

# Agribusiness



**European Bank**  
for Reconstruction and Development

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**The EBRD is the single biggest investor in the agribusiness sector in the region. The Bank's involvement spans all activities throughout the production chain, from farming, processing and trading to food packaging, distribution and retail. Moreover, the Bank has played a major role in developing the sector by supporting local and foreign corporate clients as well as micro, small and medium-sized enterprises with both debt and equity financing.**

## Highlights in 2008

In 2008 the EBRD signed 41 debt and equity transactions in the agribusiness sector, resulting in new commitments for the Bank's account of €508 million. Despite the challenging conditions in the global loans markets during 2008, the Bank mobilised record additional loan syndication of over €400 million, resulting in total commitments in the agribusiness sector of more than €900 million for the year. The projects signed in 2008 were regionally spread across 18 countries, with a continuing emphasis on countries at the earlier stages of transition. A total of 15 transactions for €50 million were devoted to the Bank's Early Transition Countries.

At least one project was signed in each of the Bank's eight early transition countries in 2008. One such transaction, a loan to MCS Beverages in Mongolia, will increase MCS' production capacity and will also help the company introduce new products including juices, flavoured waters and iced teas. The loan was the first syndicated loan to a private company in Mongolia and is expected

to act as a model for similar projects, showing the advantages of gaining access to long term commercial funds

Another company to benefit from EBRD financing in 2008 was Astarta, Ukraine's leading sugar producer, who obtained a €14 million loan to upgrade its equipment at its sugar production plants and sugar beet farming operations. The loan should result in considerable energy savings estimated at 20-30 per cent of the current energy consumption per tonne of produced sugar. As a result the company has agreed the sale of carbon credits under the Kyoto protocol with the EBRD-EIB Multilateral Carbon Credits Fund, thereby becoming the first carbon credit transaction for the EBRD in the agribusiness sector.

Other ground-breaking transactions in the agribusiness sector signed in 2008 include the Bank's first corporate sector transaction in Montenegro, in the Mesopromet project (meat sector). The last EBRD project to be signed in the Czech Republic was an important energy efficiency project with maltster Soufflet - here the EBRD's long term loan financed energy efficiency improvements at two of Soufflet Czech's malting plants by substituting and expanding existing kilns. Lending in local currency helps businesses avoid foreign exchange risk and can improve the credit risk of those businesses. The Bank also signed a loan to Desnagrain in Ukraine, the subsidiary of a French farmer cooperative, which aims to provide new technology to Ukrainian grain farmers.

## At a glance

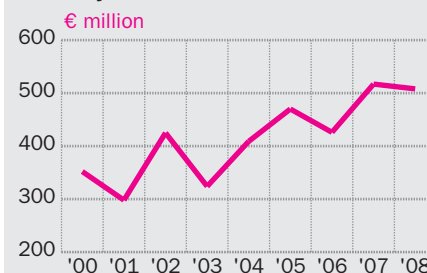
Number of projects  
**300**

Net business volume  
**€4,034 million**

Total project value  
**€10,652 million**

Share in private sector  
**98 per cent**

### Project volume 2000 - 2008



Supporting activities across the production chain

### Financial Crisis

Responding to the global economic crisis the Bank is increasing its 2009 business volume by a third to €7 billion. The Bank is supporting viable financial institutions and companies to maintain their activities under the current circumstances. To maintain vital trade flows the Bank is also doubling its Trade Facilitation Programme (TFP) to €1.5 billion.



 [www.ebrd.com/new/fin\\_crisis.htm](http://www.ebrd.com/new/fin_crisis.htm)

## Recent signed projects

Project name	Country	EBRD commitments (€ million)
Kuzbass	Russia	10.0
Pishekombinat		
DLF_Alfapet	Tajikistan	2.5
DLF-Mekhnat Pivo III	Uzbekistan	6.3
Idea	Serbia	35.0
Efes Vitanta Brewery	Moldova	13.8
Desnagrain	Ukraine	17.3
WBLEF: Franca Mesopromet	Montenegro	3.0
Viro	Croatia	20.0
MCFE_Anelik Bank 'Yerevan Beer' CJSC	Armenia	0.3
MCS Beverages	Mongolia	5.4
Almaty Bottlers	Kazakhstan	30.8
DIF-Dairy Spring	Kyrgyz Republic	1.0
Astarta	Ukraine	15.4
Monetka	Russia	15.4

## Moving forward

In 2009 the EBRD will continue to work closely with existing and new clients to respond to the repercussions of the financial crisis, as well as to liaise with governments and authorities to address key policy issues. While countries such as the Early Transition Countries (ETCs), Russia, Ukraine and Kazakhstan will require particular attention, the EBRD will continue to support agribusiness projects across all its countries of operations.



## In the news

As a keen promoter of the dialogue between private sector and governments in its countries of operations, the EBRD held successful seminars during 2008 with the Food and Agriculture Organisation (FAO) in Kiev, London and Moscow to explore untapped agriculture potential and investment opportunities in the region. These meetings brought together representatives of ministries of agriculture, industry, the banking sector and several of the EBRD's key private agribusiness clients in on-going efforts to create better links between the agribusiness industry and farmers, and harness private sector investments for farming infrastructure.

There was close coordination with IFIs in 2008, in particular the FAO and through the regional agribusiness sector network, "Eastagri". The EBRD also expanded its policy dialogue initiatives during 2008 including in respect of grain in Ukraine, dairy in Russia, Grain Receipts in Serbia and a regional review of land tenure issues. In addition, the Bank raised technical cooperation funds to embark on analyses of various agribusiness sub-sectors and their respective remaining transition challenges, as well as a number of other studies, including one on glass bottle recycling.



## Agribusiness team

The EBRD's agribusiness team is a valuable partner with a unique mix of expertise and experience:

- ▶ a strong track record with both major multinationals and local companies
- ▶ flexible and innovative products and solutions, both debt- and equity-based
- ▶ extensive experience of over 350 projects worth around €5.0 billion and covering the whole of the agribusiness production chain
- ▶ 32 banking professionals of 22 different nationalities, 10 of whom work in our countries of operation with a wealth of country and sector know-how.

## Previous clients



## Contacts

**Headquarters**  
One Exchange Square  
London EC2A 2JN  
United Kingdom

**Switchboard/  
central contact**  
Tel: +44 20 7338 6000  
Fax: +44 20 7338 6100  
Telex: 8812161 EBRD LG

**Agribusiness Team**  
Tel: +44 20 7338 7122  
Fax: +44 20 7338 7710  
Email:  
mettetag@ebrd.com  
Director: Gilles Mettetal

**Project enquiries/  
proposals**  
Email:  
newbusiness@ebrd.com