

# Agribusiness Sustainable Investment Facility



European Bank  
for Reconstruction and Development

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Capital investments into energy efficient and environmentally sustainable operations can increase the resilience, profitability and environmental credentials of agricultural businesses. To help companies in the region to capture these commercial benefits the EBRD has created the Agribusiness Sustainable Investment Facility (ASIF), a financing facility to fund a wide range of energy efficiency, environmental and social projects within the agribusiness sector.

ASIF was launched in 2010 and builds on the Bank's wide experience in sustainable energy investment. The Bank has committed more than €6.1 billion in sustainable energy investments, of which almost €200 million has been in the agribusiness sector.

Since its launch ASIF has evolved to fund not only energy efficiency measures but also resource efficiency such as projects to utilise waste produce in manufacturing processes and to maximise water use.

## Why invest in sustainability?

By being more sustainable, companies can become more productive, enter new export markets and increase their market value. Improved sustainability can:

- ▶ increase profitability by reducing energy costs
- ▶ increase resilience by reducing reliance on volatile raw materials/commodities
- ▶ improve environmental and social performance.

## How the facility works

1. Initially, the Bank arranges a free technical audit of a company's operations, analysing energy, environmental and social performance and identifying opportunities for improvements and investment.
2. There are no investment size limits for the Bank's investment. However "sustainable investments" must account for at least 50 per cent of the project. The remainder can be used to meet other priorities, such as working capital.
3. Where financing is needed, the Bank will lend or invest on commercial terms; but it can meet certain legal and financial costs normally borne by the client. A full range of financing instruments is available, from debt through to equity.
4. The Bank can continue to support the investment with technical expertise even after it has been completed.

## Case study:

### Turning waste into renewable energy in Ukraine

In Ukraine the EBRD's Agribusiness Sustainable Investment Facility has provided a US\$ 12 million loan to Astarta, a major sugar company, to help transform waste from the production process into renewable energy.

To optimise the use of biomass residues from the production process, the loan is being used to construct a biogas plant that will process 120,000 tonnes of beet pulp every year and yield around 14.4 million cubic metres of biogas – reducing the company's dependency on fossil fuel.

Once the project is implemented, it will allow Astarta's main sugar plant to decrease natural gas consumption by 46 per cent and water consumption by 10 per cent. It is estimated that it will reduce annual CO<sub>2</sub> emissions by around 15,000 tonnes per year – the equivalent of taking almost 3,000 passenger vehicles off the road.

As a result of the Bank's involvement Astarta has signed two carbon credit agreements with the Multilateral Carbon Credit Fund based on the Joint Implementation Mechanism under the Kyoto Protocol.





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## Contacts

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## What makes a project eligible?

- ▶ The project must be commercially viable.
- ▶ It must be in the agribusiness sector and located in one of the Bank's countries of operations.
- ▶ A minimum of 50 per cent of the proceeds must be used for sustainable investments.

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## Where sustainability works:

- ▶ In Serbia, the Bank helped finance a biomass boiler in Victoria Group's soya processing operations. Fed on straw and oilseed husks, the boiler replaced two natural gas steam generators, leading to a fuel saving of approximately 60,000 GJ per year, and almost eliminating the plant's reliance on natural gas. Payback for this investment is less than three years.
- ▶ In Ukraine, the Bank helped Nibulon, a leading local grain producer and trader, to create an efficient, low-emissions grain logistics network based on modern crop storage facilities and a fleet of new river barges along the River Dnieper. This will significantly reduce transport costs.
- ▶ In Bulgaria, the Bank financed Boni, a meat processing company, to make environmental improvements to its pig farms to comply with strict new EU environmental permits. These investments allow Boni to export its products into lucrative EU markets.

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## Looking ahead

In 2012 the Bank began operations in the southern and eastern Mediterranean (SEMED) region, an area where water can be an extremely limited resource. To help enhance the agribusiness value chain ASIF will thus consider projects to enhance and promote water efficiency for agribusiness in the region in 2013, alongside its existing priorities of energy and resource efficiency projects. As the remit and scope of the facility continues to grow the size of the facility is also being considered with a view to potential expansion.

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