

# Making the most of what you have

## Innovative Ways to Fix a Broken Economy in Chernihiv's Rural Areas

In Chernihiv oblast, an economically depressed area of northeastern Ukraine sandwiched between Russia and Belarus, is the small town of Nizhyn (or Nezhin in Russian). Neighboring Russians react to the phrase “Nezhinsky pickles” like an American may respond to “Hershey’s chocolate.” Pickled cucumbers make fine chasers for vodka. Small, crunchy, durable and delicious, pickles produced by the Nizhyn pickle factory during its heyday were distributed far and wide across the Soviet Union’s nine time zones. But with state handouts and Soviet-era distribution networks gone, the factory shut down in the 1990s.

### Getting out of a pickle

Armed already with a well known and popular brand name, Valery Tolmachov of the Nizhyn Regional Development Agency wanted to find a new way to get the pickle business out of its economic jam. Instead of pumping money back into the derelict factory, Mr. Tolmachov decided to support small business owners. The Regional Development Agency received a grant from the Eurasia Foundation (EF) to provide free consulting for potential pickle producers on how to set up and operate a cucumber farm. The agency also gives information on potential sources of credit institutions for start-up businesses. As a result, 32 businessmen have been trained, and four new businesses have been set up. The pickles once again are being distributed in the region and throughout Ukraine. Mr. Tolmachov and his group of businessmen

“I regret that I did not receive these skills earlier, because my business certainly would have been more successful now.”

-- Participant in Mushroom Farming Support Center training seminar

are now looking for ways to develop an export market to Russia and beyond.

### The economics of the thing

According to official statistics, Ukraine appears to have turned a corner. In the mid 1990’s the entire economy appeared to be spinning out of control. Now Ukraine seems to have stabilized, experiencing double-digit GDP growth in the last two years. However, a large chunk of the population has not been able to share in the country’s economic successes. Ukraine’s rural communities, representing 45 percent of the population, are still stuck in a vicious cycle of poverty.

Previously dependent on the largess of gargantuan and unprofitable state-owned enterprises, the rural population has been especially hard hit by the shockwaves resonating from the market transition.

The Chernihiv oblast has been particularly hard-hit. The rural regions of the Chernihiv oblast seem to be on a different planet compared to the hustle and bustle of Kyiv, a mere two-hour drive

away. Roads haven’t been repaired in years. Outhouses are still common, even for public buildings and schools. Electricity and heat are spotty, especially during the brutal winters. The region’s proximity to Kyiv means that the most entrepreneurial souls have left for the big city. Many of those who are left are unskilled or untrained. Most of the population depends on subsistence farming, petty trading and state social payments for survival. In 2002, President Kuchma decreed that the Chernihiv oblast had “the lowest level of private enterprise development in Ukraine.”

Breaking this bleak cycle is going to take bright ideas, determination and creativity. EF’s grant-making philosophy in supporting such initiatives is simple: find people who have worked together to come up with a good idea and help those ideas become a reality.

### A hobby mushrooms into a business

Irina Karpenko of the Mushroom Farming Support Center in Chernihiv came up with an idea of how to transform a popular pastime into a lucrative business. In 2004, a group interested in the art and science of mushroom farming started getting together to talk about their hobby. They soon discovered that mushroom farming offers a unique business opportunity:

