European Bank
for Reconstruction and Development

Food and Agribusiness Strategy

2025

PUBLIC

Sections

Executive summary

The EBRD's Food and Agribusiness Strategy 2025 (2025 Strategy) sets a course for the sustainable transformationFood and of the food and agribusiness sector in a landscape of increasingly complex global food systems.

The strategy combines innovation with proven, context-sensitive practices to achieve genuine, consequential change. The central concept is incremental radicalism – a strategic approach that gradually incorporates emerging solutions, brings lasting impact and enables stable and resilient food systems to flourish sustainably.

A deep understanding of sector dynamics informs the 2025 Strategy. It builds on the successes and lessons of its 2019-23 predecessor, which recognised the importance of balancing needs that are often in competition with one another: closing the food gap, protecting natural resources and improving food security and social outcomes.

The 2025 Strategy refines this focus, putting a stronger emphasis on the sustainability of food systems, while situating private-sector engagement at its heart. The 2025 Strategy will be implemented in the context of the EBRD's Strategic and Capital Framework and will support key priorities such as the green economy transition, equality of opportunity, gender equality and digital transformation.

It also supports the Bank's six transition qualities for a sustainable market economy:

Sector context

Today's food and agribusiness sector plays a vital role in shaping the food systems that sustain human life. However, it operates against an increasingly difficult global backdrop: rising food demand, increased price volatility and inflation are exerting immense pressure on supply chains. The upshot is that healthy diets are more expensive, particularly in urban areas, and many are choosing cheaper, less healthy food.

In recent years, the EBRD regions have emerged as significant players in worldwide agricultural trade. This trend has been underpinned by stronger market integration, improved transparency and enhanced connectivity and logistics. Recent crises, such as the Covid-19 pandemic and the war on Ukraine, have disrupted these dynamics, highlighting how food trade depends on a robust financial sector and strategic investments in agricultural infrastructure.

In the regions where the EBRD traditionally operates, the move towards market economies has brought about substantial changes. But remnants of the Soviet era, such as legacy legal frameworks and the size of the role played by the public sector, continue to be influential. Despite a steady move towards privatisation, market-driven reforms and greater private-sector engagement, the transition processes are incomplete, and these economies have yet to be fully integrated into global food markets.

Meanwhile, in the southern and eastern Mediterranean (SEMED) region, agricultural development has traditionally been shaped by strong state involvement, including government subsidies, with the public sector at the forefront. At times, these systems have resulted in compromised resource allocation and have acted as a drag on innovation.

However, recent years have seen significant strides with reforms directed at promoting market efficiency, privatisation and sustainability. Progress on integration in global food systems is evident, but the region must still confront the legacy of past policies, as well as persistent, deepening challenges such as water scarcity and climate change. Türkiye offers examples of how a rich agricultural heritage could meet modern economic demands in a sustainable way, if a more transparent and competitive market were to emerge.

Finite natural resources and the threat of climate change and environmental degradation make sustainable food production more important than ever. The interconnectedness of agricultural supply chains, productivity and climate change presents a challenge that is highly complex. Yet the sector has the potential to contribute significantly to carbon sequestration, the promotion of biodiversity and ecosystem resilience.

The main principles of the Food and Agribusiness Strategy 2025

Three operational pillars are essential to the long-term sustainability of food systems. The 2025 Strategy puts them at its core:

Environmental sustainability: The promotion of practices that reduce carbon emissions, protect ecosystems and conserve natural resources. Such efforts are vital to combat climate change and preserve biodiversity (see page 38).

Social sustainability: Creating economic opportunities that link producers of all sizes, while reducing inequalities within the food supply chain. Stronger local economies and better social outcomes are crucial for building resilient food systems (see page 39).

Economic sustainability: The long-term viability of food systems requires environmental and social sustainability to drive investment decisions. The 2025 Strategy fosters innovation to support all participants in the food value chain and deploys blended finance to offer incentives to everyone: from farmers and producers to consumers and retailers (see page 40).

Ours is a holistic approach. It views the food and agribusiness sector within the broader context of food systems to ensure no aspect of the food value chain is overlooked. Recognising the interconnected nature of the challenges we face helps meet food security and nutritional needs without compromising the interests of future generations. The 2025 Strategy aims to double green targets from those of 2019 and raise our economic inclusion target by a further 20 per cent.

Opportunities and innovation

The 2025 Strategy looks to the future by embracing innovation while taking a nuanced, iterative approach to change. Incremental radicalism means we can address urgent demands as well as long-term sector stability – something that is especially important in a complex environment where sudden shifts can lead to economic disruption; and therefore, unexpectedly worsening food insecurity rather than ameliorating it.

We will seek new clients who present the opportunity to advance the sustainability agenda in the region, but we will continue to work with existing clients, as well: repeat business permits us to deepen our impact and modify the means of support as our involvement changes over time.

Some of the important considerations that inform the 2025 Strategy include:

- **Openness to innovation:** We are committed to exploring new opportunities (decarbonisation, sustainable intensification, urban food logistics, trade diversification, carbon markets, agroecology, food loss and waste, digitalisation, nutrition-sensitive investment, nature and biodiversity, sustainability standards, short food value chains, alternative proteins and urban farming) while maintaining a focus on structural sector priorities. We will progressively increase investments in sustainable food systems in the clear knowledge that a full transition may take several years to bring about.
- **Responsiveness to sector dynamics:** A strong private-sector focus must be complemented by regular reviews and adjustments to align with evolving market trends, particularly in the understanding of how environmental and social sustainability can be achieved.
- **Collaboration and partnerships:** The new strategy follows its predecessor in prioritising teamwork with strategic partners: other investors, United Nations agencies, such as the Food and Agriculture Organisation of the United Nations (FAO), non-governmental organisations (NGOs) and government bodies. Partnerships ensure resources and expertise are used well, particularly when devising technical assistance programmes.
- **Driving engagement:** Networking and private-sector initiatives that encourage engagement and market innovation can foster a culture of sustainability and resilience that turns stakeholders into champions of change.

Impact across the EBRD

The 2025 Strategy serves as the guiding framework for all EBRD operations, investments and policy activities in the agrifood sector. It ensures coherence and alignment across the Bank's various teams – SME Finance and Development (SME F&D), Climate Strategy and Delivery (CSD), the Environment and Sustainability Department (ESD), Financial Institutions (FI), Policy Strategy and Delivery (PSD), Natural Resources and the Sustainable Infrastructure Group (SIG) – while being mindful of country-specific priorities and the broader overall goals of the EBRD. An integrated approach supports the Bank in navigating regional challenges, capitalising on opportunities and meeting its commitments to sustainability, innovation and resilience.

Our approach is underpinned by the EBRD's deep understanding of regional markets, which allows us to make the most of emerging opportunities to steadily and sustainably transform the food and agribusiness sector. The method is comprehensive and informed by our proven track record.

The 2025 Strategy will empower the Bank to surmount the unexpected as capably as the substantial challenges faced by the sector and foreseen in the preparation of this document allow.

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Sustainable food systems

Environmental

- In the context of food systems, environmental sustainability means adopting practices that reduce greenhouse gas (GHG) emissions at all levels: primary production, processing and retail. It entails the protection of nature and biodiversity, the preservation of ecosystems and the reduction of the resources required to produce the food we need.
- Sustainability encompasses climate change mitigation and adaptation, including sustainable agriculture techniques, minimising food waste and promoting renewable energy sources in support of the Paris Agreement.
- We take pride in leading private-sector investment in decarbonisation, with almost a third of our financing dedicated to initiatives under the Bank's Green Economy Transition (GET) approach over the last strategy period. Our goal is to increase this proportion to 50 per cent in the new strategy cycle.
- In the regions where it operates, the EBRD is the biggest driver of food and agribusiness decarbonisation, thanks in part to our engagement with the private sector. During the last strategy period, the EBRD mobilised more than US$ 3 billion (€2.7 billion*) of investments with a decarbonisation component: that is very nearly two-thirds of the total US$ 4 .7 billion (€4.2 billion*) raised by all international financial institutions (IFIs) combined.

Social

- Social sustainability means encouraging equitable and inclusive markets. Within food systems, this entails improving fair labour practices, ensuring decent working conditions for producers and workers, and addressing social inequalities along the supply chain.
- It also calls for growing economic opportunity: through investments in human capital development, especially concerning farmers and small and medium-sized enterprises (SMEs); the promotion of gender equality and workforce diversity; and the enhancement of the role of food systems in securing jobs and livelihoods, especially for those undergoing crises. Improving food systems can also boost local economic development and opportunity, not least though supply chains and linkages to other sectors.
- Our aim is to increase the share of our projects promoting inclusive initiatives by a further 20 per cent in the next strategy cycle.

Economic

- Economic sustainability is at the core of our engagement, ensuring the viability and resilience of food systems over the long term.
- Resilient food systems must generate economic benefits for all concerned — farmers, producers, processors, distributors, retailers and consumers — while also reinvesting in sustainable practices and innovation.
- An economically sustainable food system calls for optimising resource use, reducing production costs, enabling market access and fostering investment in research, technology and infrastructure.
- It also addresses economic disparity, promotes inclusive economic growth and unlocks access to finance for emerging players.

*The conversions to euro amounts quoted here use the Bank's exchange rates as at end August 2024 with EUR1 = USD1.1064, EUR1 = PLN4.2792 and EUR1 = GBP0.8419.

Sector context and challenges

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An overview

The EBRD's previous strategy was tested by unprecedented challenges to food value chains. The Bank's knowledge of sectoral context and dynamics, together with its ability to address food systems' diversity and complexity, enabled us to navigate these sectoral challenges and ensure the delivery of good results. **This new strategy takes into account current sector context and challenges while further recognising the growing complexity and breadth of food systems. This approach enables us to identify emerging trends and challenges — and turn them into opportunities.**

Key trends and challenges

Growing and changing food demand	Global food security is under pressure as food demand continues to rise, adding further stress to food supply chains. High price volatility and inflationary pressure have increased the cost of food globally – and of a healthy diet, in particular – pushing food consumption towards cheap and unhealthy foods, especially in urban areas.
Agricultural trade shifts	The EBRD regions have become a major partner in the global trade of agricultural and food commodities. Polarisation between food supply and demand has led to the stronger integration of markets within the EBRD regions. This, in turn, is supported by improved market transparency, connectivity and logistics. Disruptions caused by recent global crises have altered food trade dynamics both globally and in the EBRD regions.
Slower growth of agricultural output and productivity	Finite natural resources coupled with the pressure of climate change mean a sustainable increase in productivity is the only route to sufficient and affordable food supplies. Innovation, technology and digital solutions need to be harnessed for sustainable intensification and to boost the productivity of food systems to allow them to keep pace with the growing demand for food.
Climate change intensifying, creating an urgent need for adaptation and mitigation	Climate change means agrifood systems must balance their impact on land and the environment, and the need to convert a large share of farmland for global mitigation pathways, with growing global demand for affordable food. Agricultural supply chains, productivity and climate change are all interconnected, underscoring the complexity of maintaining food security in the face of increasing environmental disruption and climate-related risks.
Environmental constraints — water stress, biodiversity loss and soil degradation	Agrifood systems are negatively affected by more frequent extreme weather events and the degradation of the ecosystem. In turn, unsustainable agricultural practices can further exacerbate the deterioration of nature and biodiversity. This, along with water stress and soil degradation, negatively affects food systems.
Supply chains being tested	Recent global and regional crises, including the Covid-19 pandemic, the war on Ukraine and the 2023 earthquake in Türkiye, as well as the rapidly changing context and new sector challenges they have caused, are testing supply chains and the long-term viability of food systems.
Complex food systems	Supply chains are made up of both small and large companies, from primary agriculture to retail. Their precise structure can vary significantly by region, sub-sector and context. The capacity of supply chains to withstand challenges and meet specific needs also differs significantly between regions, sectors and stakeholders. Engaging successfully with the latter often calls for a tailored approach.

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Growing food demand

Global food security is under pressure: as food demand continues to rise, it adds further stress to food supply chains. High price volatility and inflationary pressure have increased the cost of food worldwide, in particular the cost of healthy diets. This is pushing consumption towards cheap and unhealthy foods, especially in urban areas.

By 2032, there are expected to be...

620 million more people living on the planet
an increase of 8 per cent

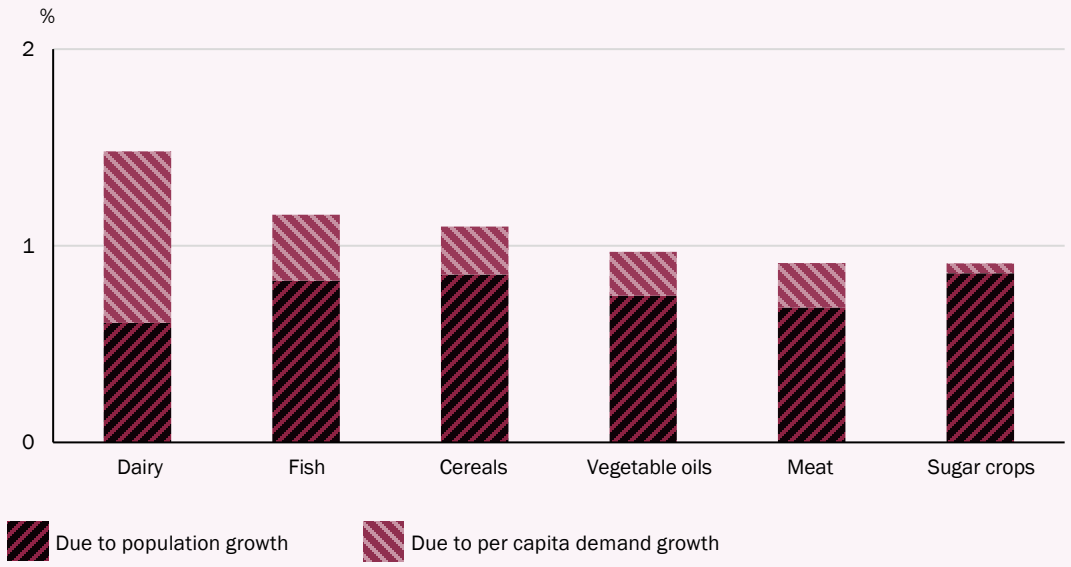
Leading to an increase in global demand
+310 million tonnes of food (+12 per cent)
+160 million tonnes of feed (+11 per cent)

A growing population, combined with higher per capita food demand from improving incomes, is expected to add an additional 310 million tonnes to global demand for food (+12 per cent) and 160 million tonnes to demand for feed (+11 per cent). The trend puts pressure on food systems globally, including in the economies where the EBRD operates.

Demand for grain is expected to increase by 320 million tonnes and account for 52 per cent of total expected global growth in demand for agricultural commodities by volume, including both food and feed. Demand for meat, dairy and fish combined is expected to increase by 90 million tonnes — accounting for only 12 per cent of expected growth.

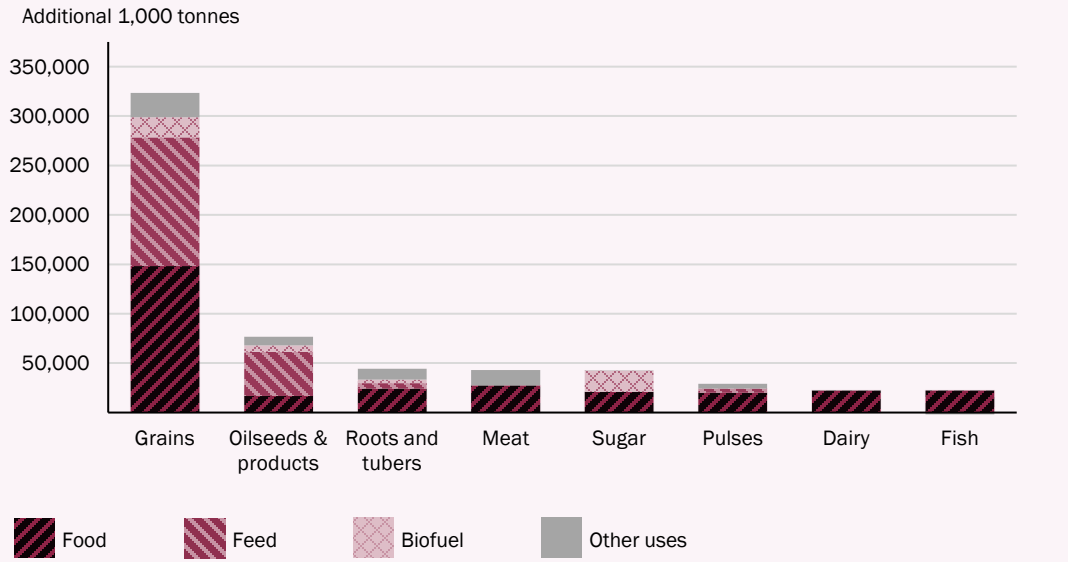
Forecast global annual growth in food demand in 2023-32

Source: OECD/FAO 2023 Agricultural Outlook 2023–32



Forecast global increase in demand for agricultural commodities in 2023-32

Source: OECD/FAO 2023 Agricultural Outlook 2023–32



Demand growth is context-sensitive

Expected demand growth is context-sensitive — it differs from country to country and from commodity to commodity.

In the Europe and Central Asia region for instance, basic food demand is expected to increase, especially for cereals, vegetable oils, meat, and dairy. At the same time, basic food demand in the Near East and North Africa region is expected to increase only marginally, stifled by high prices and slow income growth, with food accounting for a high share of household expenditures.

Food security is challenged

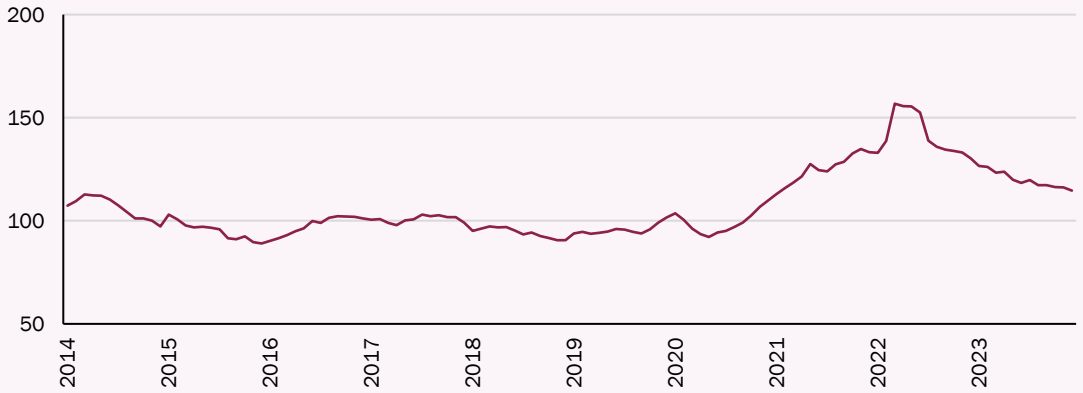
It is projected that almost 600 million people around the world will be chronically undernourished in 2030.

Exacerbated by the Covid-19 pandemic, the spike in inflation resulting from supply chain disruptions saw food insecurity in the Europe and Central Asia region increase from 9.8 per cent in 2019 to 12.4 per cent in 2021, with the highest numbers and increases seen in the Caucasus, Central Asia and the Western Balkans. The war on Ukraine worsened matters.

Source: FAO

FAO Food Price Index

Index, 2014-16 average = 100



The extent of food price inflation and volatility in recent years has challenged the resilience of global food systems, adversely affecting import-reliant countries and price-sensitive populations.

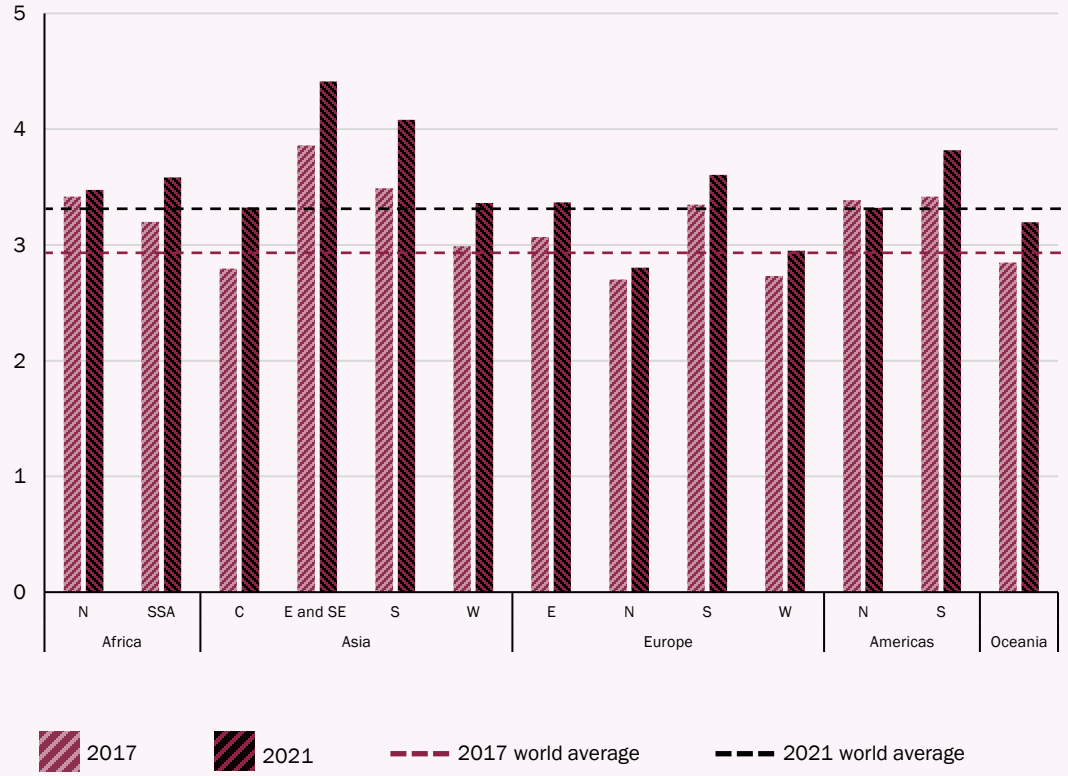
Demand rises for cheap and convenient food options

Recent phenomena — increased urbanisation, lockdowns during the Covid-19 pandemic and surges in food prices – have contributed to increasing demand for cheap, convenient food options and processed foods.

Cost of a healthy diet

Source: FAOSTAT

(PPP dollar/person/day)



Globally, the cost of a healthy diet in 2021 was 6.7 per cent higher than in 2019, prior to the Covid-19 pandemic. Of all global sub-regions, the cost of eating healthily increased the most in Central Asia.

On average, the cost of a healthy diet is higher in urban areas than in peri-urban and rural areas. Within the rise in demand for processed food, however, there is an opportunity to help produce (and reduce the cost of) nutritious choices for consumers.

Agricultural trade shifts

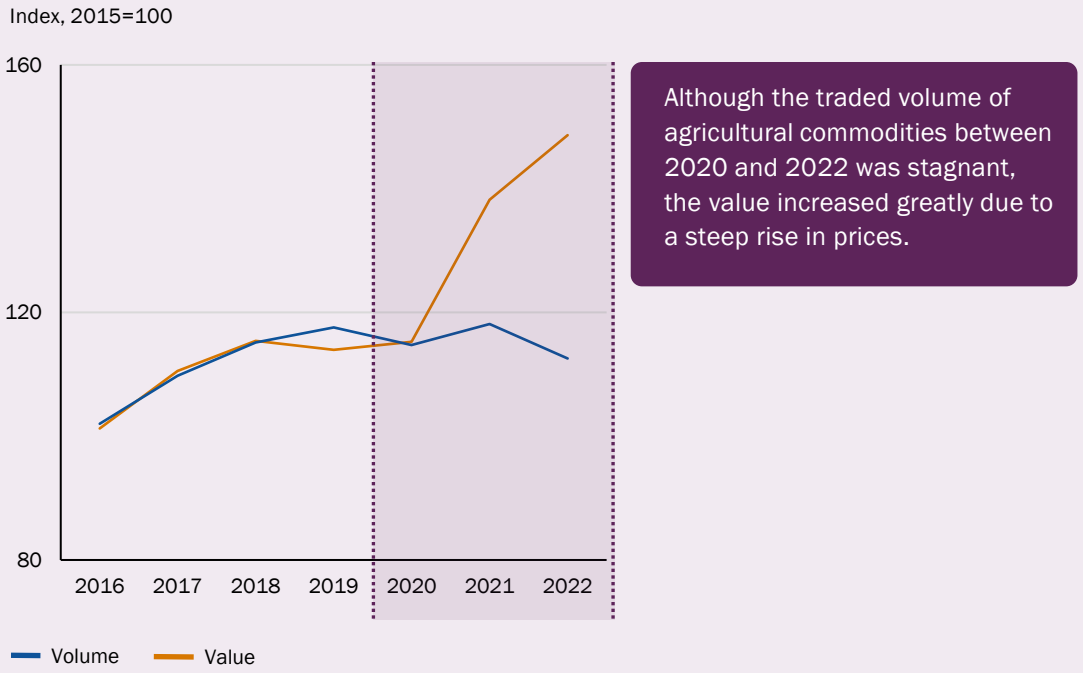
The EBRD regions have become major participants in the global trade of agricultural and food products. The polarisation of food supply and demand has led to greater integration of markets within the EBRD regions, supported by better market transparency, connectivity and logistics. Recent global crises have disrupted food trade dynamics both globally and in EBRD economies. A well-functioning financial sector and investments in key agricultural infrastructure are vital to support food trade.

Disrupted trade flow and surging prices

International trade in agricultural commodities has grown significantly in recent decades. Crises such as Covid-19 and the war on Ukraine have severely affected food value chains, disrupting trade flows and causing a surge in agricultural commodity prices worldwide.

Agricultural commodity trade index

Source: WTO



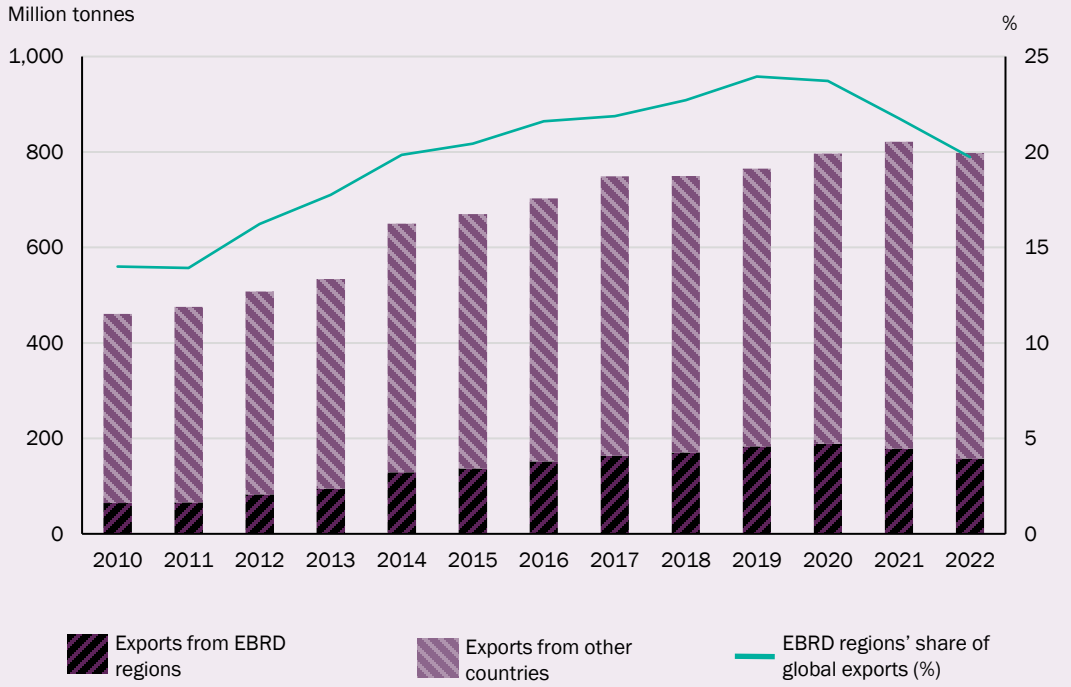
Although the traded volume of agricultural commodities between 2020 and 2022 was stagnant, the value increased greatly due to a steep rise in prices.

While a steep rise in prices created important sources of revenues for exporters, between 2020 and 2022 it raised the food import bill to record levels, especially in import-dependent countries.

Exports of agricultural commodities from EBRD countries of operation have grown faster than global exports, rapidly increasing their share of world trade flows from 14 per cent in 2011 to 24 per cent in 2020.

Global exports of grain, oilseeds and vegetable oils

Source: FAOSTAT



Increasing export revenues vs. higher food import bills

On aggregate, the EBRD regions have increased their agricultural trade surplus in recent years, with the trend driven by an increase in grain exports from eastern Europe and the Caucasus (EEC), Türkiye and central Europe and the Baltic states (CEB).

At the same time, consumption levels in countries dependent on food imports also increased, particularly in Central Asia and the southern and eastern Mediterranean (SEMED).

This drove up food import bills and widened the polarisation of supply and demand between food-exporting and food-importing countries in the EBRD regions.

Such changes in trade dynamics, along with record high international food prices and currency depreciation in many countries, have exacerbated the burden of rising food import bills and have undermined local food security.

Strong trade integration between EBRD countries

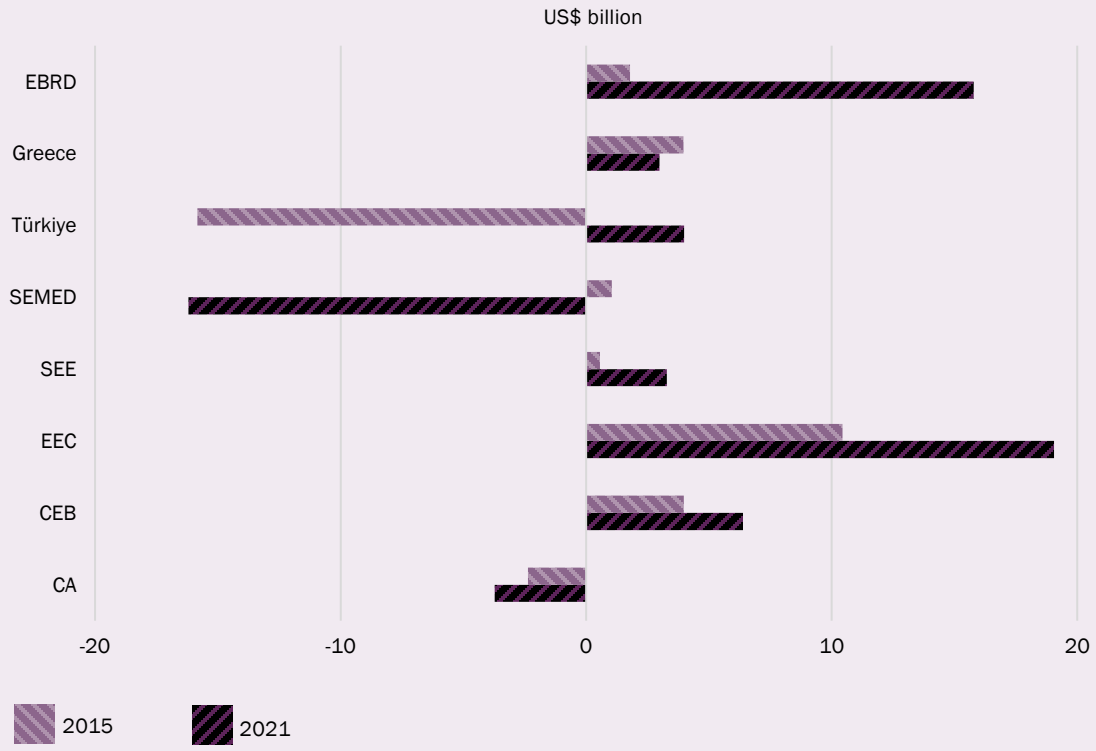
While the EBRD regions overall have experienced growth in global agricultural trade and greater intra-regional polarisation between food supply and demand, **individual countries have deepened bilateral trade – albeit at different speeds, depending on the agrifood category.**

Despite the heavy tests of recent global crises, agricultural and food markets within the EBRD regions have become more integrated and self-reliant. **This is partly the result of greater market transparency and openness in individual countries, as well as better connectivity and improved logistics.**

Intra-regional integration opens new opportunities for trade diversification — geographically and in terms of new products, particularly in those with higher added value.

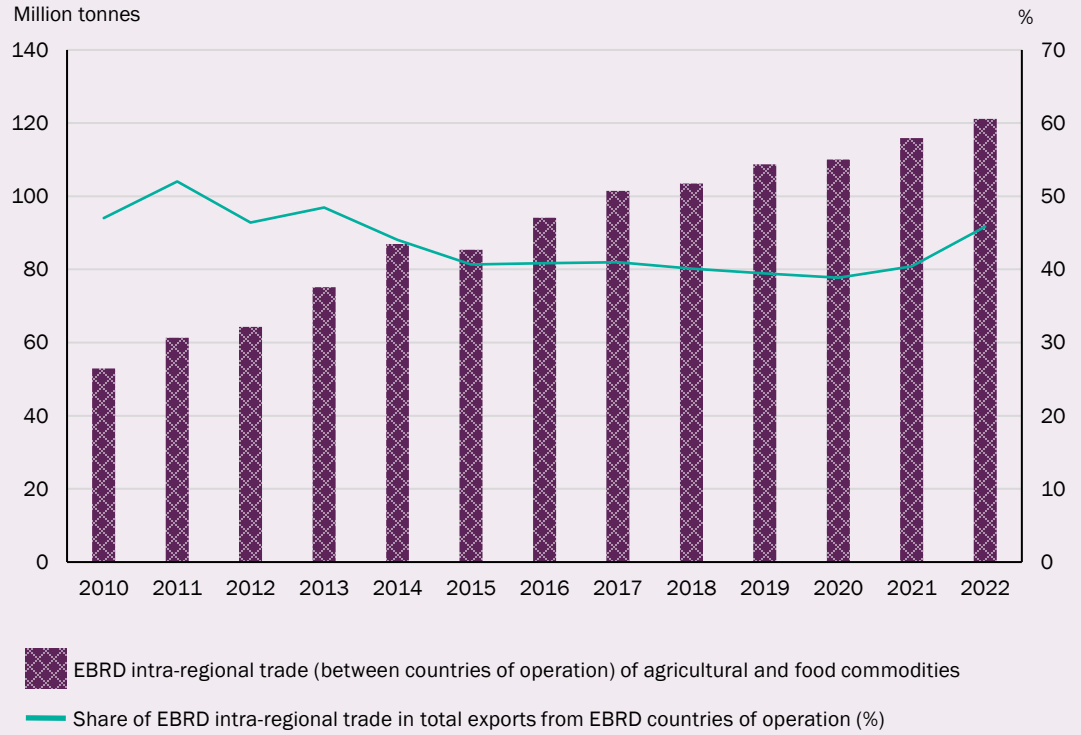
Total agricultural trade balance

Source: WTO



EBRD intra-regional trade

Source: WTO

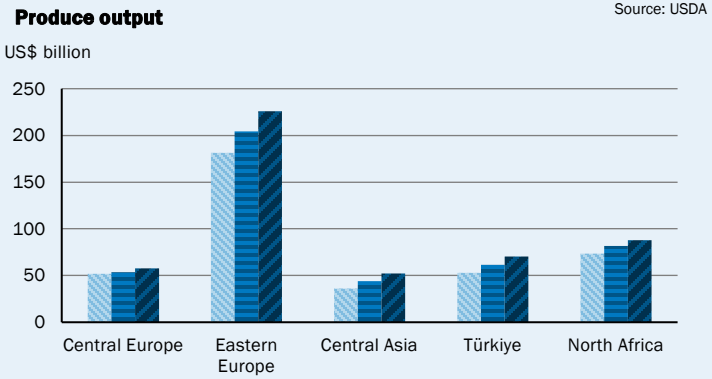


Slower growth in agricultural output and productivity

Finite natural resources, the pressures of climate change and the degradation of natural capital mean a sustainable increase in output and productivity is the only route to sufficient and affordable food supply. Innovation, technology and digital solutions must be harnessed to promote sustainable intensification and boost the productivity of food systems so they can keep pace with growing demand.

2006–10 | 2011–15 | 2016–20 | 2006–10 World average | 2011–15 World average | 2016–20 World average

Agricultural production is growing globally — and in most EBRD regions



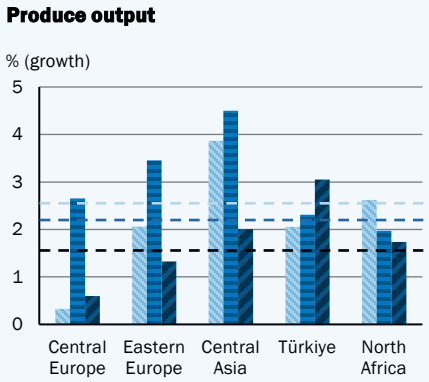
Since 2006, agricultural production has grown consistently in the EBRD regions, but the share of output value by region is wide-ranging.

- All regions have consistently increased the value of production, albeit at varying paces over the years. The implications of this differ, depending on the region's market size.
- **Eastern Europe continues to account for more than 45 per cent of the EBRD regions' production value.**
- Central Europe has been the most stable of the regions.

The size of the market is just as important as its anticipated growth when assessing its attractiveness for future private-sector investments.

Breaking down the pace of output growth reveals additional insights

The rate of growth in agricultural production is slowing

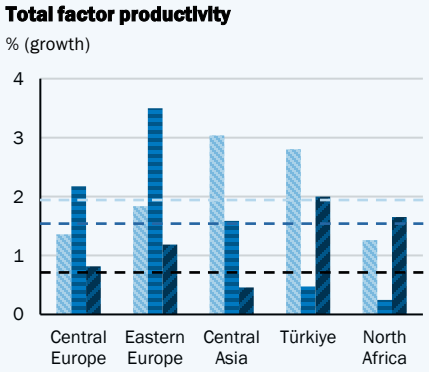


Since 2006, global annual growth rate in agricultural output has continued to decline.

- **Central and Eastern Europe and Central Asia saw significant growth in output in 2011 to 2015,** after which growth rates appeared to slow.
- Agricultural output growth in Türkiye has increased consistently since 2006, reaching its highest growth rate in 2016-20. Meanwhile, output growth in North Africa continues to decrease.
- Overall, output growth in the EBRD regions from 2011 to 2020 outperformed the global trend, but the rate of growth and number of investment opportunities varied.

An increase in agricultural output can only be driven by two factors: increasing inputs such as farmland, fertilisers, labour and capital, or improving productivity.

Decreasing productivity growth decreases the sustainability of such growth in the future



Worldwide agricultural total factor productivity growth rate also appeared to slow sharply in 2016-20.

- During 2006-10 and 2011-15, Europe and Central Asia showed materially better productivity growth than global trends, driving output growth as a consequence.
- In Europe, during the same periods, the expansion of production was closely matched by improvements in productivity growth.
- Türkiye and North Africa saw stagnant productivity change during the 2011-15 period, while agricultural output increased. That said, more recently, productivity growth has rebounded strongly.
- In the recent past, the EBRD regions as a whole have outperformed the global trend when it comes to continuous improvement in productivity.

Within the EBRD regions, common hurdles to production capacity growth include a lack of capital and investment, dysfunctional agricultural land markets that limit access to land, and land fragmentation. Other factors include varying availability of resources such as labour skills, technology and required infrastructure.

Climate change intensifying, urgent need for adaptation and mitigation

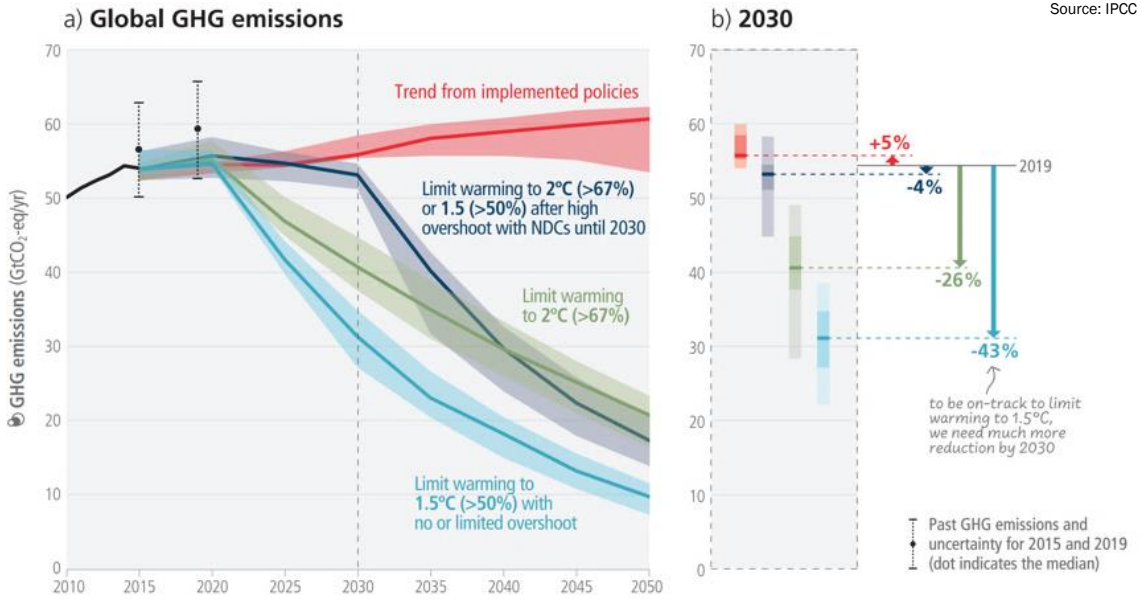
Climate change means agrifood systems must balance their impact on land and the environment with calls to convert large amounts of farmland into global mitigation pathways, and the growing demand for affordable food. Agricultural supply chains, productivity and climate change are interlinked, creating a complex challenge if food security is to be sustained in the face of environmental disruption.

The urgent need to reduce GHG emissions

Implied global emissions by 2030 will exceed pathways consistent with a +1.5°C target. To meet the Paris Agreement long-term temperature objective, a decline in GHG emissions must be rapidly accelerated. Although the Paris Agreement includes provisions for the agrifood sector, the negotiations have barely touched on this area, leaving much to be addressed. The relevant metrics and standards for measuring and achieving decarbonisation in food systems are still under development, complicating efforts to make meaningful progress in this critical sector.

Global GHG emissions of modelled pathways (a) and projected emission outcomes from near-term policy assessments for 2030 (b)

Source: IPCC



Climate change affects food systems

Climate change is already having a negative impact on crop production in EBRD economies. If no action is taken:

Central Asia

Crop yields could decrease by 30 per cent and economic damage from droughts and floods could reach 1.3 per cent of annual gross domestic product (GDP) by 2050.

Central and southern Europe

Drought magnitudes and temperature extremes are projected to rise, with serious repercussions for agricultural systems. Central Europe may increasingly be forced to cope with heavy rainfall.

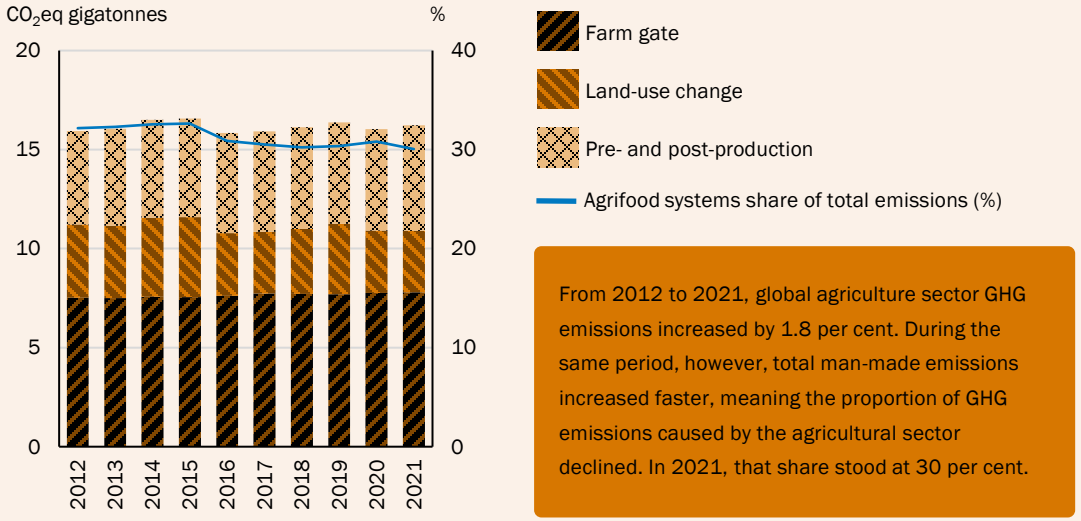
North Africa

Yields of staple crops are projected to decline substantially. Compared with 1995-2005, economic welfare in the agriculture sector is also projected to decline by 5 per cent with 2°C global warming and by 20 per cent with 3°C global warming.

Producing food contributes to GHG emissions

Agrifood systems GHG emissions

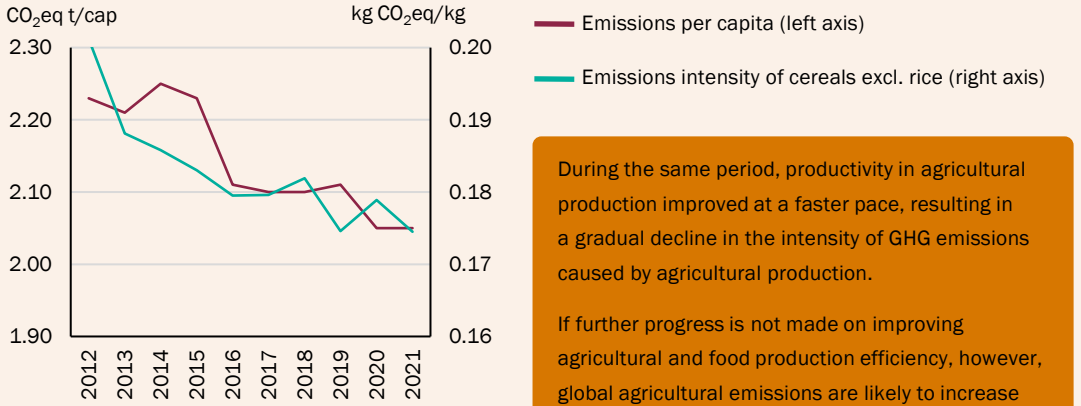
Source: FAOSTAT



From 2012 to 2021, global agriculture sector GHG emissions increased by 1.8 per cent. During the same period, however, total man-made emissions increased faster, meaning the proportion of GHG emissions caused by the agricultural sector declined. In 2021, that share stood at 30 per cent.

Agrifood systems GHG emissions intensity and per capita

Source: FAOSTAT

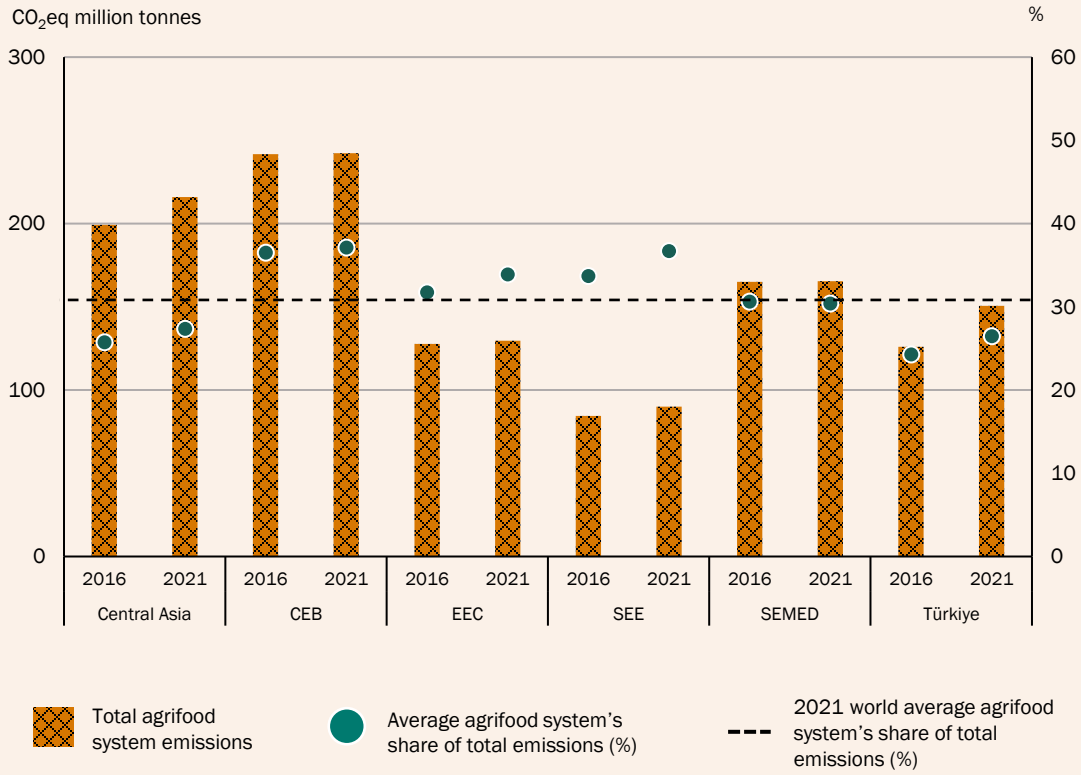


During the same period, productivity in agricultural production improved at a faster pace, resulting in a gradual decline in the intensity of GHG emissions caused by agricultural production.

If further progress is not made on improving agricultural and food production efficiency, however, global agricultural emissions are likely to increase 15-20 per cent by 2050.

EBRD regional agrifood systems GHG emissions and agrifood systems' share in total GHG emissions

Source: FAOSTAT



The EBRD regions' gross agriculture, forestry and other land use GHG emissions accounted for 6.2 per cent of the gross global total in 2021.

The top five emitting countries accounted for 53 per cent of the EBRD regional total, with each of the five coming from a different region.

The composition of the EBRD regions' agricultural and land-use GHG emissions is very different from those involved in global GHG emissions, indicating a different set of sectoral challenges and differing mitigation and adaptation opportunities.

Environmental constraints — water stress, biodiversity loss and soil degradation

Agrifood systems are negatively affected by more frequent extreme weather events and the degradation of the ecosystem. In turn, unsustainable agricultural practices can further exacerbate the deterioration of nature and biodiversity. This, along with water stress and soil degradation, affects food systems. When well-managed, agriculture can act as a significant carbon sink, benefiting biodiversity and rewilding. Sustainable practices such as agroforestry and cover cropping enhance soil carbon sequestration and create diverse habitats. Rewilding efforts restore natural landscapes, boosting ecosystem resilience.

Increasing pressure on water resources puts human livelihoods at risk, as well as putting pressure on agricultural production in many EBRD countries.

Water scarcity is growing in severity and expanding geographically, putting a limit on the expansion of irrigation and increasing risks to food production.

By 2030, excessive use of limited water resources is expected to cause high or very high levels of water stress in both Central Asia and the Caucasus, as well as in Ukraine, North Macedonia and Türkiye.

In the Mediterranean Basin, water scarcity is worsening, and water quality is deteriorating, while irrigation for agriculture accounts for a much higher share — roughly 85 per cent — of water usage, compared with 60-70 per cent in other regions.

Nature and biodiversity provide the environment and the raw materials for agricultural production. At the same time, agriculture accounts for 45 per cent of the use of habitable land.

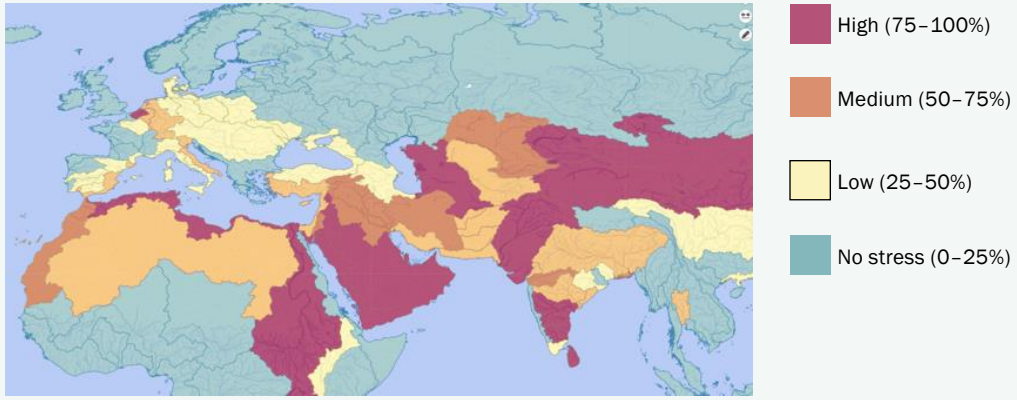
Biodiversity, including that which is particularly important for food and agriculture, is in decline and under threat all over the world. Around 13 per cent of terrestrial ecosystems are projected to undergo transformation at 2 °C of global warming, compared with 4 per cent at 1 °C warming.

In CEE, the Caucasus and Central Asia, almost every type of terrestrial and aquatic habitat has declined in extent or quality in recent decades. In Central Asia, more than half the land is salinised, making soils unsuitable for growing crops.

In the Mediterranean Basin, one of the most land- and water-scarce regions of the world, the small forest area has shrunk by 13 per cent over the past 30 years. The region also suffers from soil salinisation over 11.2 per cent of its total land area.

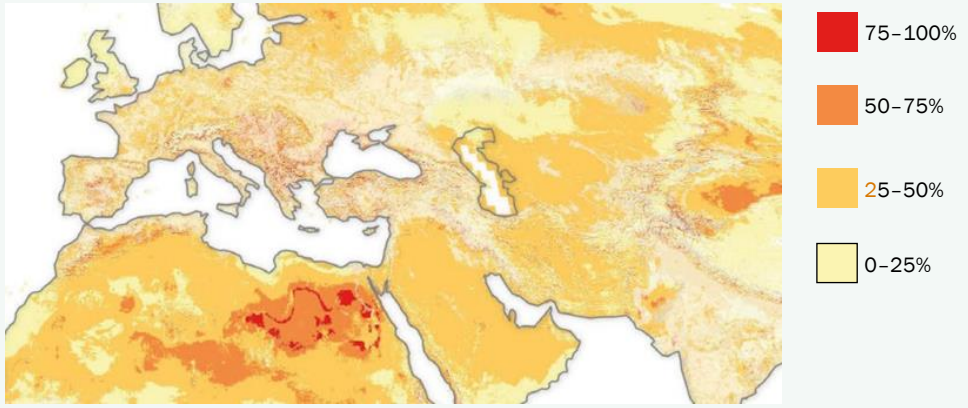
Level of water stress by major river basin in 2018

Source: AQUASTAT



Projected loss of terrestrial and freshwater biodiversity at +2°C global warming

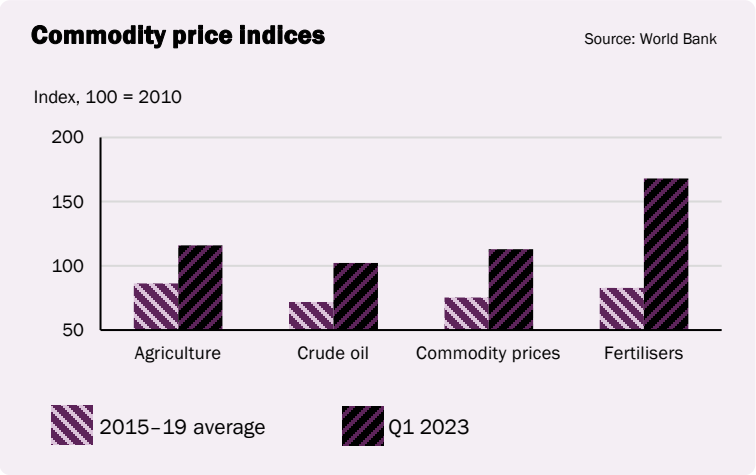
Source: IPCC



Supply chains are being tested

Recent global and regional crises, such as the Covid-19 pandemic, the war on Ukraine and the 2023 earthquake in Türkiye, as well as rapidly changing contextual and sectoral challenges caused by these disruptions, are testing supply chains and the long-term viability of food systems.

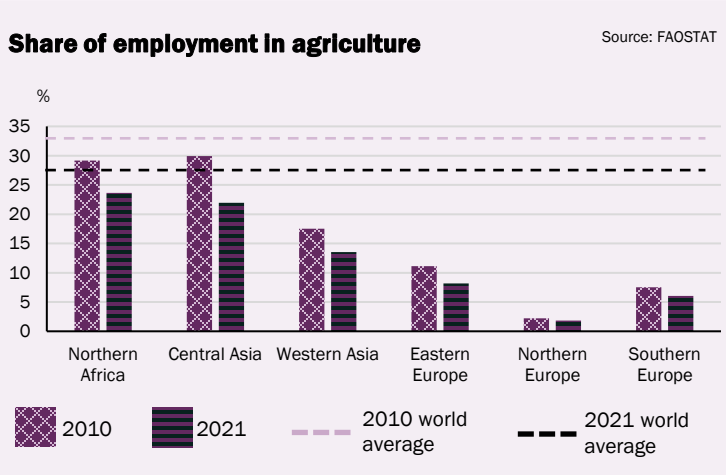
Record high agri-inputs and energy costs are exerting significant pressure throughout the food value chain



The agriculture sector is energy-intensive and mostly remains reliant on conventional fuels. The increase in the price of energy has affected production costs, including agri-inputs, especially for fertilisers, reducing producer margins. This can lead to the minimisation of input use, with implications for productivity.

In Ukraine, in particular, the high costs of farming inputs, storage and transport have at times caused farm gate prices to fall below production costs. One consequence farmers face is a lack of liquidity for investing in the next planting season.

Employment in agriculture is falling, but it is still important



Almost six in every ten people globally — at least 4.5 billion people — rely on agrifood systems for their income. And although employment in the sector is declining, agricultural job opportunities and livelihoods are still important in rural areas where rates of extreme poverty are four times higher than in towns and cities and alternative employment opportunities are limited.

Agricultural employment is particularly important in the Near East and North Africa. Unemployment rates are higher here than the world average, especially among young people, and agriculture employs 38 per cent of the economically active population.

Distribution disruptions

Around the world, the supply-chain bottlenecks and logistics disruptions caused by the Covid-19 pandemic have mostly subsided. Supply chains in Europe, the Caucasus, the Near East and North Africa, however, have been further disrupted by the war on Ukraine.

In Europe and the Caucasus, challenges include weak logistics along the supply chain, inefficient supply chain infrastructure, and low internal connectivity between stages and market linkages. Short food supply chains have emerged, and food systems have become more localised. The war means Ukraine faces several supply-chain disruptions, including significant damage to infrastructure and distribution channels.

In the Near East and North Africa, decreased exports of food and fertilisers from the Black Sea region have made supply chains more vulnerable.

It is important to bear in mind the complexity of food systems. Supply chains are made up of many different companies, small and large, ranging from primary agriculture to retail. The structure of the food chain varies greatly from region to region and according to sub-sector and context. Its capacity to withstand challenges and meet specific needs also differs significantly from region to region and according to sub-sectors and stakeholders. Tailored approaches are frequently called for when engaging with the latter. Engagement with local financial institutions can help reach deep into the supply chains, including to small and medium-sized enterprises (SMEs) and smallholders.

Moving forward in the current context

Our analysis and consultations have led to one conclusion: while food systems require radical transformation to be sustainable, sudden change is impractical. There are many factors at play that complicate the picture: as well as sectoral structural limitations. Our research highlights climate variability, economic volatility, geopolitical unrest, resource depletion, technological disparities and social inequality.

The implementation of our previous strategy showed that food systems extend beyond mere production to encompass broader imperatives, such as global food security, environmental conservation and socioeconomic development. To achieve long-term change, the balance to be struck among these (sometimes competing) demands is subtle and complex.

Our research also shows that considerations of sustainability are increasingly prevalent in private-sector food and agribusiness investment decisions and are driven by the promotion of standards, knowledge-sharing initiatives and the catalytic role of the EBRD in both. The Bank has also led from the front in aligning its investment requirements with the Paris Agreement and other climate policies, making it a pioneer among IFIs.

To take this further, we must be sensitive to the readiness of markets to cope with change — and calibrate the depth and pace of such change. Without the right policies and infrastructure, abrupt short-term transformations risk disturbing fragile systems, causing market shocks, greater uncertainty and, potentially, damping the willingness of the private sector to attempt change in the first place.

Climate risks are evolving more rapidly than traditional investment cycles can accommodate, outstripping the ability of investors (and potential new investors in the sector) to react profitably. They seek predictability in a shifting landscape and agility in financing strategies.

The key lies, therefore, in offering steady support to companies and economies to help them adapt and refine operations and policies over time. In the process, we can help turn them into advocates of sustainable change themselves. Our analysis shows that transformation of this kind — genuine and lasting transformation — calls for an incremental strategy that enables all parties to make informed decisions, aligned with the evolving requirements of sustainability.

Blended finance, complementing private investment with concessional funding, offers a way to offset the costs of adopting sustainable practices without affecting competitiveness. In many EBRD regions, moreover, legislation and policy are not robust enough to address the damage that agrifood operations can cause, and which are often borne by society rather than producers.

We will work with governments on selective policy reform projects to create a framework for sustainable and resilient food systems, reducing planning risks to private investment and laying the long-term foundations that will make sustainability a core business consideration. When combined with blended finance, the goal is to make environmentally-conscious businesses both attractive and viable.

PUBLIC

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Implementation of the previous strategy

Experience
and lessons learnt

PUBLIC

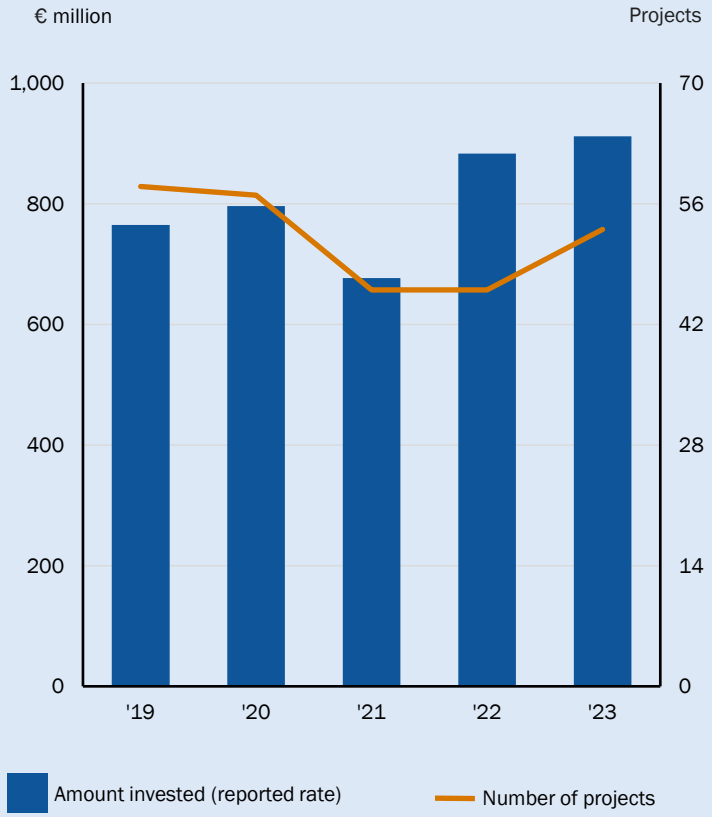
The EBRD's previous agribusiness strategy implementation in numbers: 2019-23

The EBRD emphasises the value of the private sector investment in sustainable food systems. The Bank's annual direct investments in the sector total on average €800 million across the entire food value chain in 29 countries. In 2023, we invested a record volume of €912 million.

Total food and agribusiness investments

€4.033 billion
(7 per cent of total EBRD investments for the period)

260 projects
(32 per cent of which with SMEs)



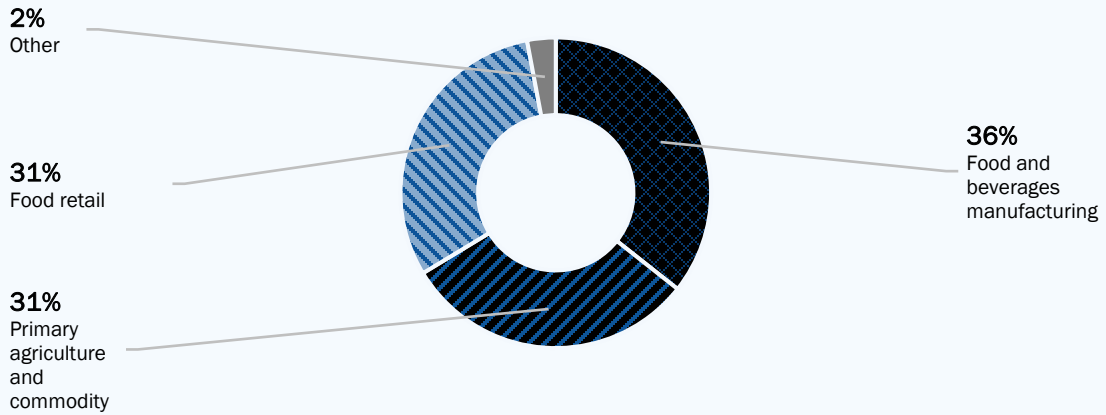
€3.196 billion
Portfolio as of December 2023

€15.5 million
Average project size

31%
Share of Green Economy Transition investments

Investments by geography

Investments by sub-sector

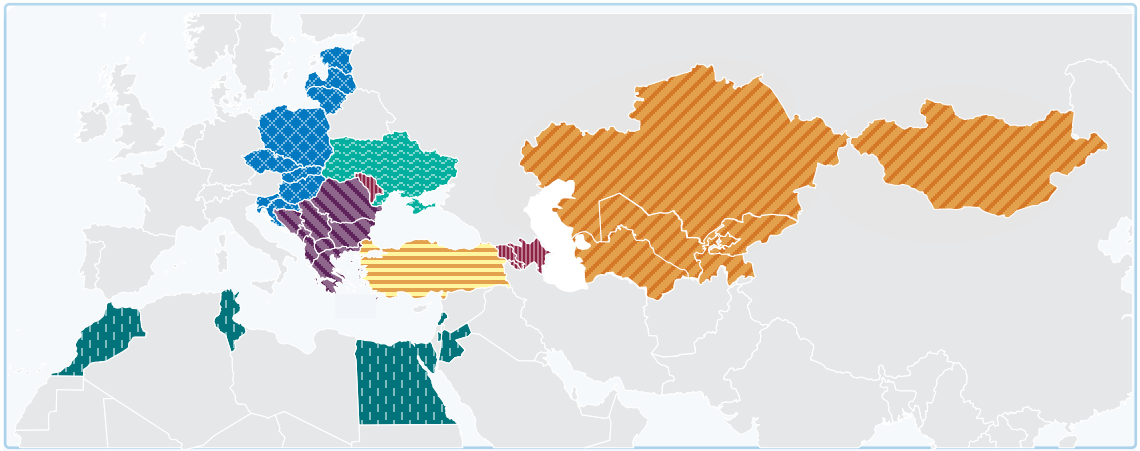


*Excluding Ukraine

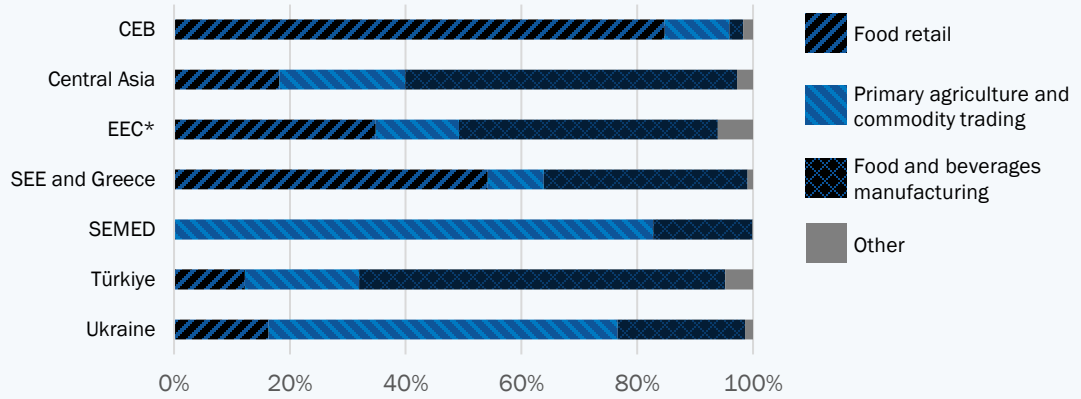
Regional breakdown of food and agribusiness investments 2019-23

The EBRD's investment landscape is shaped by the regional context and the specific nature of each country of operations. We support large and small food and agribusiness companies throughout the food value chain. This context-specific approach is also informed by a global aspiration: the shared commitment to a greener sector that better promotes food security.

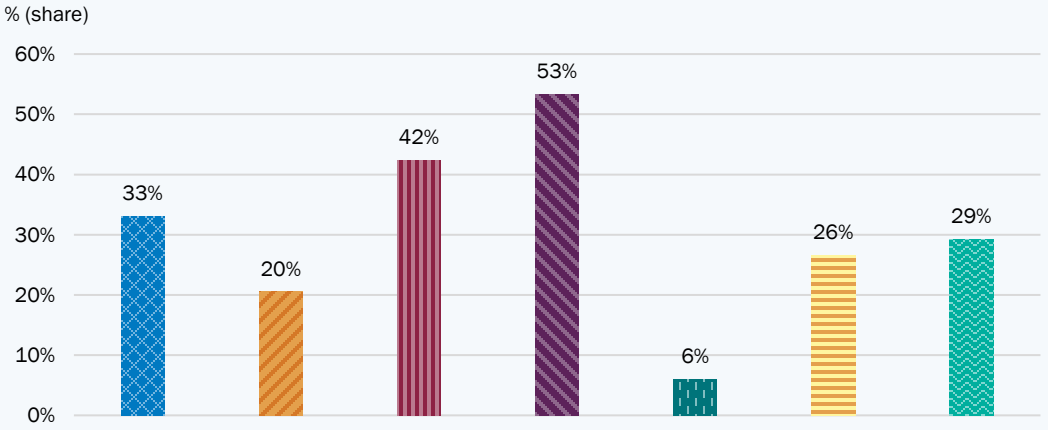
CEB | Central Asia | EEC* | SEE and Greece | SEMED | Türkiye | Ukraine



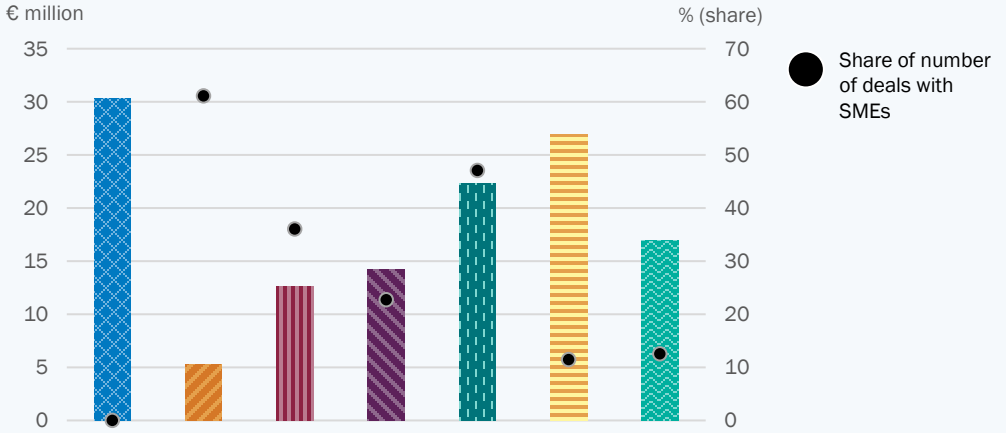
Investments by region and sub-sector



Share of green investments by region



Average project size and share of projects with SMEs



*Excluding Ukraine

EBRD tailored financing supports the food and agribusiness sector at all levels, including thousands of SMEs

The EBRD offers a wide range of financial solutions along the whole food supply chain. These include customised long-term loans, working capital financing, commodity-based funding, equity investments, guarantees and multi-project facilities, as well as a wide range of financing instruments provided via partner financial institutions. All are designed to cater to the evolving requirements of small and large food and agribusiness companies. We deliver them through direct financing, indirect financing and specialised advisory products for SMEs.

Investments by Instrument in 2019-23

	Direct financing and project-by-project guarantees			Financing via financial institutions				Food and agribusiness advisory	SME finance & development, advisory
Tools	Direct debt	Direct equity	Risk sharing	Unfunded guarantees and portfolio risk sharing	GEFFs and SEFFs**	Financial Intermediaries Framework (FIF)	Trade Facilitation Programme (TFP)	Mostly sector-level advisory projects	SME-level advisory projects
Number of projects	159, including 32 projects with SMEs	8	93, via 29 partner banks, including 50 projects with SMEs	Facilities with 16 financial institutions	6,470 GET-eligible agribusiness sub-projects	More than 1,430 sub-projects supported via targeted FIF programmes***	1,731 food and agribusiness transactions	262	2,188 SME advisory projects
Investment volume	€3.610 billion	€97 million	€326 million	€602 million agribusiness sub-loans supported	€332 million GET-eligible agribusiness sub-loans supported	€336 million ~~extended for~~ agribusiness sub-loans supported	€4.71 billion, representing 28 per cent of total TFP turnover	€27.5 million	€21.4 million in grant funds
Countries	29 countries	Türkiye, Central Asia, south-eastern Europe	17 countries	Albania and Ukraine	18 countries	All eligible countries	All eligible countries	All eligible countries	30 countries

* FIF transaction figures represent only selected financial intermediary FIF facilities benefiting from donor-funded assessment and verification.

** Green Economy Financing Facilities (GEFFs) and Sustainable Energy Financing Facilities (SEFFs)

*** Facilities with broader eligibility, including agribusiness

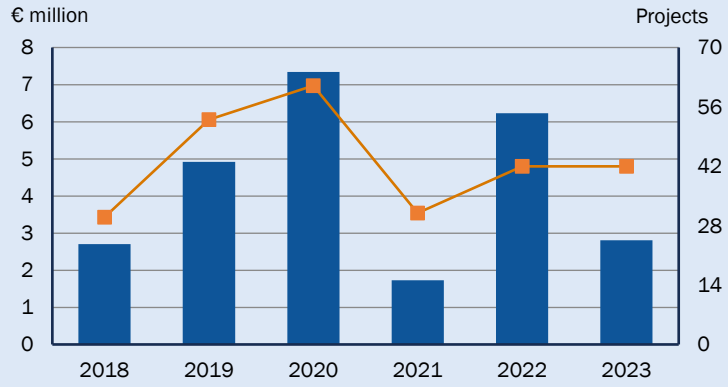
The EBRD's previous agribusiness sector strategy implementation in numbers: 2019-23

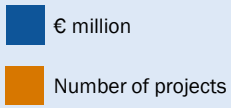
The EBRD maximises impact in the food and agribusiness sector by integrating banking and advisory functions, ensuring they are highly complementary. Advisory services cover project preparation activities, tailored technical advice to companies and their supply chains, sector capacity building, and engagement with public and private sector policy dialogue. While implementing these projects, the EBRD builds robust connections with private enterprises, governments, MDBs and other development partners.

Total advisory portfolio (across 29 countries)

€27.5 million **262 projects**

New projects

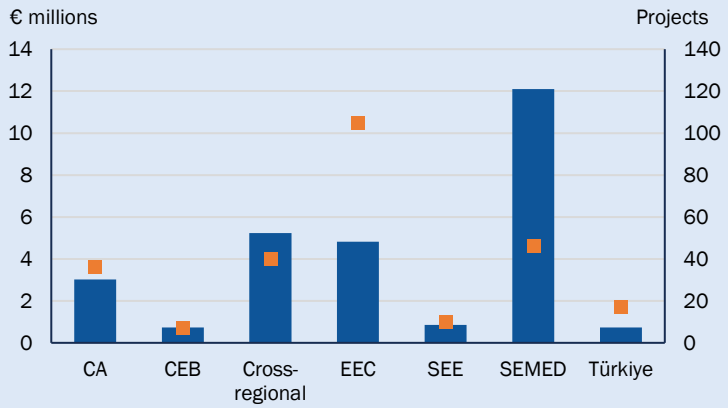




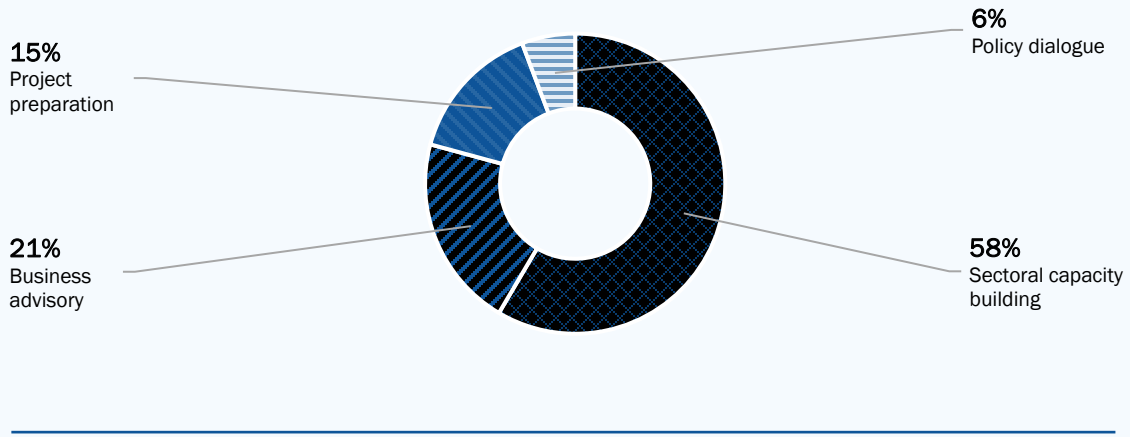
€105,000
Average project size

€16.4 million across 152 projects with other institutional partners

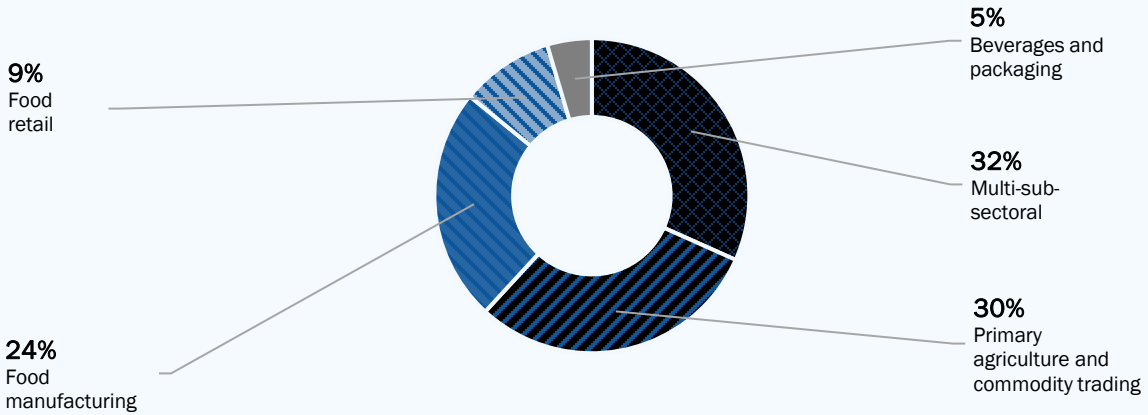
Active projects by region



Active advisory projects by project type



Active advisory projects by sub-sector



EBRD additionality, comparison with other IFIs

EBRD financing is complementary and additional to other investors in the region. Over the past five years, the EBRD has been the leader in private-sector investments in sustainable food systems.

An internal review of the work of all institutions in the field shows that the EBRD has performed the strongest compared to others in the emerging areas of decarbonisation and nutrition-sensitive investments, in line with its strategic areas of focus.

Food security and topics linked to environmental sustainability, such as sustainable intensification and decarbonisation, were identified as the emerging areas featured most often as areas of strategic focus for the institutions reviewed. A good correlation was demonstrated between strategic priorities and actual commitments.

Emerging areas such as carbon markets, certification, urban food systems, short food value chains and export diversification were not found to be stated as actual priorities for most multilateral development banks (MDBs).

The most significant disconnect between stated priorities and actual commitments was in areas such as food loss and waste, digitalisation, sustainable farming practices in crop production, and livestock.

Alignment of institutions' strategic approach and engagement in emerging areas of opportunity

● Strategically aligned ○ Not strategically aligned ✱ More than 10 per cent of the number of projects assessed had a component aligned with relevant emerging areas

	Sustainable intensification	Decarbonisation	Food security	Food loss and waste	Digitalisation	Agroecology	Nature and biodiversity	Nutrition sensitive investments	Carbon markets	Livestock	Alternative proteins	Sustainability standards	Urban farming	Short food value chains	Trade diversification
Rabobank	●	●	●	●	●	●	●	●	●	●	○	○	○	●	○
IFAD	✱	✱	✱	●	✱	✱	●	✱	●	✱	○	●	○	○	○
ADB	●	●	✱	●	●	○	●	✱	●	○	○	○	●	○	○
EIF	●	●	○	●	●	●	●	○	○	●	●	●	○	○	○
EBRD	●	✱	●	●	●	●	○	✱	○	●	●	○	○	○	○
Standard Chartered	●	●	●	○	●	○	●	○	●	○	○	●	○	○	○
AfDB	✱	●	✱	●	●	●	○	✱	○	✱	○	○	○	○	○
FMO	✱	✱	✱	○	●	●	●	○	●	○	○	○	○	○	○
IFC	●	●	✱	●	○	●	○	✱	○	✱	○	○	○	○	○
USDFC	✱	○	●	✱	●	●	○	✱	○	○	○	○	○	○	○
Natixis	●	●	○	●	●	○	●	○	○	●	○	○	○	○	○
IBRD	✱	✱	●	✱	✱	✱	✱	✱	○	✱	○	○	○	○	○
EIB	✱	✱	✱	●	○	○	○	○	○	○	○	○	○	○	○
Société Générale	●	○	●	○	○	○	●	○	○	○	○	●	○	○	○
Proparco	●	✱	✱	○	○	○	○	○	○	○	○	○	○	○	○

Source: Wellspring report based on publicly available data

SMEs and repeat clients

Investments under the previous strategy benefitted thousands of clients of different sizes throughout the entire food value chain, from primary agriculture to food retail, across the EBRD regions.

The Bank deployed the full spectrum of instruments in implementing the strategy: tailored direct financing, portfolio risk-sharing instruments with partner banks, individual technical and advisory assistance to clients including SMEs, sector-level advisory and country-level policy dialogue.

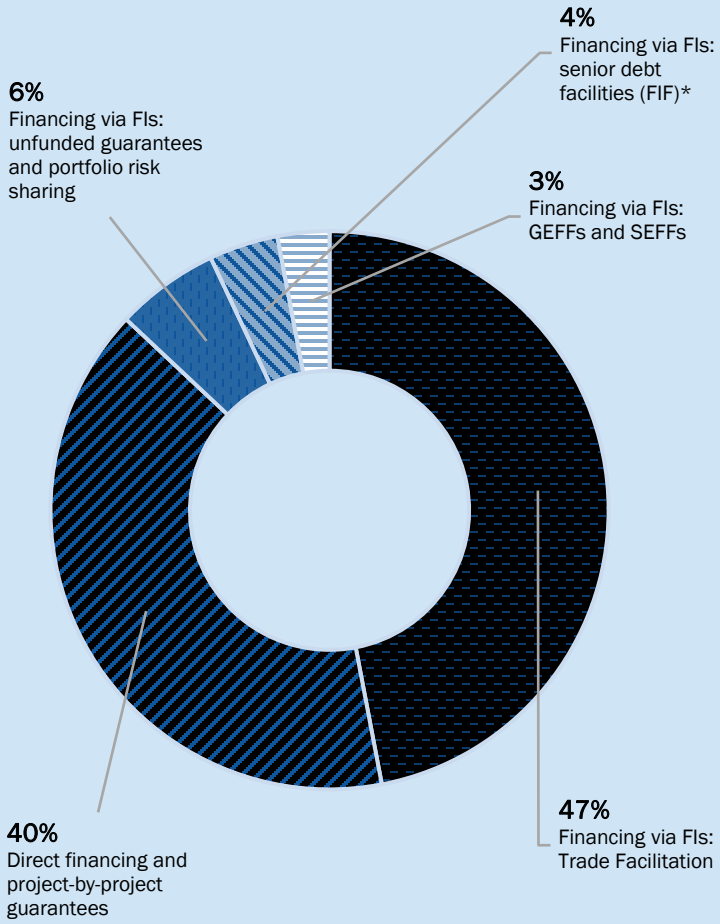
Supporting SMEs was one of the main EBRD food and agribusiness investment focuses in 2019-23, especially in the context of our work with financial institutions. Local financial sectors offer a unique channel for reaching SMEs and smallholders at scale. We are working with more than 300 partner financial institutions to support thousands of such businesses annually.

FI activities in our sector include:

- working with partner financial institutions to improve their capacity for financing the sector.
- working with SMEs to promote better standards and investment in new technology and to support working-capital needs.

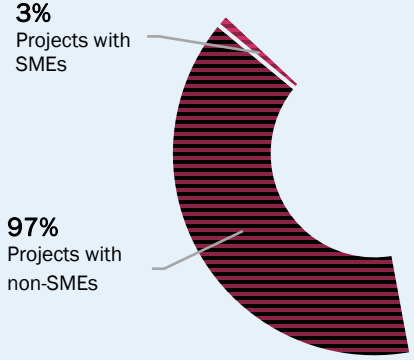
* Figures for transactions under the Financial Intermediaries Framework represent only selected FI FIF facilities benefiting from donor funded assessment and verification.

Food and agribusiness investments 2019-23, including via financial institutions

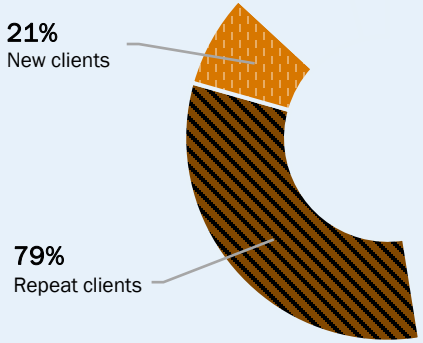


Direct food and agribusiness investments 2019-23 by type of client

The EBRD's direct investments, with an average project size of €15.5 million, were primarily focused on medium and large clients. That said, every third direct project in the previous strategy cycle was with an SME, even if the proportion of total investment volume was only 3 per cent.



In 2019-23, repeat business accounted for close to 80 per cent of EBRD food and agribusiness total direct investments. Repeat engagement with clients, including with large companies, allows the Bank to achieve greater leverage and impact over time; pilot, promote and advance best practices and innovative technologies with a strong demonstration effect and replicability; and reach wider supply chains, including small suppliers.



Covid-19 and the war on Ukraine

The approach and flexibility of the 2019-23 Agribusiness Sector Strategy allowed the Bank to react effectively, flexibly and promptly to unforeseen disruptive external shocks.

Covid-19 response

In March 2020, the EBRD was the first MDB to develop a support package to help economies respond to the Covid-19 crisis and prepare for a post-pandemic recovery.

The Bank's initiatives included a Solidarity Package, valued at €4 billion. It helped to meet the short-term liquidity and working capital needs of existing clients and their supply chains; expanded financing under our Trade Facilitation Programme; provided rapid restructuring for distressed clients; and enhanced frameworks for SMEs and larger businesses that were not existing clients.

The EBRD-FAO Covid-19 Emergency Response Package was developed to provide immediate, short-term technical and policy assistance at country level in several key value chains. It also provided strategic inputs to the Bank to support policy work with governments, public stakeholders and other IFIs during the crisis.

The package resulted in 11 projects, including Covid-related sector guidelines for grain, livestock, olive oil and horticulture, and ongoing studies of decarbonisation, urban farming, short value chains and distribution systems.

War on Ukraine response

The war on Ukraine has caused major disruption to agribusinesses, both in the country itself and around the world, exposing structural issues in the markets where the Bank works.

The EBRD was the first MDB to take Ukrainian risk onto its balance sheet, deploying more than €4 billion in Ukraine since the start of the war, including more than €1.6 billion in mobilised blended resources.

The Bank's support for Ukraine during the war has focused on energy security, vital infrastructure, human capital preservation, trade facilitation and financial sector support, as well as private-sector resilience and food security.

EBRD investments have also helped avert a global food crisis by addressing the threat of vital food supply disruptions — particularly in highly dependent food-importing countries, such as those of the SEMED region.

In 2022, the Bank provided a €150 million sovereign loan to the Office des Céréales (ODC), a Tunisian state-owned body in charge of the international and local procurement, storage, sales and distribution of durum wheat, wheat and barley in the country.

Along with financing, the Bank supported ODC with a technical advisory package. This was designed to increase the efficiency of its operations and boost the adoption of best business and governance standards. It also introduced a review of the Tunisian grain value chain and subsequently developed recommendations to remedy structural weaknesses in the county's grain sector.

Out of the €4 billion in support for Ukraine, close to €900 million was invested in food and agribusiness, including:

€322 million in direct loans to the Ukrainian food and agribusiness sector to support emergency liquidity, grain export logistics, asset reconstruction and energy security, with the support of donors and co-financiers.

Support for partner bank food and agribusiness portfolios in Ukraine focused mostly on SMEs via a portfolio risk-sharing instrument, which was first introduced in Ukraine during the war. The result was an increase in commercial bank lending to €467 million in Ukraine at a time of war.

The Bank provided €102 million in agri-related support via the Trade Facilitation Programme in Ukraine.

Clients directly supported during the war:

Green investments

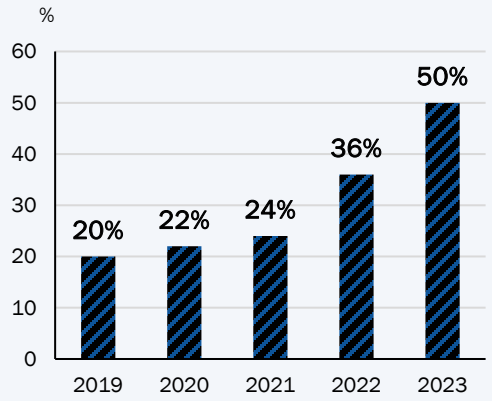
Decarbonisation, climate risk mitigation and adaptation were among the key focuses of the previous strategy, due to the magnitude of food and agribusiness sector contributions to GHG emissions and the sector's vulnerability to climate risks.

Since the end of 2022, all the EBRD's activities have been aligned with the Paris Agreement. This helps the economies where we work meet their goals and commitments under the Agreement.

The EBRD was the first MDB to develop and implement a Paris Alignment methodology to cover the complex food and agribusiness sector.

Our growing focus on green investments, alongside expanded financing tools and blended support, has resulted in a steady increase in food and agribusiness GET investments.

Share of GET investments in food and agribusiness business volumes



Examples of financing projects focused on green investments

Biomass as a source of alternative energy for crop drying, meat processing and oil crushing facilities.

Climate change resilience through irrigation investments in Ukraine, Serbia, Tunisia and Uzbekistan.

The support, introduction and expansion of **sustainable farming practices and climate-smart farming practices.**

The first sustainability-linked loans piloted for retail in Poland, grain farming projects in Ukraine and a beverages production project in Kosovo.

Supply-chain climate change strategies as part of Bank transactions – grain in Ukraine, onions in Egypt, olives, hazelnuts and cotton in Türkiye.

Decarbonisation and climate change adaptation pathways covering over 1 million hectares for clients in Ukraine, Serbia, Morocco and Romania, as well as retail clients.

The **expansion of organic farming** in the Baltic states, Moldova, Ukraine, Hungary and Romania.

Supporting improved **waste management and energy and resource efficiency** to promote sustainable construction practices in food retail that are aligned with international green building standards.

Sustainable packaging and better packaging recycling practices.

Various investments in **energy and resource efficiency across all food manufacturing sub-sectors.**

Green- and sustainability-focused FI facilities with partner financial institutions, **promoting energy efficiency technologies and sustainable practices among food and agribusiness SMEs.**

Examples of advisory and technical cooperation support focused on the green transition

Supporting sustainable cotton value chains in Türkiye (2020-present): we are supporting the uptake of farming and ginning practices that meet the requirements of the Better Cotton Initiative. This project supported an investment with Louis Dreyfus Company.

Supporting climate-smart digital solutions for fruit and vegetable production, regional (2021-23).

Supporting the development of Serbia's irrigation strategy (2019-23): the aim is to ensure sustainable, demand-driven and efficient irrigation for enhanced and climate-smart agriculture. The project also includes a five-year action plan to implement the strategy, as well as policy and investment mapping.

EBRD Agrifood Nexus Programme in Central Asia (2023-present): we are providing grants, guarantees and due diligence support to private-sector food and agribusiness firms to help address the land-water-energy nexus in their investments. We are thereby enabling and incentivising companies to lower their emissions and input needs, and utilise newer, more efficient technologies. The programme to date has supported EBRD investments with Atameken Agro, Koshoi and Kaindy Kaint.

Carbon farming pilot project with an organic crop producer in Ukraine.

Carbon neutrality study and decarbonisation technical cooperation (2020-present) to explore opportunities for investments in the decarbonisation of food supply chains and to help structure the EBRD's approach to Paris alignment.

Promotion of innovation

Fostering innovation and technological advancement was a key focus of the previous strategy.

The outcome was a variety of project types:

The circular economy
Recyclable packaging, waste recycling and renewable energy generation; the introduction of a new capital market instrument in the Baltics.

Supply-chain financing and supply-chain decarbonisation tools.

Digital agricultural technologies and climate-smart farming practices.

Support for research and development (R&D) (new, innovative product development in the yeast sector and seed selection).

Climate impact reduction tools in retail.

Innovative greenhouse technologies.

Global Livestock Environmental Assessment Model – Interactive (GLEAMI) tool application in animal farming, e-commerce and elsewhere.

Venture-capital projects in alternative proteins and other areas of opportunities.

The Bank also supports innovative start-ups. The EBRD's AgVenture programme was launched in 2023 and aims to connect new businesses from EBRD economies with the broader innovation economy and support solutions that can increase the sustainability of the agrifood tech sector.

The EBRD's Sustainability Assessment of Urban Farming Investments (2020-22) helped explore the urban and peri-urban farming sector and underlying investment opportunities.

Gender and economic inclusion

The EBRD's Equality of Opportunity Strategy 2021-25 and the Strategy for the Promotion of Gender Equality 2021-25 strengthened and substantially broadened the Bank's distinct private sector-focused approach to promoting both goals. The strategies were applied in the food and agribusiness sector and, between 2019 and 2023, at least every third project involved an inclusive component.

Examples of financing projects focused on gender and economic inclusion investments	
Türkiye	• A nationally accredited training programme was established to help women farmers gain technically advanced skills in sustainable olive farming. Focusing on less developed regions, the programme helped them increase the efficiency and climate resilience of the olive harvest, while ensuring production was both environmentally friendly and economically worthwhile. • A large-scale training programme for local seed farmers promoted financial literacy. • We supported better work and provided farmers and seasonal workers with access to accredited learning outcomes in the fruit and nuts sector.
Egypt	• A work-based learning programme helped young people transition from school to work in the fruit production sector.
Ukraine	• An agronomy curriculum and the training of academic staff and students in the vegetables and grain sector fostered the alignment, transferability and comparability of skills. • We supported the development of the war veteran reintegration programme. • We helped create retail jobs for displaced Ukrainians in the Baltic states and SEE region.
South-eastern Europe	• In-house retail training in partnership with local education providers for young people in Romania and Hungary. • Support for digital and financial literacy, as well as operational skills, among people living in remote regions and employed in retail.
Women in Business (WiB) programme	In Central Asia, the WiB programme, implemented through 11 partner financial institutions in the region, channelled nearly 10 per cent of the programme to women-led SMEs in the food and agribusiness sector.
Youth in Business programme	With partner financial institutions.

Examples of advisory and technical cooperation support focused on inclusion transition	
Professional development training for agricultural SMEs in Ukraine (2019-20)	Sector-specific initiatives and project advisory strengthened professional skills and the capacities of SMEs, enhanced local human capital and provided up-to-date training courses.
AgriAcademy in Ukraine (2022-present)	We developed and launched the first online learning platform for food and agribusiness in the Ukrainian language, with 18 specialised courses from leading global universities and experts.
Inclusive dairy value chain development in Kazakhstan (2017-19)	We designed and adapted a mobile app with FAO which helps milk processors geolocate current and potential raw milk suppliers, most of whom are smallholders or family farmers. The connection helps to improve their production, by also providing advice on milk quality and safety standards and best practices, and ultimately improving farmers' livelihoods.
Capacity building for sustainable food retail programme (2019-22), Montenegro case	Food retail improvements are a focus across EBRD economies and, in Montenegro, our investment in Voli Trade, a leading retailer, saw the company benchmark operations and adopt several recommendations, including upskilling staff and developing an inclusion programme with local secondary schools.

Lessons learnt

While the 2019-23 Agribusiness Sector Strategy helped the EBRD, our partners and our clients to cope successfully with a series of international crises, key lessons have enabled us to refine our approach.

A flexible strategic approach

Crucial in unforeseen crises such as Covid-19, geopolitical conflict and supply-chain disruption, it keeps the EBRD responsive.

Decoupling use of proceeds and overall impact

When assessing climate projects, this helps to broaden the Bank's capacity to create greater change more rapidly.

Blended finance

A powerful tool for incentivising green initiatives or, for example, mitigating risks in critical markets such as Ukraine. Leveraging donor funds and private capital bridges market gaps, while coupling financial and advisory services facilitates skills and sectoral performance improvements.

Building solid relationships with clients over time with a view to complex projects is crucial to their success

Especially in sustainability and inclusion. Such relationships foster collaboration and can lead to increasingly sophisticated, effective initiatives.

Selective sovereign transactions and policy initiatives

Support countries while catalysing reforms from which the private sector can benefit.

Coordinating with stakeholders and other IFIs is essential, not least in difficult sectors such as livestock

Joint methodologies encourage alignment and maximise collective impact.

Knowledge and expertise is especially valuable in new and disruptive sub-sectors

It is important to collaborate with partners to expand reach and impact by matching skills to resources.

Promoting standards and certification

Enhances transparency, meets consumer demand for quality and sustainability, and boosts market access for producers and retailers alike.

Scaling investments in primary agricultural matters

The sector plays a key role in food security, supporting livelihoods and promoting development. However, scaling up finance for sustainable practices and increasing its outreach to SMEs and smallholders remains a challenge and can only be achieved incrementally.

Engaging with innovative companies

Including start-ups, through instruments such as EBRD AgVenture, helps the Bank explore disruptive opportunities while staying ahead of future trends.

Strategic direction

Supporting the private sector in forging more sustainable food systems

PUBLIC

The evolution of the EBRD's food and agribusiness strategy

A deep understanding of sector dynamics informs the 2025 Strategy. It builds on the successes and lessons of its 2019-23 and 2010 predecessors.

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

2025 Strategy conceptual framework

The Food and Agribusiness Strategy 2025 builds upon the rationale of its 2019-23 predecessor. **The new strategy recognises the current sector context, while reflecting the complexity of food systems in adopting an underlying evolutionary approach.**

The new strategy broadens the scope of the food and agribusiness sector, situating it within the wider framework of food systems. Food systems are inherently complex because of the multitude of factors, processes, interactions and dependencies involved along the food supply chain.

Our strategy reflects current sector context while exploring new areas of opportunity, informed by a detailed analysis of present and emerging trends, in order to support incremental impact over time. By integrating our banking and advisory functions, we can maximise operational impact while remaining responsive to changing contexts in individual markets.

The foundation of the new strategy is provided by the proven achievements of its 2019-23 predecessor, **which stressed the need to meet three potentially competing needs simultaneously: closing the food gap; protecting natural resources and the climate; and improving the environmental and social impact of food and agribusiness.** The efficacy of our approach was put to the test during times of international crisis, such as the Covid-19 pandemic and the war on Ukraine. Our team demonstrated its expertise and ability to adapt in response to unexpected challenges.

Central to our approach for the 2025 Strategy is a refinement of the **EBRD's role in fostering sustainable food systems, with a strong emphasis on private-sector engagement.** We take pride in our leadership in investing for decarbonisation and food security, as borne out by our robust track record of delivery.

The 2025 Strategy continues to be implemented in the context of the **EBRD's Strategic and Capital Framework** and its goal of creating a resilient and sustainable future, by enhancing the quality, quantity and impact of the Bank's activities in the food and agribusiness sector. It contributes to the Bank's transition mandate by adding impact to the six qualities of transition; it prioritises support for a green, low-carbon economy; promotes equality of opportunity for women, young people and other underserved communities; and supports the digitalisation of food systems.

The 2025 Strategy also aligns with the **Bank's Environmental and Social Policy** and the EBRD's cross-cutting strategic themes: transitioning to a green, low-carbon economy through its **GET Approach**, promoting equality of opportunity through its **Equality of Opportunity Strategy**, including its **Strategy for the Promotion of Gender Equality**, and **accelerating the digital transition** through its **Digital Approach**.

Creating sustainable food systems requires environmental, social and economic investments

FAO defines a sustainable food system as one that **"delivers food security and nutrition for all in such a way that the economic, social and environmental bases to generate food security and nutrition for future generations are not compromised. This means that it is profitable throughout, it has broad-based benefits for society, and has a positive or neutral impact on the natural environment"[1].**

The three pillars of investment of the 2025 Strategy

Environmental

Sustainable food systems promote environmental stewardship by adopting practices that reduce GHG emissions, protect ecosystems and conserve natural resources. This is vital for mitigating and adapting to climate change and preserving nature and biodiversity.

Social

Sustainable food systems foster economic opportunities, while linking small and large producers and reducing disparities within the food supply chain. They support jobs and livelihoods, offer opportunities for the development of human capital, strengthen local economies and promote the sharing of knowledge and good practices.

Economic

Incorporating environmental and social sustainability when investing in food systems is essential for long-term economic viability and for fostering innovation. Food systems need to be economically viable for all stakeholders, from farmers and producers to consumers and retailers.

Sustainable food systems promote food security

A resilient food system can adapt to changing conditions and shocks, such as climate change, outbreaks of disease, or economic disruptions, and continue to provide food security and nutrition. Resilience requires diversifying the sources of food, boosting crop and livestock resilience, and constructing supply chains that are flexible. Investing in sustainable food systems increases food security by enabling access to nutritious and safe food, while contributing to the reduction of hunger and malnutrition. Such food systems promote healthier diets — and the production of food that is better for us.

1. Nguyen, Hanh. (2018), "Sustainable food systems: Concept and framework.", FAO, Rome. Available at: https://openknowledge.fao.org/items/8d2575e3-e701-4b1d-8e20-d9c83179c848

Strategic engagement approach

The 2025 Strategy creates a framework to gradually incorporate innovative approaches and emerging trends that support the development of sustainable food systems. Step-by-step impact protects such food systems against interruption and helps ensure long-term food security.

"Incremental radicalism" – understood as a phrase, not two separate words – describes our stakeholders' commitment to addressing urgent challenges while ensuring the long-term viability of the sector. It balances responsiveness to emerging market demands with a stable transition to sustainable food systems. In this way, while change may unfold gradually during the strategy cycle, the objective remains the far-reaching transformation of the agricultural landscape, meeting present needs while safeguarding the interests of future generations. For this, we are increasing our investment targets for green and inclusion initiatives.

A key strength of the approach is how it enables us to navigate the complexity of the sector. Agriculture and food production are deeply entrenched in societal structures, ranging from traditional farming practices to intricate distribution networks and subtle consumer behaviour patterns. Imposing sudden change could easily destabilise these systems, leading to economic disruption and exacerbating food insecurity.

Embracing "incremental radicalism" signals a willingness to engage in a nuanced, iterative process of experimentation, learning and adaptation. This approach encourages resilience by reducing the risks of abrupt change at the same time as carefully integrating sustainable practices into existing frameworks.

Throughout our strategy, we envision a long-term plan to advance broader societal goals. The thoughtful, deliberate change of "incremental radicalism" invites collaboration, innovation and a shared path to lasting benefits for the environment and people alike.

It enables the EBRD's food and agribusiness operations to remain aligned with wider international agendas such as the United Nations Sustainable Development Goals and the Paris Agreement on climate change. Investments in sustainable agriculture not only reduce the sectoral GHG footprint, but also promote nature and biodiversity conservation, water resource management, animal welfare and inclusive economic growth.

To improve food security, jobs and gender equality, stronger targets on inclusion are woven into the fabric of the 2025 Strategy. "Incremental radicalism" supports local food systems and the small businesses that supply them and helps increase fair access to resources and opportunities to foster social cohesion and resilience in the economies where we operate.

On top of that, there are economic dividends to be reaped from a greener and more inclusive food system. Sustainable agricultural practices have been shown to raise productivity, reduce input costs and create new market opportunities for farmers and businesses. Investments in human capital that improve access to knowledge, widen the recruitment pool, and enhance retention and career progression, also boost productivity and the resilience of supply chains. Innovations in processing and retail create value-added products and improve competitiveness and access in a fast-moving global market. In this way, EBRD investments in environmental, social and economic sustainability become mutually reinforcing.

By integrating stronger targets on inclusivity into the fabric of the strategy, stakeholders can address questions of food security, economic opportunities in regions and value chains, and gender equality. By empowering SMEs, supporting local food systems, and promoting fair access to resources and opportunities, "incremental radicalism" builds social cohesion and resilience in the economies where the EBRD operates.

This approach acknowledges that while the ultimate goals may be radical, achieving them requires gradual, incremental progress.

Gradual steps
Implementing changes in a step-by-step fashion to build momentum and reduce resistance.

Strategic patience
Recognising that meaningful change often takes time and requires persistence.

Building broad coalitions
Garnering support from diverse groups to create more robust and sustainable movement forwards.

Adapting tactics
Being flexible and ready to adjust action based on feedback and evolving circumstances.

Institutional engagement
Working within existing systems and structures to effect change, rather than relying solely on outside pressure or revolutionary actions.

Market opportunities

Realistic, market-driven opportunities exist for incremental moves towards lasting, long-term change. Sustainable impact requires a blend of different instruments.

The growing awareness of environmental sustainability's importance, coupled with increasing demand for sustainable food production, holds significant opportunities for positive change in the food sector.

The long-term vision of the 2025 Strategy is to gradually scale up investments in sustainable food systems, increasing the allocation of funds to projects that have demonstrated profitability as well as environmental and social sustainability impact, while paying particular attention to the areas of opportunity listed in the table here.

Where emerging areas of opportunity are promising but still not financially viable, the 2025 Strategy focuses on stepping up technical assistance and capacity building.

A mix of blended finance instruments, combining advisory and investment, as well as engaging with financial institutions to strengthen their capacity to support food and agribusiness, will pave the way to working successfully with the public and private sectors, accelerating change incrementally and building more sustainable food systems.

* For further details on the areas of opportunity, please refer to the annexes.

Areas of opportunity*

- **Decarbonisation**
- **Sustainable intensification**
- **Urban food logistics**
- **Trade diversification**
- **Carbon markets**
- **Agroecology**
- **Food loss and waste**
- **Digitalisation**
- **Nutrition-sensitive investments**
- **Nature and biodiversity**
- **Sustainability standards**
- **Short food value chains**
- **Alternative proteins**
- **Urban farming**

In the course of the 2025 Strategy:

- We will keep exploring how to increase engagement in promising new areas of opportunity while maintaining our core focus on structural sector priorities.
- We will maintain a long-term vision of progressively engaging in more investments in sustainable food systems, while recognising that full transition may need several years to realise.
- The key principle is “adapt and iterate” — our primary private-sector focus means regularly reviewing and adapting to opportunities as market dynamics evolve with trends in environmental and social sustainability, keeping in view the performance of our portfolio.
- We will continue our collaborations with food systems strategic partners, including other investors, United Nations agencies such as the FAO, NGOs and government bodies, to maximise resources and expertise in devising technical assistance programmes.
- Alongside financial institutions, we will encourage engagement among players in the market through networking and private-sector initiatives.

Market limitations

Viable emerging opportunities to invest in sustainable food systems exist, but there are also limitations. If they are ignored, change may be disruptive and unsustainable.

	Sectoral limitations to sudden change	Implications for the EBRD regions	Food and agribusiness approach
Structural organisation	The complexity of food systems — their multiple stakeholders, regulatory environments and supply-chain dynamics — can complicate due diligence and risk assessment.	Opaque view of the potential benefits of investments in sustainable food systems.	Tailored financial instruments with bespoke methodologies and technical assistance to aid clients measure and monitor investments and ensure they understand risks and benefits.
Financial capital	The transition to sustainable food systems often demands substantial upfront investment and necessitates a longer timeframe for returns. There is also an overall gap in financing for the agricultural sector vis-à-vis the agricultural contribution to GDP, as well as limited access to financing in the primary agriculture sector, in particular for SMEs and smallholders.	Limited appetite for investment because of delayed returns.	Tailored financial instruments with bespoke methodologies to help clients realise benefits and returns on investment earlier. For example, through sustainability-linked loans. Targeted financial products for financial institutions to facilitate the alignment of credit allocation with the agricultural sector's economic importance, as well as instruments to enhance financing outreach to SMEs and smallholders.
Sectoral gaps	A lack of sector-specific knowledge and a substantial disparity in this respect between large agribusiness companies and smaller players on factors affecting production such as climate change, along with an absence of consistent, reliable data, impede informed decision-making by financial institutions and limit the scaling up of financial tools for the sector. Standardising and replicating models is difficult across different markets, even when they have been successful in the past.	Limited transition readiness.	Standardise technical assistance for private financial institutions (PFIs) to scale up sector outreach and maximise impact. Digitalisation remains a crucial factor in this regard, both in terms of PFI offering and outreach channels.
External conditions	Market volatility and uncertainty, including fluctuations in commodity prices, labour force migration, regulatory changes and climate-related risks, cause difficulties for potential investors.	Eagerness to invest sapped by market uncertainty.	Tailored financial and non-financial instruments that cater to clients' needs.
Stakeholder behaviour	Consumers, producers and other stakeholders must change behaviour to adopt environmentally and socially sustainable practices. This can present a barrier to market-driven initiatives and calls for concerted education and advocacy.	Low enthusiasm for active change and a lack of knowledge and understanding among SMEs/smallholders.	Collaboration with strategic partners to increase outreach and provide tailored technical assistance programmes to all players in the sector.

Environmental sustainability

We will drive business transition and investment to reduce GHG emissions, promote climate adaptation and minimise environmental impact.

Alignment with the goals of the Paris Agreement

Support the alignment of food systems with the climate change mitigation and adaptation objectives of the Paris Agreement by:

- decarbonising food supply chains (including the livestock sector which according to the IPCC accounts for 14.5% of global GHG emissions and linked value-chain industries).
- enhancing the overall adaptive capacity of the food sector as a whole and stakeholders within individual value chains to cope with critical climate change risks.

Climate mitigation

- Promote a range of agricultural practices, innovative technologies and skills and improve corporate governance to reduce the GHG emission footprint from farm gate to retailer shelf.
- Engage in ongoing development of the carbon market for the agricultural sector including supporting robust regulation for all stakeholders, technical innovations to improve monitoring and commercially viable investment models for farms.
- Support companies in their implementation of sustainability and climate disclosure regulations, including areas such as management function and governance, and rigorous data collection, monitoring and analytics.
- Develop the commercially viable production of novel biological inputs from farms to fuel a bio-based green economy in the energy, construction, textile and chemical sectors to reduce reliance on fossil fuels.

Climate adaptation and resilience

- Enhance the resilience of food systems to climate change and environmental degradation by promoting sustainable resource management (water, soils, ecosystems), developing climate-resilient infrastructures (storage, distribution, irrigation and so on), as well as governance and skills capacity building at the corporate level.
- Invest in resource-efficiency technologies and renewable energy for agricultural producers and food processors to reduce input costs and strengthen climate resilience.
- Robustly assess risks from climate change and nature degradation via technical cooperation support to guard against potential maladaptive measures or investments.
- Encourage business practices and fixed-asset investments that are better able to mitigate risks from climate change.

Reducing the broader impact on the environment

- Support investments and business practices that lower the environmental impact of all food supply-chain participants, such as plant-based foods, while promoting sustainability standards and certifications and encouraging sustainable farming practices (soil health, agroecology, agroforestry, organic farming, advanced biosecurity and other practices that are relevant to the specific local context).
- Foster practices for the sustainable use of water to address water scarcity in arid and semi-arid regions, especially in CA, SEMED and SSA.
- Enhance the overall transparency of the climate and environmental impacts of food products by promoting standardised and efficient information on sustainability key performance indicators (KPIs) (including GHG emissions, resource efficiencies and so on) throughout individual food supply chains, including by means of digital and data innovation. This can apply to financing both technical cooperation and policy dialogue.
- Promote animal welfare standards in line with national regulatory requirements, relevant EU animal welfare standards and good international practice (GIP), in accordance with the EBRD's Environmental and Social Policy.
- Minimise waste and loss along the food supply chain to increase food availability and affordability, including through the use of digital platforms and technologies, without the need to expand production.
- Agricultural infrastructure is essential for efficient food production, processing and distribution. Key elements include irrigation, storage, transportation and market access. Modernising and greening infrastructure with advanced technologies boosts productivity, reduces losses and supports rural economies. Investing in robust agricultural infrastructure enhances food security, builds resilient food systems and meets growing global food demand.
- Develop regulations and disclosure standards that measure and audit nature capital, as well as viable financing instruments, as a means of reducing the harm done to nature and biodiversity by food value chains.
- Incorporating net-zero pathways into FAO initiatives is crucial for sustainable development, guiding agricultural practices to reduce emissions, enhance carbon sequestration and promote climate-smart innovations. This alignment with climate goals improves food security and resilience, transforming agriculture to meet net-zero targets.

Transition qualities*

Activities under the three pillars of the 2025 Strategy are aligned with and contribute to supporting the transition qualities of the Bank.

The relevant transition qualities here are:

- Green
- Resilient
- Well governed

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

Social sustainability

Food systems cannot be sustainable unless they promote jobs, skills and equal opportunities at the local level.

Support human capital development

- Provide access to knowledge and training to improve skills and employability, and to companies and SMEs, in particular, to improve their business performance and create worthwhile, future-proof job opportunities.
- Support the transition to a knowledge economy, including through digital skills training.
- Facilitate employability, ensuring that key workers, especially those along the value chain who are more vulnerable — for example, women, seasonal workers, refugees and people with disabilities — have sufficient market-relevant skills, and encourage the adoption in the workplace of better products and processes.
- Support the reskilling and reintegration of veterans in Ukraine.
- Work with food and agribusiness companies, industry unions, public authorities and universities to improve vocational training opportunities, work-based learning and skills acquisition.

Enable inclusion along supply chains

- Promote forward and backward linkages between suppliers and farmers, male and female, and use these links for training and the diffusion of best practices and standards, including those related to equal opportunities in the workplace.
- Foster innovation and private-sector investment along the value chain — from primary agriculture to retail — to support private-sector and human capital development.
- Work with market players to engage a larger network of suppliers (including SMEs, cooperatives, associations and players in other sectors such as tourism) to source products locally.
- Promote short supply chains and animal welfare along with labels protecting origin and local culture to create value for local producers.
- Review opportunities to facilitate gender inclusion along the agrifood supply chain especially in SSA.

Create inclusive business environments

- Improve corporate governance, human resources, equal opportunities, business standards and conduct at company level and promote inclusive practices at supply-chain level.
- Support food and agribusiness-driven local economic development in remote regions through strategic support to businesses, regional authorities and business associations, helping collaboration initiatives while also identifying others with the potential to be shared across sectors.
- Develop financial-sector partnerships to improve outreach and access to financing for SMEs and smallholders.
- Help accelerate technology transfers across EBRD economies to support regional and worldwide innovation convergence, and promote the integration and linkage of sector participants, establishing clusters, as well as facilitating interactions between industry and universities.

Foster nutritional diversification

- Explore opportunities for investment in new sources of protein for feed and food production.
- Be alert to investment opportunities in the improvement of the nutritional content and accessibility of food.
- Screen investments to identify projects that align with the goal of promoting healthy diets and nutritional outcomes. By evaluating these opportunities, coordinate with partners and initiatives that contribute to improved dietary habits.
- Promote shifts in consumption patterns towards better diets and more nutritional food products that have a lower impact on the climate and environment; for example, through existing and new plant-based protein production and product ranges.

Transition qualities*

Activities under the three pillars of the 2025 Strategy are aligned with and contribute to supporting the transition qualities of the Bank.

The relevant transition qualities here are:

- Inclusion
- Well governed
- Resilient

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

Economic sustainability

Food systems must be economically viable for all concerned, from farmers and producers to retailers and consumers.

Strengthen competitiveness

- Promote food quality improvement while fostering the adoption of best food safety standards and industry certification to improve the competitiveness and resilience of local market players. Work with local and international cooperatives to support improvements in competitiveness, transfer best practices and boost productive capacity.
- Support SMEs throughout value chains to improve their exports, standards, competitiveness and access to financing through direct engagement, risk-sharing facilities and intermediated channels in the local financial system.
- Promote the optimisation of food supply chains by increasing the proximity of processing to the production of raw materials – including grain, livestock, machinery and farming inputs.
- Finance innovation and R&D to foster the adoption of best practices and technology in new products and processes.

Improve operational efficiency

- Stimulate productivity growth, cost and resource efficiency, as well as innovation by financing and promoting capex investments, vertical integration and access to modern, mechanised technology, new products and services.
- Support the digitalisation or the digital transformation of services, assets, business processes and value chains.
- Enhance food and agribusiness logistics and infrastructure for both domestic and international markets to support food security and economic sustainability.
- Support resource efficiency to maximise the affordability of agricultural commodities and food by providing sufficient funding for investments and working capital to optimise production, processing and distribution.

Improve overall food system Infrastructure capacity and efficiency

- Improve food and agribusiness trade infrastructure and processes for both domestic and international markets and reduce key food and agribusiness infrastructure gaps and bottlenecks.
- Secure food supply chains by supporting trade diversification at the level of supply (export diversification) and demand (import diversification).
- Engage in selected sovereign lending in the agricultural sector to “crowd in” productive private investment — for example, in water management or infrastructure.

Safeguard financial resilience

- Support the cross-border expansion of companies to promote internationalisation, value-chain integration, diversification and foreign direct investment (FDI) inflows.
- Collaborate with both the private and public sectors to develop and adopt certifications and standards for sustainable food systems. Promoting widespread adoption and recognition of these standards is essential to ensuring transparency, differentiating products with higher market value, raising consumer awareness about sustainability and increasing the resilience of the system.
- Promote value-chain sustainability through the provision of working capital financing that supports integration, liquidity and resilience. This might include facilitating access to value chains by smaller companies and farmers by partnering with, and tailoring such financing structures to, food and agribusiness aggregators.
- Support the predictability and transparency of markets by stimulating policy dialogue.
- Contribute to the narrowing of capacity gaps and the improvement of sector governance by encouraging collaboration between farmers, food companies, industry unions, scientists, government bodies, local financial institutions and consumers.

Transition qualities*

Activities under the three pillars of the 2025 Strategy are aligned with and contribute to supporting the transition qualities of the Bank.

The relevant transition qualities here are:

- Competitive
- Resilient
- Integrated
- Well governed

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

Areas of opportunity

To have greater impact, the EBRD will explore new areas of opportunity to gradually incorporate innovative approaches and emerging trends into its operations. We will do this by using instruments that take into account market readiness and the innovations' potential.

New and diverse trends are emerging with the prospect of innovation and transition impact. Together with the FAO, we undertook extensive research in preparing the 2025 Strategy to ensure we identified current and future trends in food systems that align with the EBRD's investment objectives. External consultants helped scrutinise and interpret the Bank's role and additionality in the economies where we work with respect to these trends.

The analysis showed a variety of opportunities across our region, exhibiting differing levels of investment readiness. "Readiness" is the ability of markets to embrace new opportunities, as well as the practicable potential of these opportunities to have a meaningful impact.

Impact opportunity/market readiness level

Truly transformative, meaningful and long-lasting impact requires an understanding of how proven, context-sensitive practices and instruments can be applied to new areas of opportunity — not only to support their incremental uptake, but also to enable such opportunities to mature sufficiently to create significant impact.

These parameters determine the manner and pace at which the EBRD can support the development and promotion of these opportunities. They also demand different approaches depending on the stage of the process: these might include blended financing, advisory, policy dialogue, or a combination thereof.

Some areas, such as decarbonisation and sustainable intensification, are more established than others. They have a greater potential for investment than other areas, such as urban farming and alternative proteins, which are still emerging and whose investment potential is still being discovered (or created) with the aid of advisory and policy dialogue. The EBRD's role lies in rapidly grasping the chance to prepare the ground for radical change while providing the steady support to companies and countries that can help them adapt and refine operations and policies sustainably.

Areas of opportunity and specific instruments for engagement

The graphic below shows the emerging areas of opportunity we have analysed - and the way the EBRD anticipates engaging in them. The long-term aim is to increase the impact of viable opportunities by preparing the ground for their incorporation at levels that create meaningful, lasting change.

Areas of opportunity	Instruments			
	Investment	Blended finance	Advisory	Policy dialogue
Decarbonisation				
Sustainable intensification				
Urban food logistics				
Trade diversification				
Carbon markets				
Agroecology				
Food loss and waste				
Digitalisation				
Nutrition-sensitive investment				
Nature and biodiversity				
Sustainability standards				
Short food value chains				
Alternative proteins				
Urban farming				

A prime example of the EBRD's engagement in new opportunities is our catalytic role in supporting decarbonisation. The potential to lower GHG emissions from food systems existed in the past, but it was only made a reality through an incremental and systematic approach. Knowledge, policies and infrastructure are not always ready to accommodate new, innovative technologies. With decarbonisation, the EBRD engaged with the private sector through technical assistance to increase awareness and know-how, while promoting policy dialogue to create the necessary regulatory and market structures. Now that the approach has become more mature, the EBRD can co-finance increasing numbers of investments and catalyse the impact of decarbonisation even more powerfully.

EBRD instruments to deliver the 2025 Strategy

To implement the 2025 Strategy, we will deploy a wide range of tailored financial solutions and instruments, including customised long-term loans, working capital financing, commodity-based funding, equity investments and guarantees, all supported by multi-level advisory and technical support, partnerships and policy dialogue.

Direct bilateral financing by the EBRD

Direct debt instruments, including senior, subordinated, convertible loans or bonds, and sustainability-linked instruments to support:

- various capex investments, including expansion, modernisation, production efficiency improvements and climate risk mitigation and adaptation.
- ownership change: acquisition, consolidation, privatization.
- working capital, liquidity and value-chain financing.

Equity and equity-like instruments

- direct investment in ordinary shares.
- tailored quasi-equity instruments, including performance-link instruments.
- investment in equity funds, as well as venture-capital investments.

Blended finance tools

Various instruments to support the attractiveness of selected eligible green and innovative investments, focused on GHG emission reduction, the circular economy, green logistics, low-carbon pathways and climate corporate governance development:

- **targeted facilities with adjusted pricing,** such as sustainability-linked loans and bonds.
- **partial investment grants or incentive payments,** focused on advanced climate technologies, wastewater treatment and recycling; green innovative technologies, product and software; biomass and biomass feedstock supply chains; as well as sustainable farming practices.

Risk-sharing instruments, guarantees and financing facilities with partner banks

- Financing facilities with PFIs.
- The Trade Facilitation Programme (TFP), with partner banks to promote and facilitate international trade to, from and within the EBRD regions. The TFP is provided in the form of guarantees covering the political and commercial payment risk of trade support transactions undertaken by issuing banks in the EBRD regions, and loans to partner banks to finance the trade transactions of their customers.

EBRD instruments to deliver the 2025 Strategy

Policy dialogue and sector-level advisory

- Engaging with the private sector in public-private dialogue on specific reforms, with a view to promoting the long-term liberalisation of the sector and free undistorted trade.
- Coordinating policy, dialogue and action on key global issues to support the sustainable transformation of the agrifood sector.
- Sector-wide capacity building to enhance performance across value chains within food systems, including their public and private stakeholders.
- Fostering new partnerships with stakeholders in the food and agribusiness sector and using existing partnerships (such as that with FAO) in new areas of opportunity.

Technical support

- Helping potential clients verify and build capacity in preparation for financing.
- Resource efficiency audits.
- Climate vulnerability assessments.
- Climate corporate governance development assistance.
- Capacity building for local financial institutions.
- Project preparation support, including technical, legal, commercial, environmental and social due diligence.
- Tailored technical support on inclusion, digital, environmental and climate risk management components as part of project preparation and implementation.

Mobilisation and partnership

- Private-sector finance mobilisation (A/B loan structures, parallel loans and insurer mobilisation), including climate finance mobilisation.
- Cooperation with other development financial institutions in financing, policy dialogue and sector approaches and guidelines.
- More than 25 years of cooperation with the FAO in mobilising global expertise, networks and knowledge to promote greener, more inclusive and resilient investments in the agrifood sector.
- Utilisation of full internal EBRD capacities and expertise to engage with partner banks, small businesses, climate platforms and partnerships:
  - Climate Strategy and Delivery and Gender and Economic Inclusion teams: to facilitate client support on environmental and social sustainability matters.
  - FIs: to strengthen partner financial institutions' capacity and capital to better support smaller private sector players.
  - Advice for Small Businesses and SME Finance and Development: to directly support SMEs, both through investment and advisory services.

Context-specific prioritisation

In addressing the complex challenges of the agriculture and food sector, it is essential to recognise the significance of tailoring solutions to the unique contexts of the countries and regions in which they are to be implemented. The economies of the EBRD regions are diverse. Individual approaches are essential to meet specific country context, national food needs and agricultural priorities. Our strategy, therefore, is founded on a contextual approach, which explicitly acknowledges the varying agricultural practices, environmental conditions and socioeconomic factors that shape food systems in the economies where we operate.

Central Asia

Where there is a high proportion of agricultural employment, local agrifood production supply chains remain a priority, requiring support by modernising retail, investing in updated distribution infrastructure and technology and, in the case of Uzbekistan and Tajikistan, by improving logistics. Another key priority, in Mongolia and Kazakhstan, for example, is investing in underserved regions through capacity building and financial support for agricultural aggregators. Most countries in the region are water-stressed, and the agricultural sector is vulnerable to the effects of climate change.

To address these challenges, the Bank is supporting the food and agribusiness sector, with a focus on the rational use of natural resources, environmental protection and food security.

Central Europe and the Baltic states

Our strategy aligns with country priorities — including adaption and mitigation to increased climate vulnerability. In Croatia, this includes physical climate risks. In the Baltic states, specifically Latvia and Lithuania, the strategy aims to support investments in innovative and inclusive food and agribusiness companies, for example, targeting energy efficiency and reduced use of fertilisers and chemicals, and promoting the environmentally sustainable use of land.

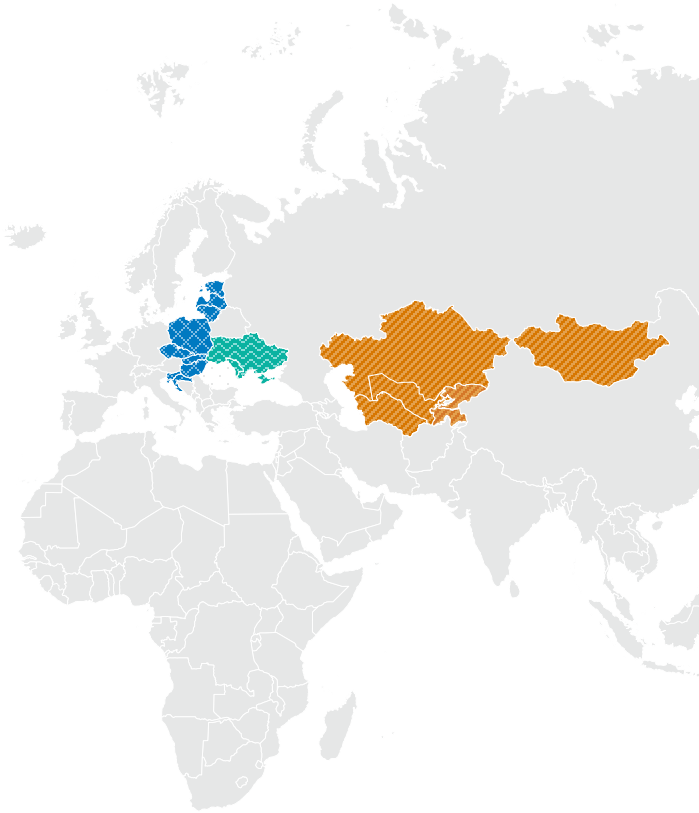
Ukraine and Moldova

Heavily affected by the war, our main priorities include supporting working capital needs and trading operations to sustain food and agribusiness production volumes, thereby increasing sector resilience and food security both in Ukraine and around the world.

Relatedly, we are addressing disruption to food logistics, in exports and locally. Another focus is sustaining the critical workforce — reintegrating war veterans into the economy and filling labour gaps caused by the war through training and support programmes. Client financial resilience is being assisted through debt refinancing and restructuring. We are also bolstering geographical diversification and supporting the relocation of production bases, while driving the further processing of primary agriculture produce and production of higher value-added goods.

Other lines of engagement include investing in energy security, critical maintenance capex, resource and production efficiency, and waste management. We are also working to facilitate the integration of Ukrainian agribusiness companies into EU value chains, and, given the impetus of EU integration, we are supporting investments in better environmental practices, resource efficiency, quality standards and certifications. Last, but of no lesser priority, we are backing climate change adaptation and mitigation efforts, as well as work on the penetration and scaling up of sustainable farming practices.

In Ukraine and Moldova, climate change vulnerability is having an impact on food and agribusiness in the region, which is why a key priority in Moldova, for example, is to strengthen climate resilience, adaptation and decarbonisation to aid the transition to a low-carbon economy.



Context-specific prioritisation (Continued)

South-eastern Europe

Our key priorities include enhancing the role and competitiveness of the private sector and supporting cross-border value chains in food and agribusiness — an approach we have taken in Serbia**,** for example. An improved business climate is needed to support and attract more diverse FDI in the Albanian food and agribusiness sector to enable economic growth. We are also addressing innovation and skills transfer in Bulgaria, and the question of energy and resource efficiency in Bosnia and Herzegovina through the use of biomass and biogas in food and agribusiness.

Sub-Saharan Africa*

As access to finance remains a core challenge across the region, the Bank is committed to providing long-term support to private companies, both in the form of direct financing (equity, mezzanine, loans) and indirect financing (supply-chain financing, risk sharing with FIs and non-banking financial institutions, and so on), coupled with capacity building and advisory services.

Our key priorities include investments to support higher value-added production (that is, the processing of key commodities) and private-sector operations that enable a transition to modern technologies to sustainably boost productivity and efficiency. With the retail landscape generally underdeveloped, the EBRD can add value by facilitating growth, drawing on its experience with domestic and international retailers in other regions.

Sub-Saharan Africa faces significant climate challenges, and the Bank will seek to offer innovative financing solutions aimed preserving natural resources and improving the environmental and economic inclusion of companies, while prioritising food security.

SEMED region and Iraq*

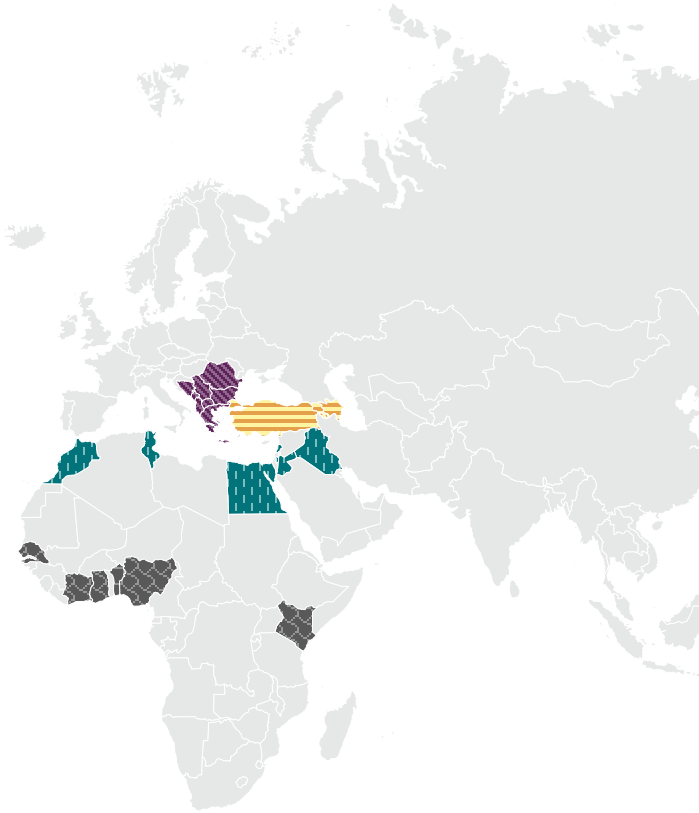
The priorities in Egypt and Jordan are to increase the competitiveness of all sizes of business and to develop value-chain integration in the sector.
The 2025 Strategy seeks to ensure food and water security in the region, while diversifying finance and fostering innovation through the introduction of modern agricultural equipment and technology.

Iraq's economy is heavily reliant on oil exports, resulting in underinvestment in agriculture and other sectors. Despite this, Iraq has significant agricultural potential, particularly in its fertile land and diverse crops. The EBRD could support private-sector modernisation in food and agribusiness through investments in irrigation, storage, processing and transportation infrastructure, reducing post-harvest losses and enhancing food security. By focusing on agrifood processing and retail, Iraq could drive economic diversification and job creation, strengthening its position in regional markets. Growing private-sector linkages between Iraq and Jordan, driven by economic interests and geographic proximity, could be further supported by the EBRD.

Türkiye and the Caucasus

The food and agribusiness sector in Türkiye and the Caucasus needs the kind of long-term support the EBRD has provided through our direct and indirect financing instruments, advisory services, and first-loss cover for high-potential companies. In parallel, and working with our clients, the Bank aims to develop skills through on-the-job learning and vocational and educational training programmes in a range of areas, including food and agribusiness.

Key priorities in this region include growing the potential of food and agribusiness companies by increasing exports of agricultural products and supporting the development of the circular economy by financing recycling, improving waste management and promoting modern technologies in agriculture.



* In 2023 the Board of Governors of the EBRD approved amendments to the Bank's statutes to enable the limited and incremental expansion of its operations to sub-Saharan Africa and Iraq starting in 2025.

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Mobilisation and Partnerships

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Mobilisation and partnerships

The EBRD's investment in the sector is made possible with the generous support of the donor community. Continuing cooperation with internal teams and external partners helps the EBRD ensure greater impact in the economies where it operates.

Internal EBRD cooperation

To support everyone involved in food systems, we work very closely with other EBRD teams. The Food and Agribusiness team cooperates with Climate Strategy and Delivery and Gender and Economic Inclusion to strengthen client support on environmental and social sustainability. In addition, the roles played by Bank teams in the sector remain complementary: Financial Institutions increases the capacity and capital of partners to support smaller private-sector players, while the Advice for Small Businesses team directly supports SMEs through investment and advisory services.

Mobilisation

In close cooperation with the Debt Mobilisation team, we are engaging with the private co-financing market for syndicated transactions, including private insurance companies and commercial banks alike. Over the previous strategy cycle, we mobilised €519 million directly from private sources and just over €4.1 billion indirectly. Mobilisation efforts continue. For instance, in 2023, the Non-Payment Insurance risk-sharing scheme was added to the EBRD's Insurer Mobilisation Programme to expand the involvement of insurance companies even further.

*The conversion to euro amounts quoted here use the Bank's exchange rates as at end August 2024 with EUR1 = USD1.1064, EUR1 = PLN4.2792 and EUR1 = GBP0.8419.

External partnerships

The EBRD operates in close coordination with other global organisations, including multilateral development banks, technical agencies, industry groups and associations, donors, research institutions and universities, and many more bodies. Together, our work includes:

Co-financing and deployment of donor support for private investment, enabling policies and targeted technical assistance	• The EBRD is working alongside the Organisation for Economic Co-operation and Development (OECD), FAO, the Scientific-Information Center of the Interstate Commission for Water Coordination of Central Asia and the United Nations Economic Commission for Europe (UNECE) on the "Regional mechanisms for the low-carbon, climate-resilient transformation of the energy-water-land Nexus in Central Asia" programme. The consortium aims to strengthen planning processes and adopt a whole-of-government approach to socioeconomic and environmental challenges in Central Asia. The EBRD and FAO's contribution is to implement, analyse and scale the Agrifood Nexus Programme, an innovative financing mechanism helping private-sector food firms and agribusinesses to address the land-water-energy nexus in their investments. The tangible outcomes of the EBRD and FAO work complement the more policy-driven work of other consortium partners.
Coordination on policy, dialogue and action on key global issues to support the sustainable transformation of the agrifood sector	• EBRD is part of the IFIs global forum for Food Systems Transformations, a group led by the U.S. Department of the Treasury with the aim of boosting IFI's cooperation. In response to the food security crisis in early 2022, the Asian Development Bank (ADB), African Development Bank (AfDB), EBRD, International Fund for Agricultural Development (IFAD), Inter-American Development Bank (IDB), International Monetary Fund (IMF) and World Bank Group jointly developed the "IFI action plan to address food insecurity". IFIs, together with research institutions, experts, and universities, will explore how knowledge-sharing and technical assistance platforms can be better utilised to promote innovative ways of building sustainable and resilient food systems. The work examines how methodologies for designing and evaluating food security and food systems investments can be coordinated to improve synergies and facilitate systemic impact. • The EBRD is cooperating with the International Finance Corporation (IFC) and other MDBs to develop a framework on financing the livestock sector transition to more sustainable practices.
Bringing together and putting into practice global expertise, networks and knowledge to promote greener, more inclusive and more resilient investments in the agrifood sector	• We will continue our 25-plus years of cooperation with the FAO, which has produced more than 200 projects worth more than US$ 60 million (€54 million*), while tackling multiple crises and sector priorities. These include Covid-19, food security as a result of the war on Ukraine and greening the agrifood sector. • The EBRD is cooperating with NASA Harvest to scale up the adoption of new technologies with the potential to resolve major barriers to change in food systems, especially their fragmented nature. Monitoring vast tracts of farmland from space, for example, is simpler and more efficient than standard, land-based techniques.

Theory of change and performance monitoring framework

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Theory of change for food and agribusiness

Transition qualities mapping key:

Competitive | Green | Inclusion | Integrated | Resilient | Well governed

Incremental radicalism

Inputs

- Bank capital and own resources
- Donor funds
- Mobilisation
- Parallel investments/ contribution from clients
- Strategic partnerships

Activities/Instruments

Investments
Direct financing (debt, equity) and Indirect financing through PFIs

Blended finance
Instruments to reduce the cost of financing, investment grants and payments to enhance the attractiveness of selected high-impact investments

Technical assistance
Pre-signing project studies to identify impact opportunities and post-signing project technical assistance to EBRD investments; direct business advisory for improved business performance

Policy dialogue and sector development activities
Sector-level capacity building and public-private policy dialogue to strengthen the private-sector investment environment and explore new business opportunities

Outputs

- More sustainable output growth along the food supply chain
- Better access to local and international markets
- Technologies and practices adopted along the food supply chain that reduce GHG emissions, protect ecosystems and biodiversity, conserve natural resources, improve adaptation to climate change, and improve productivity and efficiency
- Greater compliance with regulations and standards such as those related to sustainability practices, animal welfare, food quality and safety
- Better technologies and methodologies developed and adopted for monitoring and reporting on impact
- Better corporate governance adopted, in particular, on the social and environmental fronts
- Access provided to skills training and employment opportunities, especially for vulnerable groups — women, seasonal workers, refugees, veterans and people with disabilities within food systems
- Access enabled to knowledge for sector development
- Access to market information improved and private-sector participation enabled in policy dialogue

Outcomes

- More sustainable growth of food production
- Increased and improved private-sector investments in sustainable food systems
- Food systems better aligned with the climate change mitigation and adaptation objectives of the Paris Agreement
- Improved business environment through increased predictability and transparency of markets and policies
- More resilient local and global food supply chains
- Improved food and nutrition security
- More effective governance of food systems
- Transition to a knowledge economy, including through digital skills training
- Increased opportunities for under-represented groups and deeper talent pool for companies

Impact

Economic sustainability of food systems

Environmental sustainability of food systems

Social sustainability of food systems

The EBRD and its clients finance and support sustainable food systems

Performance monitoring framework

	Tracking indicators		Context indicators
Strategic objectives	**Outputs**	**Outcomes**	**Impact**

Boost environmental sustainability of food systems	• Total private-sector investments (direct and indirect) with green/sustainability angle supported increased by 20 per cent
	• Number of projects with adaptation and mitigation component (including nature and biodiversity)
	• Number of companies benefiting from GET-eligible facilities and/or contributing to climate change mitigation
	• Number of companies adopting climate change and climate resilience practices
	• Number of companies improving corporate governance practices
		• CO_2-equivalent emissions reduced or avoided (tonnes/y)
		• Renewable electricity produced (MWh/y)
		• Primary energy saved (GJ/y)
		• Water saved, reused and/or recycled (m^3/y)
		• Wastewater treated, avoided or reduced (m^3/y)
		• Resources recovered or recycled (m^3/y, tonnes/y)
		• Number of client companies adopting low-GHG solutions
		• Number of client companies contributing to biodiversity conservation (water, land), natural resource preservation and waste management
		• Number of companies more resilient to climate shocks through the adoption (by them or their suppliers) of climate adaptation and resilience practices
		• Number of corporate environmental governance policies and practices adopted by companies
			• Growth in food production
			  • Cereal Production Index – World Bank data (one-year delay)
			  • Cereal yield kg/hectare World Bank data (one-year delay)
			  • TFP in agriculture – United States Department of Agriculture (two-year delay)
			• GHG intensity of sector (mitigation)
			• Emission intensity – FAOSTAT https://www.fao.org/faostat/en/#data/EI (two-year delay)
			• Agricultural gross value added per GHG emissions (climate change mitigation, ATQ)
			• Risk management and corporate governance (Financial stability, ATQ)

Improve economic sustainability of investments in food systems	• Number of public-private policy dialogues supported by the Bank to contribute to sustainable food systems
	• Number of knowledge products disseminated
	• Number of companies expanding and diversifying food supply chains, accessing new markets (domestic/cross-border value chains, exports and cross-border investments)
	• Number of companies supported by technical cooperation or financing adopting innovative practices and/or digital technologies
		• Percentage of policy dialogue participants reporting improved collaboration and policy alignment
		• Percentage of stakeholders reporting improved knowledge and skills in sustainable food and agribusiness
		• Incremental suppliers in food systems contacted by client companies. NB: can be disaggregated cross-border/domestic (presented under Transition Impact quality)
		• Number of companies adopting innovative practices and/or digital solutions
			• Volume of investments at country sector level
			• FDI in the sector
			  • FDI inflows into agriculture https://www.fao.org/faostat/en/#data/FDI (2–3-year delay)
			• Diversification of exports – UNComtrade
			  • Food vs commodity exports – UNComtrade
			• Knowledge Economy Index adjusted (capacity to add value and innovate, ATQ)

Develop social sustainability	• Private-sector investments with social/inclusion angle supported increased by a further 20 per cent (number of projects, disaggregated by projects with/without technical cooperation) (social/inclusion angle defined as private-sector investment transactions presented under Inclusive as the primary quality) • Number of FI lines available to SMEs along the food value chain (FI) • Number of direct transactions with SMEs	• Percentage of transactions improving the performance and/or livelihoods of small end-beneficiaries (farmers, SMEs, households) from socially inclusive initiatives (disaggregated by direct transactions/FI lines) • Number of new markets accessed by SMEs through direct transactions • Number of people with improved access to knowledge • Number of under-represented individuals employed in targeted sector (project basis)	• Diversification of imports – UNComtrade • Share of females in total employment in agriculture, forestry and fishing – FAOSTAT • Share of SMEs that report access to finance as a constraint (World Bank-EBRD Enterprise Surveys) • Prevalence of moderate or severe food insecurity in the total population (per centage, FAOSTAT, suite of food security indicators

Annex 1:

Lessons learnt from the Agribusiness Sector Strategy 2019-23 and the Independent Evaluation Department (IEvD) report

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Lessons learnt from the Agribusiness Sector Strategy 2019-23 and the IEvD report

IEvD recommendations	2025 Strategy response
Sharpen the strategic ambitions of the EBRD in the sector By better promoting innovative agricultural techniques and transformational approaches to tackle the challenges of food security and sustainable agribusiness. In particular, assuming food security again becomes part of its strategic priorities, the new strategy should consider sustainable agricultural intensification as one of its operational priority areas, in line with the evolution promoted by other IFIs, to foster synergetic approaches combining different transition qualities.	• Sustainable agricultural intensification, innovative techniques and similar approaches implemented by private-sector companies and other IFIs considered against the backdrop of realities on the ground.
Approach "innovation" more strategically and proactively Improving the value proposition of the EBRD for its clients and better targeting sustainability gaps with innovative agricultural techniques, in particular. This assumes a clearer definition in the 2025 Strategy of a few types of technological innovation that the Bank would like to promote and focus on, and may include dedicated technical cooperation/grants to de-risk investments in new technologies and business models. The Bank could also more proactively identify agribusinesses seeking to make these types of investment and consider alternative financing modalities (such as equity or blended finance) given the risky and often early-stage nature of such investments.	• Continuous innovation of business or financing models to target priority areas and innovative technologies, processes and products, without committing to dedicated technical cooperation programmes and grants to de-risk investments for pre-set types of technological innovation. • A continued focus on outcomes and the transition impact of technologies, products and processes (for example, GHG emission reduction and increased soil fertility), coupled with 'sound banking' principles, including the commercial viability of the projects supported (as tested also in the absence of subsidised financing means).
Set clearer operational priorities Avoiding "catch-all" definitions, including more precise objectives tailored for each of the Bank's key target countries/regions, to ensure the strategy provides effective guidance for project selection; and identifying niches of strategically aligned business development (such as renewable energy, energy efficiency improvements and gender equality). This can be facilitated by expanding diagnostics to include analysis of gaps related to the Bank's main strategic initiatives (GET and environmental and social development) to identify types of project and activity the Bank could effectively undertake in these areas and provide the means to actively promote the targeting of such areas.	• Setting operational priorities by considering the market and the acts of similar players. • More effective operational priorities, policy dialogue expectations and country or sector-specific targets that are realistic and rooted in market conditions. More specific objectives tailored to the country context would be set as part of the Bank's preparation of country strategies.

Lessons learnt from the Agribusiness Sector Strategy 2019-23 and the IEvD report

IEvD recommendations	2025 Strategy response
Better specify and articulate the main objectives of policy dialogue Set clear goals for the key countries/regions, build on broader sector policy goals identified in the country strategies and align them better with investments and the Bank's strategic initiatives, to unlock potential for growth for clients and potential for additional business for the Bank.	• Policy dialogue at the sector level better explained and defined for some key countries (also in collaboration with strategic partners such as FAO), thus maintaining flexibility as to political context and momentum for policy change. • All policy dialogue activities aligned with the Bank's strategic initiatives in the different economies where it operates.
Enhance the performance monitoring framework To serve as a management tool for monitoring the portfolio's alignment with the 2025 Strategy's objectives and achievement of results. This could be achieved by adding further granularity to output indicators, expanding outcome indicators and presenting the performance monitoring framework monitoring plan, with appropriate resources allocated to periodically aggregate indicators' results.	• Proposal of more granular and defined indicators under the performance monitoring framework, where appropriate and relevant to specific countries/regions, while continuing to enable the achievement of strategic goals and maintaining investment flexibility.

Annex 2:

Areas of opportunity

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Decarbonisation

Highlights

Agrifood systems account for one-third of all anthropogenic GHG emissions. This is a crucial consideration for any climate change strategy that aims for net zero GHG emissions, achieving the objectives of the Paris Agreement.

There are specific challenges to decarbonising agrifood systems. It is a hard-to-abate sector that still lacks an agreed path to absolute emissions reduction.
The challenges include incomplete emissions inventories within the value chain; non-viability of key technology bundles; inappropriate regulatory frameworks, including on food consumption and dietary focus; significant implementation costs; and lack of knowledge, particularly in developing countries.

The EBRD's contribution to decarbonising agrifood systems should focus on support for private-sector efforts towards robust GHG emissions accounting and inventories along supply chains; developing practical monitoring tools for the private sector; promoting incentive mechanisms for decarbonising efforts within supply chains, such as deforestation-free raw materials, and the expansion of low-carbon or greenhouse sequestration product ranges; and support for consistent regulatory frameworks aligned with other industry legislation.

Trends and developments

- The rate of growth of GHG emissions in agrifood systems has been slower than in other industries, but agricultural production poses some of the toughest challenges to abating emissions. While addressing sector emissions is crucial to global mitigation efforts, agricultural production is also one of the economic activities most exposed to the impacts of climate change.
- While the global average GHG emissions intensity of food products has declined, wide regional variations in GHG intensity can be found, reflecting gaps in productivity or inefficiencies in the use of resources.
- Climate change affects agricultural productivity, meaning adaptation and mitigation measures are needed across the entire food value chain, from crop production to storage and logistics.
- An increasing number of countries are recognising the agrifood system industry's potential to deliver climate mitigation in their Nationally Determined Contributions (NDCs), as well as the importance of the private sector's role in scaling up such efforts.
- New corporate sustainability reporting standards are expected in the near term and will include supply-chain GHG emissions. The implementation of corporate decarbonisation strategies in agrifood value chains can deliver tangible impact. Development of such strategies will require support.
- Work with companies along the agrifood value chain should be called to develop market mechanisms and incentives to measure the GHG footprint of agriproducts and reduce emissions at different stages of the supply chain. While the means of reducing GHG emissions in production are not yet fully established or mature, innovations and trials by agricultural companies can be supported through blended financing and/or technical assistance programmes for feasibility studies and market research.
- Investments are needed to improve resource and energy efficiencies in production processes and develop low GHG intensity product ranges. Maintaining innovation in financial instruments (such as sustainability linked loans) and other financial services used by agrifood system companies is key to scale up the shift to practices that are sustainable and aligned with the Paris Agreement.
- Supporting the alignment of macroeconomic, regulatory and incentive frameworks for the agrifood sector with legislation for net-zero emissions targets, NDC implementation, the development of carbon markets and the pricing of externalities will contribute to improve the enabling environment.

Opportunity for engagement with specific instruments

Investment	Blended finance	Advisory	Policy dialogue
High	High	High	Moderate

Sustainable intensification

Highlights

To meet escalating demand for food, food production must be increased. Innovation is urgent if we are to sustainably enhance productivity given finite resources, land in particular, the impossibility of indefinite food production expansion and the escalating challenges due to climate change and environmental pressures.

The sustainable intensification of agricultural production offers the potential to make food systems more resilient to climate change and to reduce the carbon intensity of food production.

The EBRD can grow the sustainable intensification of crop production by supporting investments in sustainable farming technology; providing training programmes and assistance to boost the adoption of sustainable practices; and by advocating for supportive policies in collaboration with governments and international partners.

Trends and developments

- Sustainable crop production intensification is the term used to describe the process of producing more from the same area of land while reducing negative environmental impacts, conserving natural resources and enhancing healthy ecosystem services. To achieve this, traditional farming knowledge is combined with advanced crop management technologies and practices to boost yields, in turn improving resilience to climate change and increasing input-use efficiency.
- Worldwide annual growth in agricultural output slowed through 2016-20, including in the regions where the EBRD works. Considerable declines were seen in Eastern Europe, Central Asia and North Africa.
- Global growth in agricultural productivity also decreased in 2016-20. Central Asia and North Africa saw the lowest average annual productivity growth rates. As for individual EBRD economies, the lowest average agricultural productivity growth was witnessed in Croatia, Jordan, the Kyrgyz Republic, Moldova, Morocco, Romania, and Turkmenistan.
- There are multiple reasons why the sustainable intensification of crop production is urgently needed: the intensifying effects of climate change, pressing adaptation and mitigation requirements, environmental constraints such as water stress, biodiversity loss and soil degradation, and the slower growth of agricultural output and productivity in the context of diverging demand trends.
- Kazakhstan, Morocco, Poland, Romania, Türkiye and Ukraine are amongst the countries with the biggest gaps between current crop production levels and potential production with sustainable intensification practices. In Ukraine, the crop farming system continues to be constrained by war: effects include rising production costs, economic challenges such as currency devaluation, infrastructure damage, loss of areas under government control, and low farm-gate prices.
- Sustainable intensification can be achieved by investing in better agricultural productivity, promoting conservation agriculture and the efficient management of water, soil and other inputs, protecting crops through integrated pest management, managing biodiversity and ecosystem services, protecting livelihoods and promoting controlled environment agriculture.

Opportunity for engagement with specific instruments

Investment	Blended finance	Advisory	Policy dialogue
High	Moderate	Moderate	Low

Urban food logistics

Highlights

The growing distance between cities and food supply basins poses challenges to food supply chains: rising transport costs, energy consumption, and increased food losses and waste. Urbanisation often leads to sprawl, socio-spatial inequalities, pollution and environmental degradation. When combined with unsustainable food consumption patterns, the overall outcome is greater pressure on urban food logistics.

Urban food logistics systems can be strengthened by increasing linkages with the green belt, improving food logistics within cities, better legislation and regulation, and participatory food policy planning and dialogue.

The EBRD can play a significant role in building sustainable urban food systems: by supporting private investments in efficient and sustainable food logistics, alongside technical cooperation to build the capacity of private and public stakeholders alike.

Trends and developments

- "Urban food systems" and "urban food logistics" are concepts used to denote the achievement of food security in built-up areas: in other words, access to food in cities, the stability of its supply, and the way food is consumed and disposed of.
- 55 per cent of the world's population lives in urban areas – a proportion forecast to reach 68 per cent by 2050 with the arrival of 2.5 billion additional city dwellers.
- The distance between cities and food supply basins is growing geographically, economically (in terms of the number of intermediaries) and cognitively (with respect to knowledge of production conditions). Transport and energy costs are rising, value chains are becoming more complex, food loss, waste and the environmental toll are increasing. The World Economic Forum projects that the number of vehicles delivering parcels in major cities could increase by 36 per cent by 2030, with associated delivery emissions increasing by 32 per cent and traffic congestion rising more than 21 per cent[2].
- The growing urban population and new consumption patterns are increasing demand for more diverse food in larger quantities. Consumers look for personalised, data-driven and seamless online/offline experiences – with serious consequences for the logistics strategies of retailers. Consumers also want affordability, convenience and, increasingly, product choices that offer healthy, local and climate-conscious options. Retailers in turn need more efficient logistics, shorter supply chains, better waste management, omnichannel marketing and consistent expansions into food e-commerce.
- Urban authorities globally are committed to developing fairer and more sustainable urban food systems. Several international pacts and initiatives, such as the Milan Urban Food Policy Pact, Seoul Declaration, HABITAT III New Urban Agenda and the C40 Good Food Cities Declaration, reflect this commitment.
- Investing in expansion and sophistication of logistics infrastructure is key to improving the connection between consumers and local production areas to enhance short food supply chains. There is also significant room to improve urban food logistics efficiency by improving practices and operations, particularly through digitalisation.
- Through investment and capacity building, the EBRD has supported and can further support the expansion, decarbonisation and greater efficiency of retailer distribution logistics, including for online merchants.

Opportunity for engagement with specific instruments

Investment	Blended finance	Advisory	Policy dialogue
High	Low	Moderate	Low

[2] World Economic Forum (2020), The Future of the Last-Mile Ecosystem, Geneva Available at: https://www.weforum.org/publications/the-future-of-the-last-mile-ecosystem/

Trade diversification

Highlights

Agricultural trade helps provide consumers with food while generating income along the supply chain. Countries with non-diversified trade face economic vulnerabilities, however. Trade diversification contributes to economic resilience in exporting countries and better food security in importing countries.

The Covid-19 pandemic and Russia's war on Ukraine led to trade disruptions around the world. Among the issues that systematically hinder export diversification are a lack of infrastructure; limited access to skilled labour, quality raw materials, technology and finance; the absence of regulatory alignment; non-compliance with standards; and tariff and non-tariff barriers.

The EBRD can assist trade diversification by promoting competitiveness and undistorted trade, investing in better infrastructure, supporting the adoption of technologies and practices that meet standards and consumer demand, promoting market transparency and integration, and developing the capacity of businesses to explore new markets, and engage in trade in the first place.

Trends and developments

- Trade initiatives and free trade agreements established at the global, regional or bilateral levels have encouraged trade diversification and economic integration. However, considerable tariff and non-tariff trade barriers remain. The Covid-19 pandemic and geopolitical tensions, such as Russia's war on Ukraine, have led to worldwide trade disruptions.
- The least-developed food importing countries have faced increasing food import bills due to spikes in global agri-commodity prices and the insecurity of food supplies caused by disrupted logistics. The diversification of import geography offers the potential to mitigate the impact of trade disruptions on food imports.
- Farmers in some food-exporting nations have suffered from lower income and significant losses because of trade disruptions. A varied export geography and assortment of goods help businesses diversify their consumer base and insulate them from domestic currency shocks, while allowing them to access finance and keep operating in highly volatile markets. Being able to diversify exports requires companies to comply with more standards, but also encourages them to improve efficiency, assortment and quality.
- Developing countries, including many in EBRD regions, have recorded a long-term gradual increase in export diversification. However, there is significant potential to increase exports and export diversification, including in food and agriculture. Countries rich in natural resources (such as Kazakhstan, Azerbaijan, Mongolia and elsewhere) tend to have lower export diversification because of their heavy reliance on natural resources. Cereals, oil seeds, vegetable oils and horticulture dominate agricultural exports more in eastern and south-eastern Europe (for example, in Ukraine, Poland, Romania and Serbia). There is substantial reliance on cotton exports in some Central Asian countries (for example, in Uzbekistan and Tajikistan) and also, to a lesser degree, in Caucasian countries. Sub-Saharan countries (such as Côte d'Ivoire, Kenya and Benin) rely on exports of agricultural commodities such as cocoa, coffee or cotton.
- The EBRD supports greater market transparency and promotes policy dialogue to reduce barriers to more and better diversified trade – not least through digitalisation. The Bank engages in sector development activities to help industry stakeholders support trade development. It also provides direct advisory services to improve the capacity of businesses, particularly SMEs, to engage in trade. The EBRD Trade Facilitation Programme offers guarantees and loans to international and local financial institutions for on-lending to local exporters, importers and distributors. The EBRD also provides financing to agribusinesses for investment in new technologies and the adoption of better practices that enable companies to expand and diversify trade.

Opportunity for engagement with specific instruments

Investment	Blended finance	Advisory	Policy dialogue
High	Low	Moderate	Moderate

Carbon markets

Highlights

By mobilising private-sector finance, carbon markets offer an important avenue for reducing the cost of achieving global GHG emission reductions. Monetisation of emission reductions or removals in carbon markets can channel additional financial revenue streams for climate action in the agriculture sector and food systems more broadly.

Challenges in the agriculture sector include the aggregation of emission sources, technological limitations and regulatory uncertainties. There is growing interest and potential for agricultural credits, however, especially among buyers who show a preference for carbon removal schemes and credits with Sustainable Development Goal co-benefits.

Some EBRD regions have significant potential for agribusiness carbon markets, although their experience here is less than in other parts of the world. To make use of carbon markets for agribusiness, the key areas of intervention include targeted analytical work, policy dialogue and transaction support.

Trends and developments

- Carbon markets are increasingly seen as an important means of reducing global emissions through the mobilisation of private-sector finance for climate action. Both compliance and voluntary markets play significant roles in this regard.
- Recent volatility in carbon credit prices in the voluntary markets can be attributed to regulatory and reputational uncertainties, highlighting the need for stability and integrity in carbon market mechanisms. Efforts to ensure the integrity of carbon credits are increasing, with the establishment of frameworks such as the Integrity Council for the Voluntary Carbon Market (IC-VCM). Standardisation and transparency are vital to maintain trust and credibility in carbon markets.
- While agriculture has historically not been a major focus of carbon markets, there is a growing recognition of its potential to contribute to emission reductions and removal. Methods such as sustainable land management and manure methane capture are gaining traction.
- The implementation of Article 6 of the Paris Agreement is facilitating international cooperation on carbon trading. This includes the establishment of compliance in carbon markets and mechanisms for crediting emission reductions. EBRD economies can engage in international cooperation and trading under Article 6.
- The EBRD could support development of carbon markets through capacity building and knowledge sharing within the private sector to help support carbon asset project development; the mobilisation of blended financing or technical support to companies that wish to trial pilot projects to mitigate risks and transaction costs; and the documentation of processes for scalability.
- The EBRD could also engage food value-chain aggregators to pilot practices and technologies by smaller-scale producers, putting measurement, reporting and verification into practice with all their suppliers, potentially including carbon-insetting concepts.
- The Bank could select countries with strong agribusiness potential or supportive policy signals to collaborate on international carbon market opportunities. Technical studies and dialogue can facilitate high-integrity carbon projects; for example, the Bank is currently supporting an agriculture-focused Article 6 pilot programme in Ukraine.

Opportunity for engagement with specific instruments

Investment	Blended finance	Advisory	Policy dialogue
Moderate	High	High	Low

Agroecology

Highlights

Agroecology is a concept encompassing practices that reduce reliance on external inputs, promote biodiversity and enhance ecosystem services.

The main barrier to agroecology is limited consumer understanding and an unwillingness to pay the increased price reflecting the costs of sustainability practices. The consequences of weak market expansion include a lack of stable and affordable bio-solutions, low stakeholder awareness and an unfavourable business environment.

The transition towards agroecology is driven by geography, crop and local market context. It can be characterised as traversing three levels:

1) efficiency: reducing the use of scarce resources and inputs.
2) substitution: replacing certain inputs and practices with more environmentally sound alternatives.
3) redesign: of the whole agrifood system business model and operational approach.

Trends and developments

- Agriculture has to be transformed if we are to address a combination of serious challenges – climate change, the degradation of ecosystems, biodiversity loss and pressure on natural resources caused by population growth – at the same time as ensuring food security and nutrition. Agroecology is a crucial pathway to sustainable food systems that feature resilient and productive business models that do not jeopardise food security.
- From field-level farming practices to broader landscape-scale processes, agroecology has evolved to address food security and nutrition issues comprehensively and is a powerful approach to transforming food systems. In the EBRD regions, awareness of agroecology varies widely, as does its acceptance in the market and by consumers, for reasons often unique to each country.
- Environmental sustainability can be promoted by helping local food enterprises establish systems to reuse animal waste and crop residue for compost or biogas production, for example. Such an approach can be complemented by the use of renewable energy.
- The EBRD intends to promote transition on farms that seek to invest in a broad range of sustainable practices and technologies. These might include water saving techniques; precision agriculture or other practices that reduce input use; integrated pest and disease management; the substitution of bio-inputs; practices to protect and conserve soil health and biodiversity; and on-farm renewable energy. The work will be combined with blended finance and technical support.
- The Bank will continue to explore best practices through technical support for pilot projects to assess the appropriate operational processes for innovative practices and technologies; for example, when substituting bio-inputs and biological pest/disease controls, when recycling nutrients, or increasing the variety of crop types and animal breeds.
- Capacity-building and knowledge-sharing programmes will be supported, along with training and other initiatives to promote agroecology practices and techniques.
- The EBRD will also help food producers who deploy agroecology to gain access to markets, particularly by connecting them with food retailers and processors, and through market research, networking events and support for distribution infrastructure.

Opportunity for engagement with specific instruments

Investment	Blended finance	Advisory	Policy dialogue
Moderate	High	High	Low

Food loss and waste

Highlights

Food loss and waste (FLW) comes with significant environmental impacts, as well as loss of market value. The global environmental footprint of FLW is estimated at 7 per cent of GHG emissions and 6 per cent of global freshwater withdrawals. The annual quantity of food lost and wasted comes to 1.3 billion tonnes, or nearly US$ 1 trillion[3] (€0.9 billion*).

The direct causes and indirect drivers of FLW are evident throughout the supply chain. They include market failures, inadequate infrastructure, and limited capacity and awareness among both producers and consumers. The systemic drivers of FLW include unfavourable investment climates, fragmented policies, knowledge management gaps, coordination problems in value chains, and consumer preferences.

IFIs support FLW reduction through advocacy, technical assistance and lending activities

Trends and developments

- More than 13 per cent of food globally is estimated to have been lost after harvest at the farm, during transport, storage, wholesale or processing in 2021[4]. The losses reached almost 20 per cent in sub-Saharan Africa. The consequence globally was a substantial loss of market value globally, with costs borne by supply-chain businesses and consumers.
- In 2022, the world wasted 1.05 billion tonnes of food. This meant almost one-fifth (19 per cent) of the food available to consumers was lost at the retail, food service and household level. Most of the world's food waste – almost a billion meals a day – is caused by households[5].
- Despite greater awareness and practical efforts, progress on reducing FLW has been limited; the Food Loss Index has been increasing in several regions in recent years. Factors contributing to FLW include inadequate infrastructure, insufficient storage facilities, transportation inefficiencies, inappropriate agricultural practices and consumer preferences.
- Data gaps hinder an accurate analysis of FLW magnitude, occurrence along supply chains, drivers, impacts and targeted solutions.
- Technological innovation is one of the means through which agrifood systems can be transformed and FLW can be addressed. Examples include technological solutions at certain stages of the food supply chain, such as processing and packaging innovations, and new sensor technologies. Rapid breakthroughs in communications and IT are also helping to reduce FLW.
- The EBRD has been contributing to increased awareness and capacity of actors along the food supply chain by developing FLW sector guidelines for Greece and Türkiye that identifies policies and business practices to reduce FLW, along with a roadmap for retailers which charts the top areas for FLW action and investment.
- Key factors in reducing FLW include strong governance and clear target setting (including at NDC level), access to quality data, greater value-chain collaboration involving data-led approaches, investment in effective processes and infrastructure, as well as advocacy and the education of all parties, from farmers to consumers.

[3] Santos, N., Borgomeo, E., Haralampieva, V., Baumann, L. 2022. Investing in food loss and waste – What's in it for development banks? Rome, FAO. Available at: https://doi.org/10.4060/cc0310en

[4] FAO SDG Indicators Data Portal, Available at: https://www.fao.org/sustainable-development-goals-data-portal/data/indicators/1231-global-food-losses/en

[5] UNEP (2024), Food Waste Index Report 2024. Available at: https://www.unep.org/resources/publication/food-waste-index-report-2024

*The conversion to euro amounts quoted here use the Bank's exchange rates as at end August 2024 with EUR1 = USD1.1064, EUR1 = PLN4.2792 and EUR1 = GBP0.8419.

Opportunity for engagement with specific instruments

Investment	Blended finance	Advisory	Policy dialogue
High	Moderate	High	Moderate

Digitalisation

Highlights

As the digitalisation of society increases, demand for digitalisation grows in the agrifood system, too. Greater regulatory pressures, the need for efficiency, and consumer demand for sustainable practices, are all fuelling interest in agricultural technology (AgTech) solutions. Supply capacity has not always been able to keep up with demand, however, especially in small-scale primary production.

High demand does not always translate into the effective adoption of digital technologies in the agrifood system. The chief cause is market failure, including information asymmetries, risk aversion, short time horizons and thin markets. Addressing such failures requires public goods, conducive public policies and capacity support.

The EBRD has a comparative advantage in the investment in and adoption of digital technologies in agrifood systems. The relative readiness to digitalise the sector reflects current opportunities to invest across the EBRD region which varies by country and level of development. The Bank can simultaneously leverage investment tools and its technical capacity to accompany such investments. The mix of investments and capacity building will depend on the local context.

Trends and developments

- By reducing operating costs and enabling less resource-intensive growth, digital solutions are driving farm productivity. Digitalisation enhances efficiency, productivity and sustainability across the entire food system by utilising advanced data analytics, automation and precision techniques that together result in greater food security, reduced waste and better resource management.
- Agtech can greatly reduce input costs. For example, precision farming can make the use of inputs such as fuel and fertilisers more efficient, reducing costs by 10-30 per cent. Herbicide use can be cut by up to 80 per cent. Improvements like these can lead to sustainable reductions of GHG emissions intensity along with other environmental benefits. Automation also helps with labour shortages and reduces operational risks throughout the supply chain.
- Beyond production and farming, the entire food supply chain can benefit; for example, from smart packaging embedded with sensor technology to extend shelf life, monitor freshness, display information and improve overall product and customer safety, or the digitalisation of distribution and sales channels to support market integration. Key barriers to digitalising supply chains include high costs, uncertain returns on investment and the complexity of integrating new technologies into existing practices and connectivity infrastructures. Technologies to support sustainable farming are gaining traction but require significant data management and compliance work. In such contexts, there is a need to unlock the potential of data by encouraging its proper management along the supply chain (e.g. monitoring, smart labelling, benchmarking).
- Digital agriculture adoption among progressively-minded farmers varies markedly across geographies: the adoption rate in Europe and North America is just above 60 per cent while in Asia it stands at 9 per cent. In the last decade, the digital agricultural sector in low- and middle-income countries (LMICs) has expanded rapidly, though the pace is now decelerating. From 2012 to 2022, the number of digital agriculture solutions deployed in LMICs grew seven-fold, with similar growth patterns but different scales across the world. About 45 per cent of digital agriculture solutions were initiated in the last five years and about 82 per cent of those identified were driven by AgTech startups. The adoption rate of digital technologies is impacted by the size of companies (small farmers may face additional challenges), age and skill factor.
- As part of its overall Approach to Accelerating the Digital Transition, the EBRD is committed to digital transformation and adoption as an enabler of transition impact. The Bank has a strong track record in supporting the digitalisation of food systems: we have invested in the automation and expansion of online retail, the implementation of precision farming, and the launch of digital education and knowledge-sharing platforms. The Bank also runs a start-up food-tech innovation competition and conducts targeted studies.
- The EBRD can contribute more by assessing digital readiness, mapping challenges and opportunities, and monitoring gaps in digital technology adoption. We can support digital skills development and dissemination through technology awareness, knowledge management and demonstration. Impact can also be achieved by facilitating and engaging in global partnerships with international organisations, technical agencies, networks, incubators, accelerators, venture capital funds and impact funds with experience in digital agriculture.

Opportunity for engagement with specific instruments

Investment	Blended finance	Advisory	Policy dialogue
Moderate	Low	High	Moderate

Nutrition-sensitive investment

Highlights

Discussions of nutrition have shifted from combatting undernourishment to encompassing all forms of malnutrition and their multiple burdens: including child stunting, micronutrient deficiencies and obesity. The food system worldwide must be transformed if all people are to have access to a healthy diet.

Progress has been made on tackling undernourishment in EBRD economies. But events such as the Covid-19 pandemic and Russia's war on Ukraine have seen a rise in moderate to severe food insecurity. Child malnutrition remains a concern, with persistently high levels of stunting in some countries. The prevalence of obesity, coupled with associated health problems such as diabetes, presents a major challenge, especially in countries in the SEMED region.

The EBRD can explore ramping up investments that contribute to the availability and accessibility of healthier and nutritious food. The Bank can also support the integration of smaller local enterprises into food supply chains to improve lives and livelihoods; and could also examine the possibility of building a nutrition dimension into its policies, objectives and targets.

Trends and developments

- Globalisation has led to shifts in food production and distribution, as well as consumption patterns. A wide variety of foods is more accessible now, but the shifts have also introduced problems: the spread of unhealthy processed foods and the displacement of traditional, nutrient-rich diets. Poor habits, such as the excessive consumption of processed food high in sugars, fats and salt, increase the prevalence of disorders such as diabetes, obesity and cardiovascular diseases.
- Climate change has affected the production and availability of food, causing disruption to supply chains and affecting food security. Extreme weather events, such as droughts and floods, can damage crops and reduce agricultural yields, exacerbating hunger and malnutrition.
- Fluctuations in food prices caused by events such as the Covid-19 pandemic underscore the vulnerability of populations to food insecurity. Inflated prices limit access to nutritious foods, leading to malnourishment and related health concerns. Food-system disruptions, loss of income and restrictions on movement have worsened food insecurity – and therefore malnutrition – in many places.
- Armed conflicts and humanitarian crises, such as Russia's war on Ukraine, also have severe effects on food security and, consequently, for nutrition. Displacement, loss of livelihoods and disruptions to food supply chains all exacerbate existing malnutrition challenges in the places affected.
- There are many ways of contributing to better consumer access to more nutritious food: investing in the diversification of primary production towards more nutritious agricultural produce, such like fruits and vegetables, berries, pulses; more sustainable production of essential livestock products; processing that supports the production of heathier and more nutritious food, including by exploring fortification and alternative proteins; more effective logistics and distribution, especially in urban areas, to improve accessibility to fresh food produce; and the establishment of robust, short, supply chains.

Opportunity for engagement with specific instruments

Investment	Blended finance	Advisory	Policy dialogue
Moderate	Low	Moderate	Low

Nature and biodiversity

Highlights

Biodiversity is essential for food security and nutrition, providing the raw materials and creating the conditions for crop and livestock production through pollination and pest control and other “ecosystem services”.

However, biodiversity is deteriorating at an alarming rate, thanks to changes in land use and sea use, the overexploitation of natural resources, climate change, pollution and invasive non-native species. Agriculture is one of the largest contributors to biodiversity loss around the world.

The EBRD has resolved, alongside other MDBs, to address the crisis in nature. At COP28 in 2023, the Bank published its first Approach to Nature. It highlights the important role to be assumed by primary production systems as the Bank deploys more resources into tackling the drivers of nature loss through its investments, technical cooperation and policy.

Trends and developments

- Unsustainable agrifood systems are the main driver of environmental degradation and biodiversity loss, causing over 90 per cent of deforestation and 70 per cent of freshwater extraction globally, as well as being the primary source of nutrient and pesticide pollution.
- In the EBRD regions, the agribusiness sector faces the nature-related challenges of water scarcity, soil degradation and desertification. Upstream clients are likely to come under pressure to procure more sustainably produced commodities and reduce the use in production of plastic, water and other resources.
- The Taskforce on Nature-related Finance Disclosures (TNFD) is putting pressure on companies to investigate nature-related risks and opportunities and disclose them to investors. More than 300 food and beverage companies globally have committed to disclosure under this framework by FY2025 or earlier.
- The EBRD can help companies prepare for new disclosure and regulatory requirements, starting with robust and transparent data collection, and the assessment of nature-related risks and opportunities.
- The transformation of primary production systems requires not only engaging with and supporting agricultural producers but taking a whole-of-value-chain approach. In this way, one can construct a food system that is conducive to the production, sale and distribution of sustainable agricultural products. The EBRD is well positioned to catalyse such process, thanks to the Bank’s extensive work with actors throughout the supply chain.
- Donor financing can be mobilised for commercial clients to develop pilot projects to scale up “nature-positive” solutions and investments beneficial to the environment.
- We can support a client’s transition towards nature-positive solutions, including by working on its supply chain: for example, by deploying results-based loans and grants to improve corporate governance on nature, de-risking the transition to new practices with biodiversity benefits, and supporting project investment overall.
- In addition, the Bank can promote best practices for environmental safeguarding for nature and biodiversity in EBRD investment decision-making.
- Corporates can also be helped to build capacity for climate and nature governance and operations assessment by preparing for the anticipated climate- and/or nature-focused disclosure regulations on risks and impacts; finding ways to adapt the business model and operations to biodiversity-friendly practices; and monitoring and assessing effects on food supply chains.

Opportunity for engagement with specific instruments

Investment	Blended finance	Advisory	Policy dialogue
Moderate	High	High	Low

Sustainability standards

Highlights

Sustainability standards and certifications (SSCs) are an essential component of sector-wide and corporate sustainability policies. SSCs increase transparency and promote sustainability along food supply chains. Their adoption supports sustainable growth through better access to markets and resources while deploying development tools such as blended finance.

The adoption of SSCs is uneven globally as well as in EBRD economies. The root causes of delayed adoption are a lack of knowledge and capacity, gaps in regulatory alignment and high implementation costs.

The EBRD can promote the adoption of SSCs at industry and business level by building the capacity and knowledge of business support organisations, assessing and supporting regulatory alignment, providing advisory and technical assistance, and deploying tailored financial instruments to companies.

Trends and developments

- Especially in developed countries, consumers are demanding more nutritious, healthier and safer products, while showing greater concern for the origins and environmental impact of the things they buy, as well as the working conditions involved in their production. This creates a market opportunity for companies ready to adopt sustainability standards and certifications.
- The asymmetric adoption of SSCs is a potential trade barrier to regional exports to the EU and other developed markets, despite the rising demand from consumers.
- At country and sector levels, and at the level of corporate operations, requirements to adopt sustainable practices are becoming more demanding. In parallel, new and often more stringent SSCs are being introduced to ensure and demonstrate that the requirements are being met.
- In recent decades, sustainability standards have developed into a central tool to address environmental and social risks and to mitigate or prevent problems across global value chains, business operations and investments. There are more than 300 sustainability standards in the International Trade Center official repository, including more than 200 in the agricultural sector.
- The largest certified land areas in global agriculture include cotton, oil palm, cocoa and sugarcane. Other significant commodities with certified areas are coffee, tea, banana and soybean. Leading sustainability certifications include Organic, the Better Cotton Initiative, the Rainforest Alliance, the Roundtable on Sustainable Palm Oil, Global G.A.P., UTZ, Cotton Made in Africa, Fairtrade, the Common Code for the Coffee Community, the Round Table on Responsible Soy, and ProTerra.
- Drags on the adoption of SSCs include a lack of knowledge and data in several EBRD economies, especially in Central Asia; the high costs involved versus the low awareness of the benefits; the potential exclusion of small-scale producers; and the integrity and robustness of the standards themselves, which worsens when poorly aligned with the local public context and existing regulations.
- Credible SSCs can be used to stimulate blended finance, and attract public and private funds to sustainable projects, by ensuring that investments meet rigorous environmental, social, and governance criteria. SSCs have the potential to provide a consistent, transparent and universally recognised framework for assessing sustainability, reducing the time, cost and complexity involved in evaluating individual projects and companies.
- The EBRD supports the development of SSCs at the sectoral level (an example is the voluntary industry standard on antibiotic-free poultry production in Ukraine) and encourages the adoption by its clients of SCCs such as the BREEM buildings sustainable certification.

Opportunity for engagement with specific instruments

Investment	Blended finance	Advisory	Policy dialogue
Low	Moderate	High	Low

Short food supply chains

Highlights

Short food supply chains have multiple benefits: better market access for small farmers; fresher and higher-quality food delivery; reduced environmental impact thanks to reduced transportation; improved livelihoods and enhanced community engagement. They keep economic value within local communities, promote environmental preservation through reduced carbon emissions and encourage social cohesion by building trust and solidarity between farmers and consumers.

Obstacles to short food supply chains include competition with large retailers; food safety standards; complex logistics; limited market access; and access to finance. Moreover, regional factors such as policy barriers, infrastructure limitations, climate conditions, and consumer preferences further complicate the operation of short food supply chains.

The EBRD can play a meaningful role to promote short food supply chains by providing technical assistance to small producers; upgrading quality and production standards; consolidating producer groups; promoting digital tools and marketing strategies; and supporting the development of an enabling regulatory environment.

Trends and developments

- Short food supply chains are a response to the effects of the industrialisation of food systems – the disconnection between production and consumption, environmental degradation and social inequalities. Taken as a whole, short food supply chains represent a shift towards socially and environmentally sustainable approaches to food production and consumption. The movement is shaping developments in food systems and attracting attention from all stakeholders.
- The Covid-19 pandemic heightened the importance of local food systems and put a renewed emphasis on short food supply chains. The growth of the phenomenon is being driven by factors that include consumer preferences for locally-sourced and sustainable food, technological advancements that enable direct connections between farmers and consumers, and the desire to reduce food miles to minimise environmental damage.
- Policymakers are recognising the importance of short food supply chains and implementing supportive policies to encourage their development. Examples include the EU Farm to Fork Strategy, and initiatives in Italy to support the growth of farmers' markets and direct sales channels.
- To establish and develop short food supply chains, small-scale producers need support to improve quality and production standards to make sure their products meet market requirements and consumer expectations. They also need help to form, then consolidate, producer groups; and introduce digital tools to enhance quality control, logistics and marketing. Marketing and branding strategies for such groups and retailers would help promote the visibility of local products.
- Helping shorten the distances food travels from farm to plate reduces GHG emissions while ensuring fresher, more nutritious produce. Cutting travel times encourages the upgrade of food quality and safety systems and geographical indications certification. It also gives an impetus to competition policy reforms that support the formation of local producer groups and facilitate public-private dialogue to enable the flourishing of short food supply chains.
- The EBRD supports initiatives to improve the quality of local products, their traceability and labelling. These include the establishment of geographic indication systems and direct advisory to SMEs; the development of an enabling regulatory environment for the establishment of cooperatives; and the integration of local producers in organised distribution.

Opportunity for engagement with specific instruments

Investment	Blended finance	Advisory	Policy dialogue
Low	Low	Moderate	Moderate

Alternative proteins

Highlights

The exploration of new protein sources such as insects, plant-based options, fermentation-derived proteins, and cell-cultivated meats underscores a significant shift in favour of sustainable foods. As well as helping to meet demand for protein itself, such innovations can mitigate the environmental impact of traditional animal agriculture.

As technology advances and is adopted, the assortment of alternative proteins expands. But at present, the field is undeveloped and alternative products only have a minor share of the protein market.

The transition to "alt-proteins" is hampered by consumer resistance and regulatory hurdles. Affordability, taste preferences and safety standards are crucial in gaining both compliance and consumer trust. Effective regulatory frameworks and consumer education are needed if these proteins are to be accepted and integrated into mainstream markets.

[6] McKinsey (2019) Alternative proteins: The race for market share is on. Available at: https://www.mckinsey.com/industries/agriculture/our-insights/alternative-proteins-the-race-for-market-share-is-on

[7] Good Food Institute (2022) Record $5 billion invested in alt proteins in 2021, surging 60 percent since 2020. Available at: https://gfi.org/press/record-5-billion-invested-in-alt-proteins-in-2021/

Trends and developments

- The diversification of sources helps meet rising demand for proteins while alleviating the food insecurity that is worsened by climate-related declines in productivity.
- New, sustainable protein sources are seeing increasing demand from consumers concerned about animal welfare and environmental harm. The market for new protein sources, such as insects, plant-based proteins and fermentation products, is growing at a fast pace, while cell-based products are available in only a few countries at present. Plant-based proteins have drawn the most attention as substitutes for animal-derived products, amid growing awareness of the importance of healthy food and the trend towards "flexitarian" consumption.
- Alternative proteins make up a small fraction of the global proteins market. In 2019, the global meat market was valued at US$ 1.7 trillion (€1.5 trillion*), while the alternative protein market stood at US$ 2.2 billion[6] (€2.0 billion*). The majority of alternative proteins are consumed in developed markets; in EBRD economies, the share is far smaller, with affordability and accessibility being the key obstacles. Alternative milk is the most successful "alt-protein", capturing 10-12 per cent of the market in developed countries and 3-5 per cent in CEE.
- Advances in technology, the expansion of protein sources and increasing consumer acceptance suggest a basis for alt-protein sector growth.
- Venture-capital investments in alternative proteins reached a record US$ 5 billion in 2021[7] (€4.5 billion*). Approximately 1,500 manufacturers/brands and 500 ingredient suppliers currently operate in the alternative protein space.
- EBRD economies are among the largest growers of legumes, which could be processed locally into value-added protein or isolate. However, the supply chain of alternative proteins remains capital intensive, involves sophisticated technology and requires know-how. Integrating the different stages of a new protein value chain will require investment, from ingredients production to processing, packaging and distribution.

*The conversions to euro amounts quoted here use the Bank's exchange rates as at end August 2024 with EUR1 = USD1.1064, EUR1 = PLN4.2792 and EUR1 = GBP0.8419.

Opportunity for engagement with specific instruments

Investment	Blended finance	Advisory	Policy dialogue
Low	Low	Moderate	Low

Urban farming

Highlights

Urban agriculture, particularly high-tech city farming, which promises to increase resilience and reduce insecurity in local food systems, has rapidly evolved into a capital-attracting and profit-oriented business.

The sector faces challenges such as high energy dependency, high operational costs, regulatory constraints and limited access to traditional banking products. And despite the potential environmental benefits, including reduced water consumption, land use and optimised logistics, the profitability claims of high-tech urban farming products remain uncertain.

Growing urban agriculture calls for investments in infrastructure development, technology adoption and cross-sectoral collaboration. The keys to unlocking its potential are price competitiveness, demonstrable financial viability, greater information sharing, collaboration among stakeholders and investment in knowledge and technology.

Trends and developments

- The world's population has doubled since 1961 and demand for food has risen with it. The available agricultural land per capita, however, has decreased, making it more difficult for traditional agricultural systems to produce more food. Greater urbanisation also poses challenges when it comes to food security: cities consume a significant portion of the food supply but face higher levels of food and nutrition insecurity.
- Advances in technology and innovative farming techniques have played an important role in the growth of urban agriculture. High-tech solutions such as “vertical farming” have emerged as capital-attracting and profit-oriented businesses. Consumers' preferences for locally sourced, fresh and sustainable food products have contributed to the growth of urban farming.
- Urban farmers come in many age brackets, but the indoor high-tech segment is dominated by young people. “Standard” farmers are typically over 50 years old and work in a family setting; the new farmer’s “identikit” profile is below the age of 40 with a degree, master's or PhD. These new growers spend significant amounts of money on R&D and often come from non-traditional sectors, such as business, engineering and IT.
- In the EBRD regions, countries such as Czechia, Estonia, Hungary, Poland, Slovenia, the Slovak Republic and Türkiye have very high potential to develop commercial urban farms. More research and exploratory development are called for to meet the compelling opportunities offered by the sector.
- Serious hurdles exist to the development of the necessary infrastructure – including land, buildings, energy and technology – while business models, production techniques and operational efficiency may need frequent revision to ensure the profitability, scalability and long-term viability of ideas such as vertical farms. Further growth in the urban farming sector will require a stable and sustainable energy supply, new technology and a highly specialised workforce, infrastructure availability, positive perception by consumers and a clear legal framework.
- The high capital costs associated with high-tech indoor farming methods like vertical farming mean there is a need for financial support, such as concessional loans or equity investment, to help companies acquire the novel technology and equipment they need.
- The EBRD has supported in-depth research on urban farming to guide potential investments in the future. The Bank has also provided technical assistance to companies that have invested in vertical farms.

Opportunity for engagement with specific instruments

Investment	Blended finance	Advisory	Policy dialogue
Low	Low	Moderate	Low

Annex 3:

Examples of banking and advisory projects

PUBLIC

Astarta (Ukraine)
2008-23

Operations
- Primary agriculture
- Sugar production
- Edible oils

Key facts
One of the largest vertically integrated agro-industrial holdings in Ukraine, listed on the Warsaw Stock Exchange, and involved in:
- sugar production
- grain farming
- soybean processing
- dairy farming
- biogas production

An EBRD client since 2008, with 14 transactions signed, focusing on:
- energy and resource efficiency improvements of Astarta sugar plants
- construction of a new modern dairy farm
- construction of new grain and sugar storage facilities and a biogas plant
- working capital financing provided at a time of financial turmoil in the country and adverse market conditions in 2014, 2018 and 2020
- support during the war in 2022–23, helping Astarta sustain operations during economic and political instability in Ukraine and in the wake of the war.

Impact and results

Environmental sustainability

- Astarta has grown into one of the best-performing sugar producers in Europe in terms of energy and resource efficiency.
- Pioneering steps include:
  - first carbon credit transaction in Ukraine, signed in 2008.
  - first biogas facility in Ukraine, utilising sugar beet pulp.
  - first sustainability-linked loan in Ukraine, signed in 2023, to promote the adoption of soil conservation practices in agriculture.
- Certification of key production facilities in accordance with FSSC, ISO 22000, ISO 50001, GMP+, ISCC and alignment of environmental health and safety management systems with ISO 14001 and ISO 45000 standards, as part of environmental and social action plan implementation.
- Introduction of sustainable farming practices, including reduced tillage, cover cropping, enhanced residues and fertiliser management, bio-stimulants over areas as large as 61,000 ha.
- Adoption of a climate corporate governance strategy, which includes a decarbonisation and climate change resilience pathway.
- Annual non-financial reports in accordance with European Sustainability Reporting Standards.
- Carbon footprint disclosure under Scope 1 from 2019, Scope 2 and Scope 3 from 2021.
- Biogenic emissions from 2022 per GHG Protocol; debut submission to the Carbon Disclosure Project from 2021.
- Comprehensive action plan to introduce a sustainable procurement management system in the company.

Social sustainability

In 2020, in partnership with Kharkiv National Agrarian University (KhNAU) and Ernst & Young, the EBRD and Astarta implemented a joint educational project to improve the practical skills of young professionals in agronomy.

- As a result of the project, 100+ higher education students follow the new curriculum each year. The practical element of the KhNAU bachelor's' degree has increased from 5 to 14 weeks.
- Thirty-five academic staff (nearly half of whom are women) took part in advanced training.
- More than 250 students attended an online course in agronomy, that was created and published on a virtual platform.
- 95 Astarta employees received agronomy training.

Economic sustainability, resilience and food security

- Astarta maintained operations and production volumes thanks to working capital financing support at crisis times in 2014, 2018, 2020 and in the period affected by the war.
- Market leader in sugar production: over 300 kilotonnes (kt) of sugar is now produced annually compared with 156 kt in 2007.
- Annual production volume of grains and oilseeds reached over 1 million tonnes compared with 201 kt in 2007.
- Since 2008, Astarta has become the second-largest soybean processor in Ukraine, producing approximately 230 kt of soybeans annually.
- Astarta's dairy production has evolved into the largest and most efficient in the country with over 100 kt of premium-grade raw milk produced annually compared with 28.1 kt in 2007.
- Since 2007, Astarta has achieved a 50 per cent reduction in gas and coal use at the same time as raising the share of premium-quality sugar to 85 per cent of total production.
- The capacity of modern grain silos increased from 149.3 kt in 2010 to 562 kt in 2023, resulting in fewer grain losses and lower energy consumption for grain handling and drying.

Rugove (Kosovo)
2023

Operations
- Beverages

Key facts
- Uje Rugove, established in 2006, is the leading producer and distributor of bottled water in Kosovo.
- In 2023, the EBRD and the Enterprise Expansion Fund II (ENEF II) provided a €6 million sustainability-linked loan to finance Uje Rugove's investments in a new facility and modern automatic filling lines, part of the company's plan to introduce new product categories and more sustainable packaging.

Impact and results

Environmental sustainability

- The loan was the EBRD's first sustainability-linked financing in the Western Balkans, integrating environmental and social standards, as well as risk considerations, in the financing structure.
- The loan has three environmental targets: to cut water losses during production, to reduce packaging waste during production, and to introduce recycled elements such as stretch film and labelling into its packaging.

Social sustainability

By introducing written policies and procedures on equality of opportunity, the project will also address shortcomings in the company's gender-responsive policies.

Further support will come from internal and external training modules, and a career path and leadership development programme that places special emphasis on increasing women's access to roles in management and sales.

Economic sustainability, resilience and food security

The outcomes of the EBRD financing for Rugove will include:

- the launch of new can and cardboard packaging, as well as more efficient and modern glass bottle and barrel packages
- the expansion of its market and sales presence in Albania and North Macedonia
- an increase its production capacity of more than 30 per cent
- a similar increase in labour productivity of over 30 per cent.
- Diversification of the product portfolio by launching new product categories, such as carbonated mineral water, flavoured and infused water (both still and carbonated), and peach- and lemon-flavoured iced teas.

Bunge (Türkiye)
2022–24

Operations
- Edible oils

Key facts
- Bunge Gida is one of the largest integrated edible oils producers in Türkiye with integrated soybean crushing and processing, sunflower crushing and filling, olive oil collection and storage facilities.
- Bunge Gida is part of Bunge Limited, a leading global, vertically integrated agribusiness group with over 200 years of history. It operates 360 facilities in more than 40 countries and employs more than 23,000 people.
- The EBRD has concluded two long-term transactions with Bunge Gida:
  - a US$ 50 million long-term loan in 2022 to finance working capital needs, investments in an increase in capacity and modernisation, as well as investments in biomass and solar
  - a US$ 25 million working-capital loan in 2024.

  Both loans were provided in local currency.

Impact and results

Environmental sustainability

As part of its engagement with the EBRD, the company will conduct :
- a supply chain study, including analysis of climate change impact (current and expected) on olive production in relevant regions.
- an assessment of the environmental footprint of current production practices in olive production.
- identification of climate-smart farming practices to improve climate resilience and reduce GHG emissions from olive farming.

The study will help the company to improve supply-chain management as follows:
- Sustainable raw-material sourcing will lead to improved resource efficiency, climate change resilience and environmental performance.
- The results of the studies will be integrated into a training programme for farmers enrolled at the Olive Academy.
- Climate change impact will be evaluated via a monitoring, reporting and verification system that includes olive quantity and quality, water availability and quality, and the presence of pests, diseases and pollination.
- The environmental footprint will be analysed by focusing on GHG emissions, fertilisers, soil and water resources. The results of the study will help olive farmers expand organic cultivation through improved land management and farming techniques.

Social sustainability

- As part of the project, the company established a pioneering Olive Academy that will teach olive production skills in collaboration with local educational institutions.
- The EBRD assisted in the establishment of the academy by supporting Bunge's work with Balikesir University, the Ministry of Agriculture and the National Olive Institute, ensuring it received national accreditation.
- The academy will introduce a new, replicable and nationally accredited training programme to improve the skills of at least 600 women olive farmers in Türkiye in the propagation and maintenance of trees and in methods of harvesting.
- Women farmers in the less developed Aegean region of Türkiye will benefit from acquiring the skillset necessary to increase the efficiency and climate resilience of their harvest, while ensuring economically worthwhile, environmentally friendly production.

Economic sustainability, resilience and food security

- An increase in procurement of 6,135 tonnes of certified organic olives compared with a 2021 baseline.
- An additional 1,500 hectares of certified organic land converted form conventional cultivation.
- Türkiye’s olive industry is the sixth largest in the world ranked by cultivated land mass, but 20th in terms of productivity. The industry is plagued by poor education, inefficient farming, a lack of know-how and urban migration, all resulting in inconsistent yields.
- The Olive Academy, supported by the supply-chain study, will support financial education, as well as the development of the supply chain from small to mid-sized farmers. This will support a consistent quality and quantity of olives and provide the knowledge needed to increase climate resilience in olive farming.

Dan Agro Products (Kyrgyz Republic)
2020

Operations

- Pulses and legumes

Key facts

- Dan Agro Products is one of the leading processors of legumes (beans, lentils and chickpeas) in the Kyrgyz Republic and an affiliate of the Turkish agricultural business, Bashan Agro.
- The company is an official supplier of the World Food Programme.
- The EBRD has supported Dan Agro Products since 2020 via a risk-sharing framework with Demir Kyrgyz International Bank (DKIB). A US$ 4 million sub-loan provided by DKIB was secured on the company's inventory to finance raw material purchases from farmers. It was the first such inventory-backed loan provided by DKIB.
- The transaction was supported by grant funding from the governments of Switzerland and Türkiye.

Impact and results

Environmental sustainability

- Climate-resilient crops: in collaboration with the International Center for Agricultural Research in the Dry Areas, the company is introducing improved varieties of lentils and chickpeas that can withstand the changing climate in the country. The project has successfully planted and tested 230 crop samples across three diverse agro-ecological zones – Karabalta, Naryn, and Karakol – to identify the most climate-resilient, high-yielding varieties suited to local conditions.
- Soil health improvement: Dan Agro Products is contributing to improving soil health by motivating local farmers to introduce legumes such as lentils and chickpeas into their crop rotation. Legumes improve soil quality, enhancing the supply of nitrogen and reducing the need for artificial fertilisers. They also stimulate the soil's biological activity, improve water retention and reduce soil erosion by wind and water.
- In 2018, Dan Agro Products won a Kyrgyz Sustainable Energy Financing Facility award for the best investment project, highlighting the value of its sustainable energy and resource efficiency investments.

Social sustainability

- Dan Agro Products sources beans from more than 1,000 farmers in the north of the country, most of whom run small, family-owned farms of between 2 and 4 hectares in size. These guaranteed offtake agreements not only secure local farmers' incomes but also enhance export opportunities for Dan Agro Products. By connecting Kyrgyz farmers with global markets, Dan Agro Products significantly boosts the rural economy and meets domestic demand.
- The company provides training and support to smallholder farmers, including regular workshops, hands-on field activities, and information exchange sessions. In addition, a manual on best agronomic practices for legume crops was produced in the local language and distributed to farmers, giving them access to vital information about successful crop cultivation.
- Dan Agro Products is contributing to the local economy by creating jobs and supporting local supply chains.
- The company works with educational institutions and academics to promote professional training among young agricultural specialists. Dan Agro Products also regularly hosts summer interns from partner universities.

Economic sustainability, resilience and food security

- Working capital provided under the Risk Sharing Framework enabled Dan Agro Products to increase purchases of beans from local Kyrgyz farmers by 28 per cent.
- Between 2019 and 2022, Dan Agro Products increased its exports fivefold and doubled its local sales, driven by a significant productivity increase thanks to economies of scale.
- By ensuring a stable supply of affordable products to the World Food Programme, Dan Agro Products is contributing to global food security and benefiting crisis-stricken countries such as Afghanistan and Syria, while supporting other places in urgent need of food aid.
- The introduction of protein-rich lentils and chickpeas addresses nutritional deficiencies in the Kyrgyz Republic. It also offers potential for economic growth if Kyrgyz farmers tap into global markets for lentils and chickpeas,
- Dan Agro Products has achieved ISO compliance for its entire operation. This includes the introduction of the ISO 22000 food safety management standard.
- The company has also improved its financial reporting thanks to consultancy work by the EBRD's Advice for Small Businesses initiative, supported in the Kyrgyz Republic by Switzerland and the EU through the Bank's Small Business Impact Fund.

El Roda (Egypt)
2018–21

Operations
- Table grapes and citrus production

Key facts
Egypt's El Roda Company for Agricultural Development specialises in growing and exporting fresh fruit and vegetables, with a focus on table grapes.

In 2018, El Roda received a £1.8 million (€2.1 million*) long-term loan to finance an extension of the grape packaging facility, increasing capacity during the season and thus increasing export volumes.

The loan also financed irrigation systems and machinery to cultivate new grape varieties, as well as the purchase and planting of new and established patented varieties, broadening the company's product range and increasing profitability.

The transaction included an investment grant of £273,000 (€324,000*) provided under the EU Trade and Competitiveness Programme, as well as advisory services to El Roda suppliers.

*The conversions to euro amounts quoted here use the Bank's exchange rates as at end August 2024 with EUR1 = USD1.1064, EUR1 = PLN4.2792 and EUR1 = GBP0.8419.

Impact and results

Social sustainability

Work-based learning programme:

- In line with the Bank's Youth Employment Programme, a work-based learning programme, delivered by an external consultant, ensured the project enhanced the capacity of El Roda to recruit and retain young, skilled labour and create new opportunities for young labour-market entrants over the life of the investment.
- Results included better employee productivity, a greater retention rate for young employees and structured, EBRD-supported training for young people.
- New partnerships were formed with established educational institutions and training providers.

Inclusivity:

- The remote location of El Roda's farm, along with limited means of transportation for women, and coupled with hot weather during the harvest season, have made it hard to attract female workers.
- El Roda has nevertheless developed a unique approach to increasing the number of women in the workforce: the company attracts women during harvesting season for grape sorting and packaging work by arranging transportation from nearby communities to the company's special warehouse, which is shielded from the heat. Some 1,200 seasonal workers were attracted and more than 90 percent of them were women.

Economic sustainability, resilience and food security

Working with the EBRD Improved the company's competitiveness, productivity and profitability:

- El Roda is now one of the top five exporters of table grapes in Egypt.
- As part of the project, the company successfully cultivated new patented grape varieties, which accounted for 20 per cent of total sales in 2023.
- Planting new grape varieties increased revenue, improved the product offering, pleased consumers and resulted in higher yields and profitability compared with varieties traditionally grown in Egypt.
- The project also supported the company's integration into international markets by increasing exports and broadening geographical diversification.
- Since 2019, El Roda's profits have grown by over 50 per cent, thanks to the introduction of new grape varieties. Yields are up to 15 percent higher, and the fruit can be sold at a higher price. Production costs, however, remain roughly the same.

Examples of advisory projects

	Environmental sustainability	Social sustainability	Economic sustainability
Project	**Türkiye:** *Plastic packaging study in Türkiye (2022-23)*	**South-eastern Europe,** Montenegro**:** *Capacity building for sustainable food retail programme (2019-22)*	**Cross-regional,** Ukraine, Moldova, Serbia, Romania and Bulgaria: *Sustainable livestock programme (2019-23)*
Sub-sector	Beverages and packaging	Food retail	Primary agriculture and commodity trading
Rationale and donor	This study assessed the plastic packaging sector in Türkiye to provide a potential EBRD client with a better understanding of the sustainability and circularity landscape of the flexible plastic packaging sector ahead of a planned investment. The project aimed to identify sustainability gaps in the investment plan regarding current and future regulation and best available technologies, and to provide recommendations for circularity and sustainability improvements for the company and its proposed investment. **Funded by the EBRD Shareholder Special Fund.**	The programme supports improvements in the food retail sector across the EBRD's regions and supports the implementation of higher standards in three key areas, both in the food retailers' operations as well as their supply chains: (1) product standards such as food safety, quality and traceability; (2) energy and resource efficiency and waste management; and (3) corporate standards and policies that promote inclusion and skills-sharing. In the context of an investment with the EBRD, Voli Trade, a leading food retailer in Montenegro, took part in benchmarking its retail operations under the programme and, among several recommendations, committed to upskilling its staff and developing an inclusion programme with secondary schools in Montenegro. **Funded by the EBRD Shareholder Special Fund**	The programme aims to improve the sustainability of investments in animal production and to reduce the associated risks of transboundary animal diseases and antimicrobial resistance, as well as growing environmental problems that can cause serious operational, socioeconomic and public health problems. **Funded by the EBRD Shareholder Special Fund**
Project activities	• The **study** focused **on the client's food packaging products,** looking at the whole production cycle, from raw materials to end-consumer markets, as well as specific lines and machinery envisaged under the client's proposed investment. The assessment was provided alongside the overall context of the sector, including upcoming regulation and expected improvements in recycling infrastructure. • **The comprehensive study confirmed** that the proposed investment would bring the client in line with and, in some areas, ahead of the current market in flexible packaging, and would prepare it to meet requirements for upcoming EU regulatory changes and improvements in recycling infrastructure. • Based on the study, **the related transaction is progressing through the EBRD's transaction cycle.**	• **Over 350 employees were trained** on corporate standards relating to sales and talent management. The leadership capacity of the company was increased across all management teams. • **The company also established a structured training and talent management programme** with a secondary school in Podgorica, Montenegro that provided a work-based learning programme on retail skills, in line with international best practices. • The company **continued to develop similar initiatives** with other secondary schools outside the context of this programme.	• **Increased institutional capacity** to cope with transboundary animal diseases arising from antimicrobial resistance in livestock. • **Increased capacity of agribusinesses** to keep operating during pandemics and thus safeguard investments, as well as raised awareness among national and regional stakeholders about transboundary diseases. • **Created opportunities for new sustainable investments** through established **market incentives for the adoption of sustainable livestock production practices and relevant industry standards.** Specifically, the voluntary industry standards on livestock production without antibiotics (already adopted by MHP in Ukraine); and national regulation on compartmentalisation in Ukraine (Goodwalley and Globino filing for "compartment" status). • **Supported de-risking of investments, competitiveness and sustainability of livestock production** through advisory on the adoption of best practices around biosecurity and the use of antimicrobials, as well on monitoring and benchmarking GHG emissions.
SDG alignment			

Acronyms

ABI	Annual Bank Investment
ADB	Asian Development Bank
AfDB	African Development Bank
AQUASTA	FAO's Global Information System on Water and Agriculture
bn	billion
BREEAM	Building Research Establishment Environmental Assessment Methodology
CA	Central Asia
CEB	Central Europe and the Baltic States
CO2e	Carbon dioxide equivalent
CSD	Climate Strategy and Delivery
DKIB	Demir Kyrgyz International Bank
EBRD	European Bank for Reconstruction and Development
EEC	eastern Europe and the Caucasus
EIB	European Investment Bank
EIF	European Investment Fund
ENEF II	Enterprise Expansion Fund II
ESD	Environment and Sustainability Department
EU	European Union
EUR	Euro
FAO	Food and Agriculture Organization of the United Nations
FAOSTAT	FAO Food and Agriculture Statistics Database
FI	Financial Institutions
FLW	food loss and waste
FMO	Dutch Entrepreneurial Development Bank
FSSC	Food Safety System Certification
GBP	British Pound Sterling
GDP	gross domestic product
GEFF	Green Economy Financing Facility
GET	Green Economy Transition
GHG	greenhouse gas
GLEAMi	Global Livestock Environmental Assessment Model - Interactive
GMP+	Good Manufacturing Practices + the integration of HACCP
HACCP	Hazards Analysis and Critical Control Points
IBRD	International Bank for Reconstruction and Development
IC-VCM	Integrity Council for the Voluntary Carbon Market
IDB	Inter-American Development Bank
IEvD	Independent Evaluation Department
IFAD	International Fund for Agricultural Development
IFC	International Finance Cooperation
IFI	international financial institution
IMF	International Monetary Fund
IPCC	Intergovernmental Panel on Climate Change
ISCC	International Sustainability and Carbon Certification
ISO	International Organization for Standardization
KhNAU	Kharkiv National Agrarian University
kt	kilotonne
m	million
MDB	multilateral development bank
NASA	National Aeronautics and Space Administration
NDC	Nationally Determined Contribution
NGO	non-governmental organisation
ODC	Office des Céréales
OECD	Organisation for Economic Co-operation and Development
PPP	purchasing power parity
PSD	Policy Strategy and Delivery
R&D	research and development
SEE	south-eastern Europe
SEFF	Sustainable Energy Financing Facility
SEMED	southern and eastern Mediterranean
SIG	Sustainable Infrastructure Group
SMEs	small and medium-sized enterprises
SSA	sub-Saharan Africa
TCFD	Task Force on Climate-Related Financial Disclosures
TFP	Trade Facilitation Programme
TNFD	Taskforce on Nature-related Finance Disclosures
UNECE	United Nations Economic Commission for Europe
USD	United States Dollar
USDA	United States Department of Agriculture
USDFC	United States International Development Finance Corporation
WiB	Women in Business
WTO	World Trade Organization