SUCCESS STORY:

Small And Medium-Sized Farmers Grow More Competitive Thanks to Credit Union Financing

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 Petrovskyi, a farmer and business owner of Khlibnytsia Petrovskoho bakery in Kamianets-Podilskyi, 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. Petrovskyi 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. Petrovskyi join Credit Union PVKS – a CAP partner since 2018. Following an assessment of Mr. Petrovskyi’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. Petrovskyi received the loan in the spring of 2020 and bought a mill from the local Ukrainian Mogyliv-Podilskyi Engineering Plant. This enabled him to 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. Petrovskyi helped create a value chain that did not exist previously.

Mr. Petrovskyi 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. Petrovskyi 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.”

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