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# INVESTMENT CLIMATE



## Food Safety Toolkit Implementation, Monitoring and Evaluation

Investment Climate | World Bank Group



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#### About the Investment Climate Department of the World Bank Group

The Investment Climate Department of the World Bank Group helps governments implement reforms to improve their business environments and encourage and retain investment, thus fostering competitive markets, growth, and job creation. Funding is provided by the World Bank Group (IFC, the World Bank, and MIGA) and over 15 donor partners working through the multidonor FIAS platform.

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## Potential pitfalls – and what to avoid

This section highlights the potential pitfalls to avoid when undertaking a project related to food safety reform.

### Gold plating

Gold plating refers to the development of a regulatory framework that mandates higher standards than those that are required to ensure safety. Gold plating can also mean allowing inspectors to require food business operators to demonstrate higher standards than the law requires. This is the prime pitfall, and the first issue to remember.

Food safety reform needs to be seen in the context of a country's development level, and the types of businesses that operate there. Developing a regulatory framework that is not suitable for the types of businesses that operate in the country is counter-productive both to food

safety outcomes as well as to private business development. For example, if the regulatory requirements are impossible for the business to meet without incurring considerable costs, and then passing them on to the consumer, there is a risk that the food may become unaffordable. This would of course mean that the reform will not have achieved its objectives.

When considering approaches to reform it is important to consider what investment and capacity is required from businesses to implement the requirements, and choose approaches that minimize the business burden while still ensuring safety. Mandating the use of HACCP systems for all types of businesses could be seen as a type of gold plating, as discussed in Section 7.

It is important to remember at all stages of the project that the two key outcomes of food safety reform are to ensure that food is safe to eat while also providing a regulatory environment where it is possible for businesses to be successful.



## Over-ambitious reforms

Projects need to have realistic objectives for reform to improve the likelihood of success. Reform of the entire system in one project is likely to be an extremely long and difficult process. The food safety system is linked with several other issues, and without fully considering all these related issues (including legal, institutional), reform of the entire system is impossible.

Timescales are another area where it is important not to be too ambitious.

It is easy to be over optimistic, detailed project planning and exploring the issues with in country contacts will help you to understand the likely sticking points where reforms may take longer to proceed than you would expect and assist with developing a realistic plan.

Objectives of the reforms should be agreed at the outset of a project and budgeting should be considered carefully to ensure that it is possible for the project to deliver its planned objectives within the time and budget allocated.

## Insufficient attention to stakeholder needs

Not involving stakeholders that are relevant for food safety reform projects is a key pitfall. Due to the cross-cutting nature of food safety reforms there will often be a large number of interested stakeholders. They can risk the success of the project if they are not properly engaged in the reform effort.

Regulators and inspectors often have vested interests in the existing system (for example, because of rent seeking) and can be unwilling to engage in reform efforts. In many cases, a number of ministries can be involved in the food safety effort. Political considerations and barriers need to be fully understood.

Food business operators may also have vested interests in the existing system. For example food business operators that do not currently effectively control food safety may prefer the status quo which gives them an (unfair) advantage over competitors that do invest in safe food.

Consumers frequently mistake “many controls and licenses” for “effective guarantee of food safety,” and consumer associations or NGOs may for this reason strongly oppose the reform.

For these reasons, it is essential to properly map every important stakeholder, their position and vision, and to try and gather as much support as possible from all sides, by explaining the logic of the reform, and making the elaboration of the reform open and transparent. Partnering with others is essential (including of course the private sector).

## Insufficient focus on implementation

Changing only the legislation or top-level institutional structure will achieve little, if anything without a focus on how changes are implemented. Working with regulatory agencies to build capacity for implementing new procedures and ways of working is very important to ensuring that the reforms achieve the desired outcomes.

Areas of focus could include ensuring regulatory agencies have the capacity and capability to plan and conduct inspections in a risk-based manner, gather and use intelligence and data in a meaningful way, have internal procedures and information systems that allow them to deliver, and have staff with the right skills to deliver the new style of regulation.



### Snapshot 7.1 Italy: Reducing Bureaucratic Side of Food Safety Without Changing Regulations

Although food safety legislation for many EU member states proceeds essentially from EU directives and regulations (for example, it is the same in all member states, at least in its requirements, if not exactly similar in the way processes take place), some additional regulations and procedures may exist. Many of these are additional requirements or authorizations to open premises or start activities. Some food safety regulations may have been created recently, but most tend to be decades old.

Italy has a number of such examples, with approvals dating in some cases as far back as 1928 (regulation on meat trade) or 1954 (approvals for transhumant herds of animals). Since federalization has given responsibility of enforcement of many regulations (including most of those related to health) to the regions, it is now up to each region to decide on what procedures to keep, or to reform.

Lombardy, Italy's largest and richest region (and larger than many EU member states), reformed these procedures and requirements in two steps, in 2007 and 2012. Now, all additional mandatory certifications and approvals for FBOs have been abolished, and only those required by EU legislation kept – and even those, as much as possible integrated with overall procedures for business start-up. Thus, except for premises for which EU regulations mandate prior authorization (for example, slaughterhouses), all FBOs can start work through a simple declaration of start of productive activities given to the “single window” office.

These reforms show that, even with similar regulations, the actual implementation of these regulations (in terms of procedures, approvals, etc.) can be made simpler – or on the contrary, worsened. Simplifying the bureaucratic side of such procedures is an effective way to reduce administrative burden without negatively affecting safety, and without having to undertake a resource-intensive or politically difficult review of requirements themselves (which, in the EU, would anyway have to take place at the EU level, making it extremely difficult).

## Importance of realism in objectives and timeframes

Any reform effort needs to be realistic on what outcomes are possible in the timescales of a project. For example, what regulators are ready to change, how much change in regulators' approach to control and attitudes is realistic, what the capacity and willingness of the private sector to engage

in reforms and the readiness of consumers to change habits. This is a general issue that relates to all the points above. It is crucial to have a realistic assessment of the starting points for the country and of the possible outcomes in a project timeframe.

# Measuring results

There are a number of ways to measure results that can have varying degrees of relevance depending on the country context, and be more or less difficult to measure.

A useful approach to developing measures for a project is called the outcomes and impacts modelling approach.<sup>1</sup> A logical map of activities and the outcomes that follow from these activities is produced so that activities being carried out as part of the project can be clearly linked to the desired outcomes.

The model shows what resources and activities are planned and what you expect to happen (outputs, outcomes and impact). Using this logical approach is a good basis to design appropriate measures for the project as it enables the project team to see what was done as part of the project and what is intended to happen as a result of this. The steps to developing measures involve:

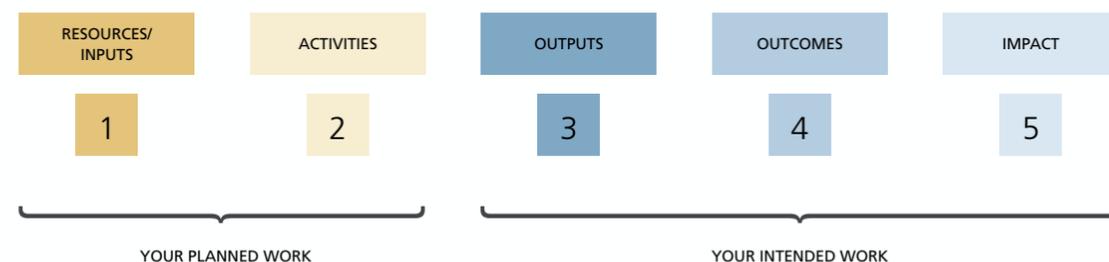
- thinking about how the key elements of the model could be measured. The aim of the step is to produce a long list of indicators that covers the whole pathway;

- mapping these potential indicators against known indicators; identify where relevant data is already being collected and by whom and map this against the model;
- prioritizing the measures so that they are available for the key areas by thinking about the relevance of the measure, and how easy it is to collect;
- determining if it measure a key outcome or impact that is of particular importance to the project;
- determining if it is a necessary indicator to achieve a balanced assessment;
- determining if the indicator already being measured;
- determining if it can it be integrated in existing data gathering (for example, citizens' survey);
- determining if it could it be easily collected while performing the activities (for example, another tick box on an inspection protocol); and
- determining if it would require substantial primary data collection? (such as a complete new survey).

<sup>1</sup> Impacts and Outcomes Toolkit, LBRO - <http://www.bis.gov.uk/brdo/resources/review/outcomes-and-impacts>

<sup>2</sup> As above

Figure 7.1 Steps in Creating an Outcomes and Impact Model<sup>2</sup>



## Outcomes measures

Often it is relatively easy to measure inputs (such as amount of money spent or number of staff hours), and activities and outputs (for example, legislation is introduced, new institutional structure is set up) but measuring outcomes can be more difficult.

Outcomes can be influenced by various factors beyond those being implemented in a reform project. For instance, an increase in export activity can increase standards as firms change to meet purchaser requirements. The logic modelling approach outlined above assists by putting the reform steps in context. It encourages measures that go from inputs/activities through outcomes.

Some examples of potentially relevant outcome measures are given below:

- **Burden reduction.** Compliance Cost Savings are in many countries of intervention a perfectly appropriate indicator, as excessively frequent and non-transparent inspections, as well as multiple permits, approvals, certificates etc, constitute a very heavy burden for businesses, without really bringing substantial benefits in terms of safety.
- **Exports.** In many cases, sector with high potential for growth (or for moving up the value chain) are shut out of the most important markets because the food safety regulatory system in the country is not credible, and thus importing countries (such as the EU) do not accept their products (in particular for foods of animal origin). Increasing the number of goods, which can be exported, or the number of establishments in the EU-approved list (for instance), can be a very valid objective, and indicator. The value of exports can also be an indicator, but attribution to the reform can be difficult in many cases.

- **Investments.** Foreign or national, in food processing facilities, or other important facilities such as refrigerated warehouses, can be indicators of the success of the reform in fostering increased confidence in the sector, enhanced access to foreign markets, and higher readiness of consumers to pay a premium for safer food. On the other hand, issues of attribution are problematic, as many other factors likely have more influence (or at least as much) on investment decisions.

- **Food Safety.** Any reform effort should have an effect on food safety. However, isolating the effects of a reform project can be difficult and should be measured over a number of years. Some potential measures include: instances of food-borne diseases, hospitalizations, and amount of related pharmaceuticals purchased. This data is usually available from the health ministry or for imported pharmaceuticals from the country's trade data.

- **Businesses experiences of being regulated.** A survey of business experiences of being regulated can give useful information about the success of a reform process and about implementation by inspectors that can be used by the regulatory agencies to improve their performance.

Indicators can be tracked and objectives defined either for the entire food sector or for a specific sub-sector, if the project focuses on a particular supply chain.



# Potential implementation risks from external events

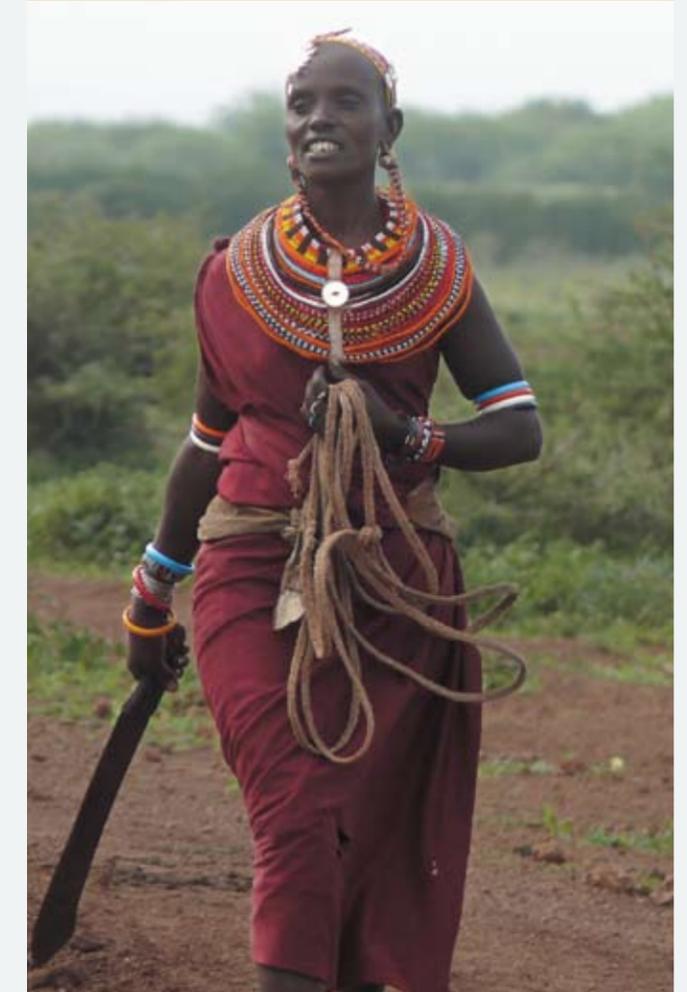
Reform of the food safety system is highly dependent on the political will and capacity available in both the governmental and private sector.

Political will may be influenced positively by the following factors:

- Trade requirements. If priorities for trade are countries that recognize international standards in food safety then adopting international standards will be important politically.
- Possibility of joining WTO. In the accession phase the SPS-agreement and its provisions can be a very strong driving force.
- Accession to the regional trade unions. Countries that have a prospect of joining the EU or other regional trade unions will be required to harmonize their legislation and practices.
- Strong consumer demand regarding food safety. For example in the United States, a new food safety bill has been introduced as a result of pressure exerted by consumers on regulators.
- Large direct foreign investment into agriculture and implementation of best practice technologies.
- A major food safety crisis can result in reform of the food safety sector. For example, after the BSE crisis in the EU when mandatory animal identification and recording of animal movement was introduced, and traceability system for animals and food of animal origin was developed.

Political will may be influenced negatively by the following factors:

- Constant changing of the priority trade countries. For example, in 2009 Belarus decided to harmonize rules in dairy production with EU rules, which led to Russia banning imports of milk and dairy products from Belarus. After signing a treaty to enter the "Customs Union" with Russia and Kazakhstan, Belarus again implemented food safety standards aligned with Russian GOST standards.
- Private interests overpowering public ones.
- Political instability (periods just before elections, frequent elections, periods when the parliament is suspended/not appointed).
- Corruption.
- Economic crisis. No funds available to be allocated for reforms and capacity building.



In order to have an efficient food safety system, it is necessary to have capacity in both the governmental and private sectors.

In the governmental sector, lack of capacity can be the result of:

- underestimation of the importance of food safety and transfer of capacity and resources to other sectors;
- Inadequate educational structure or experience for government officials and inspectors;
- New organization created without retaining previous expertise. For example, in Armenia food inspection was historically performed by the Ministry of Health Sanitary Service and when the Food Safety Inspection Service was created only a limited number of inspectors were transferred from the old service to the new agency;
- suspension of the food safety law and food safety inspection (in Georgia, the whole food safety inspection was suspended in order to cure corruption and a new service is difficult to organize);
- lack of competitive salaries and knowledgeable people in the public sector;
- lack of investment in other necessary resources (equipment, cars, border post stations, tools-manuals, guidelines, databases, logistics, etc);
- no access to information (countries under sanctions of the international community, post-conflict zones, regions of the country that are hardly accessible-isolated, language barrier, no means of communication);
- After each election drastic change in the food safety policy, completely new teams, no historical memory;
- fear for its own positions/jobs (too old and reluctant to changes).

In the private sector, lack of capacity can be the result of:

- low economic status;
- monopoly on the market – protectionism, which prevents other players, both national or international, from entering the market;
- lack of legal requirements on the implementation of food safety systems and preventive measures;
- corruption in control bodies – no demand for the improvement of the food safety system;
- lack of access to information – usually the private sector has better access to information (from their trade partners) than the public sector; and
- Bad management practices.

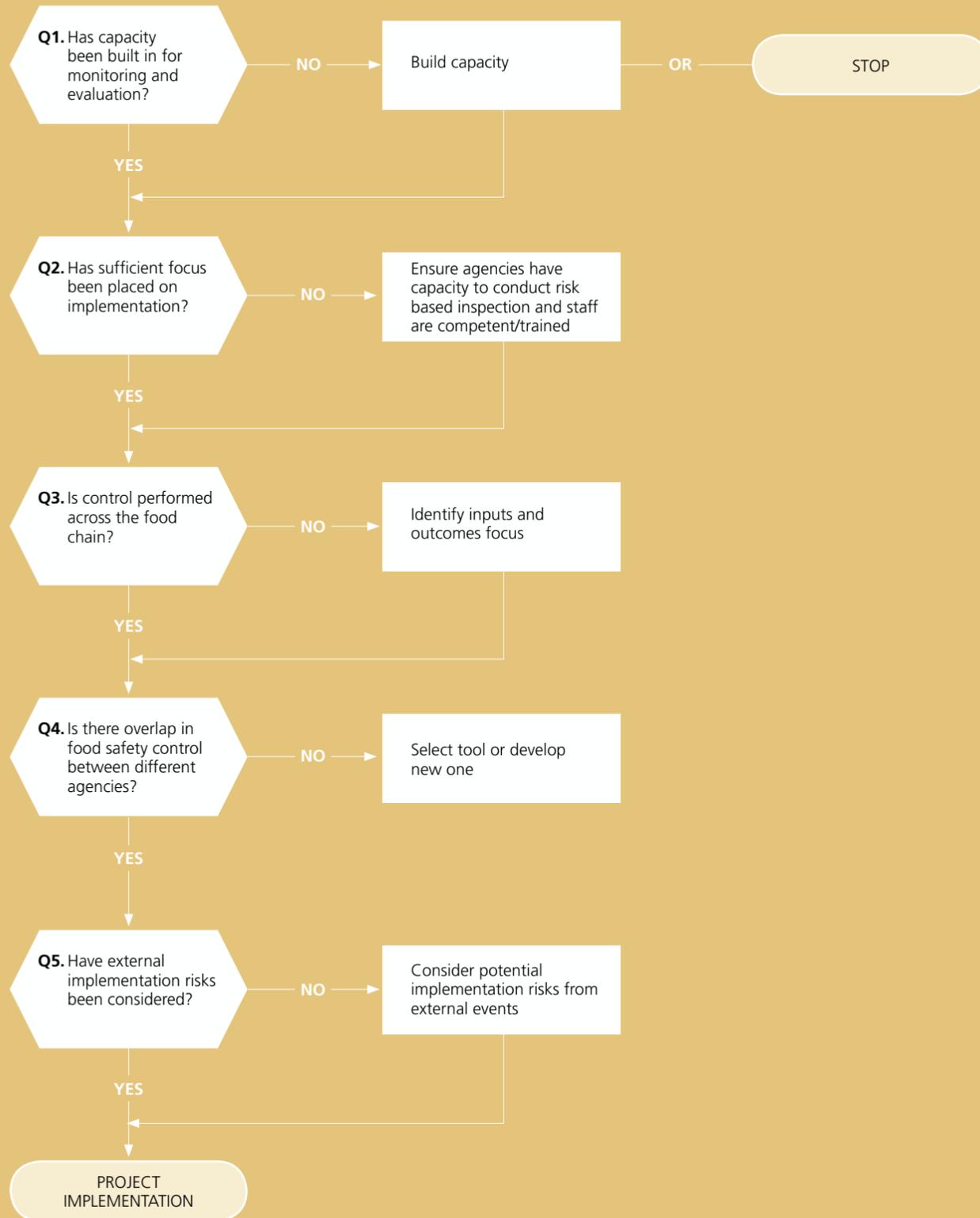
Other factors may contribute to the unsuccessful reforms or no reforms at all:

- Lack of national policy – constant change, no planning or measuring of results of activities.
- Lack of strategy or prioritization of activities.
- Trend to avoid changes by insisting on the “special situation in the country,” which requires international standards to be adjusted to local circumstances.
- Inconsistent implementation of measures – relying on certification, which may not be based on the estimation of the efficacy of the system in place, but instead controlling only the formal side (documentation, paperwork).
- Adoption of regulations with no follow up implementing measures – businesses may implement measures according to their own will and inconsistency is a problem.
- Lack of sustainability in measures – highly dependent on foreign experts and funds.
- Procurement problems/purchase of low quality equipment for governmental agencies’
- Funds allocated for food safety reallocated to other sectors due to some emergencies or to a political decision.
- Lack of division of responsibilities, constant disputes and transferring of responsibilities from one agency to another.
- Lack of capacities in the national scientific community and no efforts to develop them.
- Lack of public awareness on the importance of food safety for public health.
- Manipulation information and depriving public the access to information.

Reforms of the food safety system can be efficient and profound, or superficial, more formal, and with no positive outcome. There are cases when the adoption of the food safety law and reforms were prolonged for several years due to resistance from parts of the private and governmental sectors (in Serbia, almost nine years were needed to adopt the new food safety law and divide responsibilities of control bodies).

The situation in the food safety area is dependent on international collaboration, access to scientifically sound data, constant development of resources, and participation of all stakeholders in the food safety system. Improvements should be made based on insight into real national needs and potentials. Lack of planning and recognition of potential bottlenecks postpones actions or even endangers some already achieved results.

# Dairy sector example



Q1. Monitoring and evaluation of interventions in the dairy sector will need to be considered in the context of the entire sector supply chain and not just focused in the high-risk aspects, such as processing.

Q2. Designing interventions is one thing, but implementing them is another matter, especially if multiple actors and drivers are being considered. Implementation in the dairy sector is likely to involve multiple agencies and players. Implementation support as well as oversight need to be considered.

Q3. Inputs and outcomes are not the same thing. The distinction between them must be well understood and dairy sector intervention designed with both in mind.

Q4. Measuring success is also very important and there are various tools already available to do this via the World Bank Group. Selecting a measurement tool to fit the dairy sector specific interventions is required so that measurements are accurate.

Q5. In any intervention scenario there will be risks posed to the success of the project by external issues. Political will, consumer demand, corruption and lack of capacity can be positive or negative influences that will need to be considered. (For all detail on external risks see module 7 of the Toolkit).

## ACRONYMS

APLAC	Asia Pacific Accreditation cooperation	HACCP	Hazard Analysis Critical Control Point System
BAP	Best Aquaculture Practice	ILAC	International Laboratory Accreditation Cooperation
BRC	British Retail Consortium	KDB	Kenya Dairy Board
CAC	Codex Alimentarius Commission	KEBS	Kenya Bureau of Standards
CAS	Country Assistance Strategy	LIMS	Laboratory Integrated Management System
CFIA	Canadian Food Inspection Agency	NGOs	Nongovernmental organizations
CPS	Country Partnership Strategy	ILAC	International Laboratory Accreditation Cooperation
EAL	European Cooperation for Accreditation of Laboratories	IPPC	International Plant Protection Convention
EC	European Commission	OECD	Organisation for Economic Co-operation and Development
EAC	East African Community	OIE	World Organization for Animal Health
EFSA	European Food Safety Authority	PCB	Pest Control Products Board
EU	European Union	PRPs	Prerequisite Programs
FAO	Food and Agricultural Organization	RFID	Radio frequency identifier
FBO	Food business operators	SBA	Sustainable Business Advisory
GDP	Gross Domestic Product	SPS	Sanitary and Phytosanitary
GAP	Good agricultural practices	SQF	Safe Quality Food
GFSI	Global Food Safety Initiative	USAID	U.S. Agency for International Development
GHP	Good hygiene practices	USDA	U.S. Department of Agriculture
GMO	Genetically modified organisms	WHO	World Health Organization
GMP	Good management practices	WTO	World Trade Organization
GRMS	Global Red Meat Standard		

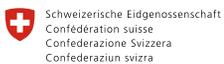
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