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SUCCESS STORY:

Credit Unions in Ukraine Help Farmers Reduce Costs and Protect the Environment through Value Chain Financing

June 2024 – Farmers in Ukraine continue to face various challenges caused by Russia’s ongoing full-scale invasion. This includes increased prices for agricultural inputs. To help alleviate this, the USAID-funded Credit for Agriculture Producers (CAP) Project brought agricultural market actors together to strengthen agricultural value chains and achieve sustainability and environmental goals. CAP offered tailored training and support for partner credit unions to assist agricultural market actors in accessing needed finance.

Kredyt-Soiuz is one of CAP’s long-standing partners in Cherkasy Oblast. The credit union successfully implemented the value chain financing model through hard work and motivation. After signing a Memorandum of Understanding with a local producer of biological plant protection products, it financed the company’s business growth through a UAH 1 million (approximately US \$25,000) loan.



Valeriy Dovgoshyia showing his corn fields, Cherkasy Oblast, Ukraine
Photo credit: CAP Project

Next, Kredyt-Soiuz connected seven of its farmer borrowers with the company, forging business connections along the agricultural value chain. Kredyt-Soiuz financed loans for seven farmers for a total of UAH 11.9 million (approximately US \$300,000). Of these, five out of the seven farmers received financing thanks to the USAID/Worldwide Foundation for Credit Unions’ US \$1 million Liquidity Fund, which provides liquidity for loans to Ukrainian farmers through credit unions.

Organic plant protection products provide greater safety and cost less than traditional herbicides. Valeriy Dovgoshyia is one of the seven farmers who are applying the new technology. He says: “After I learned about this initiative, I decided it’s a great way to use less chemicals in my corn production while having the same level of yield and saving some money.” Based on Valeriy’s calculations, the new technology will help him effectively remove pests and save up to five times on plant protection products.

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