



PROJECT TITLE: PRIVATE SECTOR ADAPTATION ACCELERATION PROGRAM IN THE AGRIBUSINESS SECTOR

COUNTRY/REGION: REGIONAL (INCLUDING TURKIYE, UKRAINE, MOROCCO, ETC.)

MDB: EBRD

PILOT PROGRAM FOR CLIMATE RESILIENCE BUSINESS DEVELOPMENT FOR RESILIENCE PROGRAM COVER PAGE FOR PROJECT FUNDING APPROVAL REQUEST			
1. Country/Region:	Pilot projects will be selected from EBRD's CIF eligible countries of operations including Türkiye, Ukraine, Morocco with immediate needs and with other opportunities in Kazakhstan, Kyrgyz Republic, Uzbekistan, Egypt, Tunisia.	2. CIF Project ID#:	(Trustee will assign ID)
3. Type of CIF Investment:	Public o	Private x	
4. Project/Program Title (same as in CCH):	Private Sector Adaptation Acceleration Program in the Agribusiness Sector		
5. Indicate Track*:	Track 1A: Develop innovative private sector initiatives with a climate resilience focus		
6. Sector/Theme:	Agriculture and agribusiness		
7. Project Lifetime:	Approx. 3 years		
8. Is this a private sector program composed of sub-projects?	Yes		
9. Funding Request from PPCR (in USD) including PPG:	<i>Grant:</i>	USD 950.000 (TA)	
	<i>Non-Grant:</i>	USD 3.7 million	
	<i>Total:</i>	USD 4.65 million	
	<i>Amount allocated for PPG:</i>	-	
Financial Product		USD (million)	EUR (million) ^[b]
Grant		USD 950.000	
Fee on grant		-	
MPIS (for private sector only)		USD 50,000	

Public sector loan	-	
First loss guarantees	-	
Second loss guarantees	-	
Equity	-	
Senior loans	USD 3.7 million	
Senior/Mezzanine/Junior loans in local currency hedged	-	
Subordinated debt / mezzanine instruments with income participation	-	
Subordinated debt/mezzanine instruments with convertible features	-	
Convertible grants and contingent recovery grants/loans	-	
Other (please specify): Mezzanine/Junior loans	While the requested USD 3.7 million will be mainly used as senior loans (pari-passu with EBRD co-financing), it is requested to have the option of offering part of these as subordinated loans, if suitable for specific projects ¹ .	
10. Implementing MDB(s):	EBRD	
11. Other MDB Involvement:	<i>MDB: -</i>	

¹ In specific situations, subordinated loans are very useful risk-sharing tools to catalyze private mobilization for agribusiness projects given their ability to adjust financing packages to improve affordability and accessibility.

12. National/[Regional] PPCR Focal Point, if applicable:	-	
13. National/[Regional] Executing Agency² for project:	-	
14. MDB PPCR Focal Point and Task Team Leader (TTL):	<i>Headquarters-PPCR Focal Point:</i> <i>Andrea Iro, Associate Manager,</i> <i>Donor Co-Financing, EBRD</i> iroa@ebrd.com	<i>TTL:</i> Amir Habchi, Associate Climate Strategy and Delivery, EBRD HabchiA@ebrd.com
15. Project Description and Justification for Funding:		

² This can be a Government agency or a private sector firm.

Agriculture is a priority sector for the economic development and climate adaptation strategies of EBRD's Countries of Operation (CoOs). However, climate change poses a direct threat to activities across the agricultural value chain, from farm level to distributors in the EBRD region. The agricultural sector contributes substantially to the economic composition of EBRD's CoOs, e.g., representing 25% of GDP and providing up to 50% of employment in Central Asia.³ Thus, supporting the overall resilience of the sector in the face of climate change provides a key channel for economic development, as well as food security. Boosting domestic food production can also reduce import dependence and, hence, vulnerability to international food price shocks and inflation. At the local level, strengthening the resilience of the agricultural sector can provide a lifeline for rural populations including women farmers and improve local food security.

At the same time, unsustainable use of fertilizer and pesticides, alongside intensive tilling, overgrazing and deforestation, leads to the erosion of topsoil, reduced soil productivity, and influxes of pollution into watercourses during heavy rainfall events. This comes at a cost to farmers, downstream water users and the environment in general. Climate change is expected to exacerbate the negative impacts of agricultural activities through driving the risk of extreme rainfall events and drought periods, leading to greater rates of erosion and the intensification of harmful contaminants, respectively.

Against this backdrop, the current Program will support the private sector to identify, prepare and implement climate change adaptation activities throughout the agribusiness value chains (from farm level to distributors). The Program will support projects through TA grants and results-based loans, whereby the level of concessionality will be conditional on the achievement of certain milestones (e.g. interest rate step-down or step-up) such as improvement in corporate climate governance, the implementation of climate change adaptation measures/projects, promoting gender equality through each investment and the inclusion of a wide and diverse population in these efforts.

Therefore, the EBRD is considering delivering the Program support through the below-mentioned financial mechanisms. We propose to pilot these approaches for wider, ongoing application to support the climate resilience of new and existing agribusiness operations in the EBRD region.

1. Technical assistance: Support will be provided to clients to raise awareness around and identify climate risks and potential adaptation opportunities (and relevant results-based financing targets) both in their own operations but also throughout their supply chain. The EBRD will build on its work with clients supporting them enhancing their **corporate climate governance (CCG)**. TA grants will also be used to provide training to farmers and other stakeholders along the value chains for successfully implementing climate change adaptation measures. All investments will pay attention to promoting gender equality in line with the Paris Agreement Lima Work Program Gender Action Plan (LWP GAP) by applying the Gender Equality in Climate Action (GECA) Accelerator⁴ Toolkit to diagnose systematically gender gaps in line with the LWP GAP and propose relevant solutions to

³ [Agrarian Reforms in Turkmenistan | SpringerLink](#)

⁴ The GECA Accelerator is a digital toolkit that uses the LWP GAP action to help private-sector companies improve the gender responsiveness of corporate climate governance. It will also help governments to promote gender-sensitive climate policies, thereby accelerating their green transition to meet Paris Agreement targets, the United Nations Framework Convention on Climate Change Gender Action Plan and key Sustainable Development Goals.

reduce identified gender gaps linked to CCG, and provide dedicated outreach to women farmers for training. Companies can use the GECA Accelerator diagnostic and proposed actions for their public disclosure, ESG reporting, sustainability reporting, or on other platforms to further showcase their support to gender responsive climate resilience.

2. Results-based financial instruments: Support will be provided through results-based loans, where the level of concessionality will depend on the achievement of certain milestones agreed on prior to loan signing (a minimum of 2 milestones will be set for each project, depending on the latter's specificities). The pricing discount mechanisms of the loan may include step-down and step-up pricing adjustments, such as in the options below:
- Upfront discount in pricing of the PPCR loan down to floor rate with a clawback clause to retrospectively readjust interest payment at loan maturity depending on the number of milestones that have been met on time during loan tenure. This enables the EBRD to 1) offer a higher level of financial incentives; 2) front-load financial incentives to match the risk profile of projects with high implementation risks, and 3) provide sufficient financial incentives when ambitious milestones can only be achieved towards the end of loan maturity when most of the loan principal has been repaid.
 - Progressive step-down in pricing from EBRD commercial pricing upon achievement of milestones.
 - Progressive step-up in pricing from floor rate in case of non-achievement of a milestone by a specific date.

N.B. loans might be provided both for supporting working capital and capex.

The Program might also extend support (using technical assistance and/or results-based financing) to some pilot projects under, or associated with, the AfDB's Adaptation Benefits Mechanism (ABM). If this is done, the objective will be to test and showcase how the mechanism might help mobilize private finance for adaptation activities in the agribusiness sector in the EBRD region.

The EBRD has a solid track record of supporting projects in the agriculture/food sectors. Below are some examples of potential projects that could benefit from PPCR support.

Climate resilient agricultural production

The EBRD has a significant portfolio with large vertically integrated agricultural holdings with operations in oilseed, sugar, cereal and livestock production. The EBRD has been engaging extensively with these companies on corporate climate governance, especially in Ukraine via the High Impact Program for the Corporate Sector supported by the Clean Technology Fund. This has resulted in several companies developing climate change strategies, TCFD disclosures and implementing a number of decarbonisation projects. With this Program, the EBRD aims to support

the implementation of climate change adaptation projects in the agricultural sector. This can, for example, include:

- The adoption of soil conservation practices (reduced tillage, cover crops, etc.) to enhance soil health, moisture retention etc.
- The adoption of water efficient irrigation technologies to reduce exposure to droughts.
- The adoption of new crops and varieties that are more resilient to climate change (better resistance to heat stress, droughts etc.).
- The adoption of new tools, including silos, cold chains, drainage systems, to better assess and manage climate change related risks.
- The adoption of measures to restore ecosystem health and improve the adaptive capacity of the agricultural system. This may for example include the implementation of integrated pest management via agro-ecological practices (biostimulants, biocontrols, etc.) but also via the adoption of new technologies (e.g. robots for weed control). This may be particularly relevant during the conversion to reduced tillage practices where weed pressure can become an issue.

Climate change resilient food supply chains

The EBRD has a significant customer portfolio in the production of agricultural inputs, in food processing, in food commodity trading including in the vegetable oil, dairy, fruits, nuts and textile sectors as well as in food retail. This Program would be particularly useful to develop technical assistance projects and dedicated financial instruments to improve the climate change resilience of food supply chains that EBRD finances in eligible countries. This may, for example, entail technical assistance and results-based concessional finance to:

- Support corporate and/or supply chain assessment of physical climate change risks, identify hotspots, develop and implement mitigation strategies and action plans.
- Provide capacity building (e.g. training, knowledge sharing and transfer) to key stakeholders exposed to physical climate change risks (including rainfall induced erosion, droughts and water stress) across the supply chain. This may include the provision of training of climate smart agricultural practices to farmers, water stewardship plans for corporates or the establishment of pilot projects to demonstrate the implementation of climate change resilience practices and technologies etc.
- Support the wider adoption of sustainable certification with climate change adaptation benefits (Better Cotton, Alliance for Water Stewardship, GLOBAL GAP SPRING, etc.) for example by providing assistance for the certification processes, supporting the development of new methodologies and tools to support these certifications, and extending outreach to underrepresented groups such as women.
- Undertake feasibility studies for climate adaptation technologies and solutions.
- Support R&D for climate change resilient products and solutions (climate resilient seed varieties etc.).

In practice, this may for example involve:

- Supporting a commodity trader in scaling up the adoption of Better Cotton certification in Türkiye via farmer training and improving the monitoring, reporting and verification systems for climate and environmental impact of Better Cotton certification.
- Developing and implementing a certified water stewardship Program with a water intensive food processor and its supply chain in Egypt.
- Supporting a commodity trader in scaling up the supply chain for pulses in the Kyrgyz Republic by piloting the development of new locally adapted and climate change resilient varieties of lentils and chickpeas and increasing local pulse procurement, etc.

The suggested proposal aligns with Track 1A “Develop innovative private sector initiatives with a climate resilience focus”. Through deploying technical assistance as well as concessional financing the proposal will address regulatory issues and standards related to a more results-driven adaptation approach that would incentivize private sector engagement.

16. Objective:

The proposed project seeks to support the CIF PPCR Results objective of increased resilience of actors throughout the food value chains to climate change. It will achieve this through:

- Increasing private sector financial flows towards, and engagements in, climate adaptation (and nature-positive) actions across the supply chain;
- Boosting private sector capacity in Countries of Operation - notably, Türkiye, Morocco and Ukraine - to identify opportunities for climate resilience financing.

17. Is the proposed TA/Project linked to an ongoing MDB project or an MDB project under preparation?

Yes

No

18. If yes, which project is it linked to and what is the project status (i.e., ongoing or under preparation)?

N/A

19. Expected Date of MDB Approval:

Internally approved

20. Expected Outcomes

The main objective of the Program is to facilitate and increase the private sector’s involvement in adaptation activities in the food sector. Some key outcomes of the Program will be:

- Increased involvement of the private sector in adaptation finance;
- Strengthened adaptive capacities and planning, including through a wide and inclusive outreach along the supply chain;
- Demonstration of the efficiency/relevance of results-based financing for the successful delivery of adaptation projects.

21. Key Results and Indicators for Success (consistent with PPCR Core indicators, and including indicators disaggregated for women and men, and if relevant vulnerable and excluded groups including ethnic and racial minorities, persons with disabilities, Indigenous Peoples, etc.)		
Result	Indicator and Targets	
(a) Reduced water consumption (m ³)	Improving water management systems, implementing less water intensive irrigation technologies or manufacturing processes, depending on the type of agribusiness client.	
(b) Area under sustainable land management (m ²)	Area with more sustainable land management practices, leading to adaptation and/or ecosystem benefits such as reduced erosion rates, improved soil health etc.	
(c) Number of improved standards/TC support	Number of projects leading to improved standards (e.g., CCG, resource management systems, certification, gender equality, etc.) or number of farmers/companies improving standards as a result of training/TC support	
(d) Estimated climate change resilience benefits	Valorized climate resilience outcomes achieved, e.g., water savings and enhanced crop productivity.	
22. Budget:		
Expenditures ⁵	Amount (USD) - estimates	
Concessional finance and grants to support results-based mechanisms that strengthen the climate resilience of private sector agribusiness clients	Up to USD 3,700,000 in concessional loan and USD 950,000 in grant ⁶	
Gender activities will be included in all the above-mentioned components	Up to USD 80,000 in grants supporting TC activities. [Please see more details and monitoring indicators under section 26 below.]	
Total Cost	USD 4.65 million	
Co-Financing ⁷ :	<i>Amount (USD)</i>	<i>Type of contribution:</i>
• EBRD/Government/Private investors ⁸	9 million	Predominantly EBRD loans
Co-Financing Total		

⁵ Expenditure categories should be provided by the MDBs based on own procedures.

⁶ Note that the provision of a detailed breakdown is not possible due to uncertainty associated with EBRD project pipeline.

⁷ This includes in-kind contributions (monetary value), MDB loan or grant, parallel financing, etc.

⁸ Other sources of co-financing may come from Governments, Private Sector Investors or other MDBs. The co-financing instruments and their respective amounts will be specified at a later stage.

23. Role of other Partners involved in project⁹:

The EBRD will engage with a range of partners, including government agencies, NGOs (e.g., Good Cotton Practices Association) and corporates in the food sector (agricultural producers, food processors, commodity traders, etc.) as well as stakeholders in their supply chain (farmers, etc.).

24. Implementation Arrangements (incl. procurement of goods and services):

The EBRD will be the implementing MDB for this project. Any procurement of goods or services under the Program shall comply with the EBRD's Procurement Policies and Rules.

25. Stakeholder Engagement

The EBRD will maintain a strong level of engagement with all relevant stakeholders, particularly through TC activities. All EBRD training and capacity building activities (e.g. the creation of water user associations activities) ensure representation and inclusion of all relevant stakeholders.

26. Gender and Social Inclusion Considerations and Expected Results:

⁹ Other local, national and international partners to be involved in implementation of the project.

Men and women are affected differently by climate change. Women are more likely to work in sectors that are affected by climate change, lack resources to support them against shocks, and experience specific restrictions on their economic activities based on the respective access to resources. Climate adaptation and the transition towards a green economy also creates numerous opportunities for women, especially in their roles as employees, entrepreneurs, consumers, or leaders in climate action.

1. Gender and economic inclusion considerations for large clients

Building on EBRD's strong experience working with private sector clients, and ongoing initiatives to include gender and economic inclusion considerations into climate adaptation finance and climate corporate governance across its regions of operation, with in particular the recent Gender Equality in Climate Action Accelerator (GECA) initiative launched at COP27. The proposed program will mainstream gender and economic inclusion across several of its components, and based on the pipeline of projects that will be identified during the Program implementation, the EBRD will design activities aligned with its approach as described in its two strategies for Gender Equality and Equality of Opportunity.

The activities will be tailored to each project, and designed after an initial gender gap assessment undertaken as part of EBRD's internal processes.¹⁰ In particular:

1. As private sector clients may be supported to increase their involvement in adaptation activities, attention will be paid to women and other relevant inclusion groups' economic and livelihood vulnerabilities to climate risks and opportunities to benefit from and contribute to climate action. The Program will also include actions that would address climate-induced social vulnerabilities that impact women, including through dedicated outreach and technical assistance to women previously identified as being particularly vulnerable.
2. When support mechanisms for climate adaptation will be developed to promote the deployment of result-based adaptation projects, the methodology will include gender and economic inclusion considerations, so that these components can be included in the potential follow up projects and promote, for instance, human capital and livelihoods in areas particularly affected by climate change, or employment/entrepreneurship activities of women in sectors particularly affected by climate risks. This would be delivered through dedicated technical assistance and outreach to women entrepreneurs/business owners and be undertaken in collaboration with other development institutions.

2. Gender and economic inclusion in the supply chain

Women represent a significant proportion of the farming workforce and have demonstrated a strong propensity to implement innovative practices, yet they face significant barriers to being in decision-making positions allowing them to support changes such as climate change adaptation. This can be due to land ownership, cultural norms, or the lack of knowledge regarding innovation

and training opportunities. Building on EBRD’s track-record in providing training to farmers, including on climate change adaptation, the Programme will use technical assistance to develop outreach initiatives, propose tailored training and workshops and set participation targets for women to ensure the broadest-possible participation in the training and advisory initiatives. Additional vulnerable groups such as refugees or minorities will also be taken into account.

3. Gender and economic inclusion monitoring

Monitoring indicators will be included in order to be able to evaluate progress made towards gender equality and equality of opportunity. Initial indicators will include:

- Number of employees of client, sex-disaggregated / Share of female employees in total number of employees in CCA clients.
- Number of women represented on decision-making bodies of CCA clients.
- Practices of the relevant stakeholder improved (climate change adaptation practices).
- Number of projects involving women in improved CCA practices.
- Number of women enhancing their skills as a result of training.
- Number of women receiving CCA training.
- Project implementation support completed: Stakeholder Participation Programme approved.
- Number of women included in CCA stakeholder participation programmes.
- Number/Volume of loans extended by partner financial institution disbursed to women-led businesses which support CCA activities.
- Number of partner financial institutions or companies that apply the GECA Accelerator gender gaps assessment and adopting at least one commitment in the CCG to reduce identified gender gap.

27. Other Information:

N/A

**Track 1A: Develop innovative private sector initiatives with a climate resilience focus (maximum \$5 million)*

Track 1B: Support Technical Assistance for Ministries of Finance, Planning and other key line ministries, to mainstream climate risk management and resilience into economic planning and development (maximum \$1 million)

Track 1C: Provide project preparation grants for projects identified in SPCRs which remain unfunded and/or critical technical assistance grants to pursue the objectives of the SPCRs of PPCR pilot countries. (maximum \$1 million)

NOTES:

[a] This cover page is to be completed and submitted together with the **MDB project/program proposal** when requesting SCF funding approval by the Technical Committee/GCAP Sub-Committee

¹⁰ Please note that in line with the existing Gender SMART approval process, the projects will undergo an assessment on Gender opportunities linked to the project. In relevant cases, actions and indicators will be identified as part of the project but in other cases the project will be set as Gender aware and only benefit from the initial review.

[b] For products denominated in EUR, please also provide USD equivalent in the column to the left

[c] Please provide the information in the cover page or indicate page/section numbers in the accompanying project/program proposal where such information can be found.

[d] Insert “not applicable” (N/A) if dates cannot be determined at the time of submission (e.g. private sector programs)

[e] Insert value N/A if indicator is not applicable to the project/program.