



Agribusiness Sector Strategy 2019 - 2023



European Bank
for Reconstruction and Development

Food is at the core of human existence. It plays a fundamental role by not only providing nutrition to all, but also jobs and income to as many as 1.1 billion people worldwide. The ingenuity of farmers and entrepreneurs in the agribusiness sector shapes human communities over time, building upon local traditions and culture while responding to the increasingly diverse needs of the global population.

The sector is facing growing challenges. Population growth and higher incomes are predicted to lead to a 50 per cent increase in food demand by 2050. Dietary and consumption patterns are changing, with increasing levels of protein consumption. At the same time, the stock of finite natural resources needs to be better managed to improve the sector's impact on the environment, climate, people and communities that depend on it.

The EBRD Agribusiness Sector Strategy 2019-2023 is a response to this changing environment. It recognises that a **responsible, innovative and sustainable** approach is needed for food production of the future. It highlights the need for balance in order to simultaneously meet three competing needs: efficiently closing the food gap to provide all people with the food they need; preserving natural resources; and improving the social and environmental impacts of the sector.

The Strategy recognises **the structural vulnerabilities of the region** as well as the remaining transition challenges in the economies where the EBRD invests. It is anchored to **the EBRD's six transition qualities** with the following key areas of focus: enhancing productivity and value addition (competitiveness); sustainable agribusiness (green); inclusive value chains (Inclusive); strengthened market links (integrated); innovative and affordable financing (resilient); and improved business conduct and standards (well-governed).

A strong, sustainable and inclusive agribusiness sector needs to encompass **farmers and companies of all sizes along the entire food value chain.** The

EBRD's tailored and innovative finance coupled with technical assistance can catalyse private sector investments to provide public goods. Greater **public and private coordination** – including through policy dialogue – can increase transparency and policy outcomes to advance transition.

The Strategy acknowledges the diversity of markets and stages of development in the sector and therefore emphasises that **activities spanning the whole value chain** from farming, processing and trading to food distribution, packaging and retail are required, with tailored approaches via different financing instruments.

The Strategy will be implemented with a tailored approach to respond to specific transition challenges as set out in the respective Country Diagnostics and Country Strategy documents of the EBRD.

The EBRD is the largest provider of finance to the sector in its region of operations. The Strategy calls for **more cooperation with a wide number of partners**, IFIs, development agencies and agribusiness sector associations, knowledge/research centres and universities, all of which the EBRD is committed to working with. Food is deeply rooted in our lives and our success critically depends on our ability to work together towards a sustainable food future for all.

I recommend that the Board of Directors approve the five-year Agribusiness Sector Strategy for 2019-2023.

Suma Chakrabarti

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The new Agribusiness Strategy sets out how the Bank will support the sector in its countries of operations. From 2019 the Bank will:

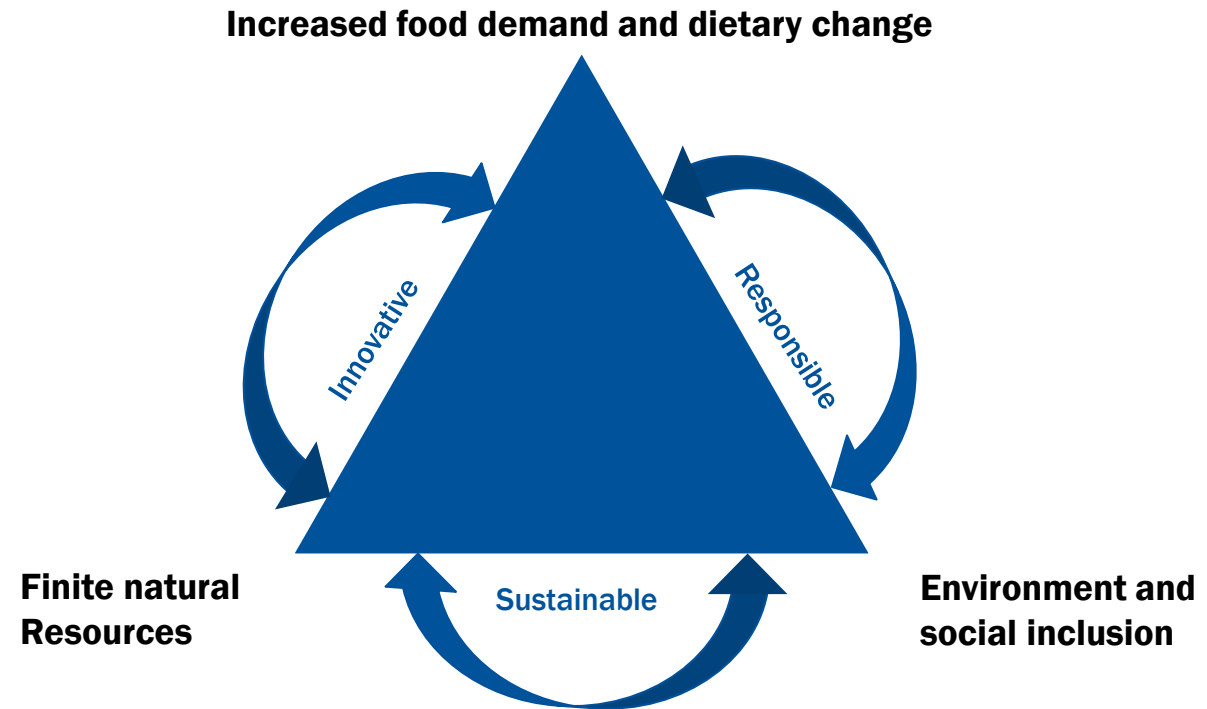
- Provide finance, technical cooperation and policy dialogue in support of a more responsible, sustainable and innovative agribusiness sector.
- This is a response to a changing environment. The agribusiness sector needs to meet higher food demand and shifting dietary requirements, while taking into account climate change, finite natural resources and social inclusion challenges.

The Strategy will cover all the Bank's countries of operations for the period 2019-2023.

It interfaces with other strategies, approaches and policies of the Bank, including:

- Country strategies, which include sector-specific objectives.
- Thematic strategies and approaches, such as the Green Economy Transition approach, the Strategy for the Promotion of Gender Equality, the Economic Inclusion Strategy and the Energy Strategy.
- Policies such as the Environmental Social Policy and the Public Information Policy.

Achieving a sustainable food future requires meeting three competing needs simultaneously: 1. efficiently closing the food gap; 2. preserving natural resources and climate; while 3. improving the environmental and social impact of agribusiness, including for smallholders



The EBRD will adopt a RESPONSIBLE, SUSTAINABLE and INNOVATIVE approach to achieve the best balance among the three competing aspects through investments, technical cooperation and policy dialogue in the agribusiness sector, from primary agriculture along the entire value chain

A woman wearing a grey hijab and a blue long-sleeved top is shown in profile, harvesting olives from a tree. She is holding a branch with yellow olives. The background is a blurred landscape with yellow and blue structures, possibly a market or a village. The text is overlaid on this image.

Implementation of the previous strategy – experience and lessons learned

The EBRD's previous agribusiness strategy and activities 2010-17

Against the backdrop of a financial crisis and a food price crisis, the 2010 strategy combined several approaches:

- **A demand driven approach, maximising the positive and sustainable impact of private sector investments.**
- **An integrated approach, combining financing with technical cooperation and policy dialogue in key areas.**
- **A focus on enhancing food security across the region through the dedicated Private Sector for Food Security Initiative (2011).**

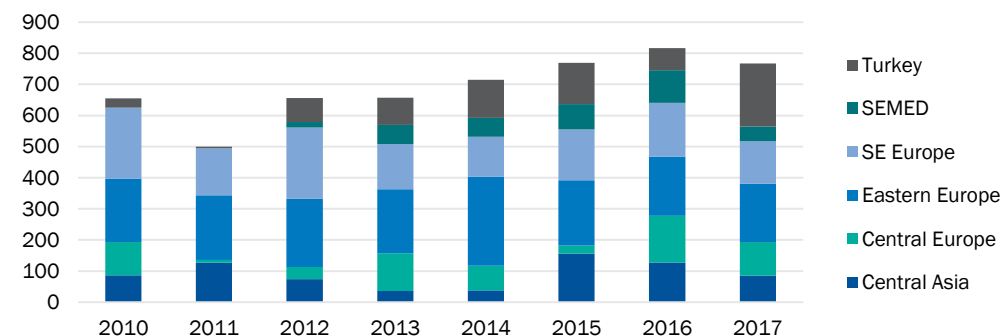
Key Investment Results, 2010-17

- €6.7 billion directly invested in the private sector across the region. In 2017, Agribusiness represented ca. 8% of the EBRD's total Annual Bank Investment (ABI).
- 447 investment projects: 84% debt, 13% equity and 3% guarantees with an average project size of €15.1m. From 2014 to 2017 more than 50%, or 121 projects were under €25m with 55 debt transactions delivered in local currency.
- Over €1 billion invested in Green Economy Transition (GET) projects in the Agribusiness sector from 2010 to 2017.
- Investments increased in Central Asia and Turkey, maintained an important level in Eastern and South-East Europe (42% of investment, 2017) and expanded to the SEMED region (10% of total, 2015-17).

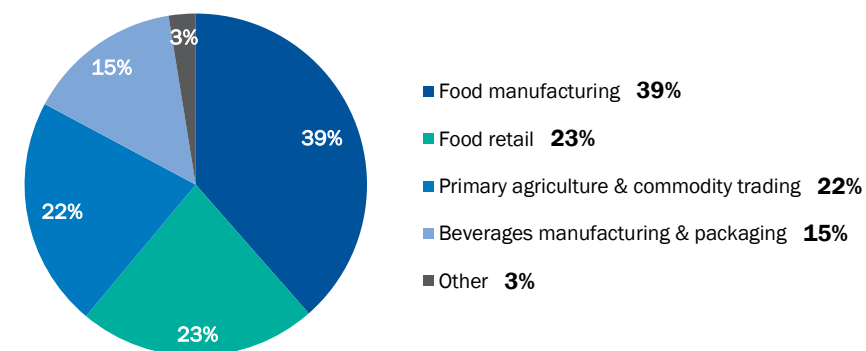
The EBRD is the most active IFI in the region

- From 2010 to 2016 the EBRD provided 65% of multilateral development bank investments* in Central Asia, Eastern Europe, South Eastern Europe, Turkey and 19% in SEMED, despite only being active there since 2012.
- The EBRD's investments account for 31% of multilateral investments in the agricultural sector and 91% in agro-processing. Agribusiness credit lines with local partner banks were established by the EBRD in Albania, Bulgaria, Romania, Tajikistan, Turkey and Ukraine to efficiently reach smaller sub-borrowers and to provide affordable credit to farmers also involved in primary agriculture.
- Over 180 advisory projects have been delivered in the same period, including support for policy dialogue in Egypt, Morocco, Serbia, Tunisia, Turkey and Ukraine.

Regional agribusiness investment, 2010-17, million €



Sub-sector shares , 2010-17, % of total EBRD agribusiness finance



* Such as the Asian and African Development Banks, IBRD & IFC

Examples of representative investments 2010-18



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Scandagra | BALTICS, 2018

€30m long-term loan benefitting the development of organic, sustainable and innovative agricultural practices in the Baltics, through farmer training, scaling up test fields, and supply and procurement of organic products.



Moji Brendovi | SERBIA, 2015

€20m in equity financing and €60m mezzanine loan for the acquisition of the Danube Food Group (and its 3 leading FMCG companies), led by a CEE-focused private equity group.



Louis Dreyfus | EGYPT, 2016

A regional revolving working capital facility through a US\$20m loan to benefit, among others, trade and resilience of the Egyptian grain sector by supporting the collection, storage, processing and transportation of grain and cotton. The transaction supported public-private policy dialogue and the establishment of an Egyptian Grain Suppliers Association.



Astarta | UKRAINE, 2016

US\$20m senior loan to launch Astarta's long-term strategy on compliance with the EU's best available techniques for food, drinks and milk industries, making it a benchmark in Ukraine. The loan had positive effects on energy and water efficiency, sugar quality and mitigation of any negative environmental impacts.



Kvareli Baga | GEORGIA, 2013

US\$1.3m loan for the construction of a greenfield industrial-sized dairy complex, comprising top equipment and systems that optimise milk production performance all year round.



Agromir | UZBEKISTAN, 2017

US\$10 million loan to finance working capital needs and construction of a modern warehouse, equipped with an automated system to help reduce losses and achieve better stock management.



Auchan | TAJIKISTAN, 2014

€5m debt and equity to finance the opening of the first hypermarket in Tajikistan, fostering competition, higher standards and lower prices in the local food retail industry.



Sutas Group | TURKEY, 2017

US\$25m for capex to increase the company's biogas power production capacity, and new investments in organic fertiliser production of which US\$3m provided by the Clean Technology Fund ("CTF") under the Near Zero Waste Programme ("NØW").




Olam | REGIONAL, 2017

US\$150m loan to support one of the leading global traders in purchases of agricultural commodities and increasing engagement in Egypt, Georgia, Poland, Turkey and Ukraine.



The 2019 Agribusiness Strategy is informed by lessons learned from more than 400 agribusiness projects between 2010 and 2017 and from the “Evaluation of 2010 Agribusiness Sector Strategy” published in 2015 by the EBRD’s Independent Evaluation Department.

2010-17 project-level experience	Key findings of 2010 Strategy Evaluation	Implications for 2019 Strategy
<ul style="list-style-type: none">• Agribusiness clients and end-consumers put more emphasis on quality and responsibly produced and sourced products.• Importance of “green” and sustainable outcomes is a growing priority for the Bank and our clients. The implementation of green projects requires transfer of know-how and also specific financial instruments.• Employment of skilled-labour is key in the agribusiness sector but clients are slow to adopt technological innovation and operational performance is often impaired by low labour productivity.• Achieving results at the country/regional level requires investment along the whole food value chain, and a certain degree of operational flexibility .	<p style="text-align: center;">+</p> <ul style="list-style-type: none">• The choice of “Food Security” as the main theme was justified, given the food crises of 2007-08 and the importance of many EBRD countries of operations for global food security, as well as their unrealised potential in agriculture.• The broad definition of “Food Security” provided little operational guidance and allowed the Bank a lot of flexibility when choosing projects.• The 2010 Strategy was largely an expansion on the value chain financing theme of the previous strategy. It did not present a shift towards new directions.• Lack of more precise performance metrics and a results framework. <p><i>Please see Annex 2 for more details on the Evaluation of the 2010 Strategy</i></p>	 <ul style="list-style-type: none">• Sharper focus and well-defined objectives to address transition gaps effectively.• Food Security mainstreamed as an outcome of specific focus areas – especially in SEMED countries.• A value chain approach and a private sector focus proved to be appropriate in specific sub-sectors and could be carried forward.• Development of performance metrics, including a Performance Monitoring Framework in the 2019 Strategy.• Innovative financial instruments and other tools, are needed to support a breakthrough in green finance for the sector.• Blended finance opportunities can be put in place to address market failures and incentivise private sector investments for the provision of public goods.• Policy dialogue and technical cooperation tied into strategy and operational priorities.



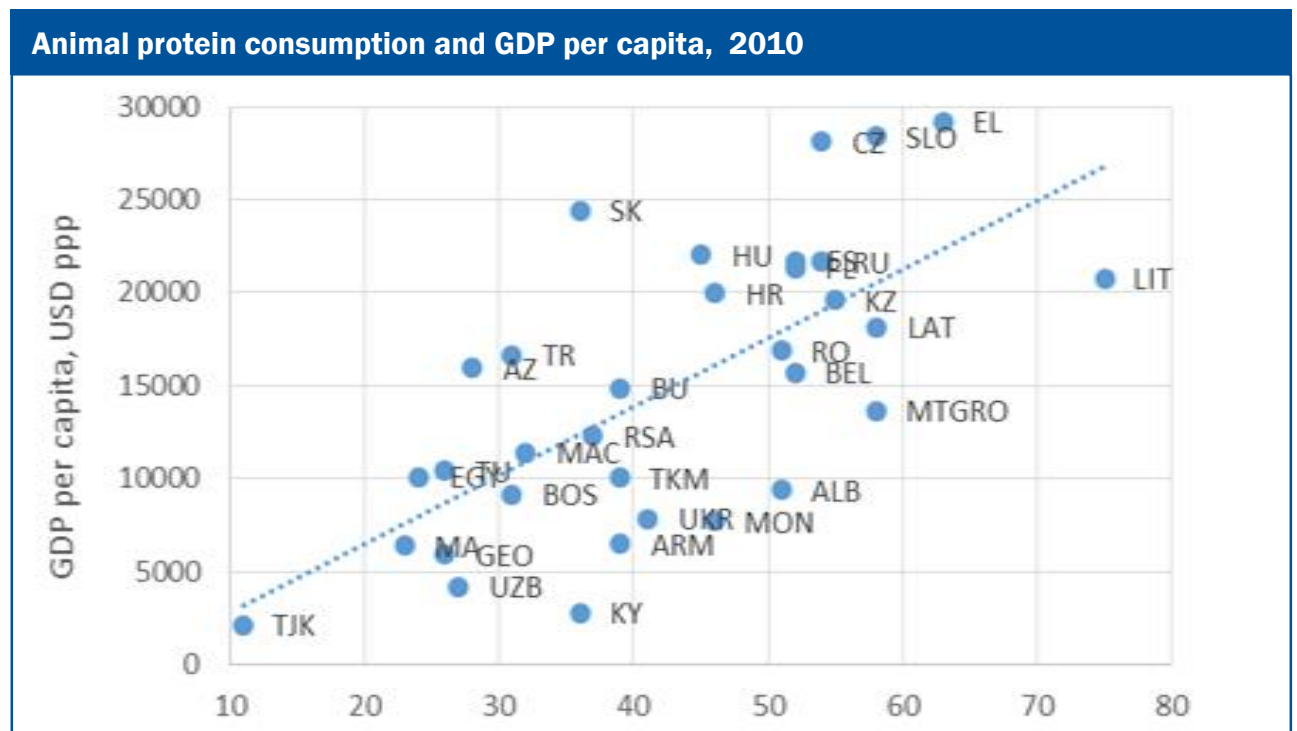
Sector context and transition challenges



1. Sector context and transition challenges: Increased demand for food and dietary changes

- Population growth and rising incomes will **increase food demand by 70% over the next 30 years**, requiring an additional US\$83 billion annual investment in the developing world to close the projected food gap.
- **Medium-term forecasts predict a 10-25% increase in consumption of key commodities** with increasing demand for animal protein. The high environmental cost of production of animal protein needs to be taken into account.
- **Diets have become more varied** (and often more energy-intensive) in response to consumer preferences in terms of form, taste and quality.
- **Nutrition is a key driver of dietary changes.** While improving nutrition and tackling obesity require complex, multi-dimensional solutions, wider availability of healthy, nutritious food contributes to improved food and nutrition security.

Selected FAO/OECD consumption forecasts 2016-26	
Wheat, Egypt	+16%
Coarse Grains, Ukraine	+9%
Oilseeds, North Africa	+29%
Meat, Ukraine	+13%
Dairy, Turkey	+8%



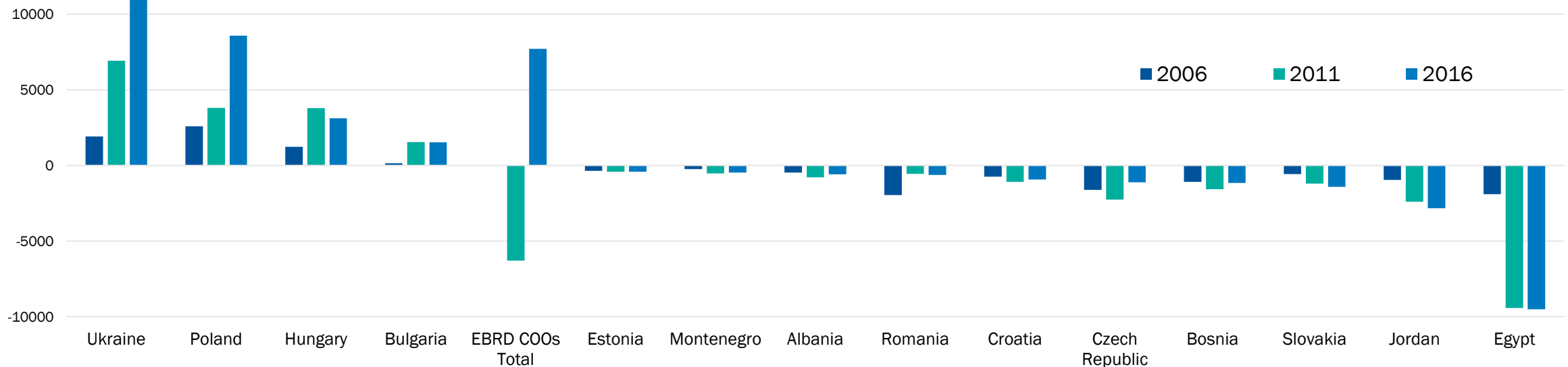
Source: FAO

Unit: Grams/per capita/per day

2. Sector context and transition challenges: Trade polarisation

Trade polarisation between net food exporters and importers is deepening (example of selected EBRD countries of operations, trade balance US\$m)

- **Rising food export surpluses and import deficits result in increasing trade polarisation, which is likely to persist.** While trade is an essential part of improving food security outcomes, rising deficits create vulnerability to future price volatility.
- Growth in **regional trade integration** and **market interconnections** encourages the development of **comparative advantages** and boosts **resilience** to shocks. At the same time cross-border logistics and transport would contribute to a higher environmental footprint, if uncompensated by efficiency and technology improvements.
- **Improving productivity and increasing cereal exports** from Eastern Europe, Ukraine, Kazakhstan, Romania, Bulgaria and the Baltic States reduces world prices and improves food security in food deficit countries such as the SEMED region.



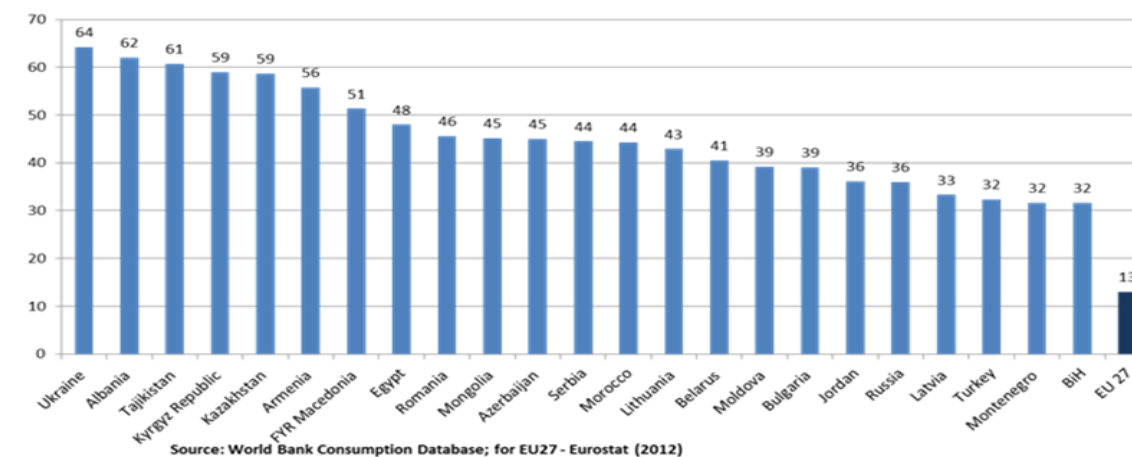
3. Sector context and transition challenges: Vulnerability to price volatility

Today's lower international food prices allow for a longer-term view for sustainable investments in which private sector efforts add value in production, improve use of natural resources and foster inclusive value chains. However, price volatility remains a concern, especially in countries where a high proportion of household income is spent on food.

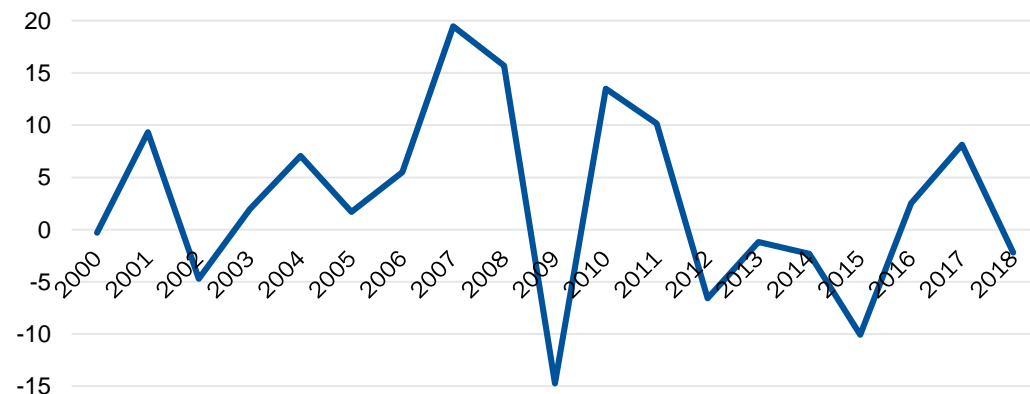
Context

- **The food price spikes of 2007-12 revealed persistent food security weaknesses**, particularly in SEMED, Central Asia and, to a lesser extent, south-eastern Europe.
- **Agricultural markets are subject to price variations:** long-term trends in volatility show that periods of high and volatile prices (2006-12) are followed by relatively low/stable prices as exhibited today.
- Real food prices continue to fluctuate in very short time periods and the most **vulnerable people are faced with new and growing concerns.**

Share of expenditure (%) on food in select EBRD countries of operations, 2010



Year-on-year real food price changes, %



Source: FAO

- **Underlying vulnerabilities to price shocks remain:** for example, a high proportion of household income is spent on food and agri-food imports; country-level deficits continue to increase in parts of SEMED and Central Asia.
- **Structural weaknesses/vulnerabilities remain,** especially for net importing countries, where long-term issues of resilience still need to be addressed.

4. Sector context and transition challenges: Finite natural resources and climate change

Limited natural resources and climate change have a deep and varied impact across the region

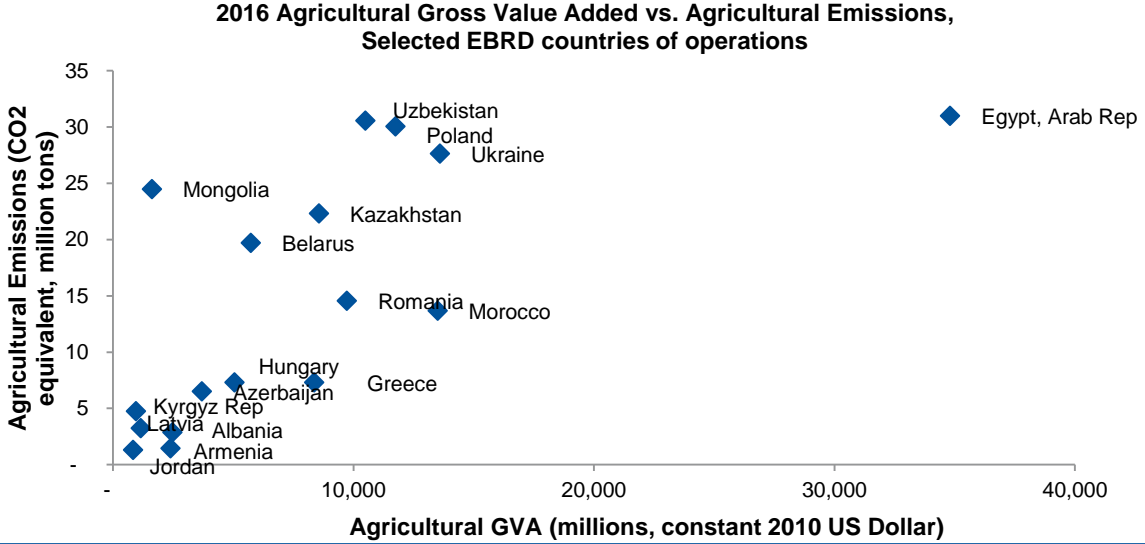
Food systems depend on natural resources such as land and water. The agricultural production and output availability are influenced by weather and climate. **The sector is very vulnerable to climate change risks and the region may be subject to adverse impacts:**

- Greater water stress, intensity and recurrence of floods/droughts.
- Reduction in crop yields, greater output variability, including increased livestock vulnerability.
- Reduction in available agricultural land in the SEMED region.

These may lead to reduction in the affordability of food and/or increased volatility of food prices, particularly in low-income and food-importing countries.

At the same time agricultural systems contribute to climate change and they have a large impact on natural resource use:

- The agribusiness sector accounts for **30% of total energy use and over 20% of greenhouse gas emissions**. Without any mitigation, agricultural greenhouse gas emissions are expected to rise to 30% by 2050.
- An estimated **14.5% of GHG emissions are due to livestock production**. Switching to more resource-efficient production and technologies, for example, by improving feed conversion efficiency, can reduce emissions by up to 30%.
- An estimated **60% of global terrestrial biodiversity loss** is related to food production. An estimated **33% of soils are degraded** due to erosion, nutrient depletion, acidification, salinisation, compaction and chemical pollution.
- There is **inefficient resource use** (including water, energy and waste management) and limited standards and traceability along the production chain alongside limited private sector capacity to measure, address and mitigate environmental and social risks.



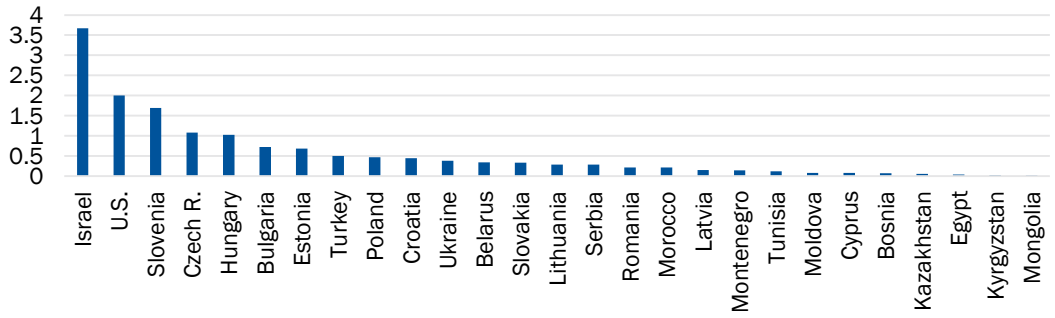
Source: World Bank for Agricultural GVA, FAOSTAT for emissions

5. Sector context and transition challenges: Innovation and technology advancements

Over the past few years, there has been a rapid increase in the availability of new technologies to raise productivity, lower the costs of production, and reduce the environmental footprint of agribusiness.

- For example: ICT improvements to “smarten” processes at farm level, logistics, processing, trade, and households; cultivation of seaweed and insects as a potential source of high-quality protein with lower environmental impacts; production of PVC and plastics from plants to decrease the impact of packaging; innovative use of new options regarding preservation of food and beverages; new products based on new ingredients or a new mix of ingredients; and new ways to reduce waste and pollution.
- **Technology penetration rates are minimal in the EBRD’s countries of operations and business enterprise R&D expenditures as part of GDP remain low.** The productivity gap relative to advanced market economies remains large, with much of the agricultural activity producing relatively limited value added. The penetration of modern retail and agri-processing is relatively limited, with rare opportunities to transfer technology and best practices along value chains. Accelerating technology transfers will have a large potential to positively impact agriculture.
- **The potential for improved processing and distribution is constrained by outdated systems for the rapid delivery of products to consumers.** In addition 30-40% of produce is lost in post-production, due to outdated infrastructure and overall supply chain logistics.

Business enterprise R&D expenditure as a % of GDP, 2015



Source: Global Innovation Index 2017 – Innovation Feeding the World, Cornell/INSEAD/WIPO

More should be done to address the innovation gap at different levels:

- **With established companies:** to support private sector players in *incremental innovation*, to increase R&D and also to combine knowledge and experience made in different fields (e.g. ICT).
- **With SMEs and new comers** to increase *absorptive capacities*, productivity levels and support *breakthrough innovation*.
- **With a strategic value chain approach:** through value chain financing to induce *vertical and horizontal spill overs*, via backwards and forwards linkages, sharing of knowledge and practices and foster innovation clusters with suppliers.
- **With a country-focused approach:** offering a mix of technological and non-technological innovation focusing on (1) *technologies that will need to diffuse* and be adapted (Early Transition Countries); and (2) supporting the need to *further engage in R&D and frontier technologies* (Advanced Transition Countries).

6. Sector context and transition challenges: Urban–rural linkages

Agribusiness plays a fundamental role in sustaining human communities by providing nutrition, jobs and income

- **The sector is crucial for a large share of employment**, especially among the poor, and for countries' political and socio-economic stability.
- **Approximately 80% of food is produced by smallholders in rural areas worldwide to feed the world's growing cities.** Responsibly closing the food gap means enhancing productivity and, at the same time, improving the livelihoods of farmers in line with the Sustainable Development Goals. It is estimated that 75% percent of the world's poor live in rural areas.
- In the central Asia region and SEMED, rural transport infrastructure is a major barrier to connect urban and rural areas. Poverty is three times higher in rural than in urban areas in Eastern and South-eastern Europe. In the Near East, North Africa and Eastern Europe, the exclusion of rural populations from the benefits of economic growth is linked to widening urban–rural poverty gaps.
- **Lack of skills and limited access to information and technology**, coupled with gender and diversity gaps, hinder new business opportunities.

Value chain approaches can be a valuable instrument to address urban-rural disparities

- **There is limited participation of suppliers and small-scale players in higher-value-added agri-food chains, resulting in limited income opportunities in rural areas.** Inefficient cooperation models among farmers (e.g. cooperatives) result in inadequate assets, scale and returns.
- **There is limited availability of appropriate, affordable and timely credit products** to finance improvements along value chains, especially for SMEs and small-scale actors along the value chain.
- **While SMEs are the backbone of the economy, there are weak linkages between primary agriculture and processing** to take advantage of economies of scale and facilitate modernisation from producer to consumer.
- **Very few local SMEs develop inter-firm linkages with strong local or foreign-owned aggregators** translating into the bulk of small companies serving highly localised markets.

Rural areas

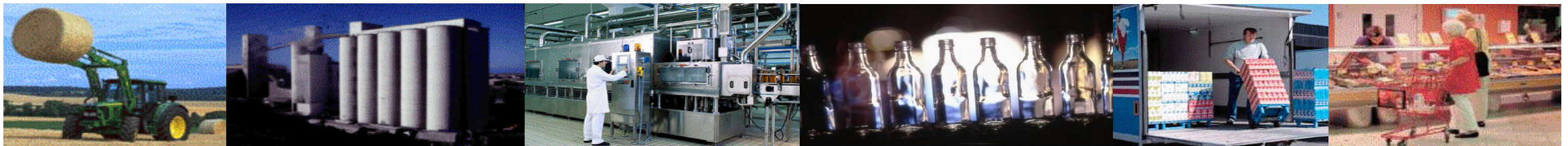
Growing urban areas

Agricultural inputs
& production

Primary & secondary
processing

Packaging & distribution

Retail &
food service



Sector context and transition challenges: Key transition challenges*

Competitive

Enhanced productivity: The major challenge for the agribusiness sector will be to produce more with less; meeting consumer demand for healthy, affordable food, both in domestic and export markets, in a context of limited resources. In order to achieve higher productivity and added value, investments supporting innovation, product quality and safety and standards are required. In this context, strong value chains can create linkages between different parties, promoting improvements in efficiency, product quality, raising skills and standards along the agribusiness supply chain.

Liberalised markets: Agribusiness includes sub-sectors that are highly protected, including through tariffs, lack of market orientation and government control or influence. Open agribusiness markets stimulate innovation and promote productivity improvements, pushing costs down and increasing added value. Technology together with greater exposure to national and international competition can also play a role in encouraging higher added value output.

Green

Sustainable agribusiness: Climate change will have a significant impact on the agribusiness sector, as the sector is both a large contributor of GHG emissions and is significantly affected by extreme weather conditions. In order to address these challenges, improvements in productivity and resource use efficiency should be encouraged, together with the uptake of new technology and innovation; and ultimately contributing to mitigating and adapting to the impact of climate change. A more circular economy can promote sustainable resource use, reducing waste and costs, while developing new income streams and sub-sectors.

Inclusive

Equal opportunities along the value chain: Economic and employment opportunities are not equal for all players along agribusiness value chains. Given that the agri-food sector plays a large role in employment in most EBRD countries of operations, it offers huge opportunities to strengthen value chain linkages (for example, between primary agriculture and agro-processing) and to enhance employment, entrepreneurship and skills, in particular for women, youth and remote regions, for instance by collaborating with education providers and agribusiness companies.

Resilient

Price volatility: The food price spikes of 2007 and 2011-12 revealed the fragile agribusiness sector resilience of many countries, exacerbated by the high levels of income spent on food. A resilient agribusiness sector has markets and institutions that are better able to resist the price, economic and production shocks that can negatively impact on food security.

Access to finance: Access to finance, in particular to small and medium sized enterprises operating in agriculture, is often problematic given the sector's specific risks and needs. Promoting access to finance, including long-term working capital needs, pre-financing and collateralisation options, is necessary to ensure a resilient agribusiness sector.

Well-governed

Firm's governance: Poor corporate level governance is a major impediment to the competitiveness of agribusiness companies and private sector investment. Corporate governance improvements in line with international best practices increase transparency and unlock revenue generation potential. Well-governed companies employ rules and practices that balance the interests of stakeholders, provide proper internal controls and disclosure and display high standards of integrity and sound and ethical environmental and social practices.

Integrated

Cross-border trade and improved connectivity: A poorly integrated agribusiness sector lacks an adequate transport and logistics infrastructure; policies to support trade and the capacity to realise comparative advantages, to export added value production and to access needed capital. Inadequacies in port and trade infrastructure can impede sectoral development and create higher consumer prices, particularly in food-deficit regions. Supporting intra and inter country integration through infrastructure investments, open trade and FDI can result in lower costs and better quality in product and service markets.

Note: Depending on subsector and project context, a specific challenge or intervention may be attributable to different qualities

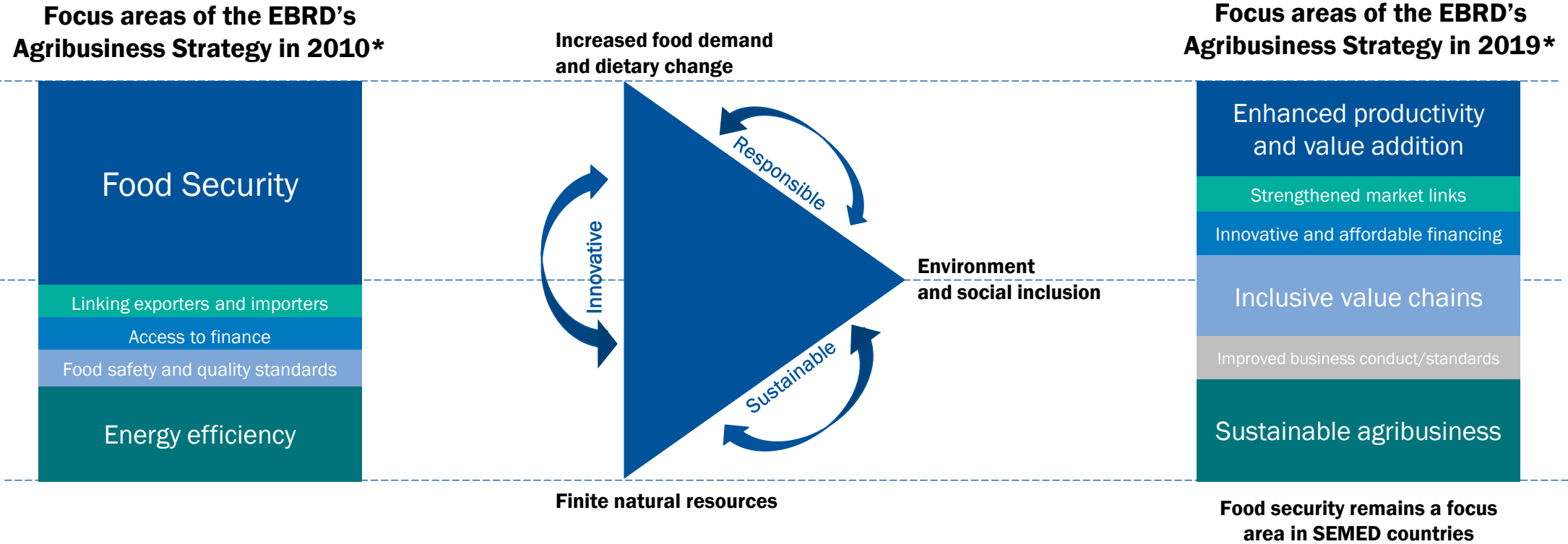
* For further details on transition qualities please visit : <http://www.ebrd.com/our-values/transition.html>

A person's hands are shown holding a tablet computer and a silver stylus. The tablet displays a 3D topographic map of a field with a red rectangular area highlighted. In the background, a drone is flying over a strawberry field with rows of plants covered in white plastic mulch.

Proposed strategic directions – focus areas

EBRD's evolving agribusiness sector focus

Given the transition challenges, the EBRD will support long-term development of the agribusiness sector, focusing on **INNOVATION, SUSTAINABILITY and RESPONSIBILITY**.

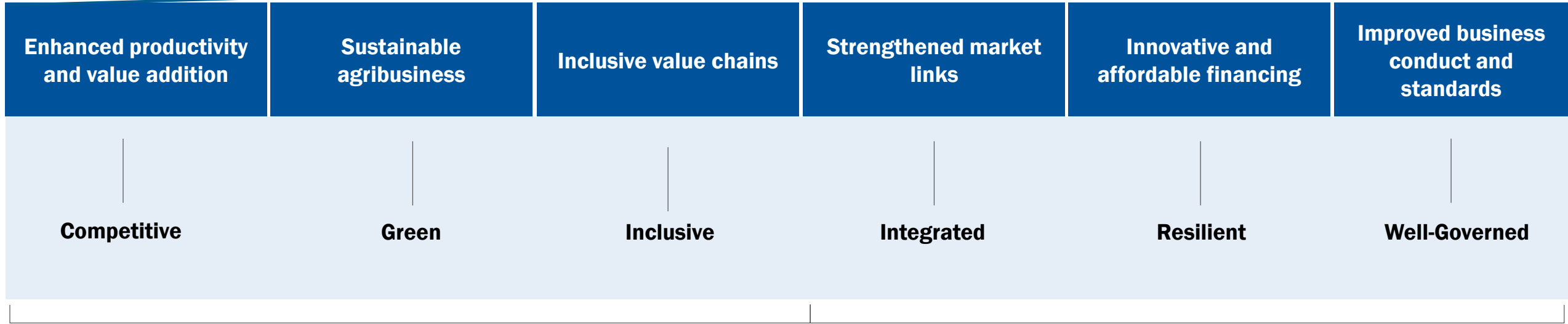


* box size is indicative of the EBRD's past and planned engagement in a particular focus area

Proposed strategic directions and primarily targeted Transition Impact qualities

Since 2010, when the Agribusiness Strategy put food security at its heart, the international policy agenda has broadened its scope to include sustainable and inclusive development, responding to climate change, raising productivity, harnessing innovation and improving resource use efficiency. The new Agribusiness Strategy offers an opportunity to integrate these broader challenges and to optimise the targeting of the Bank’s operational response.

FOCUS AREAS



TRANSITION IMPACT QUALITIES

Note: Depending on subsector and project context, a specific challenge or intervention may be attributable to different qualities

Enhanced productivity and value addition	Sustainable agribusiness	Inclusive value chains
<ul style="list-style-type: none"> • Support private sector to increase productivity and production of value added products; also via the diffusion of innovative practices (e.g., smart and digital agricultural innovation) • Promote forward and backward linkages with suppliers and farmers, both men and women • Support food quality and safety standards, locally produced food and link food products of local origin (GI), including with tourism • Improve retail operations to upgrade standards, services and processes along the retailers' value chains, strengthening links with local producers and SMEs • Support innovation in the sector and attract FDI including fostering the adoption of best practices and technology, R&D, new products and processes • Engage together with the private sector in public-private dialogue on reforms and sector issues and engage in selected policy dialogue to reduce market distortions and promote sector liberalisation. 	<ul style="list-style-type: none"> • Maximise sustainable investments along the value chain to produce more and diverse food with less resources and less pollutants (organic) • Support reductions in CO2 emissions and improved resource use (energy, land, water, etc.) and explore business opportunities to use the agricultural sector as carbon sink • Increase efficiency and sustainability of livestock, dairy and other primary subsectors and explore opportunities in sub-sectors such as sustainable fisheries and aquaculture • Support nutrition through alternative crops (e.g. alternative proteins) • Reduce food waste/loss along the value chain, including reduction of plastic and alternative use of biomass/waste (e.g. for bioenergy generation) in line with the principles of the circular economy • Utilise product lifecycle assessments to inform consumers of carbon/environmental footprint and introduce assessments and investments to respond to climate risk (e.g. insurance for primary agriculture). 	<ul style="list-style-type: none"> • Foster innovation and private sector investments along the value chain – farming, processing, trading, distribution, packaging and retail – to support private sector development • Work with market players with a large network of suppliers (including SMEs, cooperatives, associations) across different regions to source their products locally • Together with partners, support food security, rural and regional development and employment, through the inclusion of SMEs and smallholders in value chains • Facilitate employability, ensuring that key workers, especially women and young people, along the value chain have sufficient relevant skills, and encourage the adoption of new products and processes • Work with agribusiness companies and universities to improve vocational training opportunities, employment and skills in the sector.
Competitive	Green	Inclusive

Note: Depending on subsector and project context, a specific challenge or intervention may be attributable to different qualities

Focus areas of the new strategy

Strengthened market links

- Support value chain integration and internationalisation for companies with **cross-border operations**
- Support **value added exports** and SMEs along the value chains with innovative products to improve standards and support SMEs **integration in higher value added food chains**
- Improve agribusiness **trade infrastructure** for both domestic and international markets and optimise infrastructure solutions to reduce key **agribusiness infrastructure gaps**
- Improve **distribution and logistics** segments of agri-food value chains and minimise environmental impact across value chains
- Help accelerate **technology transfers** across EBRD countries of operations to support innovation convergence regionally -also by establishing clusters and facilitating university-industry interactions.

Innovative and affordable financing

- Support local companies and transactions to develop **local capital markets** (debt and equity)
- Increase access to finance, especially for **capex** investments, while supporting **working capital** needs, and provide tailored finance including in **local currency**
- Support **pre-financing and collateralisation** options for agribusiness products
- Provide risk management and finance **trade facilitation** products and develop **risk sharing** facilities to reach smaller actors involved in **primary agriculture**
- Provide **acquisition finance and private equity investments**. Help increase entrepreneurship and **venture capital** approaches in agribusiness
- Promote **innovative direct and indirect financing mechanisms** (e.g. guarantees, sustainable impact lending) targeting SMEs and larger companies
- Engage in **selected sovereign lending** in the agricultural sector to support public investments that crowd in productive private investments (e.g. water management, infrastructure, biodiversity).

Improved business conduct and standards

- Improve **corporate governance, HR, labour, equal opportunities, business standards and conduct** at company level in line with the Principle For Responsible Agricultural Investments (RAIs)
- Promote **animal welfare** standards in line with national regulatory requirements, relevant EU animal welfare standards and good international standards (GIP), as per the EBRD Environmental and Social Policy
- Promote **voluntary and/or public labels** protecting origin, local culture and biodiversity
- Increase **reporting on sustainability** in line with best available practices including climate risk assessments and disclosure
- Foster **collaborative approaches** to induce a better governance in the sector by working with **industry representatives** (associations, main private sector market players) and the relevant **government authorities**.

Note: Depending on subsector and project context, a specific challenge or intervention may be attributable to different qualities

Integrated

Resilient

Well-governed

Link to EBRD's country strategies

POLAND

- Promote green technology and business standards and spur innovation in the agri-food sector

UKRAINE

- Scale up investment to increase productivity and exports and add value

SERBIA

- Boost competitiveness and help companies diversify exports

GEORGIA

- Improve food safety and quality standards for local end export markets

TURKEY

- Promote sustainability and inclusion in agri-food value chains

EGYPT

- Improve import efficiency and mitigate effects of climate change

The EBRD region of operation is comprised of diverse economies and a tailored approach is needed to take into account the specific country context, national food needs and agricultural priorities.

- Countries in the **Black Sea region** (such as Ukraine, Kazakhstan and Turkey) have enormous potential to produce food efficiently - by investing more in trade logistics - to export more and benefit net food importing regions such SEMED (especially Egypt, Morocco and Tunisia).
- Countries in the **Western Balkans, eastern Europe and the Caucasus** have the potential to further raise their food quality and safety standards, which can improve supply to both local and higher-value export markets such as the European Union.
- **EBRD countries of operations with high employment in agriculture** (such as Kyrgyzstan, Tajikistan, Turkmenistan, Georgia, Armenia, Azerbaijan and Mongolia), can further improve productivity through the adoption of technology and investment in the development of skills to advance the sector.
- Countries in the **SEMED region** can improve resource use (land, water, energy) through adoption of technology and promote private sector participation to focus on higher-value added crops, hence adopting more efficient approaches to tackle food security issues.
- Alongside, **countries in Central Europe** (such as Poland) could invest more in innovation, new technologies and sophistication of production to respond to changing consumer needs.

The proposed strategic directions of the Agribusiness Strategy are aligned with recently approved EBRD country strategies.

As an illustrative example Egypt, Georgia, Poland, Romania, Serbia, Turkey, put a particular emphasis on competitive, green and inclusive Transition Impact qualities. Objectives include supporting growth and innovation in the sector, broadening access to finance as well as addressing skills mismatches, and supporting energy and resource efficiency and climate change adaptation.



A photograph of a person in a white lab coat and hairnet, wearing white gloves, working with rows of glass bottles in a laboratory. The person is looking at the bottles, and their hand is resting on a metal railing. The background is slightly blurred, showing more rows of bottles.

Performance monitoring framework

Performance Monitoring Framework

Specific objectives	Activities	Tracking indicators	
		Outputs	Outcome (for relevant countries tracked in Country Strategies)
1. Competitive (Enhanced productivity and value addition)			
<p>1.1 Strengthen competitiveness of agribusiness sector through gains in efficiency, skills and innovation.</p> <p>1.2 Increase links with local producers and SMEs.</p> <p>1.3 Improve business environment to reduce market distortions and promote competitive value chains.</p>	<ul style="list-style-type: none"> • Investments. • Design and fund technical cooperation (TC). • Capacity-building. • Policy engagement. • External partnerships. 	<ul style="list-style-type: none"> • Number/Volume of investments with a competitive quality (including strengthening agribusiness clients' efficiencies, skills and innovation, and increased linkages with local producers and SMEs). • Number of TC and policy dialogue activities promoting competitive value chains in agribusiness. 	<ul style="list-style-type: none"> • Number of clients [qualitative account] with demonstrated gains in profitability, productivity, turnover or introducing innovative/new technology.
2. Green (sustainable agribusiness)			
<p>2.1 Promote transition to more efficient production, reducing processing waste and energy use through technology adoption.</p> <p>2.2 Develop sustainable approach to climate change mitigation and adaptation to reduce output volatility and vulnerability to climate stress.</p>	<ul style="list-style-type: none"> • Investments. • Design and fund TC. • Capacity-building. • External partnerships. 	<ul style="list-style-type: none"> • Number/Volume of investments with a green quality (promoting energy and resource efficiency). • Number of TC activities supporting the reduction of GHG emissions (e.g. organic). 	<ul style="list-style-type: none"> • Total CO₂e reduced/avoided (ton/yr). • Area of land under sustainable land or water management practices (ha) supported by the Bank.
3. Inclusive (inclusive value chains)			
<p>3.1 Improve access to employment and/or training and skills to support food security outcomes, rural development and inclusion of all farmers (male/female) in value chains.</p> <p>3.2 Improve practices to create economic opportunities for equal opportunities in higher income jobs by increasing primary agri-processing links.</p>	<ul style="list-style-type: none"> • Investments. • Design and fund TC. • Capacity-building. • External partnerships. 	<ul style="list-style-type: none"> • Number/Volume of investments supporting more gender-inclusive value chains including in underdeveloped regions • Number/Volume of investments designed to improve access to employment and skills for youth. • Number of relevant TC activities supporting training and capacity-building for inclusive value chains. 	<ul style="list-style-type: none"> • Total number of employees in target group (M/F). • Number of people trained (M/F/Youth).

Performance Monitoring Framework

Specific objectives	Activities	Tracking indicators	
		Outputs	Outcome (for relevant countries tracked in Country Strategies)
4. Resilient (innovative and affordable financing)			
4.1 Improve access to finance (directly or indirectly), including innovative financing mechanisms. 4.2 Improve financial market infrastructure through local capital markets and expanded product range.	<ul style="list-style-type: none"> Investments. TCs designed and funded. Capacity-building. External partnerships. 	<ul style="list-style-type: none"> Number / Volume of investments supporting resilience in agribusiness (including loans extended to SMES and local capital market transactions). 	<ul style="list-style-type: none"> Number/Volume of SMEs supported directly or indirectly. Total volume of capital market transactions facilitated (e.g. private issuances/ bonds).
5. Integrated (strengthened market links)			
5.1 Support higher value exports through access to finance, increased productivity, innovation and standards. 5.2 Enhance global supply and demand chain through support of value chain integration of cross-border companies. 5.3 Improve infrastructure to reduce gaps in agribusiness sector, including irrigation.	<ul style="list-style-type: none"> Investments. TCs designed and funded. Capacity-building. External partnerships. 	<ul style="list-style-type: none"> Number/Volume of investments supporting the integrated economy (e.g. supporting higher value exports, cross-border integration of value chains and agribusiness infrastructure improvements). Number of relevant TC activities. 	<ul style="list-style-type: none"> Number of clients increasing export sales or average increase in exports/turnover. Number and volume of investments that improve integration into regional/global value chains (backwards/forwards linkages).
6. Well-governed (improved business conduct and standards)			
6.1 Improve corporate governance, labour, animal welfare and business standards of agribusiness companies.	<ul style="list-style-type: none"> Investments. TCs designed and funded. Capacity-building. External partnerships. 	<ul style="list-style-type: none"> Number/Volume of investments targeting improved corporate governance, sector standards and business conduct. 	<ul style="list-style-type: none"> Number of clients introducing improved business or corporate standards (Governance, HR, Procurement).
Context Impact Indicators (Annex 4)			
Context Impact Indicator 1: Cereal Yields: kg/ha (productivity and innovation); (Baseline 2016: all EBRD COOs, Source: World Bank); Context Impact Indicator 2 - Ability to meet EU food safety standards (quality standards); (Baseline 2017: EBRD COOs, Source: EU Rapid Alert Food and Feed Safety Database and official EU import statistics); Context Impact Indicator 3 - Agricultural Gross Value Added vs. Agricultural Emissions (sustainable production); (Baseline 2016: all EBRD COOs, Source: World Bank and FAOSTAT) Context Impact Indicator 4 - Agricultural Export Index (integration); (Baseline 2016: all EBRD COOs, Source: WTO); Context Impact Indicator 5 - Agricultural Trade Cost (agricultural market linkages); (Baseline 2015: all EBRD COOs, Source: World Bank International Trade Cost Database).			

An aerial photograph of a combine harvester and a tractor in a field. The combine harvester is on the right, harvesting a row of green crops. A large white trailer is positioned in front of it, and a stream of harvested grain is being poured from the combine into the trailer. To the left of the trailer, a red tractor is pulling a smaller white trailer. The field is a mix of harvested brown stubble and rows of green crops.

EBRD position vis-a-vis other IFIs and partners

The EBRD has a strong focus on the private sector, provides financing including tailored long-term loans, working capital loans, commodity finance, equity, guarantees and multi-project facilities to meet the changing needs of agribusiness companies across the region. The EBRD supports advisory services for agribusiness companies with the aim of scaling up private sector participation and making food production more efficient and more sustainable. Fostering strong links with the private sector, governments and other development partners, the EBRD promotes transition in the sector, across the region.

Catalysing private sector investments to provide public goods

- Mobilising commercial and non-commercial resources to close the gap between private and social returns and address market failures:
 - Addressing market and/or institutional externalities such as environmental externalities or inequality of economic opportunities for vulnerable groups
 - Supporting innovation and first movers in adopting new technologies, de-risking private sector investments
 - Supporting the adoption of high standards, reducing affordability constraints
 - Generating an investment flow targeted to specific sector challenges, thereby bringing about significant economic outcomes and social benefits

Using the following mechanisms:

- Co-investment grants and blended finance including incentives for investments (GET, innovation, inclusion), capital grants (CAPEX, export promotion, quality improvements) and risk sharing facilities and guarantee (SMEs, Value chains)
- Comprehensive feasibility and market studies for project preparation
- Advisory services to support capacity building, project implementation and legal advice.

Achieving policy change and advancing transition

- Engaging together with the private sector in public-private dialogue on specific reforms, with a view of promoting long-term liberalisation of the sector and free trade, including:
 - Supporting public sector in setting the right incentives including transparent, predictable, coordinated policies that allow private sector participation and regional trade
 - Supporting open markets and privatisation of SOEs in agriculture and better targeting of public spending
 - Improving the business climate including regulatory and legal reforms conducive to increasing competition among players and lower transaction costs

Proactively engaging with partners and other IFIs:

- Engage in evidence based policy dialogue activities to build trust between public and private sector
- Leverage partners' comparative advantage in different areas and work with other IFIs to share lessons and approaches
- Engage in awareness activities (e.g. working groups) to ensure global coordination to increase spending efficiency and effectiveness and to align partners priorities to country's needs

EBRD's focus compared to other IFIs

EBRD leadership in the sector derives from:

- Longstanding private sector focus and large client network of leading global and regional players
- Know-how in financing small, medium and large corporates with flexible financing structures and willingness to take risks
- Vast knowledge and long-term experience along the whole agribusiness food value chain
- Close relationship with governments and ability to achieve policy outcomes
- Strong expertise across the transition region and its diverse challenges, from emerging to advanced economies and from net exporting to net importing countries
- Proven ability to scale-up effectively to support companies in new regions, demonstrated most recently in the SEMED region.

	Central Europe and Baltic States	South Eastern Europe	Eastern Europe, Caucasus and Russia	Central Asia	Southern and Eastern Mediterranean	Turkey	Greece and Cyprus
ADB			€	€			
AFDB					€P		
World Bank	€P	€P	€P	€P	€P	€P	
IFC			€	€	€	€	
EIB	€	€	€P		€P	€	€
IsDB & ICD			€	€	€	€	
IFAD*	€	€	€	€	€	€	€
EBRD	€	€	€P	€	€P	€P	€

€ - Significant investments

P - Significant policy dialogue

Focus mostly on public sector

Focus mostly on private sector

Focus on both, private and public sector

IFI activity mapping based on publicly available information

*IFAD is specialised agency of the United Nation dedicated to eradicating poverty and hunger in rural areas

Partnering with institutions enables the EBRD to target a wider range of activities and beneficiaries in the Agribusiness sector, building on complementary core strengths. This includes a number of partners with global and regional outreach, and sector-specific as well as general expertise. The Bank also works with numerous business associations across countries which operate in the key agribusiness sectors.



More than half of all agribusiness advisory at the EBRD has been implemented jointly with the FAO. Since starting to work together in 1997, they have supported agribusiness financing through 131 joint projects worth a total of more than €27 million across 30 countries. Most notably, the EBRD and FAO run public-private dialogue in several EBRD countries of operations to strengthen the private sector's voice in decisions that affect legislation and ensure that public policies set the right incentives for the private sector to grow and bring about the required investments.



The EU has supported the Value Chains Competitiveness Programme aimed to benefit local SMEs in the SEMED region that supply to aggregators of value chains, e.g. export-oriented buyers, local processing companies and off-takers, in industries such as agribusiness. The Programme provides investments, grants and dedicated advisory to support SMEs in innovating processes and production and contribute to increased access to EU and other advanced markets.



The EBRD and FAO have created a unique knowledge-sharing platform for public and private sector stakeholders to find and share resources on agriculture and agribusiness in their countries of operations. EastAgri, founded in 2002, and MedAgri, developed in 2012, are networks that boast databases of 388 and 267 registered members, respectively, that receive targeted news updates depending on their region. This audience of investment practitioners include international financial institutions, private banks, ministries of agriculture, donors, universities and other institutions. Over the last two years, more than 100 news messages concerning projects, partnerships and developments covering a range of 29 focus countries have been distributed to the EastAgri membership through the tailored mailing list. Total page views of the website for the two-year period are about 54,500 and exposure to new users is 72.8%, considering active event promotion in local contexts. At the same time, MedAgri has issued 65 messages catering to four core countries garnering about 28,000 views for the website with exposure to new users at 86.4%, also considering high-level event communications. Engagement factors continue to be higher than average and the geographical reach is solidly balanced among the most relevant countries.

For a coherent sector approach, the Agribusiness team aims at leveraging internal partnerships with the Bank’s departments to address context and transition challenges while contributing to broader EBRD initiatives and strategic goals. The team aims at promoting cooperation to share investments, advisory projects and portfolio monitoring to leverage skills and expertise across teams.

EBRD Departments	Potential areas of cooperation
Energy Efficiency and Climate Change (E2C2)	Green economy transition; energy/resource efficiency; climate change mitigation and adaptation; impact investing; circular economy; waste management (in line with the EBRD Green Economy Transition approach)
Transport	Logistics; local roads; port infrastructure
Manufacturing and Services	Value chain financing; agribusiness equipment; fertilisers
Municipal and Environmental Infrastructure	Water; irrigation; climate change impact; rural-urban linkages
Economics Policy and Governance	Transition impact; policy dialogue on competition; knowledge economy; inclusion and gender (in line with the EBRD policies on Inclusion and Gender)
Financial Institutions	Value chain financing; risk-sharing credit lines; sector-specific lending facilities
Local Transition Team	Legal reforms; new financing instruments; corporate governance
Property and Tourism	Agri-tourism; retail sector and backward linkages; logistics; catering
Environment and Social Department	Environmental and social protection; gender; animal welfare; biodiversity (in line with the EBRD Environmental and Social Policy)
SME Finance and Development	SMEs; advisory; value chain financing
Local Currency and Capital Markets	Local currency lending
Power and Energy	Waste to energy; second generation biofuels; adherence to the principles of decarbonisation when investing in the agribusiness sector (in line with the EBRD Energy Strategy)

A photograph of a person's hands holding a black plastic basket filled with ripe, red tomatoes. The person is wearing a light-colored, possibly white, long-sleeved shirt. The background is a blurred green field, suggesting a farm or garden setting. The lighting is bright and natural, creating a warm atmosphere.

Annexes

Annex 1: Potential for EBRD agribusiness projects to contribute to SDGs

	1 NO POVERTY	2 ZERO HUNGER	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	17 PARTNERSHIPS FOR THE GOALS
Competitive				Medium	Medium	High	High	High	Medium	High	High	Medium	Medium	Medium
Green	Medium				Medium	High	Medium	High		High	High	Medium	High	Medium
Inclusive	Medium	Medium	High	High			High		High	High	High		Medium	High
Integrated						Medium		High		Medium				High
Resilient	Medium	Medium								High	High			
Well-governed	Medium	Medium		High			High			High				High

 High
  Medium
  Low

Annex 2: Lessons learnt from the Agribusiness Strategy 2010

EvD recommendations to 2010 Strategy	2019 Strategy response
<p>If food security remains the strategic focus, it should be defined so as to result in greater operational selectivity and/or have greater clarity on the results expected in this area.</p>	<p>Food security remains one of the important themes of the 2019 Strategy. The increasing international focus on sustainable development, a review of how food security can be addressed operationally and the new Transition Impact methodology of the Bank are reflected in the Strategy's objectives. <i>(see slide 7, 17 and 19 Inclusive Value Chains).</i></p>
<p>Outline improved processes to encourage and support greater coordination and collaboration with the infrastructure team on strategic projects in selected priority countries.</p>	<p>The 2019 Strategy recognises the importance of coordination with other departments. Cross-sectoral cooperation is needed to ensure consistency of approaches undertaken (such as infrastructure, irrigation/water and rural-urban development). Under the new Strategy this could result in the Agribusiness department undertaking more sovereign lending operations in these areas to increase overall sector governance and improve efficiency. <i>(see slide 29, Cross-Sectoral Linkages)</i></p>
<p>Establish a stronger logical link between sector transition gaps and the choice of strategic priorities, at least for selected gaps and priority countries.</p>	<p>The 2019 Strategy incorporates the new TI approach <i>(see slide 19, 20, Transition Impact)</i> and reflects related country strategies <i>(see slide 21 Country Strategies)</i>. While a sector Strategy is an important instrument that provides focus and guidance for the Bank's activities in a specific sector, it cannot provide a detailed country-by-country analysis and Bank response. A country strategy is the best framework that brings together the specific sector challenges and the Bank's strategic priorities and response in a country context.</p>
<p>Elaborate on how the key remaining transition challenges (not targeted by the Bank) might be addressed, including timing and the other IFIs or organisations involved.</p>	<p>The 2019 Strategy takes into consideration the global context (e.g. SDGs) and what other institutions are doing in the sector. It is not realistic for the Strategy to present detailed plans and models of cooperation with other institutions beyond those considerations. <i>(see slide 27, 28, 29 and Annex 1)</i></p>
<p>Prioritise capex (above working capital/balance sheet restructuring), as well as new clients (over repeat clients). Provide better justification and rationale for support of retail projects.</p>	<p>The team will try to prioritise capex investments and make an effort to reach out to new clients. Working capital remains equally important to maintain production levels, especially for key commodities. A new approach to retail, which assesses the sustainability of retail operations along entire value chains has been developed and has been incorporated in the 2019 Strategy. <i>(see slide 20 Innovative and Affordable Financing and slide 19 Enhanced Productivity and Value Addition)</i></p>

Annex 2: Lessons learnt from the Agribusiness Strategy 2010

EvD recommendations to 2010 Strategy	2019 Strategy response
<p>Set dimensions of sector policy dialogue for selected priority countries and it's delivery channels, utilising a well-developed analysis of the persistent transition challenges (e.g. trade barriers, subsidies). Ideally, coordinate its implementation with wider political processes (e.g. EU and WTO accession).</p>	<p>Some of the Agribusiness policy dialogue activities have become part of the policy objectives of the Bank at country level. Alongside, the 2019 Strategy retains the advantages of the Bank's flexible approach since, as the EVD study acknowledges, policy dialogue in the agribusiness sector has historically been most effective when 1) the Bank has a critical mass of clients to back up its demands and 2) there is a clear opportunity that needs addressing. <i>(see slide 22)</i></p>
<p>Consider (together with FAO and other IFIs) assisting selected countries in drafting their agricultural/agribusiness strategies. Use it as an entry into a long-term policy dialogue process.</p>	<p>In the context of the 2019 Strategy, the Bank will continue to support countries with the development of their agribusiness strategies (already ongoing in Ukraine) through its comparative advantage in bringing public sector officials and private sector players together and in mobilising resources.</p>
<p>Set results frameworks for priority countries and articulate the expected outcomes and impacts from the planned activities. Where feasible, express such results through clear, measurable (qualitative/quantitative) indicators and targets.</p>	<p>The 2019 Strategy has been developed following the Bank's guidelines for Performance Monitoring Frameworks for sector policies. <i>(see slide 23, 24)</i></p>
<p>Make more explicit the theory of change that connects what the EBRD plans to deliver and the outcomes and impacts to which it hopes to contribute.</p>	<p>The 2019 Strategy has been developed following the Bank's guidelines for Performance Monitoring Frameworks for sector policies. <i>(see slide 23, 24)</i></p>
<p>Strengthen in-house primary agricultural expertise to better assess the risks and opportunities of upstream projects. Target more cooperatives and farmers' associations.</p>	<p>The 2019 Strategy is more directed at cooperatives and supports the development of new financing tools to reach new types of clients via a new value chain approach and more inclusive activities coupling advisory services and investments. <i>(see slide 19, Inclusive Value Chains, and slide 20 Innovative and Affordable Financing)</i></p>

Annex 3: Environmental and Social Implications of the Agribusiness Strategy

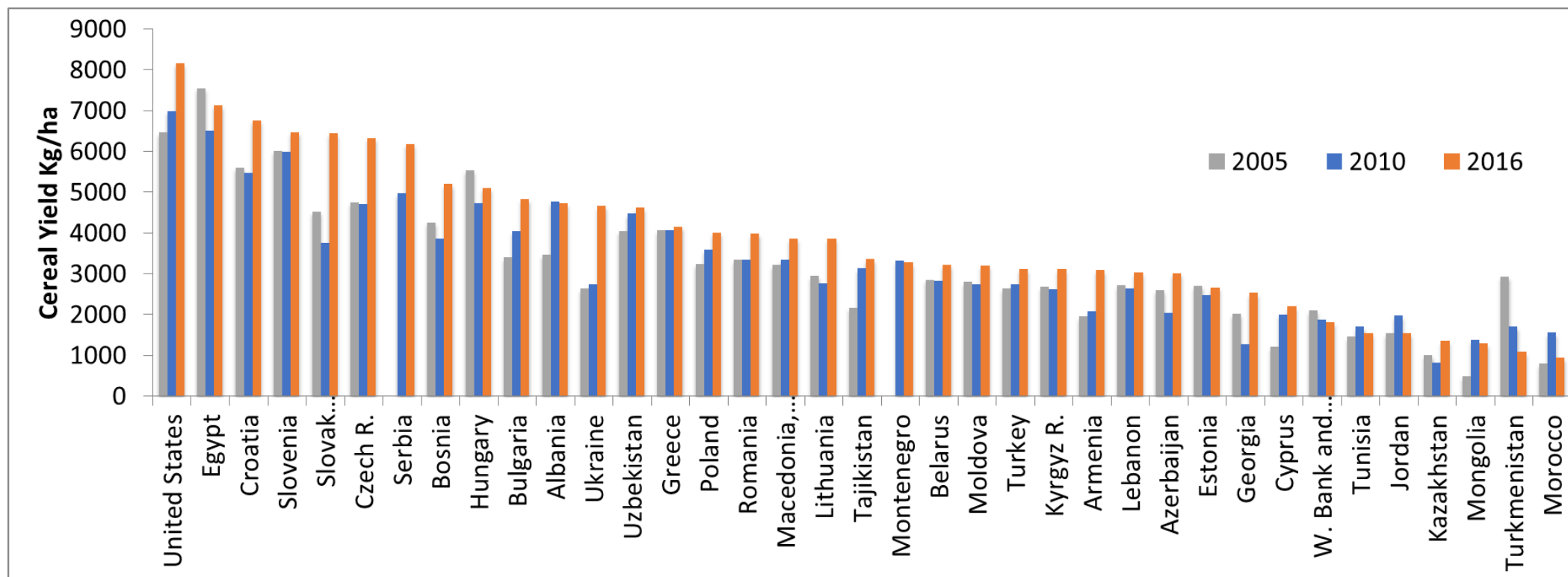
The Agribusiness Strategy interfaces, among others, with the Environmental and Social Policy (ESP) of the Bank. The ESP was approved by the Board of Directors in 2014. The following Environmental and Social Implications are particularly relevant to the Agribusiness activities of the EBRD.

- **Assessment and Management of Environmental & Social Impacts, Stakeholder Engagement:** Ensure that direct, indirect and cumulative environmental and social impacts of Agribusiness projects are appropriately assessed and mitigated, and work with clients to ensure adequate implementation capacity. The Bank will work to improve clients' knowledge and practice of corporate social responsibility and stakeholder engagement.
- **Labour and Working Conditions:** Ensure that clients' HR policies and labour practices comply with EBRD requirements. The Bank will pay particular attention to working time and sectoral wage standards, potential discrimination towards minority groups and women, and employment terms and conditions of workers within agricultural supply chains, including the risk of child labour and forced labour.
- **Resource Efficiency and Pollution Prevention and Control:** Given the wide range of industries that are covered by Agribusiness there are many different pollution and resource efficiency issues that may be associated with the sector. EBRD will work with clients to identify pollution impacts and ensure compliance with national and applicable EU standards. The Bank will also identify resource efficiency opportunities to increase the sustainability of projects and respond to climate change impacts. The Bank will support the development and implementation of projects with GET elements in support of less energy intensity, less water usage, and reduction of greenhouse gas emissions. The Bank will work to improve solid waste management, including infrastructure and systems to encourage separation at source and recycling.
- **Health and Safety:** The Bank will aim to improve occupational and community health and safety culture and practice.
- **Land Acquisition, Involuntary Resettlement and Economic Displacement:** The Bank will encourage clients to improve consultation and information provision with project affected people. Where necessary, clients will need to ensure compensation and livelihood restoration are provided in accordance with EBRD requirements.
- **Biodiversity Conservation and Sustainable Management of Living Natural Resources:** Projects in the Agribusiness sector may involve intensive or extensive management of living natural resources, including livestock. Agribusiness projects may also have an impact through encroaching or fragmenting sensitive habitats, or existing or proposed protected areas. To avoid or minimise such impacts, the Bank will ensure that impacts on living natural resources are assessed and robust biodiversity impact assessments of projects in sensitive locations are carried out. Clients involved in the farming transport of slaughter of animals for meat or by-products will be required to comply with applicable EU standards.
- **Cultural Heritage:** Work with clients to identify and consult with key stakeholders and protect sensitive cultural heritage.
- **Monitoring and supervision:** Work with clients to monitor E&S performance and address legacy issues associated with the Bank's portfolio.

Annex 4: Context Impact Indicator 1 - Cereal Yields: kg/ha (productivity and innovation)

Cereal Yield, kilograms per hectare of harvested land

- Over the past century crop production systems have developed rapidly, resulting in significant increases in crop yields over time. However, the progress is not equal across regions and countries. For example, in developed countries machine-based harvesting is universal today. In many developing countries a variety of harvesting methods are used in cereal cultivation, depending on the cost of labour, including hand tools and cradles in some countries.
- The data below shows cereal yields per hectare of harvested land for the EBRD's countries of operations and selected comparator countries¹. Note that the country by country differences are not fully explained by technology adoption and modern farming techniques. The cultivation of cereals varies widely in different countries and depends partly upon the development of the economy, the nature of the soil, the amount of rainfall, irrigation, quality of seeds amongst other factors.

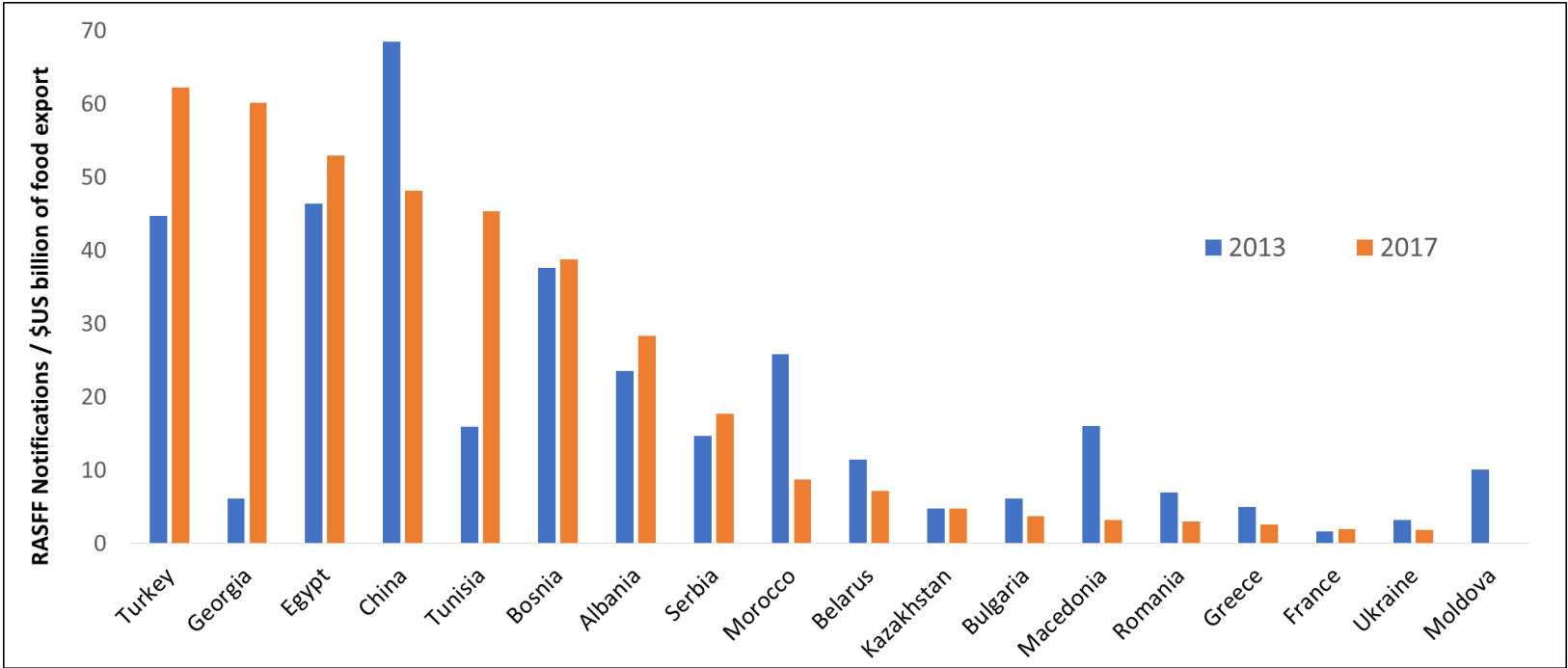


Source: World Bank Data, ¹Comparator countries (here USA) are chosen based on data availability and relevance to the respective indicator

Annex 4: Context Impact Indicator 2 - Ability to meet EU food safety standards (quality standards)

RASFF – Food and Feed Safety Alerts

- The EU has one of the highest food safety standards in the world. Its Rapid Alert System for Food and Feed (RASFF) helps to provide food and feed control authorities with a management tool and data to ensure that food is safe for consumers. On borders and markets EU food and feed inspectors take samples and raise notifications when products are found to be non-compliant with the EU’s food and safety standards. Such notifications are captured in the RASFF database.
- The data below shows the number of RASFF notifications by country of origin, weighted by value of trade (i.e. Notification/USD billion of food trade). The lower the number of notifications per billion of food trade volume, the higher the ability to meet EU food safety standards.
- The data is available for all of the EBRD’s COOs (EU and non-EU) with significant levels of food exports to the EU. Below are the results for selected COOs and comparator countries.

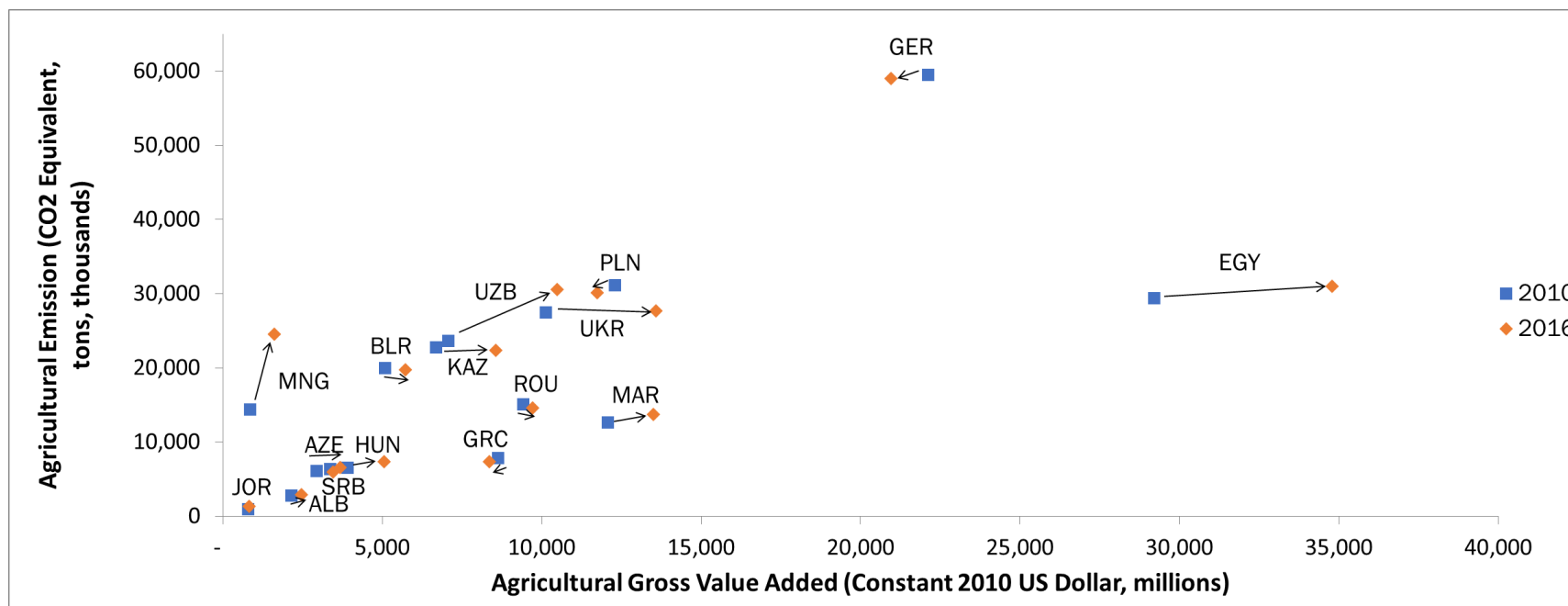


Source: EU Rapid Alert Food and Feed Safety Database and official EU import statistics; comparator countries: France, China

Annex 4: Context Impact Indicator 3 - Agricultural Gross Value Added vs. Agricultural Emissions (sustainable production)

Agricultural Gross Value Added and Agricultural Emissions (selected COOs)

- A comparison of Agricultural Gross Value Added to Agricultural Emissions is a way to measure the efficiency and sustainability of countries' agricultural production. More resource efficient farming techniques and technologies would (all else being equal) lead to a reduction in a country's emissions per unit of agricultural output over time. The graph below shows the data for 2010 and 2016 as a baseline for selected EBRD's COOs and comparator countries. The data confirms that higher agricultural GVA correlates with higher agricultural emissions and indeed from 2010 - 2016 several COOs have increased their agricultural GVA at a higher rate than their agricultural emissions (e.g. Egypt).
- The relative position of a country on both dimensions depends on a variety of factors. This includes natural endowments such as size and quality of arable land, population, climate conditions etc. It also depends on the structure of production as countries focus on varying areas of agriculture and use different levels of inputs (technology, fertilizers etc.). A focus on high emissions sectors, for example livestock farming would contribute to higher emissions, despite using efficient farming techniques and technology. Likewise a focus on low value added crops could lead to low GVA, even if a high share of population is employed in the process. The development of emissions per unit of agricultural output will be tracked over time for all EBRD's COOs to get a high-level picture of sustainability improvements in the sector.

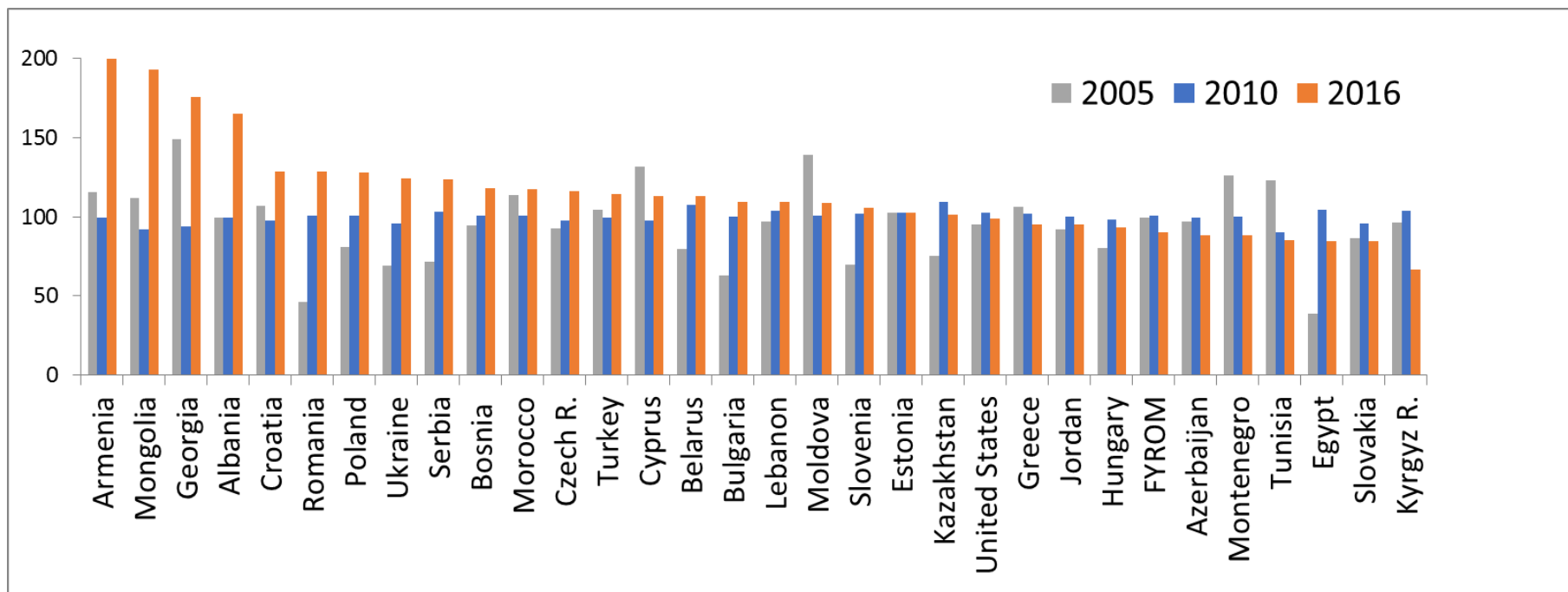


Source: World Bank for Agricultural Gross Value Added, FAOSTAT for Agricultural Emissions ; comparator country: Germany

Annex 4: Context Impact Indicator 4 - Agricultural Export Index (integration)

Agricultural Export Index

- The agricultural export index measure the development of agricultural export value as a proportion of world agricultural exports. 2009-11 is used as the base period = 100. By setting agricultural export value as a proportion of world agricultural export value, this measure captures the performance of the EBRD's countries of operations relative to the rest of the world.
- The graph shows that a majority of the EBRD's COOs have increased their share in world agricultural exports compared to the 2009-2011 period (i.e. the value for 2016 is above 100). Only a few countries have experienced a decline in their share of exports, including three countries from the SEMED region (Jordan, Tunisia and Egypt). Overall, from 2010 to 2016, EBRD countries of operations increased their agricultural exports from USD 106 billion to USD 140 billion, an increase of 32 percent. Over the same period, world agricultural exports rose from USD 1.35 trillion to USD 1.59 trillion, an increase of 17 percent. Therefore, EBRD's COOs' share of world agricultural trade increased from 7.8 percent to 8.8 percent, an increase of 13 percent.

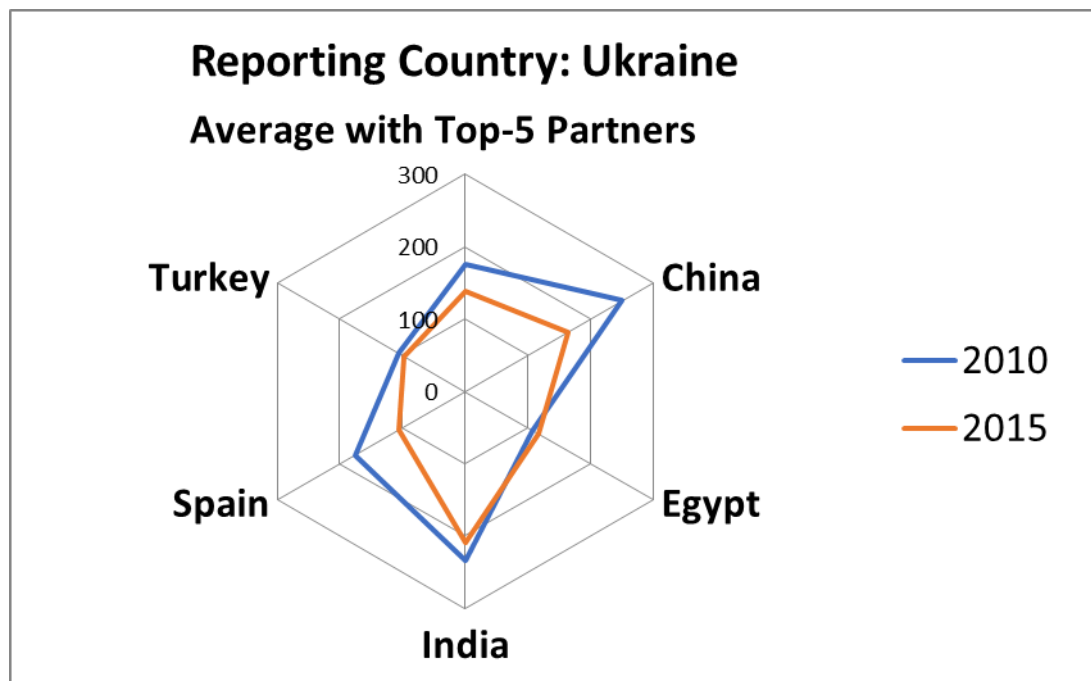


Source: WTO; Notes: Average 2009-2011 equals 100; comparator country: USA

Annex 4: Context Impact Indicator 5 - Agricultural Trade Cost (agricultural market linkages) (1/2)

Agricultural Trade Costs

- The World Bank's trade costs database provides estimates of bilateral trade costs for agricultural products between countries. The data shows the estimated cost of trade in proportion to the value of agricultural products. For example a trade cost score of 100% between a set of two countries indicates that trading agricultural products between those countries costs an additional 100% of the value of the traded products.
- Trade costs are a function of the countries' infrastructure, logistics, trade rules and facilitation, tariffs and non-tariff barriers, as well as their distance to each other.
- Trade costs decline over time when countries realise improvements in infrastructure, logistics and trade policy. In contrast, distance is constant and it's overall impact on trade cost is relatively limited in practice.



Example: The graph to the left shows the cost of trading agricultural products of Ukraine with each of its five largest export destinations (China, Egypt, India, Spain and Turkey). The cost of trading between Ukraine and Egypt is just above 100% compared to the value of the traded agricultural goods. The cost of trading between Ukraine and India is above 200% of the value of the traded goods. The relative cost of trade between Ukraine and Egypt is lower than between Ukraine and India.

The average shown in the graph is the simple average of Ukraine's trade cost with its top five export destinations. On average the trade cost declined from roughly 175% in 2010 to 138% in 2015 (the area of the '2015 shape' is smaller than the '2010 shape').

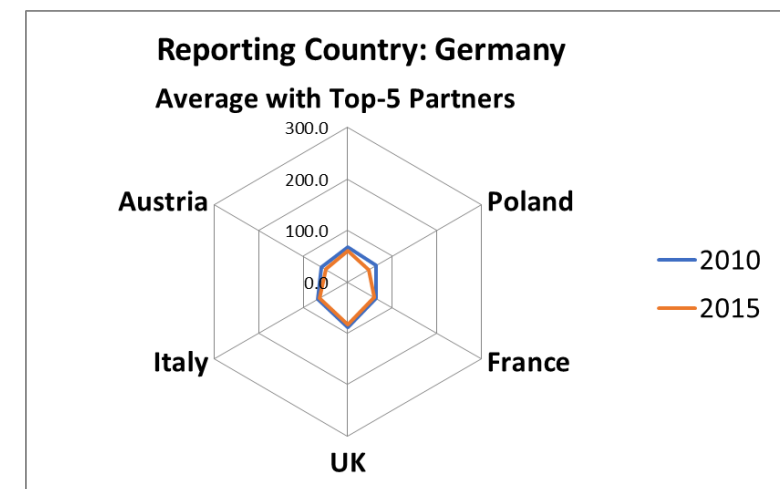
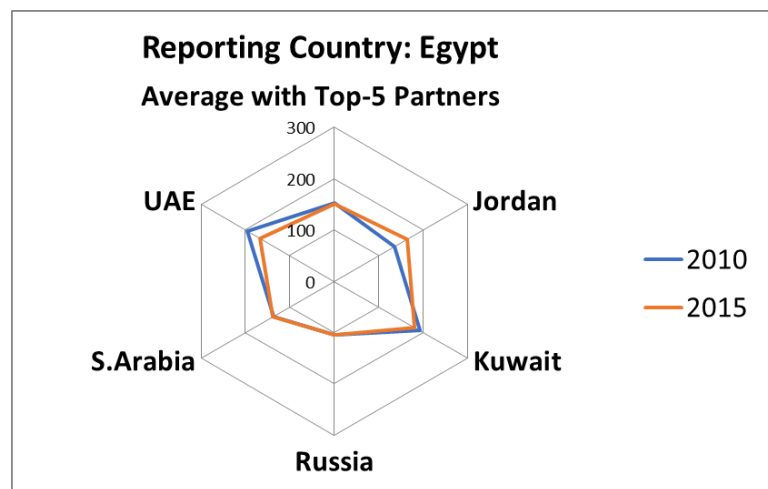
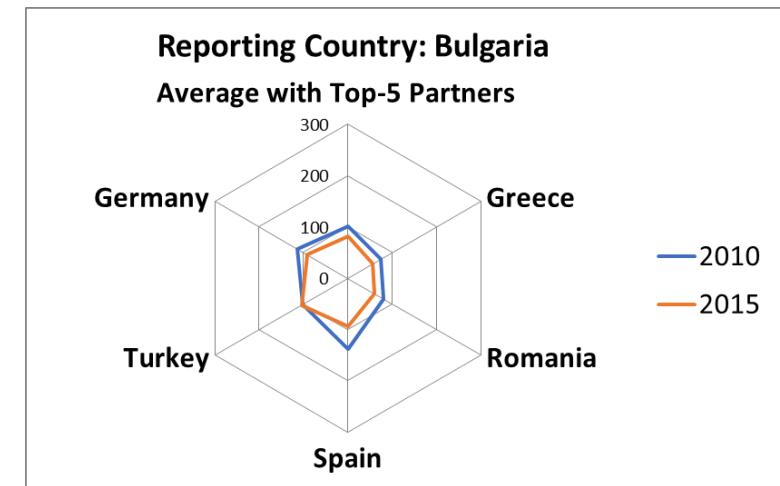
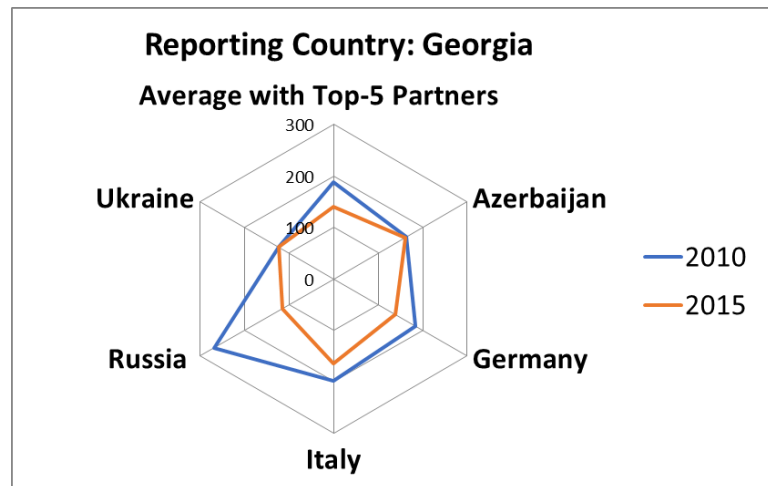
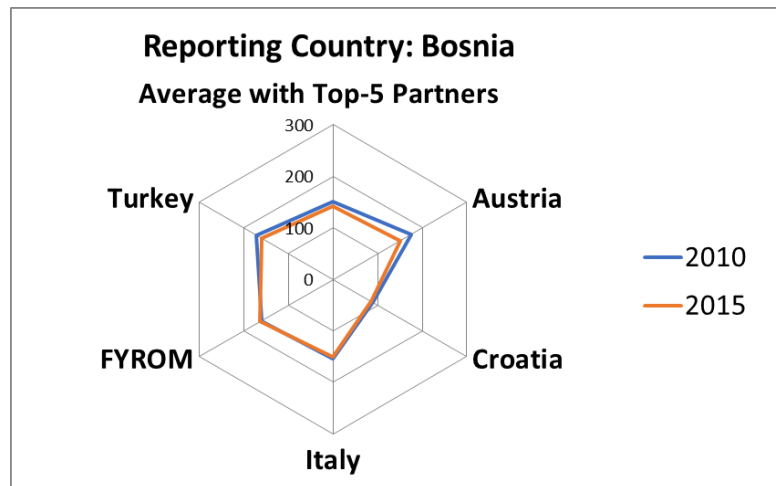
Note: Trade costs are typically higher for agricultural goods than other goods, often in the range of 50 percent to 100 percent higher. Moreover, agricultural trade costs have shown much less tendency to decline over time. This is partly due to agricultural trade being subject to more trade restrictions and higher tariffs than other goods (World Bank, 2015).

See supporting documents: World Bank, 2015, [Trade costs in the developing world](#) and World Bank, 2013, [Trade costs in the developing world](#)

Source: World Bank International Trade Cost Database

Annex 4: Context Impact Indicator 5 - Agricultural Trade Cost (agricultural market linkages) (2/2)

Agricultural Trade Costs (selected COOs and a comparator country)



Source: World Bank International Trade Cost Database; comparator country: Germany