



Social Performance Report of Agricultural Credit Cooperative (ACC) Doverie, Dobritch, Bulgaria

key data

gross loan portfolio (BGN)	2,085,000	average loan size per borrower (BGN)	7600
total assets (BGN)	2,250,000	operating expense per loan (BGN)	418
total equity (BGN)	1,097,000	financial expense per assets (%)	3.9
active borrowers	249	PAR 30 days, 90 days (% of portfolio)	0.2 0.1
members	318	return on assets (%)	2,7
		number of permanent staff	4

specific strength

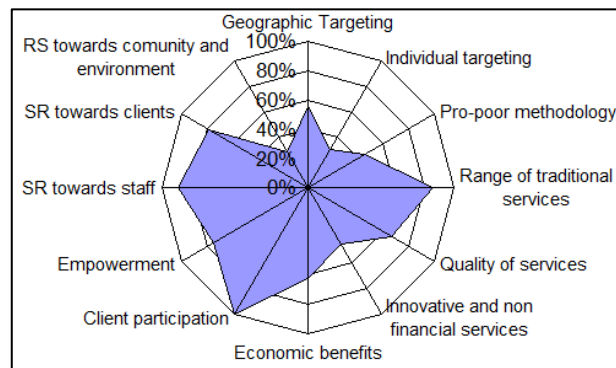
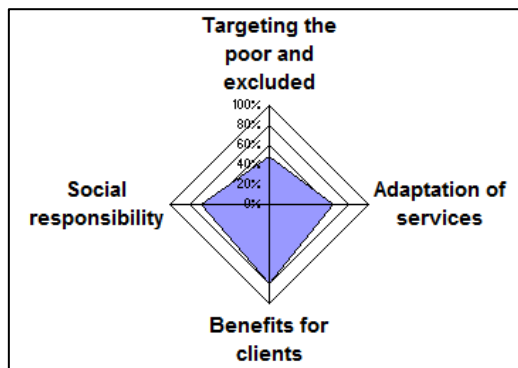
ACC Doverie is lending to customers in rural villages by forming a tight personalized social network to enable information flows and informal peer group strategies.

Mission

ACC Doverie was founded with the mission to serve its members, who are mainly agricultural producers. By acquiring additional external resources for refinance the cooperative began to diversify its portfolio and serves also small and medium entrepreneurs in rural areas and in the vicinity of the provincial town of Dobritch.

Today ACC Doverie is focused on lending to agricultural producers and rural enterprises. 2/3 of the clients are from low-income groups (unsteady cash flow, high degree of subsistence farming) 1/3 of the clients already had a successful development and reached financial stability. The manager emphasizes that the cooperative focuses its services on micro and small entrepreneurs who have limited access to financial resources.

Since 2002 ACC Doverie receives external refinance, i.e. the cooperative has capital which is not bounded to be invested in pure agricultural business, but can also be used for diversification of the portfolio. Until today the share of loans in non-agricultural enterprises grew to 45% of the portfolio.



History

In 1996 the cooperative was founded within the framework of a PHARE project of the European Union to serve small and medium agricultural producers. For the foundation 100 farmers paid in their share to start the cooperative and to receive additional funds of the project. Technical assistance was provided by the German Cooperative and Raiffeisen Confederation (DGRV) and local experts. ACC Doverie is a member of the National Cooperative Union of Credit Cooperatives Evrostart.

Targeting

The members of ACC Doverie reflect the economic structure of the region. Approximately 70% of the clients live in rural areas around the provincial town of Dobritch or in the semi-urban areas. According to interviewed clients there are few alternatives to financial access in the villages. Branches of financial institutions are concentrated in Dobritch and conduct their services mainly in the town. The cooperative is one of the exceptional institutions which focus on lending to rural clientele.

The target group as well as the region of outreach developed historically (old members acquired new members) – the clients are not selected by certain criteria. The cooperative approach to rural lending requires clients to be integrated into a tight social network of the members. Mutual support and trust, as well as the implicated peer group pressure are the preconditions for the successful operation of ACC Doverie.

The staff carefully observes the economic development of the clients and their environment. Secondly, simultaneously to every loan application, the economic status of clients is documented in the credit dossiers.

In general the limited resources do not allow running a second branch. As Dobritch is a small provincial town, the cooperative effectively uses the urban infrastructure (e.g. internet access, postal service) to conduct its daily operations in the rural areas. The staff travels regularly to the clients or clients visit the office of the cooperative. Staff members as well as clients confirmed a close personalized relation among each other. Intensive team work and lively discussions among the staff members ensure the common policy and its implementation in the daily operative business.

Adaption of services

ACC Doverie provides flexible loan products for each individual need. This includes flexible repayment schemes (eg. yearly or seasonal repayment in agriculture and tourism), adapted maturities (short term loans for non-agri-business 3-6 months, long term investment loans for agricultural enterprises), and a loan size which is adjusted to the clients economic potential. Due to simplification the cooperative offers loans to equal interest rates. Clients who are members of the cooperative since the foundation (30%) receive loans to more advantageous conditions with 11.5 % interest. All other clients borrow with 15% interest.

Target groups

55% of the clients are agricultural producers; others have small and medium sized enterprises (SME) in sectors like artisanry or services. 15-16% of the micro-enterprises do refurbishment and isolation of buildings, 10% are SME in services as transports or repairing 8% are traders Other SMEs concentrate on productive industries as roof tile production, plastic cutlery production for take away food, etc.



According to the clients, the loan products are easily comprehensible and fit to the needs of rural entrepreneurs. Additionally the cooperative requires only a necessary minimum of documents. In many cases the staff consults the clients in addressing public administration to reach an appropriate state of documentation of their business.

Further non-financial services of the cooperative are the close discussion of the clients' business plans and the development of a sustainable financial planning as well as the creation of an active network for knowledge exchange among the members.

Benefits to clients

The main benefit for clients is the access to finance. The cooperative offers a personalized relationship lending service to customers who are situated in rural and semi urban areas. Clients receive intensive financial consulting and get involved into a social network of members. Further they enjoy consulting in administrative tasks like the registration of their businesses, information support in application for subsidies, consulting on memberships in useful associations (e.g. milk producers), support in registering to insurances (health care and social insurance), etc.

The close cooperation with its members is a self interest of the cooperative as its well-being directly depends on the economic prosperity of its members. It also prevents over-indebtedness of clients.

The staff members are actively involved in the cooperative's mission of maximizing the clients' benefits. The main stimulus is the motivating enthusiasm of the manager which can be observed in the daily business towards all staff members.

The yearly general assemblies as well as the close contact to all staff members offer each member an ongoing possibility to contribute suggestions for improvements, complaints or to discuss current issues. According to the law on cooperatives, each member, independently of economic size, has an equal right to vote.

Social responsibility

All employees of the cooperative are engaged in long term contracts and most of them stay many years in their job. They all show a high commitment to the mission of the cooperative and form the base of the cooperative's social network with its members.

Staff members, as well as the elected members of the cooperative's bodies, have a professional education in either agricultural production or finance, or both. Additionally they mostly have working experience in their profession and regularly attend seminars for further education. The most important supply of such seminars is provided by the local DGRV office in Sofia (German Cooperative and Raiffeisen Confederation).



Example

A client of ACC Doverie, who took a loan to finance his expenditures for melon production. He invested in row covers to grow early seedlings and to serve the market when prices are higher. "No bank comes to my village and if people want to take loans they need collateral, for example a flat in the city. I know the manager and the loan officer of ACC Doverie for many years – and they know me, so we trust each other and I take loans." "A friend told me about the cooperative and introduced me. I became a member and took a working capital loan for ... f....."

Procedure of Social Performance Measurement (SPM)

- Introduction of the Cerise SPI tool (questionnaire) to the managers of Agricultural Credit Cooperatives and discussion of the application
- In each cooperative the questionnaire was filled out and discussed by the management and staff members.

An external review of the 8 participating cooperatives was conducted by Florian Amersdorffer and Ivan Boevsky.

- For clarifications and to ensure the proper understanding of the SPI tool, the questionnaire was discussed with the management and staff members of each cooperative.
- Interviews with the managers and staff members were conducted to compile an external evaluation of the cooperative's self assessment.
- In each cooperative 3-5 clients were visited on the spot. They were interviewed concerning their relation and experience with the cooperative, their participation in the cooperative, and their role and participation in the cooperative's social network. As the cooperatives have different target groups, the representative clients were selected to provide information on small scale borrowers as well as on clients with medium and larger sized enterprises. In case the cooperative diversified its portfolio, clients of other industries than agriculture were included in the interviews.

The outcome of the external review is documented in the reports on each cooperative as well as in the revised SPI questionnaires.