

Food security for all



Photo: Niels Ackermann, Lundi13

Food in times of war

The war in Ukraine, started by Russia, will have considerable global consequences on food shortages. This will be felt not only in Ukraine, but also across the whole world: Ukraine plays an important role in global food supply.

Despite efforts by the Ukrainian government to actively implement measures to minimise the risks of a food crisis in Ukraine and around the world, it is difficult to predict¹ how much these measures will help. First, there are difficulties with the logistics of products both abroad and within the country, with the large port cities being at the centre of the hostilities and export by road or rail possible only through a narrow passage, which limits the amount that is able to be sent. Second, it is necessary for Ukraine to regulate food exports, due to the unknown domestic future demand. Third, sown areas in Ukraine have shrunk by at least 30 per cent²; their structure had to change and adapt due to domestic needs and the regulator's recommendations, or simply due to the availability of seeds, fertilisers, etc.

¹ Марія Дячук, 'Народження голоду з вогню', Економічна правда, 12 April 2022.

² One-third of the fields may not be sowed. Ecoaction, 'Майже третина Українських полів може бути незасіяними або недоступними', Ecoaction, 17 March 2022.

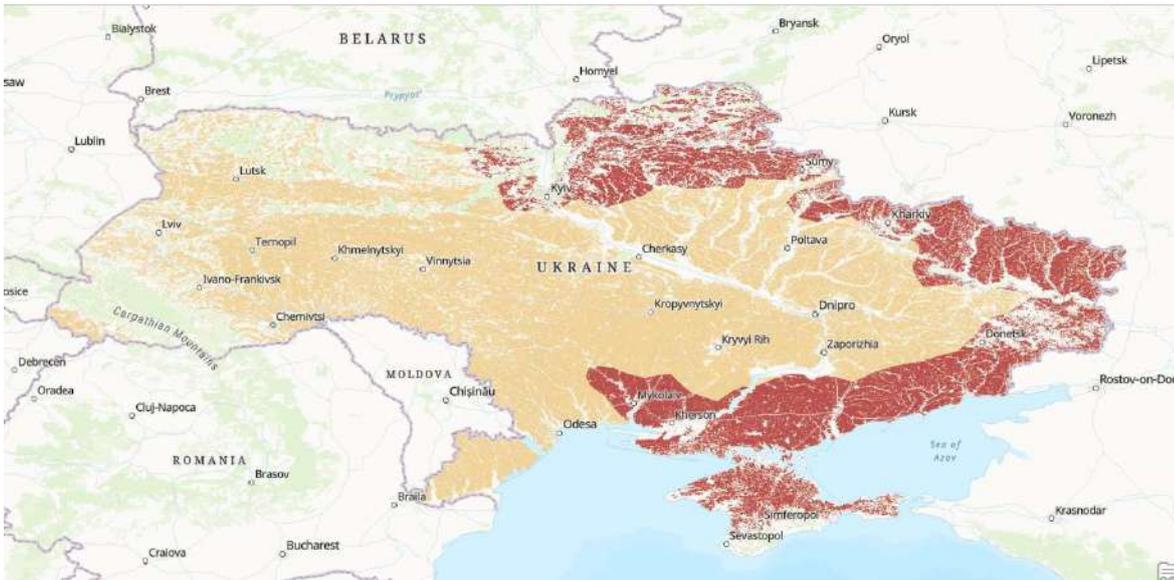
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Map of

Ukrainian agricultural landscapes in the context of Russian military aggression. The dark red colour indicates the agricultural landscapes of Ukraine that are within the zone of agriculture at risk. Source: Ukrainian Nature Conservation Group

Although there are hopes for a cease to the Russian aggression against Ukraine in the near future, it has become clearer that the current methods of food production and distribution in the country and the world must be reviewed to make food supplies reliable, sustainable and friendly to the environment.

The EBRD and agribusiness in Ukraine

In June 2022, Ukraine will likely receive the status of EU membership candidate. It is important that post-war economic integration and reconstruction is administered in full compliance with EU policies and procedures. The war made it clear that the food production and distribution as it has worked until now has to be adapted and revised to be resilient for any challenges that may occur in the future.

In recent decades, we have observed the rapid development of agro-holdings in Ukraine – large-scale producers that managed to accumulate large financial, land and natural resources, not only becoming powerful players on the market but also having significant political influence. The ‘success’ of these large-scale agricultural producers overshadows the long-term challenges for the sector, as well as their social and environmental impacts and opportunities.³ The EBRD has invested predominantly in agro-holdings in Ukraine, as among its clients are Ukraine’s agri giants such as MHP, Astarta, Nibulon, Kernel Group and Mriya. These companies are owned by some of Ukraine’s wealthiest businessmen, including politically exposed persons.

In 2018, the communities from the region of Vinnytsya filed a complaint regarding the EBRD’s projects with MHP.⁴ The Bank’s accountability mechanism facilitated a mediation process until August 2021 that did not

³ Small farms as the basis for the sustainable rural development: National Ecocentre of Ukraine, [Паростки майбутнього](#), *Issuu*, 8 December 2016.

⁴ European Bank for Reconstruction and Development, [PCM Registry](#), accessed 23 April 2022.

deliver effective remedy for the complainants. Therefore, in 2022, the complaint is at the assessment stage for compliance review. The experience to date demonstrates that the inclusion of project affected people and community members should be strengthened through better environmental and social impact assessment processes, meaningful public consultations and participation in decision-making.

Vision for post-war sustainable food production and rural development

Ukraine's food system, which is based on large-scale monoculture production and centralised logistics and processing, has become a target for the aggressor, which has simultaneously disrupted the entire established system, with corresponding systemic consequences for supply chains. In terms of green recovery, such systems do not meet the principles of sustainable development. In addition, agricultural development should go hand in hand with a new strategy for the rural development of Ukraine that should aim to turn rural areas into attractive place for people to live.

Therefore, in its post-war reconstruction, Ukraine should prioritise the development and maintenance of more adaptive, sustainable and decentralised agri-food systems with the following priorities:

- **Priority for local food systems**

Reducing the distance that food travels from the field to consumers' plates is the basis for optimising logistics costs and reducing the use of resources for transporting and storing products. The smaller the field-to-fork distance, the more stable the food system. Supporting large food exports usually comes at cost of the loss of long-term economic stability, biodiversity, water and soil degradation.

- **Diversification of small and medium-sized agricultural enterprises, farms**

Small and medium-sized farms must become the core for the development of sustainable agri-food systems in Ukraine. According to the [data](#), small (including family) farmers make up 98 per cent of all agricultural producers in the world and cultivate more than 53 per cent of agricultural land. They provide more than half of food production, and are the main producers for some key crops. In Ukraine, a significant amount of food comes from private farms and households: more than 98 per cent of potatoes and 86 per cent of other vegetables, 85 per cent of fruit and berries, 81 per cent of milk and about 40 per cent of eggs and meat. Moreover, in general, such farms produce about 60 per cent of the gross agricultural product of Ukraine. Small and medium-sized farms are a source of additional jobs and income in rural areas and thus the basis of the local economy and self-sufficiency of rural communities. The more diverse the production system, the more resilient and flexible the system to external shocks.

- **National rural development strategy**

Rural development is an important part of the EU's Common Agricultural Policy, which strengthens the social, environmental and economic sustainability of rural areas. To address the acute socio-economic issues and environmental problems of rural areas, alternatives are needed in terms of opportunities in employment, doing

business, cooperation and the overall successful existence of rural communities. In addition, sustainable rural development should be based on the community's own vision of its future and current activities that can improve living standards in a particular area.

- **Sustainable solutions for agricultural production**

Large-scale industrial production is usually focused on technical and grain crops, which are then used as fuel and fodder for livestock. Large livestock and poultry complexes are high-risk objects with significant air pollutant emissions, water discharges and other forms of waste. Therefore, the general direction of agricultural production should focus on sustainable solutions instead of intensive methods of agriculture that are typically required for meat production. Namely, these solutions include agri-environmental practices, crop rotations and a biologically diverse multicultural approach to sowing, smaller and better livestock breeding with high standards of animal welfare, and the acceleration of initiatives to reduce greenhouse gas emissions and food waste. In addition, Ukrainian farms show great potential for the development of organic farming.

- **Production and processing according to the principles of circular economy**

Agricultural enterprises and cooperatives must develop on the principle of a circular economy. This means waste-free and regenerative production, which includes the complete processing of product residues, the use of environmentally friendly innovative technologies, and efficient use of soils depending on their fertility and purpose. Agricultural enterprises have every opportunity to become full-cycle enterprises to reduce their negative impact on the environment and human health. Crop waste can be used in the field of local small-scale bioenergy projects, and livestock waste with proper treatment can be used as a fertiliser. Again, the size matters, as large-scale biogas plants come with bigger environmental and social risks, including along the supply chain of the waste.

- **Transparent and fair land market**

Particular attention should be paid to the phenomenon of land concentration, as reports in the EU and Ukraine⁵ show that poverty is most prevalent where land concentration is highest. As of now, the 13 largest agricultural holdings in Ukraine, with a combined land area of over 100,000 hectares, occupy about 15 per cent of the agricultural land in Ukraine, and all agroholdings in Ukraine own about 30 per cent of national lands. The share of small farms barely reaches two per cent, and small family farms with land plots from less than 1 hectare to 100 hectares make up 12 per cent. At the same time, the law of Ukraine On Amendments to Certain Legislative Acts of Ukraine Concerning the Circulation of Agricultural Land (2020) introduced restrictions on land

⁵ Pieter Stockmans, '[This is a war for land, Romania is the battlefield](#)', *Mondiaal Nieuws*, 13 August 2018.

Jann Lay, et. al, *Taking stock of the global land rush: Few development benefits, many human and environmental risks, Analytical Report III*, Bern, Montpellier, Hamburg, Pretoria: Centre for Development and Environment, University of Bern; Centre de coopération internationale en recherche agronomique pour le développement; German Institute for Global and Area Studies; University of Pretoria; Bern Open Publishing, 2021.

ownership of up to 100 hectares.⁶ The economic consequences of re-opening and operating of the land market in the post-war period will depend on land prices and transparent and fair negotiations between landowners, small farms and large companies. It is necessary to form a holistic strategy to encourage small landowners – from start-up financing for young farmers to the development of infrastructure that would facilitate small producers' access to the market for land.

Conclusion

Agribusiness will remain one of the most important economic sectors in Ukraine in the after-war green reconstruction. Thus, it is important to keep in mind and accelerate the positive trends for the sector's development based on the experience of the EU and the Farm to Fork Strategy. In the long run, adaptive, sustainable and decentralised agri-food systems will bring the economically viable and generally affordable production of food products, ensure economic employment of the rural population and create the prerequisites for the revival of rural areas and the sustainable development of agricultural regions.

⁶ Research on the impacts of the agrilands concentration on the environment and society in Ukraine: Євгенія Маруняк, Сергій Лісовський, Олександр Голубцов, Віктор Чехній, Юрій Фаріон and Амосов Михайло, [ДОСЛІДЖЕННЯ ВПЛИВУ КОНЦЕНТРАЦІЇ СІЛЬСЬКОГОСПОДАРСЬКИХ ЗЕМЕЛЬ НА ДОВКІЛЛЯ ТА СУСПІЛЬСТВО В УКРАЇНІ](#), Ecoaction, 2021.