

# Agribusiness

## Stories of Impact

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



## Improving Food Safety to Boost Ukraine's Exports

Ukraine has the potential to become a large exporter of dairy, meat, fruits, and vegetables, but exports to the European Union remain extremely limited, primarily because of food safety concerns.

IFC is helping Ukrainian food producers such as Globino, Mriya Agro Holding, and DEY-SON 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 \$27 million, while their sales and exports have increased by \$65 million since 2008.

*"Participation in IFC's program significantly contributed to doubling our sales."*

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

### RESULTS & IMPACT\*

- Financial institutions increased investments in IFC client companies by \$27 million as a result of better food safety.
- IFC client companies increased domestic sales and exports by \$65 million.
- Twelve companies increased their access to global markets by implementing recommended changes in compliance with European Union and U.S. regulations.
- Ukraine introduced a new food safety law in cooperation with IFC's Investment Climate team. This will significantly improve the competitiveness of Ukrainian food producers by:
  - ✓ Streamlining the system by advocating for a single food safety agency;
  - ✓ Making international certification procedures mandatory for all food production operations; and
  - ✓ Making food producers bear clear responsibility for food safety in their operations.
- 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.

*\*As of December 2012*

## The Opportunity

Ukraine has a long and rich history in agriculture and food processing industries. However, despite favorable natural resources, performance in the sector remains weak.

Outdated food safety regulations and practices hinder exports and investment and therefore limit Ukraine's potential in agribusiness.

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

Food safety remains a key challenge in Ukraine and poses an underestimated threat to the health of its citizens and to the competitiveness of one of its most important industries.



*Adopting better food safety standards at cookie producer DEY-SON. (Photo by Sarah Ockman, IFC)*

## Our Approach

IFC aims to increase the competitiveness of Ukrainian food producers by:

- Working with food companies to upgrade their food safety systems in farming, processing, and retail. These companies include eight IFC clients: Globino, a meat processor; Mriya Agro Holding, a vegetable processor; Hals, a fruit processor; DEY-SON, a cookie producer; Bilotserkivsky Canning Factory, a fruit and vegetable processor; Ternopil, a dairy processor; FBP, a cereal and rice packing company; and METRO Cash & Carry's local chain of more than 40 wholesale suppliers.
- 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 project focuses on the following sectors, chosen because of their investment potential and because they need improvement in food safety practices: meat, dairy, bakery, and fruit and vegetable processing. More specifically, IFC is working with key stakeholders to:

- Increase public awareness of food safety issues and facilitate favorable conditions for Ukrainian enterprises 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, detailed food safety audits, and consulting support for evaluation and certification.
- Harmonize Ukrainian food safety regulations with international best practices. IFC actively works with the Ukrainian government on developing 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 in developing countries.*

REGION: EUROPE AND CENTRAL ASIA | COUNTRY: UKRAINE | STRATEGIC PRIORITY: AGRIBUSINESS | BUSINESS LINES: SUSTAINABLE BUSINESS ADVISORY, INVESTMENT CLIMATE |

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