

The European Bank for Reconstruction and Development Financial Instruments in Agribusiness

Second European *fi-compass* conference on financial
instruments under the European Agricultural Fund for
Rural Development

25 November 2016



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1. EBRD Overview



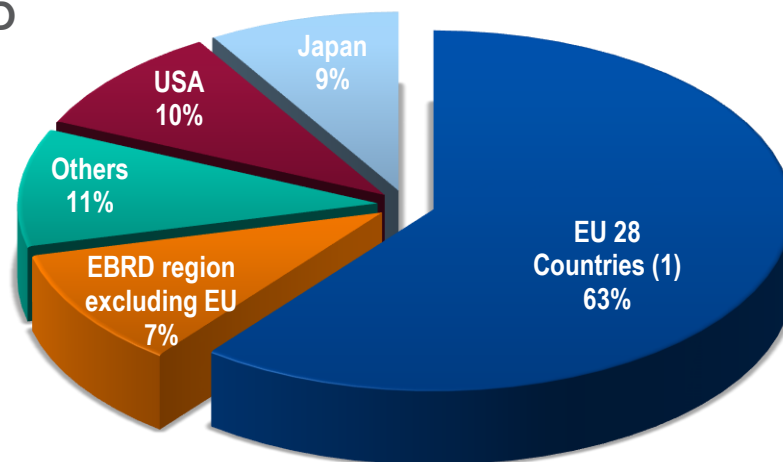
1.1. What is EBRD?



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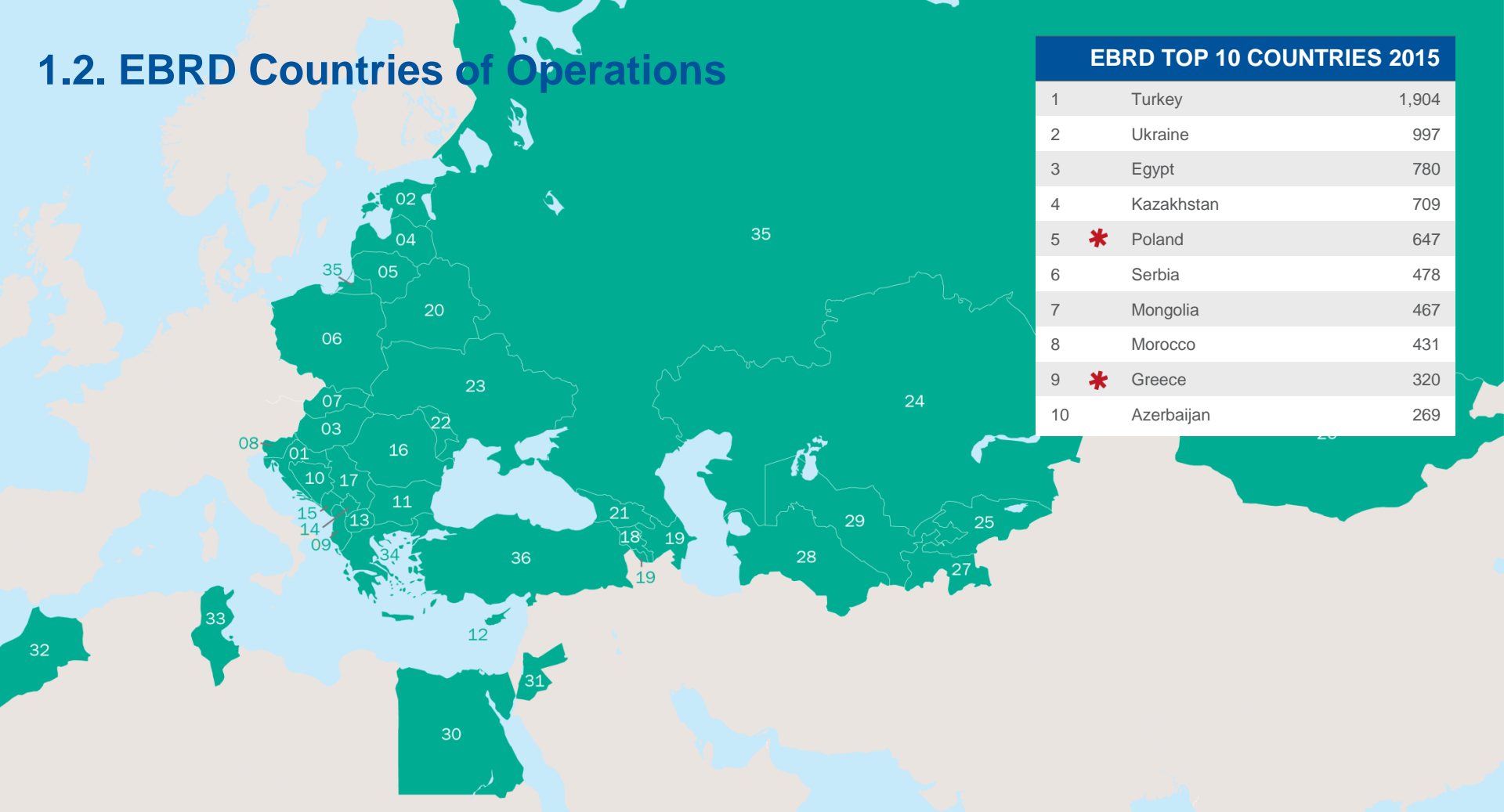
- An international financial institution, with the mandate to promote transition to modern and well-functioning markets in 36 countries from Central and Eastern Europe, Caucasus, Central Asia and the Southern and Eastern Mediterranean – SEMED region.
- Owned by 65 countries and 2 inter-governmental institutions (EU, EIB).
- Capital base of €30 billion.
- Highest credit rating (AAA/Aaa) from all three main rating agencies (S&P, Moody's and Fitch)
- In January 2016, China became the EBRD's 67th shareholder

Shareholding structure



(1) Includes European Community and European Investment Bank (EIB) each at 3%.
Among other EU countries: France, Germany, Italy, and the UK each holds 8.6%

1.2. EBRD Countries of Operations



EBRD TOP 10 COUNTRIES 2015		
1	Turkey	1,904
2	Ukraine	997
3	Egypt	780
4	Kazakhstan	709
5	* Poland	647
6	Serbia	478
7	Mongolia	467
8	Morocco	431
9	* Greece	320
10	Azerbaijan	269

WHERE WE INVEST

Central Europe and the Baltic states

- *01 Croatia
- *02 Estonia
- *03 Hungary
- *04 Latvia
- *05 Lithuania
- *06 Poland
- *07 Slovak Republic
- *08 Slovenia

South-eastern Europe

- 09 Albania
- 10 Bosnia and Herzegovina
- *11 Bulgaria
- *12 Cyprus
- 13 FYR Macedonia
- 14 Kosovo
- 15 Montenegro
- *16 Romania
- 17 Serbia

Eastern Europe and the Caucasus

- 18 Armenia
- 19 Azerbaijan
- 20 Belarus
- 21 Georgia
- 22 Moldova
- 23 Ukraine

Central Asia

- 24 Kazakhstan
- 25 Kyrgyz Republic
- 26 Mongolia
- 27 Tajikistan
- 28 Turkmenistan
- 29 Uzbekistan

Southern and eastern Mediterranean

- 30 Egypt
- 31 Jordan
- 32 Morocco
- 33 Tunisia

- *34 Greece
- 35 Russia
- 36 Turkey

1.3. EBRD operations/investments (1/2)



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Since 1991, EBRD invested over €110 billion in around 4,577 projects across private and public sectors in its countries of operations

In 2015: €9.4 billion / 381 projects

- Private sector accounted for 70% share
- Debt 82%, Equity 14% & Guarantee 4%



Types of Products

- Direct investments
 - ✓ Loans
 - ✓ Equity
- Credit lines to banks
- Technical Cooperation (TC)
- Combination of credit lines and TC
- Policy reform advocacy and advisory



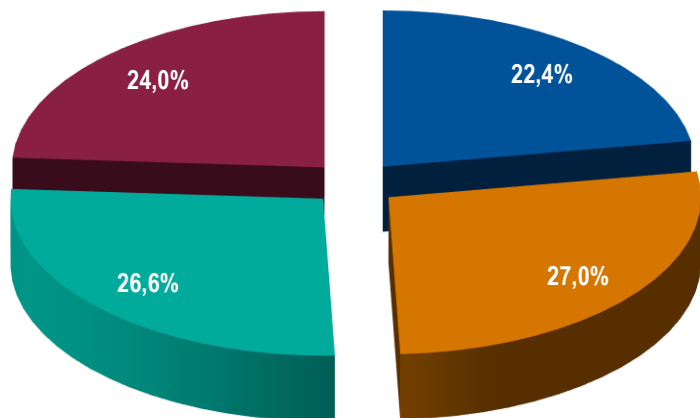
Objectives

- To promote transition to modern and well-functioning markets by investing both in the private and public sectors
- To support private sector development, privatisation and enterprise restructuring
- To improve competitiveness and promote innovation and to enhance energy and resource efficiency
- To encourage environmentally sound and sustainable development
- To support better infrastructure services to improve people's lives and conditions for private sector development
- To mobilise foreign direct investment

1.3. EBRD investments (2/2)

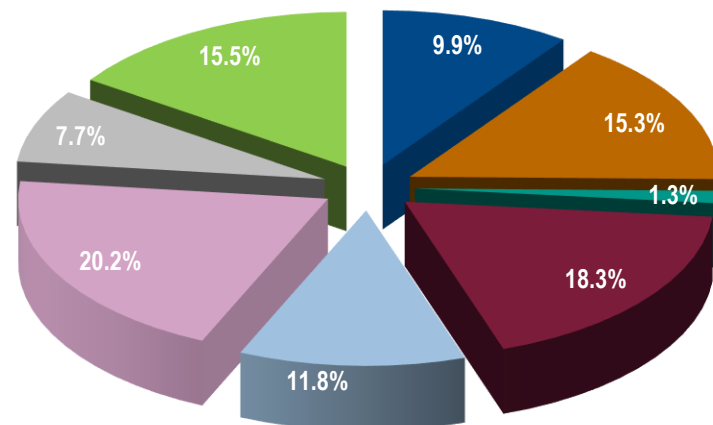
Portfolio distribution by sector and region EBRD Portfolio (30 July 2016): € 40,770 million

Sector



- Financial Institutions 22.4% (Bank lending, Bank equity, Small business finance, Insurance and Financial services)
- Corporate 27% (Manufacturing/Services, Agribusiness, Equity funds, Property & Tourism, Information & Communication technology)
- Infrastructure 26.6% (Municipal & Environmental infrastructure, Transport)
- Energy 24% (Power & Energy, natural resources)

Region



- Central Asia 9.9%
- Central Europe & Baltics 15.3%
- Cyprus & Greece 1.3%
- Eastern Europe & Caucasus 18.3%
- Russia 11.8%
- South-Eastern Europe 20.2%
- Southern Eastern Mediterranean 7.7%
- Turkey 15.5%

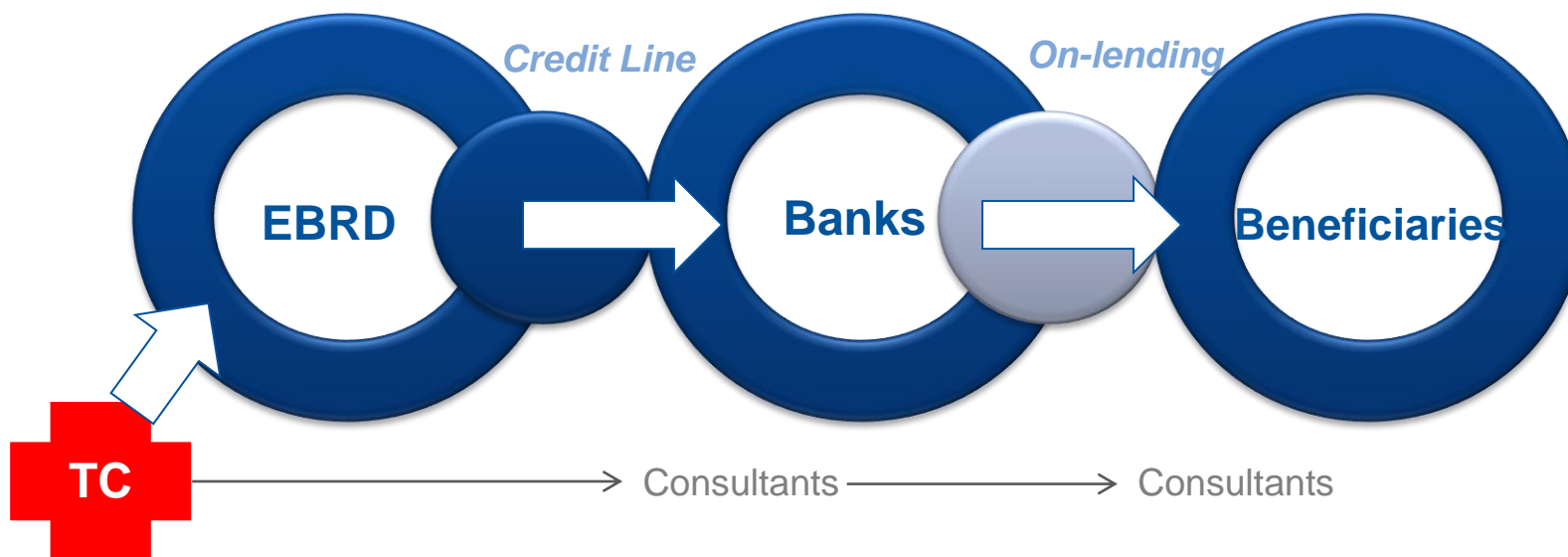
Note: unaudited as at 30 July 2016

1.4. EBRD financial instruments

EBRD implements blended facilities combining financing with technical support to a wide range of beneficiaries in the following main areas:

- SMEs
- Energy Efficiency for SMEs and the Residential sector
- Agribusiness
- Municipal Infrastructure

Typical Instrument of the EBRD





2. EBRD in the EU-12 countries

- | | | | |
|----|----------|-----|-----------------|
| 1. | Bulgaria | 7. | Latvia |
| 2. | Croatia | 8. | Lithuania |
| 3. | Cyprus | 9. | Poland |
| 4. | Estonia | 10. | Romania |
| 5. | Greece | 11. | Slovak Republic |
| 6. | Hungary | 12. | Slovenia |



2.1. EBRD in EU-12: at a glance

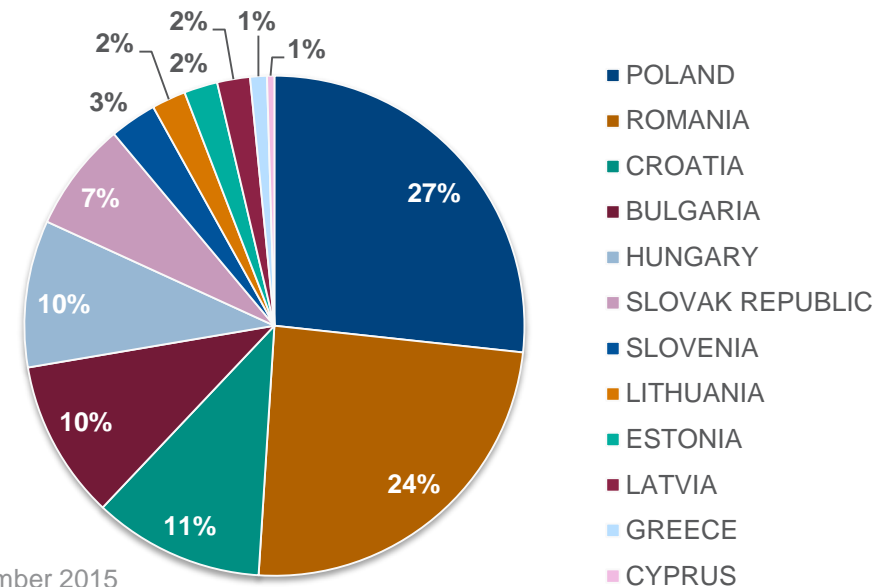
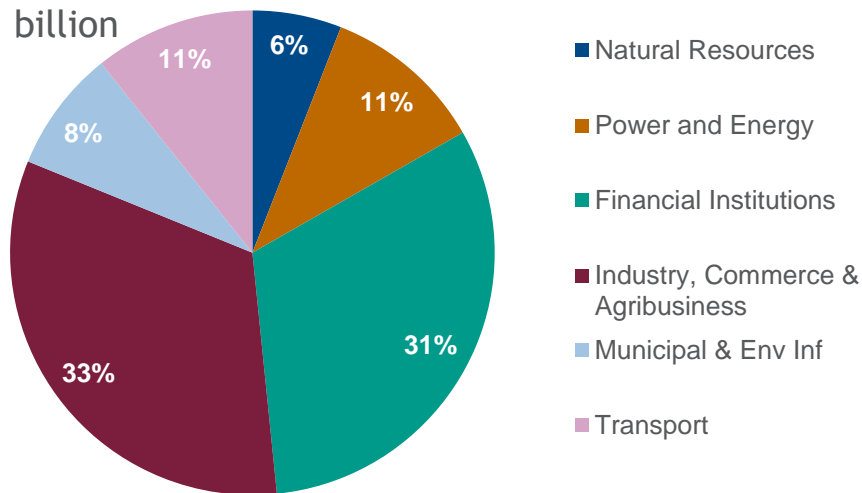


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Cumulative Investments by Sector

Cumulative Investments by Country

□ Total cumulative EBRD investments : EUR 30 billion



Note: as at 31 December 2015

□ Total cumulative EBRD investments : EUR 30 billion

2.2. EU-12: Strategic priorities



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- Enhance private sector competitiveness through targeted investment, improved efficiency and innovation
- Broaden financial intermediation, including through capital markets development and NPL resolution
- Enhance energy security and sustainability, supporting sector reform, promoting energy efficiency and renewable energy
- Improve connectivity and regional integration by expanding cross-border transport and energy links.
- Reduce regional disparities and narrow the infrastructure gap through commercialisation, reform and efficiency

Let's work together to promote Financial Instruments

- We are working closely with the EC and EIB to enhance complementarities in implementing FIs under EU central mandates or ESIF at national level
- EBRD under the Common Provision Regulation can be directly appointed to implement FIs and has been assessed/certified under the 7 pillars of the EU Financial Regulation

2.3. EBRD and the EU Funds (1/2)

The EBRD is *a trusted, strategic partner of the EU.*

The Bank is working closely with the EC, EIB and national authorities to:

- Leverage amounts from central and nationally-managed funding initiatives (Horizon 2020, ESIF, EFSI etc)
- Implement EBRD's well tested Financial Instruments by blending EBRD and EU funds
- Promote the combination of financing products with technical support especially in fields such as energy efficiency and agri-business where the use of financial instruments and banking appetite may be more limited

The aim is to use the EBRD experience in our countries of operation to advise managing authorities on setting up financial instruments and manage their implementation in complementarity with the EIB group and national promotional banks/agencies.

2.3. EBRD and the EU Funds (2/2)

A number of initiatives have already been undertaken, for instance in the following countries:

Bulgaria

- Advisory to set up the Fund of Funds for Financial Instruments under ESIF
- Currently in discussions related to the management of the FIs under the Water and Waste windows of the FoF

Lithuania

- Advisory to the Fund of Funds manager to implement equity instruments for SMEs with ESIF

Cyprus

- In discussions to implement a Small Business Support Programme with ESIF
- In discussions to implement an Energy Efficiency facility combining credit lines with advisory to intermediary banks and beneficiaries



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3. EBRD's Agribusiness facilities



3.1. Agribusiness at the EBRD



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€10bn
invested through
577 projects
since 1991

Active portfolio
of 226 projects
or €3.4 billion

2015:
€770 million
invested through
51 projects
in 24 countries

3.2. Agribusiness operations overview (1/2)

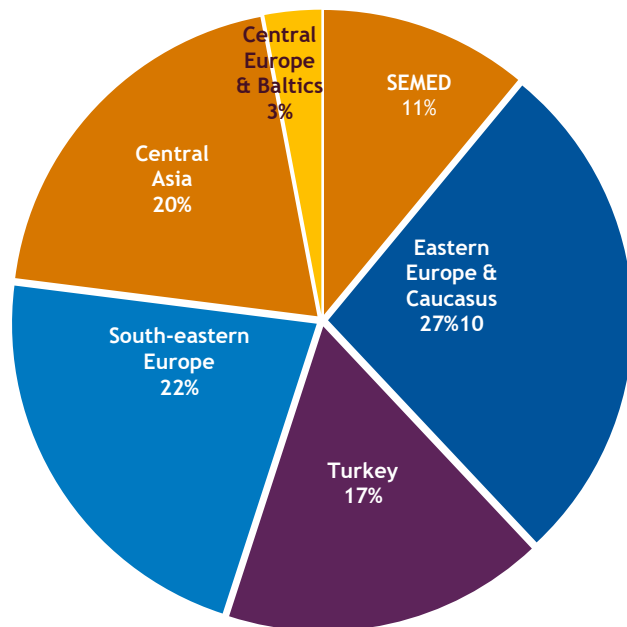


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Strategic priorities/investment areas / opportunities

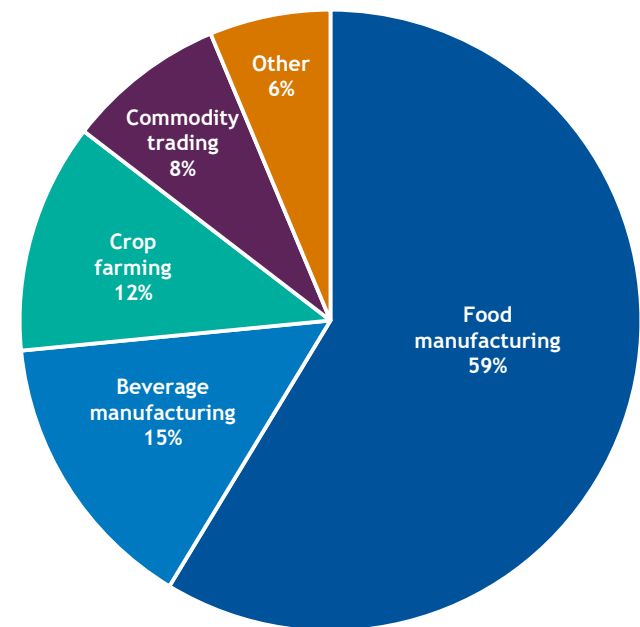
- Commodity trading
- Crop farming
- Food Manufacturing
- Beverage manufacturing
- Support Activities for Crops (seeds, fertilizer manufacturing, distribution)
- Agricultural equipment (purchase, leasing)
- Wholesale Trade - non-durable goods

Portfolio by region



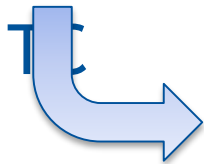
Note: as at 31 December 2015

Portfolio by sub sector



What we do:

- Direct financing for companies (e.g. farms, cooperatives as well as food manufacturing companies)
- Client advisory support
- Focused policy dialogue with authorities to improve legislation
- Facilities at national level combining credit lines and



The end product is a loan combined with advisory support to farms / beneficiaries

3.3. Agribusiness: selected clients and partners



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Schwarz Group





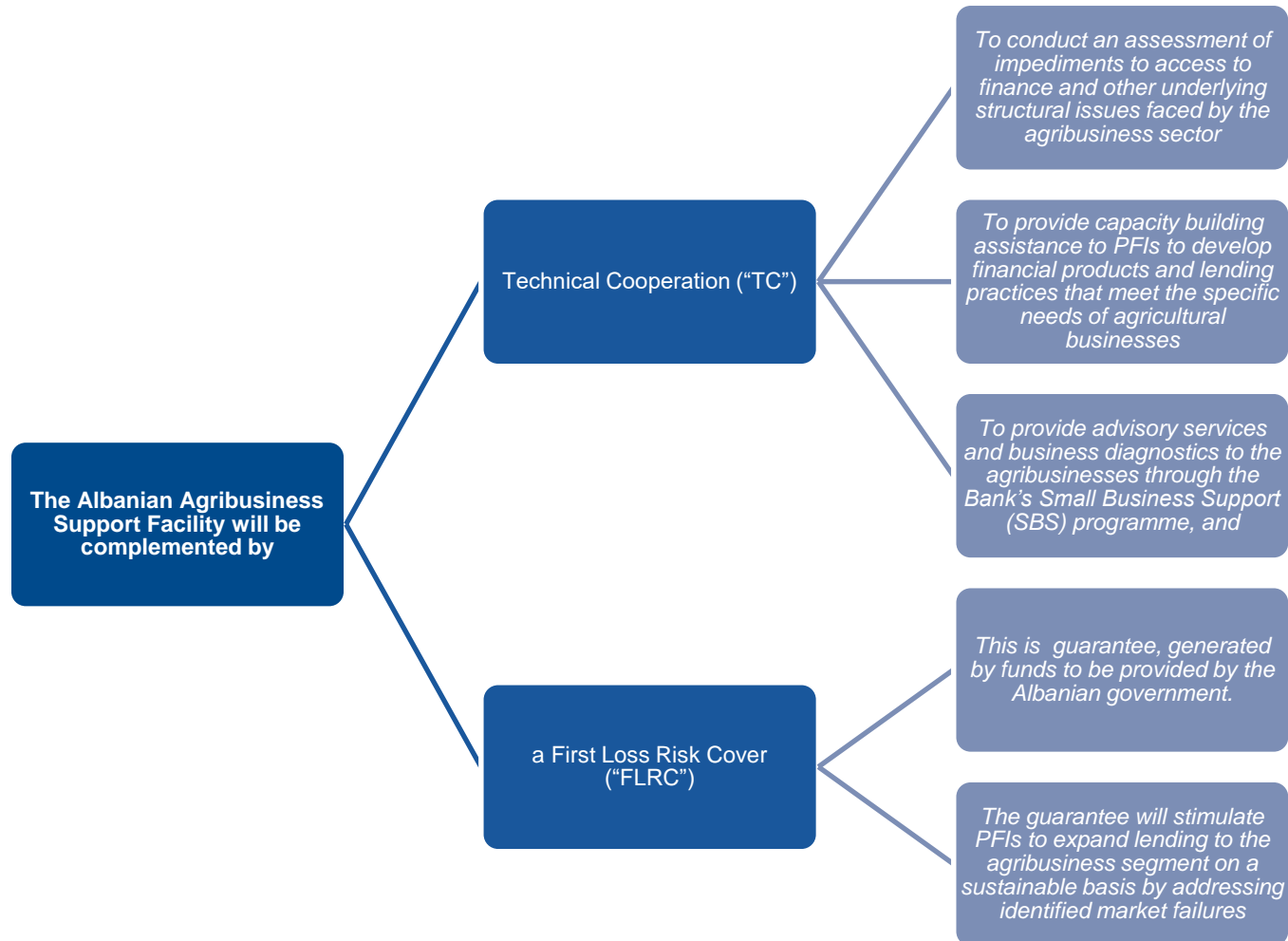
3.4. The Albanian Agribusiness Support Facility (AASF) (1/3)

The recently launched **Albanian Agribusiness Support Facility** (the “**Facility**” or “**AASF**”) is the unfunded risk-sharing facility on a portfolio basis. A new instrument for the EBRD, it is designed to share the risks and rewards of a well-defined agribusiness loan portfolio which is ring-fenced from the other assets of each intermediary / participating financial institution (“PFI”) through a predetermined set of eligibility criteria.

The Facility:

- Provides agribusiness risk-sharing facilities and agribusiness credit lines of up to EUR 100 million to intermediaries / PFIs for on-lending to agribusinesses in Albania
- Promotes an enhanced access to finance for agribusinesses in Albania by addressing the financing gap as one of the main challenges for the sector’s development

3.4. The Albanian Agribusiness Support Facility (AASF) (2/3)



3.4. The Albanian Agribusiness Support Facility (AASF) (3/3)



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EBRD has contracted a consulting company to perform the preparatory work to design the Agribusiness sector specific TC. This technical note presents the main outcomes of such analysis, including the following (this is the equivalent of the Ex-ante assessments under ESIF):

- i) Analysis of the supply and value chains deemed as priorities by EBRD/Albanian Government
- ii) Identification of key bottlenecks and constraints
- iii) Analysis of past and present experiences in providing TC to the same sub-sectors and to agribusiness in general and
- iv) Recommendations for the content of sector specific TC to be provided to agribusiness clients.



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