The EBRD and food security

The war on Ukraine had a severe impact on food supply chains across the EBRD regions, leading to an immediate increase in food prices and market volatility and posing a major threat to food security.

Already a major priority in its regions, addressing the food security challenge was a key element of the EBRD's Ukraine crisis response. It tackled both supply- and demand-side issues. The Bank's trade finance programmes played a crucial role.

One of the world's largest exporters of grain, Ukraine needed fast support across the whole agricultural spectrum. The Bank provided help for the primary farming sector in the sowing and harvesting seasons, as well as for retailers and exporters.

On the other side of the equation, economies in the EBRD's southern and eastern Mediterranean (SEMED) region, some of the world's largest importers of cereals, were immediately affected by supply-chain interruptions and rising prices.

The Bank responded with a programme of finance as well as technical support.

To boost food security in its regions, the EBRD invests across the entire food value chain, from farming and processing to logistics and retail. Improving infrastructure and trade links is especially vital for targeting investment bottlenecks. In total, the EBRD invested €874 million in agribusiness projects across its regions in 2022.

In its Ukraine response, the EBRD threw its weight behind the European Union's Solidarity Lanes action plan to facilitate the export and import of Ukrainian grains and other goods, with a pledge to invest €300 million in the programme to support both the Ukrainian economy and access to food for those countries that rely on Ukrainian exports.

In Ukraine, the Bank provided direct loans to food companies, while a series of risk-sharing agreements enhanced the ability of banking partners to provide much-needed finance to companies operating in critical agribusiness sectors.

The EBRD's TFP supported more than 400 transactions, for a total of over €1 billion of foreign trade in the agribusiness and foods sector across all regions in 2022.

This support covered the commercial and political risks of trade, ranging from importing agricultural machinery from Italy for grain storage facilities in Ukraine to importing fertiliser to Ukraine from the Czech Republic. Other TFP transactions included the provision of finance for the first Egyptian imports of Ukrainian grain after a blockade on Ukrainian ports was lifted.

Amid the continuing Russian onslaught on Ukraine, the Bank launched AgriAcademy, a free-to-use online learning platform for more than 10,000 employees in Ukrainian agricultural and food companies of all sizes.

The food security challenge in SEMED economies was particularly acute, as the region is so dependent on imports of grain and wheat. Tunisia, for example, relies on foreign markets for two-thirds of its wheat and barley needs, and it was here that the Bank launched its initial programme of support for food security in SEMED under the Ukrainian response plan.

The EBRD's €150.5 million loan to Tunisia's state-owned Office des Céréales (ODC) funded imports of soft wheat, durum wheat and barley, corresponding to some 15 per cent of Tunisia's annual consumption.

The support for a state-run enterprise represented a shift in the traditional private-sector focus of the EBRD's agribusiness investments, reflecting the importance of the public sector in SEMED economies when it comes to food imports and security. The public sector's pivotal role in the industry made it an indispensable partner in a time of crisis.

In addition to the financial element of the ODC project, the Bank provided technical support to address weaknesses in the grains sector. This also aimed to promote the progressive liberalisation of grain imports and guide the reform of ODC towards commercialisation, assisting it with operational efficiency, corporate governance practices and standards improvements.

More generally, across the whole SEMED region, the EBRD, in close cooperation with other international financial institutions and donors, sought to provide critical emergency financial support to governments to address the emerging food security challenges.

The Bank is also partnering with the Food and Agriculture Organization of the United Nations to provide technical assistance and policy dialogue support with a view to enhancing the role of the private sector in the grain and oilseed supply chains in the longer term.

Trade finance support in the food and agribusiness sector in the SEMED region, alone, amounted to more than €600 million in 2022, with €280 million going to Egypt and €297 million to Morocco.

Food security case studies

Food-security loan helping to ensure flow of grain to Tunisia

The EBRD helped a major grain importer in Tunisia maintain international purchases as the war on Ukraine disrupted trade flows. A €150.5 million loan to the ODC funded imports of soft wheat, durum wheat and barley, corresponding to some 15 per cent of Tunisia's annual consumption. It also supported reforms to the grain sector.

Joining Raiffeisen Bank to support yeast producer Enzym

The Bank teamed up with Raiffeisen Bank through an EBRD risk-sharing facility to back a working-capital loan to Enzym, Ukraine's leading baker's yeast producer. The loan is helping Enzym, which supplies more than 50 per cent of all yeast for bread production in Ukraine, to maintain production levels for the 2022 and 2023 seasons.

Helping SMEs affected by the Ukraine war, addressing food security

A €10 million loan to Bank Lviv under the Resilience and Livelihood Framework targeted Ukrainian small and medium-sized enterprises (SMEs) suffering from the shocks of war, through on-lending to firms involved in food security and companies that had been forced to relocate their business to the western part of the country.

Securing food supplies in Ukraine with a loan to MHP

A €24 million loan to agribusiness group MHP helped secure the continued supply of food in Ukraine despite the Russian invasion. The financing provided working capital to back MHP's crop-farming operations, helping to maintain supply chains and safeguard livelihoods.

Securing lending to Ukrainian food producers with bank guarantees

The EBRD helped ensure supplies of food for the people of Ukraine by issuing risk-sharing instruments that boosted local financing for companies engaged in producing, processing, transporting or importing food. The Bank covered €30 million of a total €53.3 million of this lending by ProCredit Bank, OTP Bank Ukraine and OTP Leasing.

€20 million for lending to Romanian farmers to enhance food security

The EBRD extended a €20 million loan to agricultural lender Agricover Credit to increase food security and production in Romania and beyond. The financing provided loans to farmers to finance investment and working-capital needs as part of the EBRD's response to support countries and companies affected by the war on Ukraine.

Partnering with banks to safeguard lending to Ukrainian food producers

The EBRD signed risk-sharing agreements with Raiffeisen Bank and Ukrsibbank BNP Paribas to back loans to support the operations of Astarta, the major Ukrainian agricultural and food processing company. The financing helped Astarta prepare for a successful crop-farming season, despite the major constraints of the Russian invasion.