

Improving Food Safety to Boost Exports from Belarus, Georgia and Ukraine

Agricultural exports from Belarus, Ukraine and Georgia have been limited, primarily due to food safety concerns.

IFC is helping food producers in all three countries to adopt better food safety procedures and standards and increase their competitiveness.

As a result, investments in IFC's client food producers have risen by \$157 million, while their sales and exports have increased by \$173 million since 2008. IFC has helped to increase awareness of food safety as a priority for the nations' food industries and worked with journalists to raise the prominence of the issue in national media coverage.

“Participation in IFC’s program significantly contributed to doubling our sales.”

—Oleksander Miahivskiy, Sales Manager,
Korobivsky, meat processing company



RESULTS AND IMPACT

- Financial institutions increased investments in IFC client companies by \$157 million as a result of better food safety.
- IFC client companies increased domestic sales and exports by \$173 million.
- 52 companies increased their access to global markets by implementing recommended changes.
- The Veterinary Agency of Ukraine adopted five checklists based on the EU approach to food safety inspections.
- As a result of IFC's Investment Climate suggestions, a mandatory governmental certification was eliminated, removing a bureaucratic layer that did not guarantee food safety and saving Ukrainian food businesses \$7 million a year.
- Building on the success of this program, IFC has expanded its activities to other countries in Europe and Central Asia.

*This series provides examples of IFC's impact, expertise and lessons learned working with clients and partners.

The Opportunity

Belarus, Georgia and Ukraine have long and rich histories as producers of agricultural products. However, despite favorable natural resources, their performance in this sector remains weak.

Belarus has strong export potential in agricultural produce and foodstuffs. Few Belarusian companies have food safety management systems in place or adequate ability to respond to food safety threats. In order to continue exporting to Russia, its traditional trading partner, Belarusian food companies must meet stringent food safety requirements.

Outdated food safety regulations and practices have hindered exports and investment and therefore limit Georgia's potential in agribusiness. After Georgia gained its independence in 1991, all food safety regulatory systems gradually disappeared. Updating the country's food safety regulatory system was a strategic priority for Georgia, as it was a key prerequisite to launching free trade negotiations with the European Union.

In Ukraine, exports of processed fruits and vegetables to the European Union market are limited despite its proximity, while exports of meat and dairy are virtually nonexistent. In 2008, only an estimated 1 percent of the 20,000 food enterprises in Ukraine had implemented Hazardous Analysis Critical Control Points (HACCP), the globally recognized food safety management system.

Food safety remains a key challenge in all three countries and poses an underestimated threat to public health and to the competitiveness of one of the region's most important industries.

IFC's Approach

IFC aimed to increase the competitiveness of Belarusian, Georgian and Ukrainian food producers by:

- Working with food companies to upgrade their food safety systems in farming, processing, and retail.
- Working with local food safety consultants to set and implement international standards at food processing companies.
- Working with government officials to improve selected government regulations and harmonize with EU food safety regulations.

The projects focused on the following sectors, chosen due to their investment potential and because they needed improvement in food safety practices: meat, dairy, bakery, and fruit and vegetable processing. More specifically, IFC worked with key stakeholders to:

- Increase public awareness of food safety issues and facilitate favorable conditions for companies to implement food safety management systems.
- Provide advice to support the implementation of food safety management systems at selected partner companies on a cost-sharing basis. IFC's services include diagnostic visits, trainings, and consulting support for evaluation and certification.
- Harmonize local food safety regulations with international best practices. IFC actively works with governments to develop effective food safety regulations. IFC also conducts training workshops for state inspectors on how to conduct inspections according to international requirements and EU practice.

IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector.

IFC CLIENTS Globino, MHP, Korobivsky and others