

CREDIT THROUGH RURAL CREDIT PARTNERSHIPS FOR AGRICULTURAL PRODUCERS IN KAZAKHSTAN

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Abstract

Financing agricultural producers is one of the most acute problems within the entire scope of economic reforms in Kazakhstan. State financial support for agriculture in Kazakhstan is episodic in nature, small in size, and seldom reaches the target recipients, while the commercial banks are reluctant to give credit to agricultural producers. Although Rural Credit Partnerships (RCP) are very promising credit institutions for the agricultural sector, there are a number of challenges to their development. This study is organized in two parts: the first part analyzes the RCP membership status among corporate farms; the second part analyzes access to RCP credit by members of rural credit partnerships (both corporate and individual farms). The results of the first part of the analysis demonstrate that large-scale corporate farms with bank credit history are more likely to be members of RCPs. The second part of the analysis shows that the purpose of a loan requested from the RCP significantly affects the probability of a member to have access to RCP credit.

Keywords: agricultural finance, credit cooperatives, access to credit