

PUBLIC

**DOCUMENT OF THE EUROPEAN BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

**AGRIBUSINESS SECTOR STRATEGY
2019- 2023**

**REPORT ON THE
INVITATION TO THE PUBLIC TO COMMENT**

PUBLIC

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Report on the Invitation to the Public to Comment

Agribusiness Sector Strategy 2019-2023

1. Introduction

The Agribusiness Sector Strategy (or the Strategy hereinafter) builds on the EBRD's previous Agribusiness strategy and activities during the timeframe 2010-2017 and recognises changes in the sector that have taken place between these years. The Strategy sets out how the Bank will support the sector in its countries of operations for the period 2019-2023. From 2019 the Bank will provide finance, technical cooperation and policy dialogue in support of a more responsible, sustainable and innovative agribusiness sector. The Strategy interfaces with other EBRD strategies, approaches and policies including country strategies, good governance policies (e.g. Public Information Policy, Environmental and Social Policy) and other thematic strategies and approaches (e.g. the Green Economy Transition approach, the Strategy for the Promotion of Gender Equality, the Energy Sector Strategy and the Economic Inclusion Strategy).

In accordance with the Bank's Public Information Policy, the EBRD invited the public to comment on the draft Strategy. The draft Strategy was disclosed from 13 July 2018 until 4 September 2018 in English language, on the following EBRD's website: www.ebrd.com/strategies-and-policies/have-your-say.html. The consultation process on the draft Strategy was extended on an exceptional basis beyond the required 45 days of public consultation, namely from the 4 to 10 September 2018, to ensure participation of a wider range of stakeholders given the opening of the consultation period during the summer.

The EBRD widely notified stakeholders of the publication of the draft Agribusiness Sector Strategy. The draft Strategy was shared directly with key partners and stakeholders, including civil society organisations (CSOs), academia and research centres, international and multilateral organisations as well as private sector representatives, business associations, and consultants. The quantity of comments received reflects the long-standing relationship established by the EBRD Agribusiness Team with the above mentioned stakeholders across the EBRD countries of operations and its strong commitment to the consultation and outreach process.

In addition to soliciting written comments, the EBRD organised the following consultation events:

- a) A side event to 34th FAO Regional Conference for the Near East on Fostering Agricultural Investments in the Near East and North Africa Region, held in Rome on 7-11 May 2018;
- b) A dedicated session at the EBRD Civil Society Programme 2018 on 10 May in Jordan, which was held on the margins of the EBRD Annual Meeting;
- c) an audio conference call on the 3 September 2018 (in English);
- d) a consultation meeting with civil society organisations on the 6 September in Kiev, Ukraine, (in Russian);
- e) a consultation meeting with business association on the 6 September in Kiev, Ukraine, (in Russian).

Kiev was identified as a location for the face-to-face consultation in view of the large EBRD portfolio in the country, which accounts for 15 percent of the overall portfolio of EBRD Agribusiness as of August

2018. These consultations provided an opportunity for stakeholders to express their views and provide input related to their respective fields of expertise, with regards to the revision of the Agribusiness Sector Strategy.

This report comprises a summary of the consultation process, key comments received, and the EBRD's responses to the comments. The comments have all been reviewed and reflected in the revised Strategy where applicable. Annex I presents the list of stakeholders consulted.

2. Summary of the consultation process

The consultation process took the form of a) public consultation meetings (both remote and face-to-face) and b) written comments. A wide range of different stakeholders attended the meetings including CSOs, international and multilateral organisations academia and research centres, as well as private sector representatives, business associations, and consultants. Annex I includes details of the stakeholders consulted.

a) Public consultation meetings

The EBRD invited comments on the basis of the draft Strategy in the form of two consultation meetings and an audio conference call. At the public consultations a broad range of civil society organisations were represented but mainly based in Ukraine due to the country specific outreach and the location of the consultations. Two consultation meetings were also held during the pre-drafting stage to inform about the development of the draft Strategy. Table 1 below provides an overview of these meetings and relevant details, including the number of participants at the public consultation meetings.

Date	Location	Number of Attendees
7-11 May 2018	Rome, Italy 34 th FAO Regional Conference for the Near East. Side Event: Fostering Agricultural Investments in the Near East and North Africa Region	60
10 May 2018	Annual Meetings (Jordan)	12
3 September 2018	London (audio conference call)	4
6 September 2018	Kiev, Ukraine (CSOs)	11
6 September 2018	Kiev, Ukraine (business associations)	25

1,573 civil society organisations (CSOs) were notified, namely all the CSOs that are registered with the Bank, about the opening of the consultation process on the draft Strategy and invited to participate in the audio conference call. Initially, a webinar was advertised but due to technical issues an audio conference call replaced the webinar. The audio conference call was targeting main international CSOs. 87 civil society organisations were invited to the consultation meeting with civil society in Kiev as well as 53 business associations. The higher number of business associations attending the consultation meeting versus number of civil society organisations is due to the close working relations developed through the years between the EBRD Resident Office in Kiev and business associations operating in the agribusiness sector in Ukraine. It is also to be noted that some civil society organisations attending the public consultation meeting in Kiev

were representatives of networks of organisations, therefore representing a wider constituency than a single organisation. At the meetings in Kiev, 40 per cent of participants were female and 60 were male.

The format of the public consultation meetings followed the same agenda, starting with an overview of the draft Strategy, which provided an introduction and the proposed operational approach of the Bank including the background and strategic context, rationale, scope and structure of the draft Strategy and followed an overview of the Bank's activities in the Agribusiness sector and lessons learnt. After some clarification questions the presentation continued elaborating on the Banks' envisaged approach and operational priorities in the forthcoming strategy period, including transition impact, as well as country specific examples. This section was concluded by comments and discussion of the presented topics.

The draft concept of the Strategy was presented during the 34th Session of the Regional Conference for the Near East (NERC) of the Food and Agriculture Organization of the United Nations (FAO). In this context a side event was organised to generate greater commitment and sense of urgency on the part of the NERC member countries to promote public and private investment in Food and Agriculture. At the side event where the draft concept of the Strategy was presented were included representatives from the EBRD, the FAO, the World Bank, the International Fund for Agricultural Development, the African Bank and the European Union. The session focused on "Opportunities and Constraints to investments in Food and Agriculture in the Near East and North Africa Region". The audience included more than 60 high-level representatives from IFIs and Food and Agriculture Associations.

The draft concept note of the Strategy was also presented at the Civil Society Programme 2018, which took place alongside the EBRD Annual Meeting and Business Forum in Jordan. Civil society representatives attending the event were mostly proceeding from countries of the southern and eastern Mediterranean region. The main recommendations received related to the importance of targeting small farmers with credit and support for adoption of new technologies; the need to support sustainable patterns of food production and consumption; and the necessity to look in a holistic manner at the food value chain.

b) Written comments

The draft Strategy was released in English on the EBRD's website on the 13 July 2018 and was open for comments initially until 4 September 2018. The Public Information Policy requires the EBRD to consult on sectoral strategies for a period of 45 calendar days. Given the opening of the public consultation period during the summer, the consultation period was extended until the 10 September to ensure meaningful participation of stakeholders. The draft Strategy was circulated amongst all the civil society stakeholders (1,573) that expressed interest in receiving email notifications by the EBRD. Written comments have been received from nine organisations based in various regions and with different fields of expertise.

3. Summary of key comments

The comments received in the course of the consultation period have been comprehensive and covered several aspects of the Strategy. A number of observations were raised by multiple stakeholders, and these key comments are summarised below, categorised by topic, country/region, or generally applicable across the Strategy. Annex II presents a detailed table of all comments compiled during the public consultation, including the input received in the meetings and via written submission, as well as responses by the EBRD management. As per standard EBRD practice, the commentators' identities are not disclosed for confidentiality reasons.

Many comments received were about clarifications of the scope and strategic directions of the Strategy. A substantial number of comments were country specific in relation to the location of the consultation meetings (namely, Ukraine).

- *Environmental and social impacts:* Most comments received in this area concern issues that are governed by the Bank's Environmental and Social Policy. Comments pointed to the need to carefully assess potential environmental and social impacts of agribusiness sector operations weighing expected benefits and potential risks. Comments mostly related to animal welfare, use of extensive use of land and water, waste management as well as biodiversity preservation.
- *Support for targeted technical assistance:* A general interest across business associations was expressed in terms of EBRD support to the use of chemical and pesticides according to best international practices. The issue of illegal trade and counterfeit pesticides and fertilisers had been raised.
- *Size of companies - beneficiaries of EBRD investments:* Consultation participants emphasised the need to prioritise support for the development of strong and resilient small and medium enterprises over investments in large agri-producers. Support to agribusiness cooperatives was a shared interest expressed both by civil society organisations and business associations alike.
- *Innovation and smart agriculture technologies and educational and training projects for SMEs:* The associations emphasised the lack of access to knowledge and financing of innovation technologies in particular for SMEs. Trainers and advisory services were requested by the organisations active in pest control and in the sectors of mushrooms, nuts and soya.
- *Delivery of the previous strategy:* Several comments were received with regards to the implementation and impact of specific Agribusiness projects carried out during the 2010-2017 period.

4. EBRD responses

The present report contains both the written submissions received by email from diverse stakeholders and the comments discussed in oral format during the public and bilateral consultation meetings. These comments have been reviewed by the EBRD for relevant impacts on the draft Strategy.

Annex II contains a detailed list of the comments collected from stakeholders as well as the EBRD's response to each point. The types of contributions are twofold and related responses have been provided accordingly: (1) comments raised for clarification purposes are addressed by relevant explanations, and (2) comments containing suggestions on the content and format of the Strategy have been considered in the review and final version of the Strategy.

To avoid any repetition, the comments have been organised by themes with one common response covering similar questions. Length and complexity of responses vary depending on the context of each consultation meeting and on how the questions are related to the Strategy. EBRD has used a consistent approach in its responses. Some answers are substantially longer due to the complexity of certain questions; this does not mean the issue is of more importance.

The EBRD believes that the Strategy has greatly benefitted from this consultation period and the Bank is appreciative of the time and effort made by many to help improve the document. The EBRD thanks all contributors for their comments.

Annex I

List of organisations participated in public consultation meetings or submitted written comments

Civil society organisations

1. Agrarian Ministry Farm Animal Welfare Legislation Adaptation Working Group
2. CEE Bankwatch
3. Compassion in World Farming
4. Dnipropetrovsk Regional Public Organisation “Agricultural Advisory Service”
5. Ecoclub Green Wave
6. German-Ukrainian Agro-political dialogue
7. Green Dossier
8. Institute for Economics and Forecasting, National Academy of Sciences
9. Kiev School of Economics
10. Latvian Rural Forum
11. National Association of Agricultural Advisory Services of Ukraine (NAAASU)
12. NGO Ecoaction
13. Shulgivska community
14. Ukrainian Rural Development Network, URDN
15. World Wildlife Fund (WWF)
16. Association of Farmers and Private Landowners of Ukraine
17. All-Ukrainian Association of Village and Settlement Councils
18. Union for the Promotion of Rural Green Tourism Development in Ukraine
19. Knowledge Platform- Agricultural Development and Rural Innovations

Cross-sectorial associations:

20. Ukrainian Agrarian Forum (union of sector associations, policy and lobbying)
21. Ukrainian Club of Agribusiness (association lobbying interests of agriholdings)
22. Ukrainian Food Export Council
23. Association of rural councils
24. National association of advisory services

Sector-specific associations:

25. Association of Honey Processors and Exporters
26. Association of Pig breeders of Ukraine
27. Ukrainian Grain Association
28. Phytosanitary Association of Ukraine
29. Association of pulses producers and consumers
30. Association of Animal Producers of Ukraine
31. Ukrainian nuts association
32. Association of ice-cream and frozen products producers
33. Ukrainian Association of mushrooms producers
34. Fumigation Association

Consultancy companies and other organizations:

35. Consulting Company "UkrAgroConsult"

36. SAFPI Project Support to Agricultural and Food Policy Implementation

Annex II

Enhanced productivity and value addition

N.	Comment	Venue	EBRD response
1	While acknowledging the focus on enhanced productivity, recommendations were made to integrate more comprehensively objectives for rural development, sustainability and green economy.	Written	The EBRD partners with different organisations and associations to target a wider range of activities and beneficiaries in the Agribusiness sector, including focusing on regional development, in line with the EBRD's Inclusion Strategy . The EBRD is implementing projects locally following its EBRD's Green Economy Transition approach , which aims at increasing the volume of EBRD's sustainable financing and broadening its scope.
2	Support and development of small and medium agricultural entrepreneurship in rural areas has become increasingly important to achieve transition in the EBRD countries of operations. To ensure equal footing of all producers in the market, the following recommendations to the EBRD are made: <ul style="list-style-type: none"> - Support to national authorities in designing and implementing support schemes for small and medium producers; - Support to the creation of a civic space where communities make decisions about the development path of their villages and settlements; - Prioritisation of social development and environmental protection; - Innovation. 	Written	The EBRD engages in policy dialogue on specific reforms. The EBRD provides advice to support the public sector in setting the right incentives, including transparent, predictable and coordinated policies that allow private sector participation. Ultimately it remains the responsibility of the Government to adopt and implement these policies. The EBRD supports its clients in engaging with stakeholders, most notably civil society, in a meaningful manner in the context of the projects it finances. The creation of a civic space is indirectly supported by the EBRD through its support to well-governed institutions and promotion of transparency and accountability standards. Environmental and social standards are promoted by the EBRD in line with its applicable policies and international practice. Innovation is a focus area for the implementation of the new Strategy.
3	Based on the EBRD evaluation of the previous Agribusiness Strategy, it is recommended to better define the EBRD approach to food security along with the term 'food gap'. It is also recommended that the Strategy provides a	Written	A comprehensive analysis on Food Security in the EBRD region of operation was carried out together with the FAO and used as an input in the development of the new Strategy.

	more holistic definition of sustainable food production.		As a result Food Security was mainstreamed as an outcome of specific areas – especially targeting SEMED countries. The term “food gap” related to the projected increase in demand for food (70 percent more food needed over the next 30 years) and was included in Slide 10.
4	The Strategy could express a stronger focus on the SMEs sector. It would be recommended to establish (if not existing) and sustain outreach work for this category of food producers through programs of support and cooperation via national intermediaries, with the objective to promote access to the local, national and global markets. It is recommended that the number and volume of projects with SMEs exceed investments in large corporates.	Written	The integration of the EBRD Value Chain approach into the Strategy is aimed at supporting more comprehensively SMEs as producers as well as promoting their integration in local, national and global value chains. The EBRD supports SMEs also through special programs such as the EBRD Small Business Initiative https://www.ebrd.com/what-we-do/sectors-and-topics/ebrd-small-business-initiative.html
5	The current data on SMEs financing, related advisory services and technical cooperation investments in the Agribusiness sector is not clear and easily available. It is recommended that the Strategy entails disaggregated data clearly distinguishing the Bank’s portfolio in large enterprises from SMEs.	Audio call/Written	The EBRD has specialised programmes for SMEs which encompass direct, indirect lending as well as technical advisory programs. Data on EBRD financing for SMEs can be accessed from the EBRD web site: http://smallbusiness-ebrd.com/our-priorities/
6	Both civil society organisations and business associations recommended the EBRD to support cooperatives and cooperative banks as a way to increase support to small farmers. The EBRD is also expected to support the development of a sound regulatory framework on cooperatives. For instance, in Ukraine there is a national Fund established to support farmers. Business associations were interested to learn whether the EBRD would consider investing in national fund for support to farmers (e.g. the National Ukrainian Fund). In particular, it is recommended that the EBRD could provide funds to lower the credit risk so that commercial banks could apply lower interest rates.	Kiev	Together with FAO, the EBRD has engaged in analytical work on cooperatives in selected countries to analyse the regulatory environment and the transitions gaps that can be addressed. Investments in cooperatives and cooperative banks can be considered on commercial terms and in line with sound banking principles, transition impact and additionality. The EBRD Financial Institution team and the Agribusiness team in Kiev can follow up on Ukraine specifically. Overall, the Legal Transition Team of the EBRD engages in technical assistance projects to support governments on legal reforms related to the business climate as per interest expressed by

			the beneficiary country, when in line with the EBRD's mandate
7	The Strategy could distinguish the challenges and objectives of large agribusiness companies from those faced by SMEs and development of local markets. For large corporates, tariffs and regulation is important, as well as footprint of the value chain. While, for SMEs it is more about inclusion, small-scale smart solutions and support to cooperative as a competition strategy against large corporates.	Written	The Strategy supports the overall EBRD engagement in the agribusiness sector, which spans across all activities along the value chain; from farming, processing and trading to food distribution, packaging and retail. The Strategy also supports EBRD's advisory services for agribusiness companies. Both, financing and advisory services remain tailored to the needs and the size of the companies the EBRD invests in.
8	Investing in small and medium producers supports economic employment of the rural population and creates the prerequisites for the revival of rural areas and the sustainable development of agricultural regions. The Strategy could integrate more comprehensively aspects related to support to rural development.	Written	The Strategy supports the development of urban-rural linkages (Slide 15). The EBRD partners with different organisations and associations to target a wider range of activities and beneficiaries in the Agribusiness sector, including focusing on regional development. The EBRD promotes access to jobs, economic opportunities and rural development when in line with the EBRD's Economic Inclusion Strategy (EIS) . In terms of operational response, the EIS contribution to SDGs also includes targeted policy dialogue on rural development in collaboration with local stakeholders, also including local municipality, regional development agencies, and relevant Ministries.
9	Associations of producers of honey, nuts, mushrooms, fruit and berries, milk and dairy requested support in the form of grants or technical cooperation projects. The recommendation is to include a more detailed approach in the Strategy in relation to specific sub-sectors.	Kiev	As a rule, technical cooperation is considered by the EBRD in conjunction with projects evaluated in line with sound banking principles and provided on commercial terms. The list of sub-sectors entailed in the Agribusiness Sector Strategy is not meant to be exhaustive and/or exclusive.

Sustainable agribusiness

N.	Comment	Venue	EBRD response
10	Interest was expressed on how the Strategy would support the achievement of the Sustainable Development Goals (SDGs). In this context a definition of sustainability in the context of the agribusiness sector would be welcomed.	Written	The EBRD's approach to sustainability is multifaceted and involves: incorporating environmental and social requirements; providing finance and technical assistance through our GET approach; promoting gender equality, economic inclusion and access to community services; encouraging public participation, and maintaining regular strategic dialogue. The EBRD's Sustainability Report 2017 refers explicitly to SDGs with case studies, also on the Agribusiness Sector (Slide 20)
11	The procedures governing the projects' environmental categorisation may benefit from a review, particularly in relation to the need for enhanced information disclosure related to Category B projects such as for investments in biogas.	Audio call	Environmental categorisation of projects is guided by the provisions set out in the Environmental and Social Policy (ESP). The Bank takes note of the comment in view of the ESP review, which is expected in the first half of 2019. Enhanced information disclosure for category B projects will likewise be considered in the context of the revision of the Public Information Policy, also expected in the first half of 2019.
12	Integration of biodiversity assessments is encouraged beyond category A projects.	Audio call	Biodiversity assessments are governed by the Bank's Environmental and Social Policy (ESP) and Performance Requirement 6 on Biodiversity Conservation and Sustainable Management of Living Natural Resources. Typically, biodiversity assessments are required for Category A projects. In recent years the EBRD has conducted only a few Agribusiness projects that were rated Category A.
13	Interest was expressed on how the Agribusiness Sector Strategy will support the delivery on green economy objectives at country level.	Audio call	The EBRD discloses information and reports on Green projects via Project Summary Documents. In addition, a technical assistance framework was approved by the EBRD in 2017 to provide support to

			countries on their Nationally Determined Contributions (NDCs) which are the plans defining their commitments on implementing the Paris Climate Agreement. More information is provided in the EBRD Sustainability Report 2017 at page 15.
14	Interest was expressed on how the EBRD will be conducting monitoring of environmental and social standards. According to associations, monitoring could be more strict and systematic. Interest was expressed on what actions are undertaken by the Bank in case of non-compliance.	Kiev	The Bank closely monitors the environmental and social performance of its projects through a number of channels including self-reporting of clients monitoring by externally contracted auditors as well as monitoring visits conducted by the Environment and Sustainability Department. The Bank constantly reviews agreed actions and supports its clients in meeting the required environmental and social standards. In case of persistent non-compliance the Bank may terminate the contract with the Client.
15	The draft Strategy is perceived unclear in relation to environmental and social standards for investments in the Agribusiness Sector, including for requirements associated to Environmental and Social Impact Assessments.	Kiev	Sectoral strategies are meant to provide the strategic objectives for investments and policy dialogue initiatives. Requirements on environmental and social standards are set out in the Environment and Social Policy, which sectoral strategies refer to, though not including the same provisions. For every project the EBRD carries out commensurate environmental and social appraisal against EU standards and National requirements.
16	Representatives of local communities expressed concerns for the use of water in industrial farming. There was an expressed interest in learning more about the EBRD approach towards water efficiency and water pollution in Agribusiness with a focus on industrial farming and animal husbandry.	Kiev	Requirements on water use and control of water pollution are set within Performance Requirement 3, which addresses resource efficiency and pollution prevention and control. Such standard applies to all EBRD projects.
17	Business associations expressed high expectations in relation to the EBRD role in providing training and advisory support on pest control and support the upgrade of local standards to best international practice. Business associations reported that local experts on pest control are difficult to find.	Kiev	The EBRD will continue to work with partners –such as the FAO- to provide training and facilitate access to international expertise and knowledge transfer, including pest control.

18	Capacity building on environmental protection requirements, including prevention of soil degradation and waste management, is expected from the EBRD.	Kiev	The EBRD requires and supports its clients to meet the Best Available Techniques on waste management as defined by the European Commission.
19	A clear definition of green business is recommended. In the draft Strategy green seems to be equal to sustainable.	Written	An overview of the EBRD approach to the green transition challenge in the Agribusiness sector is provided on Slide 16 of the Strategy. The EBRD refers to sustainable agribusiness with the objective to address both the green and social side of sustainability.
20	It is recommended that the EBRD develops a guidance document on agribusiness projects detailing environmental and social impact indicators that needs to be assessed, also including biodiversity impacts.	Written	The Strategy and its related performance monitoring framework is closely interlinked with the Bank's country strategies. Context impact indicators (Slides 35-41) have been included in the Strategy. Additional country specific targets are set at the level of country strategies.
21	The EBRD is urged to cautiously consider funding industrial animal agriculture as it may undermine the livelihoods of small-scale farmers. The EBRD was urged to consider the recommendations entailed in the Communiqué of the 10 th Global Forum on Food and Agriculture, and namely supporting: integrated crop-livestock-forestry systems, and pasture and rangeland restoration; agro-ecological methods and traditional animal husbandry systems such as pastoral farming.	Written	The Strategy supports resilient and climate change adapted value chains, and animal production systems that would not harm the communities who rely on them, in line with the requirements set out in the Environment and Social Policy.
22	The EBRD was urged to consider that industrial animal agriculture is dependent on feeding human-edible cereals and soy that could therefore negatively impact on food security.	Written	Food Security has been mainstreamed in the Strategy as an outcome encompassing all agribusiness activities.
23	The statement in the draft Strategy related to the high environmental cost of production of animal protein as an element to be taken into account is highly welcome. The Strategy could better define how to address this problem.	Written	The Strategy stresses the importance of innovation as one of the key drivers of growth in the sector and as a means to reduce the environmental impact of agriculture. The Strategy (Slide 20) calls for attracting FDI including fostering the adoption of best practices and technology, R&D, new products and processes; as well as maximising investments to produce more (calories) and diverse food with less resources.

24	It is expected that the Bank will pursue an integrated approach for issues such as CO2 emission reductions, with the hope that CO2 emission reduction will not provide a justification for investments in projects that may be exposed to problematic land governance practices (e.g. a previous biogas project in Ukraine)	Written	The environmental and social due diligence process is an integrated process which considers all issues relevant to the applicable Performance Requirements (PRs) and the project in question. All issues are treated equally and clients are expected to address issues in accordance with relevant regulatory frameworks and the PRs.
25	There are a number of concepts that may need to be clarified in the Strategy, such as: ‘alternative crops (e.g. alternative proteins)’; ‘increase efficiency and sustainability of livestock, dairy and other primary subsectors and explore opportunities in sub-sectors such as sustainable fisheries and aquaculture’.	Written	The language used in the Strategy is consistent with international terminology widely used in the Agribusiness sector. The EBRD remains available to provide further clarification on specific operational implications of the Strategy.
26	There are challenges that go beyond the value chain described in the draft Strategy, such as food waste. It is considered that 30 percent of food is wasted (without accounting for the waste/loss created before consumption). This is a behavioural issue to be considered in addressing the food deficit.	Written	The Strategy considers food losses and waste as an area of intervention. In addition to its investments, the EBRD and the FAO engage in sharing information and analytical work to help curb food losses and waste and to use resources more efficiently. While in low-income countries food is lost mostly during the early and middle stages of the food supply chain, the causes of food losses and waste in medium/high-income countries relate to consumer behaviour as well as to a lack of coordination between different actors in the supply chain. While the EBRD can contribute to improve these issues, a concerted effort among all stakeholders would be required to address the food deficit.
27	The draft Strategy makes only a minor reference to the food footprint related to the transportation component. All global communication related to footprint of food in recent years is focused among other issues on ‘eat seasonal and local’. It is recommended that the Strategy takes this issue into account.	Written	Reference to food footprint of transport and logistics has been included in the final Agribusiness Strategy Document (Slide 11). The EBRD Green Logistics Programme (GLP) takes a strategic approach towards addressing carbon emissions from the transport sector. It encourages major players to introduce best practices in carbon reduction to combat highly inefficient energy use.

			Best practices include using more intelligent transportation systems, last-mile logistics, and modal shift to lower carbon transport modes, green packaging, and green warehousing.
28	The Strategy could clearly mention that the Bank's interventions are linked to national food and agricultural priorities.	Written	Reference to national food and agricultural priorities has been included in the final Agribusiness Strategy Document in Slide 22.
29	It is recommended that the EBRD engages in undertaking thorough national studies on food and agriculture and supports sector policy development.	Written	The EBRD engages in sector and sub-sector studies and policy dialogue in its countries of operations, also in conjunction with specific projects.
30	The draft Strategy states that population growth and rising incomes will increase food demand by 70 per cent over the next 30 years. The assumption is that if demand increases by 70 per cent, production will also have to increase by around 70 per cent. While it is acknowledged that in certain regions of the world such as sub-Saharan Africa and South Asia, food production needs to be increased. In EBRD countries of operation it appears that the challenge is to use food more wisely rather than increasing food production. There are several suggestions put forward mostly related to the promotion of behavioural changes, such as vegetarian diets, addressing food waste/loss and overconsumption.	Written	The agribusiness sector needs to meet higher food demand and shifting dietary requirements, while taking into account climate change, finite natural resources and social inclusion challenges. The Strategy recognises the need to support more efficient production of food (minimising losses and waste) and better nutrition/consumption.
31	The Strategy may need some rethinking to address material risks coming from agribusiness or risks for the agribusiness sector.	Written	The Strategy is based on a thorough analysis of the sector context and sets out how the Bank will contribute to address the remaining transition sector challenges in line with the EBRD mandate.

Inclusive value chains

N.	Comment	Venue	EBRD response
32	CSOs welcomed the integration of inclusion and governance as priority challenges for the EBRD work in the Agribusiness Sector and asked for details on how the EBRD intends to deliver on these strategic objectives.	Audio call	Transition impact is one of 3 key principles governing the EBRD's project activities. The concept underpins the design and evaluation of the Bank's investments and technical assistance projects. Inclusion and Well-Governed are two of the 6 transition Impact

			<p>qualities and are fully integrated in the EBRD Transition assessment process. Details can be found in Slide 16 of the Strategy.</p>
33	<p>It is noted that not all of the priorities highlighted in the “Focus Areas” of the draft Strategy have corresponding targets in the Performance Monitoring Framework (PMF). Several inclusion goals are mentioned in the strategy’s focus area, whereas the PMF mostly mentions the number of employees and the number of people trained as outcome targets.</p>	Audio call	<p>The Strategy and its related performance monitoring framework is closely interlinked with the Bank’s country strategies. Context Impact Indicators (Slides 35-41) have now been included in the Strategy. Additional country specific targets are set at the level of country strategies.</p>
34	<p>There is a hope that the Bank will continue supporting educational programmes for women.</p>	Kiev	<p>The EBRD has a dedicated team working on Gender and Inclusion, which develops technical assistance projects on an on-going basis in line with the EBRD mandate.</p>
35	<p>Representatives from the education sector expressed an interest in cooperating with the production sector through the EBRD.</p>	Kiev	<p>As part of the focus area on inclusive value chains, the Strategy highlights the importance of working with agribusiness companies and universities to improve vocational training opportunities, employment and skills in the sector.</p>
36	<p>In the agricultural sector in Ukraine, approximately 77 percent of the work force comes from the informal sector, with consequent significant risks and lack of social protection. Since 2001 the role of the large corporates in providing employment in agriculture decreased significantly, from 2 million in 2001 to 600,000 people in 2016. It is recommended to prioritise investments in SMEs for the promotion of employment in agriculture.</p>	Written	<p>The Strategy promotes Inclusive Value Chains and seeks to “facilitate employability, ensuring that key workers, especially women and young people, along the value chain have sufficient skills and encourages the adoption of new products and processes” (Slide 20). The EBRD supports SMEs through direct investments, credit lines and via tailored programs that can be accessed from the EBRD web site: http://smallbusiness-ebrd.com/our-priorities/</p>
37	<p>It is recommended that inclusion in the Strategy contains, but is not limited to, the value chains. It is suggested that the EBRD will carry out a proper social impact assessment and human rights due diligence. Special attention should be paid to enforce gender-sensitive due diligence To that purpose, it is suggested that gender equality and women’s economic empowerment will be targeted outcomes. It is also</p>		<p>Social and human rights due diligence is conducted in accordance with the requirements of the Environmental and Social Policy 2014. Screening of projects by the Bank’s Gender and Inclusion team is undertaken to identify opportunities for the Bank to work with clients and integrate gender and inclusion</p>

	recommended that there is inclusion of project affected people and community members through meaningful public consultations and participation in decision-making.		components into both direct activities and value chains.
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Innovative and affordable financing

N.	Comment	Venue	EBRD response
38	While on-lending through partner financial institutions (FI) is welcome, capacity building for FI is needed to effectively enhance access to credit for small farmers.	Kiev	The EBRD seeks to address these issues. For example the EBRD supported the introduction of tailored instruments -such as crop receipts – to facilitate access to credit for small farmers and engaged in capacity building to implement such schemes.
39	Both civil society organisations and business associations expressed interest in relation to EBRD activities in the area of land reform, land acquisition and related access to finance in Ukraine.	Kiev	Land reform is a complex and multi-layered issue. The EBRD organised a roundtable discussion in 2017 to seek different perspectives about the land reform in Ukraine. The EBRD is working with partners such as the World Bank and through its own technical cooperation projects to support Ukraine in land reform progress.
40	It is recommended that the implementation of environmental innovations for projects (e.g. energy and resource efficiency) and other technological improvements is aligned with tested and proven technologies that complement the strategic efforts by the state authorities.	Written	The EBRD requires and supports its clients to meet good international practice when undertaking projects e.g. the Best Available Techniques documents of the European Commission.
41	Considering the high interest rates applied for credit to SMEs due to the lack of collaterals, business associations advocated for the possibility to have access to subsidised loan rates.	Kiev	The EBRD has specialised programs for the financing of SMEs, such as the EBRD Small Business Impact Fund. More information is available on our website at http://smallbusiness-ebrd.com/our-fund/
42	It is expected that the EBRD will support state of the art technology for the cultivation and processing of soya and other beans. The adoption of state of the art technology is envisaged for the protection of crops against adverse climate consequences as well as for the reduction of greenhouse gas emissions.	Kiev	The list of sub-sectors entailed in the Strategy is not meant to be exhaustive and/or exclusive. The strategic objectives of the Bank will apply to all the sub-sectors of Agribusiness as per the EBRD portfolio. The Strategy supports both, climate adaptation and climate mitigation projects.

Improved business conduct and standards

N.	Comment	Venue	EBRD response
43	Support to institutional governance of private sector companies is an aspect that could be addressed more comprehensively in the Strategy. Previous experiences demonstrated some deficiencies in public consultation processes conducted by private sector clients.	Audio call	The Environmental and Social Policy (ESP), Performance Requirement 10, defines the standards to be met by the clients on information disclosure and stakeholder engagement. Whereby the client is not able to meet the standards, the EBRD provides support for compliance accordingly. The Public Information Policy (PIP) sets out how the EBRD discloses information and consults with its stakeholders so as to promote better awareness and understanding of its strategies, policies and operations.
44	In view of the Bank's enhanced engagement in Uzbekistan, concerns were expressed in terms of governance of agribusiness sector operators in the country. Policy dialogue and increased capacity of authorities are required as prerequisites for successful transition in the sector. Particular concern was raised in relation to the land 'optimisation' in Uzbekistan, whereby when farmers do not meet quotas three years in a row, land is then redistributed through a tendering process. Reportedly, such practice led to the reduction of fruit farmers in the Fergana region from approximately 14,000 in 2009 to approximately 7,000 in 2018.	Audio call/Written	The Strategy supports the EBRD's engagement in policy dialogue on reforms such as land governance, in line with EBRD's mandate. In 2014 the EBRD also launched the Investment Climate and Governance Initiative (ICGI) to support reform-minded governments and its corporate clients to increase transparency, good governance and healthy competition. The technical assistance instruments under the ICGI are available to those countries expressing an interest.
45	Some scepticism was expressed in relation to the deregulation process in the Agribusiness sector. While self-regulation can open up a sector, self-regulation on environmental standards can lead to suboptimal market choice. Lack of harmonization of Ukrainian regulatory and legal framework with EU standards was reported by associations.	Kiev	The Strategy supports the EBRD's engagement in public-private policy dialogue. Globally, the Legal Transition Team of the EBRD engages in technical assistance projects to support governments on legal reforms related to the business climate as per interest expressed by the beneficiary country, when in line with the EBRD's mandate. In accordance with the Bank's Environmental and Social Policy 2014, all projects financed by the Bank are structured so as to meet both national and EU standards on environment, health and safety.

46	Illegal use of pesticides represents a matter of concern, both for its environmental impact and the negative consequences on fair competition. There was an expectation that the EBRD could support the regulation and implementation of standards for use of chemical substances.	Kiev	The Strategy seeks to minimise the use of pollutants along the value chain under the Sustainable Agribusiness focus area of the Strategy (Slide 20). In addition, Performance Requirements 3 includes specific requirements on the safe use and management of hazardous substances and materials including pesticide use and management.
47	It is expected that the EBRD will encourage the registration of farmers for compliance, with national taxation and environmental standards as well as for opening up the possibility to farmers to benefit from governmental subsidies in the sector.	Kiev	The EBRD could support public-private dialogue to advance reforms in line with its mandate. Ultimately, it is the government's responsibility to implement national taxation and environmental standards.
48	Agreements and contracts between the EBRD and its clients should include a liability clause for compliance with the national regulatory framework on sustainable governance and good agricultural practice. It is recommended to mention measures and penalties for non-compliance in the Strategy.	Written	The EBRD Environmental and Social Policy apply across all the sectors of the Bank's investments. The EBRD supports its clients in meeting national compliance standards. In case of persistent non-compliance the EBRD may withdraw its investment.
49	The EBRD is requested to enhance transparency and disclosure of information on sustainability impacts of sub-projects financed via financial intermediaries.	Kiev/ Written	The EBRD Environmental and Social Policy (ESP), Performance Requirement 9, provides the standards for information disclosure on environmental and social matters for investments through financial intermediaries. Specific suggestions on how the EBRD could improve this performance requirement are welcome during the revision of the ESP and PIP scheduled for the first half of 2019.
50	Animal welfare in industrial farming represents a major area of advocacy for CSOs. In particular, intensification of animal husbandry and lack of comprehensive legislation in relation to animal welfare in many of the EBRD's countries of operations represent matters of concern.	Audio call/ Kiev	The Strategy aims at promoting animal welfare standards in line with national regulatory requirements, relevant EU animal welfare standards and good international standards, as per the EBRD Environmental and Social Policy.
51	Previous experience in Ukraine demonstrates concerns in relation to the capacity of local authorities in rural areas to ensure long-term interests of their communities and space for public participation in land governance. The corporate social responsibility projects	Written	The Strategy supports the EBRD engagement in policy dialogue on reforms - such as land governance-- in the EBRD's countries of operation, according to the EBRD mandate.

	proposed at times by the agro-holdings cannot substitute the functions and the responsibilities of the local authorities. It is recommended that the new strategy includes a focus on institutional governance and related policy dialogue measures.		The EBRD supports improvements on institutional governance and related policy dialogue measures in the context of its <u>Investment Climate and Governance Initiative</u> . For more information please visit https://www.ebrd.com/what-we-do/sectors-and-topics/ebd-icg-initiative.html
52	It is encouraged that the EBRD conducts comprehensive assessments of corporate clients to ensure standards and related improvements of corporate governance. It is expected that the EBRD could further leverage on its role to improve corporate governance by assessing in a holistic way the impact of its investments. Concerns were expressed on the Bank' previous engagement with clients controlling all aspects of production but for which environmental and social impact appraisals were conducted only as separate elements and not taking into consideration the cumulative impact of the investments (e.g. investments in MHP in Ukraine).	Written	Environmental and social impacts are assessed in light of the project to be financed, its nature and scale and the level of the associated environmental and social impacts. Key to this approach is the Bank's definition of a "project", which refers to the defined set of business activities for which EBRD financing is sought by a client.
53	The Performance Monitoring Framework (PMF) is focussed on emissions reductions (green) and employment (inclusive). It is suggested that the PMF is enhanced to better reflect support to transition in the agricultural sector.	Written	Context impact indicators, which better reflect the agricultural sector are now included in the Strategy (Slides 35-41). The Strategy and its related performance monitoring framework is closely interlinked with the Bank's country strategies. Additional country specific targets are set at the level of country strategies.
54	It is suggested that the EBRD start conducting comprehensive sustainability assessments, especially for its corporate clients, which would look at issues such as agricultural biodiversity assessment, preservation of crop varieties and animal breeds along with product life-cycle assessments, land concentration risks and employment impact on women and youth.	Written	The EBRD Environmental and Social Policy (ESP) outlines how the Bank will address the environmental and social impacts of its projects by: defining the respective roles and responsibilities of both EBRD and its clients in designing, implementing and operating projects in line with this Policy and the Performance Requirements; setting a strategic goal to promote projects with high environmental and social benefits; mainstreaming environmental and social sustainability considerations into all its activities. The ESP will be

			reviewed during the first half of 2019.
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Engagement and Partnership

N.	Comment	Venue	EBRD response
55	There was an interest in having more clarity on the EBRD's main external partners in the Agribusiness Sector.	Audio call	The EBRD engages with a wide number of external partners, including most prominently the Food and Agricultural Organisation (FAO), the International Fund for Agricultural Development (IFAD), the World Bank as well as a number of business associations at country level.
56	It was recommended to engage with civil society organisations at the local level to ensure the sustainability of projects.	Audio call	The EBRD engages with civil society organisations across a broad spectrum of investment and policy dialogue initiatives. At a local level, the Bank mostly engages in the context of the Country Strategies consultations according to the thematic priorities or specific projects of interest to civil society.
57	Some uncertainty was expressed in relation to the Bank's approach to consultation on sectoral strategies. According to CSOs there is no predictability in terms of how the Bank engages, including the extent of outreach, translation of draft strategies in other languages other than English, etc.	Audio call	The Bank consults on sectoral strategies according to the requirements set by the EBRD Public Information Policy. The Policy is expected to be reviewed in early 2019. So far the Bank has been adapting its consultation efforts according to the type of sectoral strategy and which countries are most relevant for the strategy.
58	More effective mechanisms for dialogue with civil society are recommended to be implemented at local level. In particular, attendance of EBRD staff to events organised by civil society organisations and relevant to the EBRD portfolio is sought.	Written	The EBRD Civil Society Engagement Unit is composed of 5 dedicated staff members located in London and covering all the 38 countries where the EBRD operates. While some outreach at local level is conducted by Resident Offices, it may not always be possible to engage with civil society on an on-going basis at local level.
59	The timing of the public consultation period was not considered as adequate to provide	Written	The EBRD Public Information Policy (PIP) requires that sectoral

	<p>meaningful comments and ensure internal consultations among network/umbrella organisations. An extended timeline for public consultations is recommended for sector strategies critically important for countries of operations both at socio-economic and environmental level.</p>	<p>strategies are posted for 45 calendar days for public consultation. Being aware of the opening of the public consultation during the summer period, the EBRD extended the public consultation for the Strategy by an extra week, from 4 September until 10 September in 2018. The PIP is due for revision during the first half of 2019; the recommendation has been shared with the Office of the Secretary General in charge of the revision of the PIP.</p>
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Country specific comments

N.	Comment	Venue	EBRD response
60	<p>The priority to scale-up investments for increasing agricultural productivity and export is not perceived as economically, socially and environmentally viable in Ukraine. The focus on increased productivity mostly benefits large corporates and not rural SMEs. It is suggested for Ukraine to have a wording similar for the strategies for Poland (promote green technology and business standards and spur innovation in the agri-food sector), Turkey (promote sustainability and inclusion in agrifood value chains), and Georgia (improve food safety and quality standards for local end export markets).</p>	Written	<p>The Strategy sets out how the Bank will support the sector in all countries of operations. The Strategy encompasses 6 focus areas: 1. Enhanced productivity and value addition; 2. Sustainable agribusiness; 3. Inclusive value chains; 4. Strengthened market links; 5. Innovative and affordable financing; and 6. Improved business conduct and standards. The focus areas correspond to the EBRD's Transition Impact Qualities. Country specific approaches are defined as part of Country Strategies.</p>
61	<p>Looking at the interlinkage between the country strategy and the draft Agribusiness Sector Strategy, it is noted that not all of the 6 priorities of the Agribusiness Strategy are reflected in the country strategy for Ukraine.</p>	Kiev	<p>Sectoral strategies cover all the investments and policy dialogue initiatives related to the sector, in EBRD countries of operations. Country strategies reflect the priority at country level.</p>
62	<p>The institutional governance of the agribusiness sector in Ukraine is considered limited in view of the one year budget cycle constraints. Business associations expressed expectations on the EBRD role in supporting the overall institutional governance of the sector.</p>	Kiev	<p>The EBRD supports the policy dialogue and good governance in its countries of operations, in line with its mandate. Ultimately, the EBRD can support policy dialogue initiatives where requested by the relevant authority. The EBRD also extensively engages with its partners and private sector clients</p>

			in promoting best international practices.
63	An export credit agency was established in Ukraine and funds had been allocated. However, due to the lack of clear procedures the Agency is not operational. The EBRD was asked to address this issue.	Kiev	The EBRD, through the Strategy, will support the private sector's export development efforts in line with best international practices. The EBRD can provide export financing and technical assistance to private sector actors in its countries of operations. For example in Ukraine the Bank is supporting the Ukrainian Agricultural and Food Export Secretariat. The EBRD can provide support to governmental authorities for the enhancement of a well-governed agribusiness sector upon request of the relevant authority.
64	There was an expectation for the EBRD to support local meat, milk and dairy production with preferential loans and technical assistance projects	Kiev	The EBRD is interested in cooperation in sub-sectors that are economically viable, based on sound banking principles and commercial terms, environmentally and socially sustainable, compliant with national legislation and in line with the EBRD's mandate.
65	The EBRD has predominantly invested in agri-holdings in Ukraine, such as MHP, Astarta, Nibulon, Kernel Group, Mriya, which are companies owned by some of the country's wealthiest businessmen, including politically exposed persons. It is felt that the image of 'success' of these large-scale agricultural producers overshadows the long-term challenges of the sector as well as the social and environmental impacts and opportunities.	Written	The EBRD strives for a sector development which includes all actors along the agribusiness value chain. Through a value chain approach, the EBRD directly supports large and small agribusiness companies. In addition the EBRD reaches out to SMEs and small and medium farmers through credit lines and risk sharing facilities made available via local partner banks.

Implementation of the previous Strategy

N.	Comment	Venue	EBRD response
66	Regarding the EBRD approved funding for a major dairy producer in Egypt (Project n. 46631), an update is requested on farm standards on livestock management and animal welfare.	Written	The environmental and social performance of all EBRD projects is closely monitored throughout the investment cycle. In the case of Category A projects, the environmental sections of the PSDs will be reviewed annually and

			updated as appropriate. While some additional information can be disclosed upon request, other information on operational performance may be considered confidential and therefore not for public disclosure. The EBRD remains open for specific queries from civil society organisations by email at csso@ebrd.com .
67	Regarding the EBRD loan to FoodMaster in Kazakhstan (Project n. 427263), an update is requested for the status of the project in relation to (a) the development of a written Animal Welfare Policy; (b) the appointment and training of dedicated animal welfare officers; (c) changes to the space and flooring provided to cows, and improvements to ventilation and water provision; (d) status of the aged buildings and infrastructure where the Company operates.	Written	The environmental and social performance of all EBRD projects is closely monitored throughout the investment cycle. In the case of Category A projects, the environmental sections of the PSDs will be reviewed annually and updated as appropriate. While some additional information can be disclosed upon request, other information on operational performance may be considered confidential and therefore not for public disclosure.
68	Regarding the EBRD investment in an industrial milk company in Ukraine (Project n.48138), an update is requested on the Client's compliance with applicable EU Directives, including insufficient freedom of movement and shelters to protect animals from weather conditions.	Written	The environmental and social performance of all EBRD projects is closely monitored throughout the investment cycle. In the case of Category A projects, the environmental sections of the PSDs will be reviewed annually and updated as appropriate. Other information on operational performance is considered confidential and will not be publicly released.
69	Regarding the loan to KIPF Equity Investment in Kazakhstan (Project N. 47540), the EBRD is requested to comment on the reasons why the Environmental and Social Action Plan does not make use of a density of 42kg/m ² subject to fulfilment of the Annex V of the EU Broilers Directive (2007/43).	Written	The environmental and social performance of all EBRD projects is closely monitored throughout the investment cycle. In the case of Category A projects, the environmental sections of the PSDs will be reviewed annually and updated as appropriate. Other information on operational performance is considered confidential and will not be publicly released.

70	<p>The draft Strategy in describing the 2010-2017 project-level experience does not provide the indication of what changes should be expected in the Bank’s financing portfolio. It is expected that differences and added value of the new Strategy will be more comprehensively reflected.</p>	<p>The Strategy sets out how the Bank will support the sector in all countries of operations. The Strategy encompasses 6 focus areas: 1. Enhanced productivity and value addition; 2. Sustainable agribusiness; 3. Inclusive value chains; 3. Strengthened market links; 4. Innovative and affordable financing; and 5. Improved business conduct and standards (page 20-21) The focus areas correspond to the EBRD’s Transition Impact Qualities. The evolution of EBRD’s sector focus – encompassing past and planned engagements- is summarised at page 18 of the Strategy.</p>
71	<p>Multiple concerns were expressed in relation to EBRD investments related to significant land acquisitions and land concentration:</p> <ul style="list-style-type: none"> - MHP (till 2017 Luxembourg, since Dec 2017 Cyprus) in Ukraine with a total of 10,000 ha of agricultural land; - NCH Capital Inc (USA) Farming, it is reported that due to the set of investments from IFIs it has collected 280,000 ha in the Russian Federation and 430,000 ha in Ukraine. - Astarta Holding NV (The Netherlands) with a total of 260,000 ha of agricultural land. Reportedly Astarta released the capital for purchasing the assets with agricultural land due to the loan from the EBRD <p>According to estimates the size of land acquired in recent years due to EBRD financing amount to 81,000 ha. The top 5 Ukrainian agro-holdings, which regularly receive EBRD financing control around 2,2mln ha of agricultural land, while 32,000 officially registered small and medium farmers own around 4mln of land.</p> <p>It is recommended that the new Strategy define the EBRD approach to land acquisition and concentration.</p>	<p>The Agribusiness Sector Strategy recognises that land reform and related land acquisitions are a complex and multi-layered issue, specific to each country where the EBRD operates. The land reform in Ukraine requires a long-term engagement by all relevant stakeholders that encompasses the 5 year tenure of the EBRD Strategy. The EBRD is closely following the developments and engages according to its mandate and in the context of the Country Strategy. For instance, the EBRD organised a roundtable discussion in 2017 to seek different perspectives about the land reform in Ukraine. The EBRD is working with partners such as the World Bank and through its own technical cooperation projects to support Ukraine in its land reform process.</p> <p>It should also be noted that land acquisition issues are also dealt with through Performance Requirement 5 on “Land Acquisition, Involuntary Resettlement and Economic Displacement”. This PR sets out the requirements where a project</p>

			results in full, partial, permanent or temporary physical or economic displacement.
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