



Social Performance Report of Agricultural Credit Cooperative (ACC) Maritza Invest, Plovdiv, Bulgaria

key data

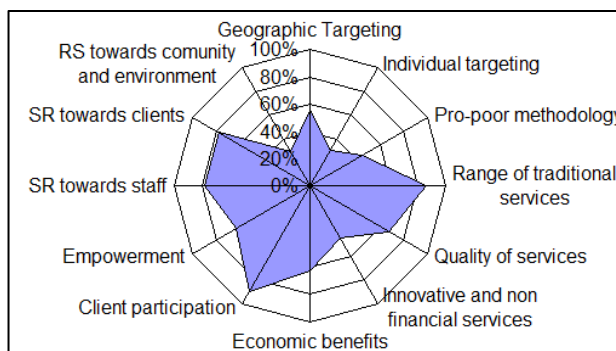
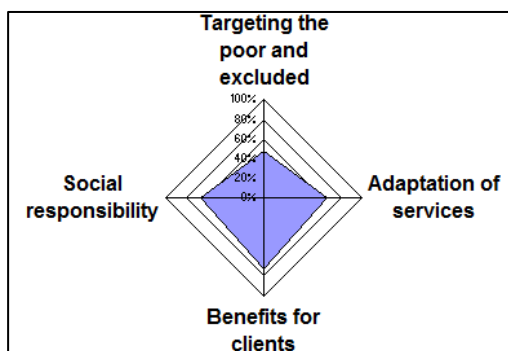
gross loan portfolio (BGN)	2,386,000	average loan size per borrower (BGN)	6,300
total assets (BGN)	2,778,000	operating expense per loan (BGN)	957
total equity (BGN)	896,000	financial expense per assets (%)	0.1
active borrowers	374	PAR 30 days, 90 days (% of portfolio)	4.0 1.2
members	585	return on assets (%)	3.4
		number of permanent staff	4

specific strength

ACC Maritza Invest targets small and medium agricultural producers around the town of Plovdiv and provides sound and sustainable financial services to its members.

Mission

The Mission of ACC Maritza Invest is to provide financial services to agricultural small and medium enterprises in a professional and sustainable way. By offering financial products to its clients the cooperative achieves economic growth with its clients and contributes to a positive development in the rural areas around the town of Plovdiv.



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 Maritza Invest is a member of the National Cooperative Union of Credit Cooperatives Evrostart.

Targeting

ACC Maritza Invest has 80% of its portfolio in agriculture. In Plovdiv region most farms grow vegetables, fruits, and flowers, or conduct animal husbandry. New clients are mostly introduced by former members of the cooperative and get information about the services of the cooperative from the social networks in the villages. The demand for loans among the members of the cooperative is higher than the loanable funds. Thus no active targeting policy is necessary. The management of ACC Maritza Invest prefers young farmers with a high potential for economic development but

also does not neglect older experienced long term members of the cooperative. Currently loans to very small farms make up 30% of the portfolio and 85% of the loans are smaller than 10,000 BGN. Approximately 15% of the clients are or became larger in economic size and still use and support the social network and the services of the cooperative.

The manager and the credit inspector carefully observe the economic development of the clients and their environment. Secondly, simultaneously to every loan application, the economic status of clients gets documented in the credit dossiers. The staff travels regularly to the clients, or clients visit the office of the cooperative in Plovdiv.

Adaption of services

ACC Maritza Invest provides flexible loan products in terms of size, maturity and repayment.

The offered loans have a size between 1,000 and 40,000 BGN and a maturity of 1 to 5 years.

The average loan size is 6,300 BGN and 85% of the loans (35% of portfolio) are below 10,000 BGN. The special feature of ACC Maritza Invest is the collateralization of loans below 10,000 BGN by mutual guarantees. By providing such loans without requiring physical collateral, the cooperative provides a unique source of capital to rural entrepreneurs.

All loan products without physical collateral have the same interest rate of 16%. According to the clients, the product fits their needs and is easily comprehensible.

Investment loans (10,000 – 40,000 BGN) require physical collateral but are offered with a lower interest of 14%.

Beyond the financial service, the cooperative supports its clients in financial planning and adjusting the loans to each client's need. Following the demand of clients for state support programs according to schemes of the European Union, the management contracted with specialized consultants who serve the clients of the cooperative under favorable conditions.

Target groups

Over 80% of the members of ACC Maritza Invest are agricultural producers. People start small farms and mainly grow fruits and vegetables. Among the clients are also innovative entrepreneurs as flower producers. Especially young farmers with the potential for a successful economic development are targeted.



Success oriented payment and the reputation within the active social network of the cooperative secure a positive outcome of the cooperation between the consultant and the client.

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. Most members would also have access to finance by banks, but most of them prefer a more personal and trustful relation to their financial institution. Small clients generally have limited access to banking services. Here, the strength of the cooperative is flexibility and the possibility of applying alternative collateral instead of requiring physical assets.

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, and support in application for subsidies.

Beyond the contacts between the staff and the clients during the daily operations, the general assembly is the platform for members to exchange opinions and to participate in the cooperative's development. According to interviewed clients and staff members the assembly was different in each year – mostly everybody is satisfied, sometimes there are discussions among the members, the management and the cooperative's bodies. According to the law on cooperatives, each member, independently of economic size, has an equal right to vote.



Example

“We started our vegetable farm by rebuilding an old structure from socialist times. In this time the cooperative gave us the only possibility to finance our investments. Over the years we expanded our farm and today we use large loans from banks – but still rely on the services of the cooperative. We always had a trustful personal relation to the staff members.”

The farm became an important employer for the neighboring village and provides an income source in a economically weak environment.

Social responsibility

ACC Maritza Invest sees its responsibility in providing financial services to rural enterprises. Thereby it applies sound practices and follows the objective of maintaining a successful and sustainable relation to its clients. The cooperative finances micro and small enterprises by offering loans with alternative collateral. This requires the use of guarantors for collateralization as well as intensive financial consulting to prevent loan losses and over-indebtedness of clients. Secondly the cooperative finances larger clients who provide jobs by expanding their businesses and contribute knowledge to the social network.

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. Especially the manager and the loan officer are a very good team and work effectively.

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).

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.