

SUCCESS STORY: **First Loan Issued to a Legal Entity in Ukraine through Credit Unions with USAID CAP Project Support**

July 2024 – Since the 1980s, legislation in Ukraine pertaining to credit unions was outdated, allowing the cooperative financial institutions to issue loans only to individual members, even if they operated businesses. On January 1, 2024, thanks to long-term advocacy efforts by the USAID Credit for Agriculture Producers (CAP) Project and the World Council of Credit Unions (WOCCU) International Advocacy team, a new Law on Credit Unions passed, which finally allows credit unions to serve legal entities directly.

After receiving a thorough review of all policies and procedures with assistance support from the CAP Project, Credit Union *Anisia* prepared its first loan to a legal entity. It issued a three-year UAH 950,000 (approximately USD 24,000) line of credit to Grammax Dairy Farm. The farm is run by Ruslan and Svitlana Onyshkevych, who have been individual borrowers of the credit union for years to date.

By taking a loan as a legal entity, the Grammax Dairy Farm will receive a number of benefits they did not have before, such as:

- treating the loan interest as a company expense;
- crediting funds directly to the company's account;
- promoting accounting transparency;
- building the company's credit history; and
- generating a complete balance sheet for the company, allowing for proper analysis of its financial condition, available also to other lenders.

The loan issued to Grammax was made possible thanks to the USD 1 million USAID/Worldwide Foundation for Credit Unions Liquidity Fund. This fund, which operates in conjunction with CAP, offers additional liquidity for on-lending to Ukrainian farmers through credit unions.



Ruslan and Svitlana Onyshkevych at their farm, Lviv Oblast, Ukraine



Grammax Dairy Farm, Lviv Oblast, Ukraine

Photos: Grammax Dairy Farm, Lviv Oblast, Ukraine, credit: CAP Project

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