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# SUCCESS STORY: Small And Medium-Sized Farmers Grow More Competitive Thanks to Credit Union Financing



Farmer Viktor Petrovskiy explaining the specifics of mill operations. Kamianets-Podilskiy Rayon, Khmelnytskyi Oblast, May 2021.



Bakery Khlibnytsia Petrovskoho owned and run by Viktor Petrovskiy. Kamianets-Podilskiy Rayon, Khmelnytskyi Oblast, May 2021.



Farmer Viktor Petrovskiy and PVKS Regional Director Iryna Boyko at Mr. Petrovskiy's farm. Kamianets-Podilskiy Rayon, Khmelnytskyi Oblast, May 2021.

In Ukraine, small and medium-sized farmers and agricultural businesses are challenged with being competitive in local and international markets. They struggle to improve the quality, consistency, and efficiency of their production. For this, they need access to affordable and timely financing, a goal of the Credit for Agriculture Producers (CAP) project.

This was the situation facing Viktor Petrovskiy, a farmer and business owner of *Khlibnytsia Petrovskoho* bakery in Kamianets-Podilskiy, Khmelnytskyi Oblast. He needed financing to increase the efficiency of his business. Previously, he bought flour from other farmers. To reduce prices for his customers and become more competitive, he decided to produce the flour himself. Mr. Petrovskiy needed an investment loan to buy his own mill, but banks either declined to finance his project or had very complex loan requirements that he could not meet.

Other local farmers recommended that Mr. Petrovskiy join *Credit Union PVKS* – a CAP partner since 2018. Following an assessment of Mr. Petrovskiy's business in line with international underwriting practices, *PVKS* issued him an investment loan of UAH 1 million (USD 37,000) to cover two-thirds of the cost of the flour mill. *"We always try to make ourselves approachable and helpful for our members,"* says Iryna Boyko, Regional Director at *PVKS*.

Mr. Petrovskiy received the loan in the spring of 2020 and bought a mill from the local Ukrainian Mogyliv-Podilskiy Engineering Plant. This enabled him produce 15 tons of milled grain per day, lowering his costs and allowing him to become more competitive. By bringing together local crop producers and buying wheat for his own bakery and other local bakeries, Mr. Petrovskiy helped create a value chain that did not exist previously.

Mr. Petrovskiy now plans to start a poultry farm using the mill scraps as feed. To achieve this goal, he plans to apply for additional financing from *Credit Union PVKS* as soon as his current loan is fully repaid. As Mr. Petrovskiy reflected, *"Do you know why people reach out to credit unions? Because it's simple. Simplicity. Because everything you need is here, in the credit union."*

*Disclaimer: This success story is made possible by the support of the American people through the United States Agency for International Development (USAID). The contents of this report are the sole responsibility of World Council of Credit Unions and do not necessarily reflect the views of USAID or the United States Government.*