Mobilizing Agricultural Credit (MAC) Program: Final Report,
Social Survey of Rural Credit Cooperatives in the
Russian American Lending Program

Introduction: This social survey complements the final quarterly report and the findings herein constitute the final report under the Mobilizing Agricultural Credit (MAC) Program.

Background: The MAC program was primarily focused on the strengthening of the Rural Credit Cooperation Development Foundation (RCCDF) and in developing the rural credit cooperatives (RCCs) that it financed. The assumption was that if credit cooperatives that provide their member farmers with loans can thrive, then this would correlate with improvements in members' quality of life since many farmers and rural residents had little or no access to credit. Participants of the Russian American Lending (RAL) Program recognized that their long-term success as institutions depends upon how the credit cooperative members fare in their communities.

Measuring how RCC members' lives changed as a result of their participation in credit cooperation was beyond the scope of the MAC program. However, in June 2004, the MAC team with support from the Union of Rural Credit Cooperatives, completed a social survey of almost 400 RCC members from 10 regional RCCs to try to glimpse at how RCCs impact individuals and communities.

Methodology: The MAC team realized from the start that it could not get a reliable reading of farmer income since tax enforcement and reliable economic reporting in rural areas is still problematic in Russia. The MAC team hired a sociologist, Dr. Galina Rodionova, who was experienced in rural assessment and had conducted surveys for the World Bank and RosAgroFond.

Dr. Rodionova constructed a survey that was sent out to 10 RCCs (see appendix X). A staff member in each RCC was paid a fee to contact RCC members to conduct the survey. The Union of RCCs contacted the 10 RCC directors to explain the nature of the survey and to request assistance in completing it. The survey was targeted at 45 persons from each RCC: 15 from the earliest membership, 15 from the middle membership, and 15 of the most recent members to the RCC. Since the focus of the survey was on individuals, incorporated businesses, partnerships and large former collective farms were excluded. Private farmers, garden plot owners and individual entrepreneurs were surveyed.[1] Each surveyor was asked to explain to the RCC member that the RCCDF, the Union of RCC was interested in finding out how membership in credit cooperatives had affected RCC members' lives.

Out of a maximum 450 possible respondents, 394 completed surveys. The RCCs were scattered among 8 distinct geographical regions (RCCs in the RAL program exist in 20 geographical regions).

[1] Garden plot owners in Russia are typically under 2 hectares that are intensively cultivated often for subsistence. Entrepreneurs in rural areas are licensed and often run small shops or provide services.

Main Findings: The following summarizes the main findings from the social survey report:

1. Members saw their access to credit, land and labor resources grow. The quantity of loans and amount grew over time as did area under farm cultivation and numbers of hired hands.
2. The main reason given for applying to RCCs for a loan was to expand member livelihoods.
3. RCC members are active in corporate governance. Over half (57%) of respondents take part in credit cooperative member meetings.
4. The most active members of RCCs tend to be farmers (as opposed to garden plot owners or individual entrepreneurs). The private farmers tend to have the most initiative.
5. A large percentage of respondents, 86%, expressed a desire and need for longer term lending.
6. The larger private farmers sometimes have access to bank credit, but garden plot owners and small entrepreneurs have less access.
7. Practically all respondents, 96%, stated that the process to receive a bank loan is more complicated than the loan process at their RCC and 53% of all respondents have not attempted to get a bank loan at all.
8. A large majority, 85%, of the respondents know that their loans were financed by the Russian American Lending Program.
9. Ninety five percent of respondents stated that access to RCC loans had either increased their level of well-being, 64%, or helped them to maintain their level of well-being , 31%.
10. All respondents planned to borrow more money in the future and two-thirds planned to increase loan sizes.
11. The respondents felt that RCC members represented the most active and business-like part of the local population.

Highlighted Details: The following tables and charts are drawn from the Dr. Rodionova's report (the original report is attached in appendix X). The region, RCC, and number of respondents queried is reflected in the following table:

Table 1 ***Respondent RCCs***

Region	Rural Credit Cooperative	Number of Respondents
Volgograd	*Podderzhka*	45
Orenburg	*Agrosoyuz*	14
Perm	*Doverie*	43
Rostov on Don	*Doverie* *Orlovsky*	40 40
Saratov	*Krestyanin* *Nadezhda*	43 46
Udmurtiya	*Zardon*	40
Chuvasia	*Soglasiya* *(including loans to members of smaller RCCs that borrow from Soglasiya)*	37
Yaroslavskl	*Sodruzhestvo*	46
Totals: 8 Regions	**10 RCCs**	**394 Respondents**

The members of all the above RCCs joined at various times. The table below shows the distribution of respondents according to year they joined their RCC:

Table 2 ***Year Respondents joined their RCC***

Year of Membership	Number	Percentage of Respondents
1997-1999	52	14
2000	37	9
2001	73	18
2002	69	17
2003	77	20
2004	86	22
Totals	**394**	**100%**

The average age of respondents was remarkably uniform—mid-40s. There was little deviation in age by region nor by gender.

Because Russian surnames generally indicate gender (though not always) a determination of sex could be made in 375 survey forms. The breakdown by gender is shown in the following table:

Table 3 ***Breakdown by Gender***

Gender	Number	Percentage
Women	109	29.1
Men	266	70.9
Total	**375**	**100%**

The MAC Program Team had previously assumed that about 10% of loans were made to women while recognizing that many loans are made to farm families in which both spouses are involved in farm operations. However, this survey indicates that women participation was three times higher than previously estimated. Considering that many loans made to farmers are actually for farm families, women participation in rural lending is much greater than was estimated during the MAC program.

Women borrowers tended to be more represented as garden plot owners while private farmer borrowers (generally these are larger private farms that are family managed) showed men as the predominant owners/borrowers.

Regarding the mix of new RCC members by enterprise type, as time moves on, the percent of new members who are private farmers drops while garden plot owners and entrepreneurs rises. This confirmed casual observation that indicated that rural credit cooperatives are reaching out to include more diverse members – smaller garden plot owners and rural entrepreneurs (craftspeople, service providers, store owners).

Table 4 ***Members by type of activity (% of number queried—some members had more than one activity)***

	1997-1999 52=100%	**2000 37=100%**	**2001 73=100%**	**2002 69=100%**	**2003 77=100%**	**2004 86=100%**
Private farmer	79	54	55	55	47	27

Garden plot owner	31	32	42	39	32	59
Entrepreneur	6	19	23	17	48	33

The respondents also supplied information about the areas of food production. Grain production stands out followed by vegetables and meat production. Again, respondents were free to select more than one area depending on their activities.

Table 5 ***Production specializations as % of total respondents (394)***

Main production specializations	Number of respondents	Number of respondents as % of total respondents
Grains	177	45
Vegetables	114	29
Horned large cattle	102	26
Swine	101	26
Milk	40	10
Poultry	24	6
Other (included bee-keeping, potatoes, & wholesaling)	109	28

RCC membership reflects positively on access to loans, land usage and hired labor. The data on loans by RCC members according to year they joined the RCC indicate, not surprisingly, that the longer a person is a RCC member, the greater number of loans he or she receives. Also, the size of the average minimum loan has tended to grow from year to year. The decrease over time of the average maximum loan borrowed probably reflects the growing number of smaller garden plot owners who join RCCs and borrow.

Table 6 ***Loan Characteristics by year of Membership***

	1997-1999	2000	2001	2002	2003	2004
Average first loan, rubles	23,238	53,531	76,659	90,206	86,221	63,614
Average total loans, rubles	788,995	520,948	439,387	265,118	288,795	66,695
Average # of loans	8.7	6.7	4.4	2.7	2.4	1.1
Average minimum loan borrowed	14,946	30,841	53,993	67,877	73,788	60,591
Average maximum loan borrowed	142,644	156,186	162,726	126,955	117,487	63,753

The general trend for land use comparing land use in the year when a member joined the RCC versus current land use in 2004, points to an expansion of land use by borrowers. For example, for the earliest joiners of RCCs, the average amount of land in cultivation rose from 251 hectares to 394 hectares in 2004. For the same group, privately owned land and rented land both increased over time. For every group of members by entry year to the RCC, total land cultivated increased.

Table 7 ***Land use comparison from year of membership to current year, 2004***

Base line Indicators when members joined RCC:	*Year that Members Entered the RCC*					
	1997-1999 52=*100%**	2000 37=*100 %*	2001 73=*100 %*	2002 69=*100%*	2003 77=*100%*	2004 86=*100%*
Percent of Borrowers tilling land	94	95	84	86	83	65
Average total land under cultivation in Hectares	250,96	211,22	264,12	171,06	368,79	82,28
Average amount of land privately owned	122,03	59,21	95,84	68,88	250,10	45,92
Average amount of rented land	228,42	228,83	257,93	207,20	237,26	75,51
Indicators for that set of RCC members as of 2004 :						
Percent of Borrowers tilling land	92	95	84	86	83	65
Average total land under cultivation in Hectares	393,54	279,35	342,73	194,32	402,22	82,33
Average amount of land privately owned	145,01	85,29	100,21	75,14	246,67	45,92
Average amount of rented land	378,13	300,19	342,53	220,68	286,54	75,61

The respondents also reflected a tendency to increase rural employment. The increased employment is marginal for part-time workers, more for seasonal workers and most noticeable in full-time workers.

Table 8 ***Hired workers of various types***

Indicators	*Year Member Joined RCC*				
	1997-1999 52=100%	2000 37=100%	2001 73=100%	2002 69=100%	2003 77=100%
Percentage of Borrowers who hired full-time workers	50	57	47	36	45
….same group as of 2003	62	68	49	35	45
Average number of full-time hired workers per borrower	5.2	9.4	7.8	6.6	11.4
….same group as of 2003	9.6	9.7	9.3	6.3	11.4
Percentage of Borrowers who hired Part-time workers	6	11	11	3	4
….same group as of 2003	6	14	12	4	4
Average number of Part-Time workers per Borrower	1.3	2.0	1.8	2.5	2.0
….same group as of 2003	1.3	5.0	1.9	2.0	2.0
Percentage of Borrowers who hired Seasonal Workers	33	38	28	30	31
….same group as of 2003	33	38	34	33	31
Average number of Seasonal Workers per Borrower	9.2	11.6	8.4	15.2	11.4
…same group as of 2003	10.7	15.6	11.6	15.0	11.4

Respondents were questioned on how they used their first credits supplied to them by their RCC. Enlarging their enterprises stands out as the main reason.

Table 9 ***Purpose of first credits received from RCC (as % of respondents from each year group)***

	Year member joined RCC					
	1997-1999 52=*100%**	2000 37=*100%*	2001 73=*100%*	2002 69=*100%*	2003 77=*100%*	2004 86=*100%*
To maintain standard of living	23	8	21	25	22	16
Expand enterprise	54	70	56	46	56	51
Start enterprise	8	8	3	4	10	6
Change specialization	2	0	1	1	3	2
Survive in changed conditions	4	5	8	12	5	6
Other	8	5	11	12	4	19
No answer	2	3				

In issues of corporate governance, more than half of all respondents participate in general assembly meetings. Geographically, two areas show only one-quarter of respondents participating in corporate governance: Volgograd and Perm. Overall, compared with more mature credit cooperatives in the United States where participation in annual meetings is generally about 10%, RCC members in Russia are very active in democratic management of their RCCs.

Table 10 ***Member participation in corporate governance***

Do you take part in General Assembly Meetings?	Rostov 80=100%	Volgograd 45=100%	Saratov & Orenburg 103=100%	Chuvashia 37=100%	Udmurtia 40=100%	Perm 43=100%	Yaroslavl 46=100%
% Yes	71	24	61	73	78	23	54
% No	29	76	39	27	22	77	46

Regarding access to credit, RCCs play a critical role in supplying credit to those who are less likely to receive credit from commercial banks. Asked whether they had attempted to get a bank loan, the 394 respondents answered as follows:

- 95 had successfully applied for a bank loan;
- 92 had applied for a bank loan and not received it; and,
- 207 had not attempted to apply for a bank loan

The following table separates the 394 respondents according to organization type: private farmer, garden plot owners and entrepreneurs. Percentages add to more than 100% because many respondents selected two business types reflecting mixed activities, for example, entrepreneur who is also a garden plot owner, or farmer who is also a registered entrepreneur. What stands out is that farmers, who are usually larger and more established than the average garden plot owner, were more represented than other groups among those that successfully applied for a bank loan. Garden plot owners were less likely to attempt to apply to a bank for a loan.

Table 11 ***Bank loan results by type of organization***

Type of Organization	Successfully applied for bank loan (95 respondents)		Denied bank loan (92 respondents)		Never attempted to apply for bank loan (207 respondents)	
	Number	%	Number	%	Number	%
Farmer	56	59	53	58	89	43
Garden Plot Owner	26	27	36	39	100	48
Entrepreneur	29	31	20	22	55	27

When looking at the economic characteristics of the same group by bank loan results it is very clear that commercial banks in rural areas serve the better-off while neglecting the less affluent rural dweller; the economic characteristics of those who did not attempt to apply to a bank at all are the most modest. This demonstrates that RCCs reach down into rural communities more deeply than do banks; the RCCs play a critical role in rural development.

Table 12 ***RCC member resources vs. bank borrowing***

	Successfully applied for bank loan (95 respondents)	**Denied bank loan (92 respondents)**	**Never attempted to apply for bank loan (207 respondents)**
Average hectares of cultivated land 2004	505	263	183
Average number of full-time workers	15	6	6
Average loan size from RCC	548,112	358,691	259,526
Average number of loans from the RCC	4.4	3.7	3.5

Credit history with a RCC is a benefit to people seeking bank loans. In one third of all cases where a bank did give a loan to an RCC member, the bank asked about the member's credit history at the RCC. The following table illustrates how RCCs are more user-friendly to rural borrowers:

Table 13 ***Perception of accessibility of bank loans by RCC members***

	Number of Respondents who AGREE with the statement	**Percentage of Respondents who AGREE with the statement**
Getting bank credit is just as easy as applying for credit at the RCC	11	4%
Getting bank credit is more complicated that getting credit at the RCC	154	51%
Getting bank credit is extraordinarily more complicated than getting credit at the RCC	138	45%
Total number of respondents to these questions	**303**	**100%**

USAID and USDA will be pleased to learn that RCC members are highly aware that their borrowing is financed by the Russian American Loan Program; 85% of the respondents knew that. Volgograd is very different with only 36% of the respondents knowing that

their borrowing is funded by the RAL Program. One possible reason for this disparity is that Volgograd raises half of all its funding through local savings, higher than any other region in Russia. Another is that the leading credit cooperative in Volgograd, refinances many local RCCs that are not accredited with the RAL program.

Table 14 ***Awareness of the Russian American Lending Program Contribution***

Are you aware that the RAL Program finances your borrowing?	Rostov	Volgograd	Saratov & Orenburg	Chuvahsia	Udmurtia	Perm	Yaroslavl
% YES	90	36	98	65	100	95	87
% NO	10	62	0	30	0	5	4
% Did not answer	0	2	2	5	0	0	9

RCC members are very positive about how their membership in a credit cooperative has affected their well-being. Ninety five percent of respondents stated that access to RCC loans had either increased their level of well-being (64%,) or helped them to maintain their level of well-being (31%).

Table 15 ***Assessment of RCC members on how their credit cooperative has affected their financial situation***

How did credit cooperative loans affect your financial situation?	**Number of respondents who agreed with the statement**	**Percentage**
Worsened my situation	2	1
Did not affect my situation	11	3
Helped me maintain my standard of living	122	31
Helped me improve my standard of living	252	64
No answer	7	2

Asked whether membership in their rural credit cooperative had affected their lives in general, the respondents again by 94% stated that their membership had been a positive (54%) or very positive (40%) factor in their lives.

Table 16 ***Assessment of how credit cooperatives had affected respondents' lives overall***

How has membership in your credit cooperative affected your life overall?	**Number of respondents who agreed with the statement**	**Percentage**
Negatively	0	0%
No effect	24	6
Positively	212	54
Very Positively	158	40
Total answering	394	100

It is interesting to note that residents of Perm answered by 63% that membership in their RCC had been a very positive factor in their lives. Chuvashia residents were the least enthusiastic with only 11% stating that their membership in their RCC had been a very

positive factor in their lives; still, 70% of Chuvashia respondents stated that membership had a positive effect on their lives.

Asked to think about how their RCC affected life in their rural community, 35% felt that the RCC either had significance for their community or had an important role in their community (19 and 16% respectively). The biggest group at 56% felt that the RCC had meaning for the credit cooperative members only, not the rural community. Just 1% felt that the RCC had no role whatever in their communities with 8% stating that the RCC played an insignificant role in their community.

Asked to characterize the *kind* of people who tended to join their rural credit cooperatives, the respondents felt in all regions but one, Volgograd, that members of RCCs were somehow more energetic or active in their communities. Perm again stands out with 91% of the respondents stating that the RCC members are more energetic and businesslike compared to members of the local community.

Table 17 ***Type of person who joins a rural credit cooperative (394 respondents)***

How would you describe members of your RCC?	Rostov	Volgograd	Saratov & Orenburg	Chuvashia	Udmurtia	Perm	Yaroslavl	Overall Total
They are ordinary people	20%	53%	29%	27%	18%	2%	33%	26%
They are more businesslike, active	78%	47%	64%	59%	65%	91%	61%	67%
Hard to say	2%	0%	7%	14%	17%	7%	6%	7%

Conslusion: This first social survey of rural credit cooperative members who participate in the Russian American Lending Program reflects a strongly positive impact of membership in RCCs on their members' well being. RCCs are perceived in seven out of eight regions as attracting members who are among the more energetic and business-like in their communities. Over one third of the borrowers are women. Borrowers indicated that the main reason for applying for their first credit was to expand their enterprises. The RCC members indicated overwhelmingly that they plan to continue borrowing in the future from their RCCs and these members are, by comparison with their counterparts in the U.S., very active in the corporate governance of their RCCs. The survey strongly indicates that RCC members find that their borrowing has increased or helped them maintain their standard of livings and indicators such as land under cultivation and numbers of full-time employees point to growth in ones' endeavors be they farmer, garden plot owner or entrepreneur. The survey also points to the critical role that RCCs have played in Russia's rural communities as RCCs reach out to include those who have little chance of accessing commercial bank credit, including garden plot owners, providing them with RCC loans that play an important role in rural development and in the lives of the RCC members.