

## IFC Operations in the Russian Federation

The IFC's program in Russia has been highly complementary in a number of aspects to World Bank efforts in expanding the role of private sector organizations in the Russian economy. In the area of small scale privatization, the IFC began to provide technical assistance as early as 1991, supported by Canadian Government finances, the British Know-How Fund and USAID.

The first official small scale privatization took place in April, 1992, in Nizhny Novgorod, which was an early leader in economic reforms. The IFC helped to organize the first round of voucher auctions that established expertise that was later used in the implementation of the World Bank's Privatization Implementation Assistance Loan. The IFC has also aided in the area of land privatization through its demonstration of a model of farm restructuring in Nizhny Novgorod oblast, which upon its completion in 1994, was endorsed by Prime Minister Chernomyrdin as the basis for a national program.

During fiscal year 1995 at the request of the G-7, the World Bank took over responsibility for coordinating efforts to develop financial institutions throughout Russia that would be capable of providing loan and equity financing to newly privatized and emerging private enterprises. The World Bank's focus is on the development of the commercial banking sector.

The IFC and the EBRD have concentrated their efforts on the development of regionally based equity development funds. The IFC's first such intervention was the Framlington Volga Fund in Nizhny Novgorod. The IFC has also been concentrating its efforts on the development of a business training program that would train managers of newly privatized companies. The program would be modelled after a similar undertaking in Poland that offered post-privatization technical support.

The advisory work of the IFC and the EBRD on the establishment of a securities market in Russia could provide a model for a larger World Bank financed capital market development operation. To date, the IFC has focused its efforts on the introduction of a legal framework and institutional structure necessary for share ownership and transfer, and improved corporate governance.

Presently, the IFC is shifting its efforts in Russia away from technical assistance towards development of a multi-sector