ICC has reached agreements with local consulting companies, which are ready to participate in implementation of ICC projects. The main activities and services available include:

**Business Consulting in**

- Enterprise management
- Development and evaluation of business plans and investment proposals
- Tax planning
- Marketing and marketing research
- Linkages to sources of finance

**Business Links and Information-Analytical Services** are considered to be the main source for revenue generation. They include:

- Search for local and foreign business partners
- Organization of exhibitions of goods and services produced by SMEs
- Assistance for Russian and foreign companies in entering the Urals market and establishing their representative offices
- Access to the Internet and specialized databases and systems (creation of home pages for companies on WWW)
Main clients include new and growing SMEs able to pay for services, primarily from services, food processing and construction sectors, and local administration. The revenue is generated by information services provision (35%), representation for BSC (25%), other business services (20%) and sublease (20%).

**Zelenograd**

The Zelenograd Business Support Center has split into three separate organizations located in different offices:

- The International Foundation of Social Innovations
- The International Business Support Center
- The Moscow Innovation Foundation.

The International Foundation of Social Innovations numbers two full-time employees and two part-time employees. It provides training and consulting services. The Foundation is working on the implementation of a World Bank grant for training and consulting with a total funding of $250,000. The International Business Support Center at the Academy of National Economy is building its client base and is planning to establish links with the Voronezh, Smolensk, and Ekaterinburg Business Support Centers.

The Moscow Innovation Foundation is located in the Zelenograd NGO-incubator, which houses all major organizations involved in small and medium-sized business support. The Foundation’s main areas of activity and services are:

- Liaison: collaboration with foundations and international programs
- Consulting services of non-commercial organizations
- Writing grant requests and follow-up after the grant was received
- Search for alternative sources of finance
- Partner search for Russian and foreign companies
- Placing information about the companies in the Internet

At the end of the contract, the BSC had well-established relations with the local administration. The Moscow Innovation Foundation participates in the implementation of a number of large projects, such as:

- Establishing a Technopark for small and medium-sized hi-tech enterprises; the project is funded by the Moscow government (15 billion rubles)
- Creating territorial-industrial areas for small and medium-sized manufacturing enterprises with tax and customs privileges; the project is funded by the government of Russia
- Analyzing the industrial potential of large and medium-sized Zelenograd enterprises, estimating their chances for investment, and creating an investment portfolio.

**BSC Foundation**

In 1995, the NBDP established the Business Support Centers Foundation (BSCF). This Russian, not-for-profit foundation became the “umbrella” for the Business Support Centers, which registered as its local affiliates. The central BSCF office in Moscow is staffed by skilled consultants with over three years experience in providing support to small and medium businesses and BSCs in the regions. The Foundation continues to implement small business development programs and market the BSC network to Western and international companies, foundations, and international lending agencies.

In April 1997, the Foundation was awarded a contract to implement an 18-month “Pilot Program for Small Business Support in the Regions of Russian Federation”, funded by the Privatization Implementation Assistance Loan of the World Bank. In addition, BSCF has got consulting services contract with the Federal Fund for Small Entrepreneurship Support and Development.
Strategic Partners

Regional Strategic Partners
Over the course of the project, the BSCs assisted over 100 local strategic partners with consulting advice, training, commodities, and co-funded initiatives and projects. The USAID Target Tracker, details results achieved through work with strategic partners.

Business Collaboration Center
In May 1995, the project organized, on behalf of USAID/Moscow, the Sochi Conference on Direct Assistance to Russian Enterprises and Entrepreneurs. The objectives of this conference were to pull together the collective experience of the leading practitioners in Russia providing direct assistance to Russian SMEs and entrepreneurs; to reach preliminary conclusions about best practices; and to more widely disseminate this experience.

As a result of this conference, USAID established the Business Collaboration Center (BCC). The BCC now provides management tools for SMEs and consultants, and an electronic clearinghouse of trade offers, investment projects, and other offers for business collaboration.

Institute for Private Sector Development and Strategic Analysis
In 1995-96, the NBDP was instrumental in the establishment of a policy counterpart for the program. Through the Innovative Programs Initiative (IPI) Fund, the project provided bridge financing, and start-up technical assistance to the Institute for Private Sector Development and Strategic Analysis (IPSSA). The NBDP also provided equipment, staff time, office space and other resources to make this organization a success. The Institute was formed to conduct research on private sector development problems, disseminate best practices in business development projects, and provide data and analysis for the donor community and federal authorities. The Institute has been managing the implementation of activities under the World Bank Privatization Implementation Assistance Loan.
## Appendix 2: Initial Organizational Structure of a BSC

The matrix below illustrates the typical personnel structure and roles in a BSC.

<table>
<thead>
<tr>
<th>Position</th>
<th>Role in BSC</th>
</tr>
</thead>
<tbody>
<tr>
<td>BSC Director</td>
<td>Overall Strategy / Management of BSC</td>
</tr>
<tr>
<td></td>
<td>Relationships with Strategic Partners</td>
</tr>
<tr>
<td></td>
<td>Key Client Contact</td>
</tr>
<tr>
<td>Enterprise Services Consultant</td>
<td>Direct Assistance to Enterprises</td>
</tr>
<tr>
<td>Financial Linkages Consultant</td>
<td>Direct Assistance to Enterprises</td>
</tr>
<tr>
<td>Training Consultant</td>
<td>Seminar and Course Design / Organization / Delivery</td>
</tr>
<tr>
<td>Liaison / Business Government</td>
<td>Liaison to Other SME Assistance Programs; Local Government</td>
</tr>
<tr>
<td>Relations Consultant</td>
<td>Assistance to Business Associations / NGOs</td>
</tr>
<tr>
<td>Business Links / Information</td>
<td>Direct Assistance to Enterprises - Information Services, Internet, Trade and Investment Links</td>
</tr>
<tr>
<td>Consultant</td>
<td></td>
</tr>
<tr>
<td>Independent Consultants</td>
<td>Regulatory Compliance: Registration, Tax, Legal, Export Consulting</td>
</tr>
<tr>
<td>IT Technician</td>
<td>Support to BSC Staff, Clients on IT/Software Issues</td>
</tr>
<tr>
<td>Office Manager</td>
<td>Operations</td>
</tr>
<tr>
<td>Secretary / Receptionist</td>
<td>Administrative Matters</td>
</tr>
<tr>
<td>Accountant / Financial Manager</td>
<td>Financial Management of BSC</td>
</tr>
<tr>
<td>Interpreters / Translators</td>
<td>Assistance to Western Investors / Volunteers</td>
</tr>
</tbody>
</table>

### Level of Effort - Typical BSC and Project Staffing 1994-1997

<table>
<thead>
<tr>
<th>Resources Employed at each BSC</th>
<th>Jan 94</th>
<th>July 94</th>
<th>Jan 95</th>
<th>July 95</th>
<th>Jan 96</th>
<th>July 96</th>
<th>Jan 97</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russians Full Time</td>
<td>2</td>
<td>4</td>
<td>8</td>
<td>10</td>
<td>10</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td>Russians Part Time</td>
<td>2</td>
<td>1</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Expats Long Term</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>2023</td>
<td>2024</td>
<td>2025</td>
<td>2026</td>
<td>2027</td>
<td>2028</td>
<td>2029</td>
</tr>
<tr>
<td>------------------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td><strong>Expats Short Term</strong></td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Volunteers</strong></td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Staff</strong></td>
<td>6</td>
<td>7</td>
<td>16</td>
<td>17</td>
<td>16</td>
<td>14</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total Staff -- All BSCs and CMU</strong></td>
<td>40</td>
<td>63</td>
<td>97</td>
<td>131</td>
<td>162</td>
<td>150</td>
<td>61</td>
</tr>
</tbody>
</table>