



## Country information

### Country name

Ukraine

### Capital

Kyiv

### Population

45,134,707

### Population below the poverty line

35% (2009 est.)

### Languages

Ukrainian (official) 67%, Russian 24%, other (includes small Romanian-, Polish-, and Hungarian-speaking minorities) 9%

### Main export products

Ferrous and non-ferrous metals, fuel and petroleum products, chemicals, food products, machinery and transport equipment



Alexander Dodonov's crop was once saved when he took an emergency loan from Gromada to buy wood to heat his greenhouses.

## Agricultural Cooperative a Boost for Ukrainian Farmers

After the Soviet Union disbanded, Ukraine experienced a dramatic drop in economic output, and a majority of the population plunged into poverty. The region had been an essential agricultural and industrial centre of the Soviet, but large collective farms and heavy industry could no longer compete. After many people lost their jobs, they began working as microentrepreneurs in order to survive. Throughout the 90s recession, the country experienced severe hyperinflation, but began to improve economically from 2000. Yet tough times struck again in 2008 when the economy dropped and unemployment soared from 3% to 9.4% in only nine months. Today 35% of the Ukraine population lives below the poverty line.



Alexander Dodonov with his family.

## Supporting rural communities with more than finance

Gromada Credit Union was the first agricultural credit cooperative Oikocredit financed in Ukraine. In 1996, four women started the cooperative with the aim of providing small consumer and trade loans to market traders. Unable to approach traditional banks, farmers also began to turn to the women for support with their agricultural projects. Today, the cooperative Gromada Credit Union serves more than 5,000 members, in the rural sea-side regions of Kherson and Mykolaiv. Gromada continues to support its members both financially and socially, through savings, loans, training, advisory services and youth programmes.

## Emergency loan gets Alexander through the winter

Alexander Dodonov has now been farming for a decade, and was anxious at the thought of taking out a loan to support his farm. It was only after he found he could make the repayments that he grew confident and saw the benefits of being a cooperative member and microfinance borrower. Approaching traditional banks was never an option for Alexander, who says interest rates are higher, and conditions of the loans less flexible than those of Gromada Credit Union. Now, Alexander is on his fifth loan cycle, and has used Gromada loans to pave the way to farming success.

Alexander and his family own around 25 acres of land, which they received from the government after the ‘collective farming’ regime, part of the Soviet Union’s system was disbanded. Today, most of their land is leased to a larger farm. Alexander relies on three greenhouses to grow tomatoes, cucumbers and cauliflower, and an irrigation system. He aims to harvest his vegetables twice a year, and relies on the greenhouses – heated by a wood-run stove – to deliver the first harvest in spring. An unusually cold spring stuck two years ago, meaning Alexander drew on more wood supplies than usual. Realizing he was short on fuel for the months ahead, Alexander applied for a short-term emergency loan with Gromada. The loan was approved and disbursed within two days; delivered on the day he ran out of fuel.

With the combination of his hard work, knowledge and loans from Gromada, Alexander has built up his farm and become a source of advice for many of his fellow members. “People come to me for advice because I have a good feel for what the plants need. I give them tips on what seeds and fertilizers to buy, and where to get them,” Alexander says.

“But in future, I want to own a store where my fellow members get what they need. As soon as I manage to save half the money to open a store, I will borrow the remaining half from Gromada.”

## More information

### Oikocredit in Ukraine

Oikocredit opened its Ukraine office in 2005 after it saw the need to support Ukraine’s microentrepreneurs by financing credit cooperatives, microfinance institutions and agricultural farms. Today, with an Oikocredit subsidiary office in Lviv that can operate more effectively in the country, the strategy for Oikocredit in Ukraine remains the same; support microentrepreneurs via agricultural partners.

### Oikocredit & Gromada

Gromada was the first credit union in Ukraine that Oikocredit financed. To date, Gromada has received five loans from Oikocredit. The most recent local currency loan of UAH 3.5 million (around € 333,000) will be used to support the cultivation of produce including vegetables and grains, and purchase livestock.

### Oikocredit’s approach

Oikocredit is one of the world’s largest sources of private funding to the microfinance sector. We provide credit to small businesses through intermediary microfinance institutions across the developing world. We also provide credit directly to trade cooperatives, fair trade organizations and buy stakes in small-to-medium enterprises (SMEs).

We offer a dual return to our investors: social and financial. In addition to earning modest financial returns, investors are secure in the knowledge that their money is being used to fight poverty, promote fair trade and respect our planet’s natural resources.

Social performance management is a priority for Oikocredit. Measuring and demonstrating social return on investment is essential, as we strive to know that our investments lead to positive change in the lives of the working poor. In particular, we aim to increase our reach to rural, agricultural communities and are committed to women’s empowerment.

We currently have over € 500 million invested in almost 900 partners in more than seventy countries. Being close to our clients and knowing their markets through our network of local staff is at the foundation of our work.

With a positive track record spanning over 35 years, we know that finance for development works.