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Wageningen, The Netherlands

FOOD FOR ALL PARTNERSHIP

Learning Journey on Food Safety



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Preface

In September 2005, the world adopted the Sustainable Development Goals, a complete set of objectives to be reached in one generation. Besides their comprehensive and complete nature, these Global Goals are also unique because of their universality. The challenges at hand are not limited by national borders, institutions or other human creations. As a consequence, solutions will not come from one source alone, such as governments or multilateral organizations. Shared responsibilities require joint approaches and cooperation between multiple stakeholders.

For The Netherlands this translates into the formation of partnerships between relevant parties, often representing the four corners of the Dutch Diamond: public and private sectors, civil society and knowledge institutions. In such partnerships we look for complementarity, shared value, knowledge sharing and innovation. The recently signed “Food for All” partnership agreement between The Netherlands and the World Bank is based on these principles. From 9–13 November 2015, a diverse group of World Bank staff, clients and partners came to The Netherlands to learn from top-class institutions and organizations, but also to share their own insights, thus helping to create new ideas.

This first learning journey under the new strategic partnership can be seen as a success, based on the large number of participants and the enthusiasm of both participants and hosts/speakers. Real, lasting success will need to come from the translation of gained knowledge and new connections into practical use, linked to the Global Goals. Time will tell, but I also hope those involved will tell. Only then will we be able to learn.

Marcel Beukeboom

*Head, Food & Nutrition Security
Ministry of Foreign Affairs
The Netherlands*

Excerpts from the speech of

Reina Buijs

*Deputy Director-General for
International Cooperation,
Ministry of Foreign Affairs*



On the partnership between the World Bank and The Netherlands

““Food for All” matches cutting-edge Dutch technical expertise and private-sector innovation with programs and investments by the World Bank and IFC, constituting the largest global development institution focused on the private sector in developing countries. This collaboration is at the heart of our ministers Aid and Trade agenda, because it will seek to balance commercial success with the interests and improved welfare of smallholder farmers.”

On knowledge sharing “My feeling is that, in spite of ICTs offering tremendous possibilities for wider dissemination of and access to knowledge for all, the current agricultural knowledge and innovation systems can still be improved to become more inclusive.

Meanwhile, the least that governments, intergovernmental organizations and international financial institutions can do is to organize knowledge and innovation systems and networks to be as open and accessible as possible. And to get the private sector, including their knowledge, as much as possible into that open-access space. The partnership with the World Bank is aiming to do exactly that.”

On agriculture, food security and nutrition

“Food safety is in fact the minimum requirement of food quality. To me it is stimulating to see our partnership with the World Bank’s Global Practice Agriculture organize its first knowledge exchange around this consumer concern. But also here, I would argue that an integrated approach is important. Food safety only makes sense in the context of nutritious, healthy, accessible and sustainable diets. So, without ignoring the important technicalities of food safety, keep the broader picture in mind.”

Background



Program coordinators, investment officers and technical specialists from the World Bank Group (WBG), and selected clients of WBG staff, staff of the Ministry of Foreign Affairs, the Ministry of Economic Affairs and the Kingdom of The Netherlands and their key partners, took part in a one-week learning journey on food safety in The Netherlands (November, 2015). The program was designed in close cooperation with WBG and the Dutch Ministries and was coordinated by the Centre for Development Innovation (CDI) of Wageningen University and Research Centre.

The learning journey was an example of how The Netherlands and the World Bank are giving shape to the new “Food for All” partnership. The agreement focuses on strengthening collaboration in key strategic areas such as food, nutrition and health; inclusive and sustainable agricultural growth with a focus on pro-poor value chains and market transformations that better link farmers to markets; and ecologically sustainable food systems for climate-smart, resilient agriculture.

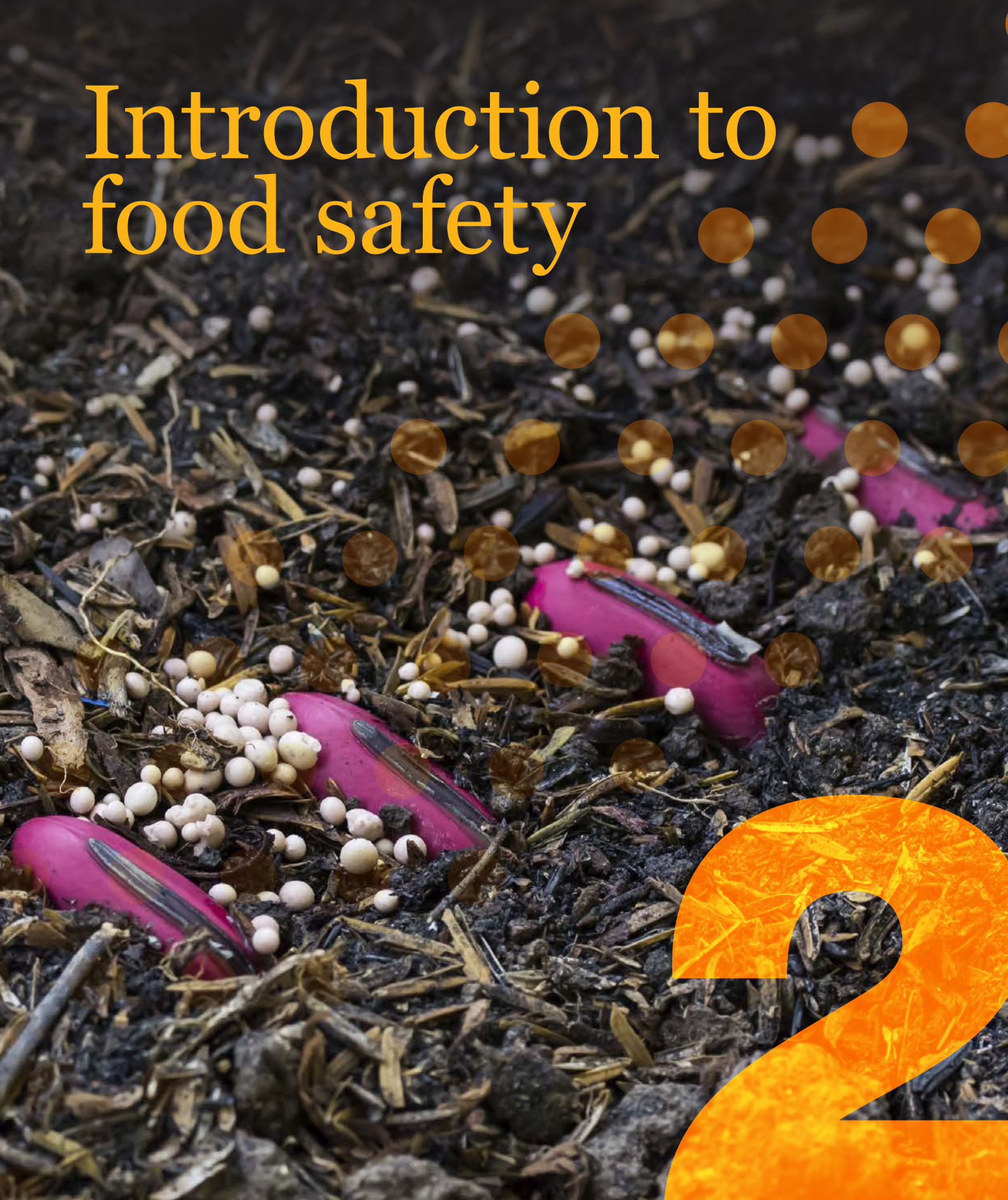
The five-day combination of exchanges, exposure visits, and course inputs for 27 senior policy-level participants, offered good opportunities to engage policy-makers in food safety, and to further develop relationships with the World Bank.

For the participants, the objectives of the journey were:

- * to better explain emerging food-safety challenges and various institutional, technical, and other approaches which can and are being used to address these, both in developed and emerging countries;
- * to design successful interventions for improved food-safety management and governance, in relation to inclusive value chains for domestic and international markets;
- * to further expand the network of relevant experts and professionals through meeting and working with fellow participants, and visiting public- and private-sector organizations in The Netherlands.



Introduction to food safety



Access to safe and healthy food, fair trade practices and a profitable and predictable business is key to contributing to welfare and health in a society.

Food production and manufacturing contribute to labour opportunities generally at a large scale. Trust in adequate protection of people and agricultural production systems against pests, diseases, microbiological and toxicological contamination is both a public and a private responsibility. The shift to more complex food supply chains and two major food safety outbreaks in Northern Europe have led to the adoption of the supply-chain approach in controlling risks ("From Farm to Fork"). This aims to reduce the likelihood of major outbreaks, to lower the costs of controls (inspections, end-product testing, rejections) and to improve the effectiveness of preventive and corrective measures (traceability, auditing, recalls, disease monitoring).

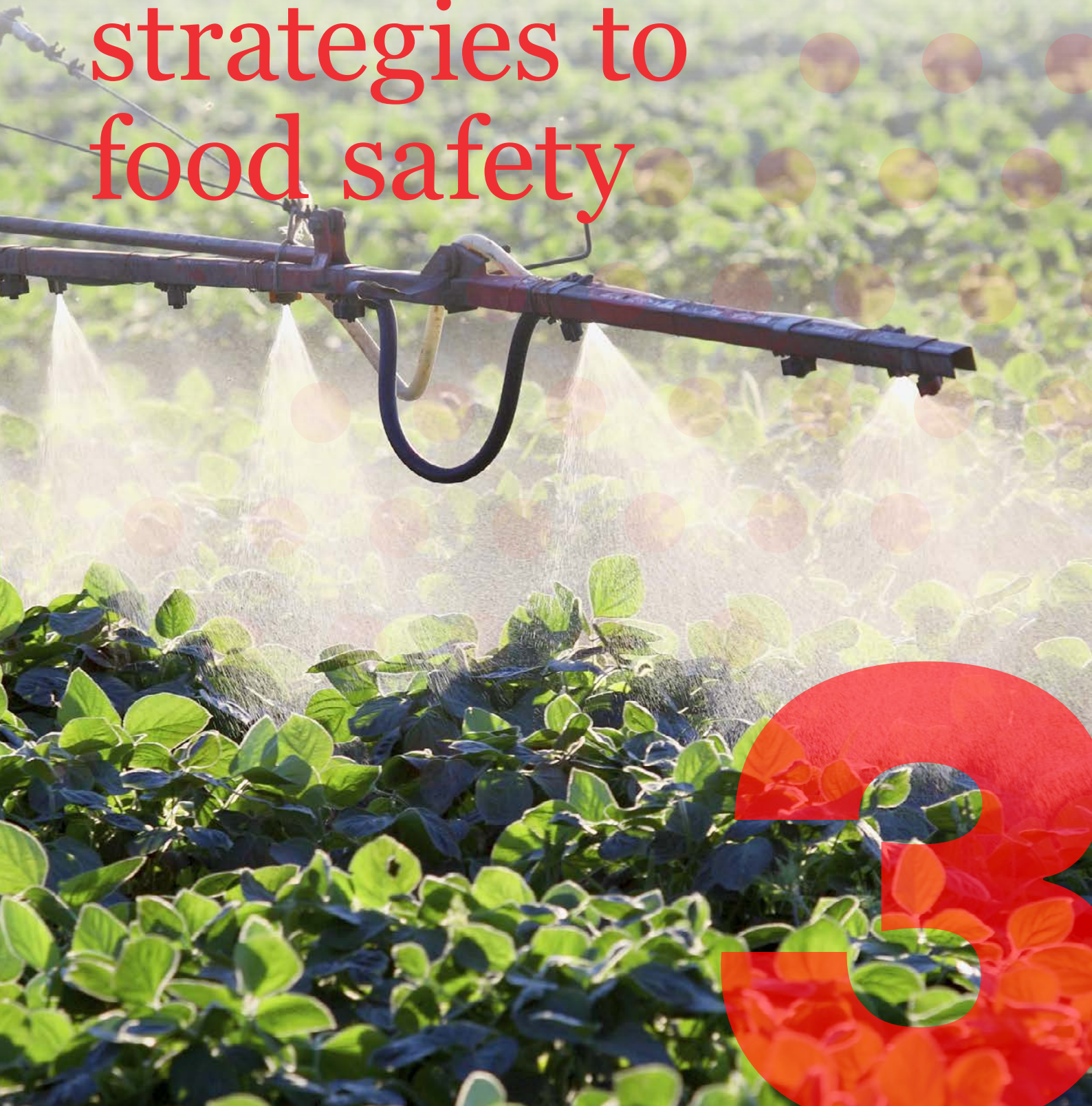
Modern food-safety policies and regulations put the responsibility for managing operational risks at the level of food business operators, and for managing societal risks and controlling the performance or compliance of food business operators at

the level of government. Government should provide food business operators access to (scientific) information, compliance and enforcement mechanisms, and should have capacities in place to deal with disease and food-safety outbreaks when several stakeholders are affected or society as a whole is involved. Foundations of modern policies and regulations have been designed by the FAO/WHO Codex Alimentarius Committee and provide a reference for the design and implementation of national food-safety laws and for settlement of international trade disputes through the WTO SPS Agreement.

Although these mechanisms indicate the need for close cooperation between governments, producers, manufacturers and retailers, conditions should be created for an effective set of risk-based surveillance, control and enforcement measures. The institutional setting in countries around the world determines how and to what extent this can be achieved. Many countries face inadequate knowledge and understanding to tailor these foundations to their national context, where constitutional and cultural aspects may not be conducive to e.g. adequate division of responsibilities and adequate enforcement capacities.



Public-sector strategies to food safety



European Food Safety Authority

Gijs Kleter, Researcher, Food Safety and Toxicology, RIKILT

The European Food Safety Authority (EFSA) was set up in January 2002, as a response of the European Commission following a series of food crises in the late 1990s, to set up an independent source of scientific research, advice and communication on risks associated with the food chain. EFSA was created as part of a comprehensive programme to improve EU food safety, ensure a high level of consumer protection and restore and maintain confidence in the EU food supply. The new strategy was outlined in a White Paper on Food Safety.

EFSA is the keystone of EU risk assessment regarding food and feed safety. In close collaboration with national authorities and in open consultation with its stakeholders, EFSA provides independent scientific advice and clear communication on existing and emerging risks. It is an independent European agency funded by the EU budget that operates separately from the European Commission, European Parliament and EU Member States.

In the European food safety system, risk assessment is done independently from risk management. As the risk assessor, EFSA produces scientific opinions and advice to provide a sound foundation for European policies and legislation and to support the European Commission, European Parliament and EU Member States in taking effective and timely risk-management decisions.

EFSA's remit covers food and feed safety, nutrition, animal health and welfare, plant protection and plant health. In carrying out its work, EFSA also considers the possible impact of the food chain on the biodiversity of plant and animal habitats. The Authority performs environmental risk assessments of genetically modified crops, pesticides, feed additives, and plant pests. In all these fields, EFSA's most critical commitment is to provide objective and independent science-based advice and clear communication grounded in the most up-to-date scientific information and knowledge.

EFSA is organised into four departments overseen by its Executive Director:

1. Risk Assessment and Scientific Assistance
2. Scientific Evaluation of Regulated Products
3. Communications and External Relations
4. Resources and Support

The two scientific departments support the work of EFSA's Scientific Committee and Panels.

The Scientific Committee and the Panels are composed of independent scientific experts with a thorough knowledge of risk assessment from universities, research institutions and national food safety authorities. All members are appointed through an open selection procedure on the basis of proven scientific excellence, including experience in risk assessment and peer-reviewed scientific work and publications.

Food and Veterinary Office

3.2

Michael Scannell, Director of the Food and Veterinary Office (FVO), European Commission Directorate-General for Health, in a video-conference shared his views on current and future challenges in managing food safety from an international perspective

"First, the EU is a group of 28 countries sharing one single market. The trade within the EU is three to four times the trade between the EU and other countries. Safer food also means less disruptions to trade. And the more agreement there is on conditions for food safety, the better it will be for industry. Whether or not these arrangements can be reached through multilateral agreements is open to question (Doha Declaration). However, the fact is that it has proven difficult to reach agreement in many areas at WTO level.

Regarding the FVO's role in controlling food safety:

"We do what is legally required. However, consumers demand a lot more than just that".

Nevertheless, the international framework for food safety is far better developed than the structure for dealing with environmental effects, welfare, ethical production, manufacturing and trading. Consequently, food safety is used as a pretext, or proxy, even though the real agenda is often on environment and welfare. And there is much more to come: Does the international legal framework need to be adapted to allow for requirements to be taken up?"

EU food control reforms: "Crises have led to huge improvements in food safety. Retailers have become more demanding, and industry more professional and efficient in the area of food safety. The existing system did deliver in the case of horse meat, shocking as the findings were. We still need to be vigilant, but there is no need for a fundamental review of the reforms, as only small changes are necessary."





Will a single, uniform food-safety standard, that WTO is pursuing, come soon? “Let’s take Vietnam as an example. There is a fully developed regulatory system that covers all issues on food safety. And huge progress has been made in fish production and in accessing the European market. FVO carries out regular inspections, and progress is excellent. Vietnam is market-driven and there is a good combination of public sector support and private sector involvement. Supranational food safety is still far away, but national standards have made great progress.”

There is a call for more food safety standards, alongside increasing urbanization and consumer needs. The World Bank is looking into how to engage in this area. At the same time, smallholders are confronted with rising standards. This might be detrimental to the pursuit of inclusive growth. What can be done to prevent this from happening?

“The EU is heavily dependent on imports, e.g. 45 million tonnes of animal feed per year. There are very good reasons for us to make it not too difficult for other countries. At the same time these countries still have a choice, as they are not obliged to export to the EU. And often we have to compete with other importing countries, like Russia. However, if you are able to export to the EU, other countries will use that as a reason to open up their markets to you.”

Do increasing standards exclude smallholders? “Standards actually facilitate imports and international trade. What we would like to see happening is that more countries adhere to the internationally agreed rule-based systems of the WTO and UN: SPS Agreement, OIE, IPPC, Codex Alimentarius. The EU is always supportive of the idea that all standards should have their basis in international standards. However, it is more efficient to comply with a single set of requirements.

And in terms of agricultural reforms, indeed the EU has faced huge reforms leading to substantial reduction of the number of farmers, but frankly speaking, this can be seen as a natural consequence of economic development. The sector would not be viable if it still consisted of millions of smallholder farmers; this would not provide you an adequate level of income.

In terms of capacity development, a lot more could be done, and I believe better coordination amongst stakeholders and donors would help to make investments more effective. Internationally, there is no good oversight.

I believe that food safety and trade are entirely complementary and supportive.”

3.3.1. Research and Education

*Ralf Hartemink, Teacher, Programme Director,
Food Programmes, Wageningen UR*

*Bernd van der Meulen, Professor in Law and
Governance, Wageningen UR*

Ralf Hartemink explained to students the wide selection of courses in the area of food safety and the integrated approach of the BSc and MSc food courses.

Bernd van der Meulen touched on a number of current affairs in food safety regulation, such as:

- How to research/assess the effectiveness of public and private audits. When is an inspection effective? How do you give meaning to the results and how do you deal with the variability in inspection and auditing practice?
- Enforcement is about two things. First, *looking*—knowing what is going on; and second, *doing*—how you react. Punishment is only one option.
- In modern legislation, still the interests of the consumer are often neglected. There is a lot of rhetoric, but how is the right to healthy and safe food ensured in laws? What are the rights for customers if products/producers fail? In some countries consumers have the right to request actions from public authorities such as a competition authority. Often food safety authorities have more freedom in the way they respond to consumer complaints.
- Novel foods are still a grey area where consumers are not adequately protected.

About private food-safety law: “We need a framework on how to analyse the impact of developments. Private sector looks like law, smells like law, but the reality is different. Often, small food business operators (FBOs) think there is no difference between private and public law. Private food safety law tries to fill a gap: international food chains have an endless number of steps, geographically far apart, with different national legal requirements.”

Are private standards going to become the dominant factor for international chains?

“International law does not apply to business. It only applies to states. One of the challenges with Private Food Safety Law is how to create a common, perhaps not exclusively, level playing field.”

“To change things we need market incentives. In developing countries, we find EU requirements are seen as incentives. In the global trade picture, private law, whether coming from organizations in the EU or the US, is setting the bar. Whatever happens in the EU context is going to have an effect on what the private sector in developing countries does”. *(a participant's perspective)*



3.3.2. Effective risk management in international trade: Controlling mycotoxins

Joop van der Roest, RIKILT

Joop van der Roest presented the case of mycotoxin control in food supply chains. Origins of contamination, potential health effects and control management options were also presented. Apart from public controls with regards to sampling of import consignments, collecting data on prevalence in production systems and development of methods of detection, he stressed the importance for producers to consider that aflatoxins are not likely to disappear as a food safety hazard. He added that this is a problem from the past, present and future. What is crucial is to understand the risks present in the supply chain, the environmental impact (including future impact of global warming), a sound sampling strategy to collect reproducible and reliable results, and communication with stakeholders regarding incidents, as can be learned from the case in Serbia.

- Sampling is important to assess whether or not an increase in mycotoxin levels is an incident, and to serve as an early warning system.
- Managing controls can be very complicated when the chain involves many sourcing countries, ports of landing, intermediate transport countries, farming countries. A lot of places are in between, places where things can go wrong: Where to sample, what, when, how?
- Knowing which soils are affected helps to manage the incidence of mycotoxin contamination.

"Climate change will expand the global mycotoxin belt; more agricultural areas and systems will have to deal with controlling the risks of contamination by these carcinogenic agents." *Joop van der Roest*



Food and Business Knowledge Platform

Nicole Metz, Knowledge Broker

Nicole Metz introduced the platform that seeks to facilitate a better understanding of how food systems work and how they can be strengthened. By developing a more focused knowledge agenda, the Food and Business Knowledge Platform aims to nourish practices and policies with solutions and business opportunities for sustainable food and nutrition security.

The Platform is one of five knowledge platforms initiated by the Dutch Ministry of Foreign Affairs. It is an open and independent initiative where representatives from international networks and organizations of business, science, civil society and policy come together. The Platform shares, critically reflects on, generates, deepens and improves (interdisciplinary) knowledge and feed practices and policies on food and nutrition security. This is done by identifying knowledge issues that are relevant now and in the future, and by initiating action, learning and research, disseminating lessons learned and highlighting promising innovations that will contribute to local and global food and nutrition security.

The Ministry of Foreign Affairs (Directorate General for International Cooperation) is the Platform's commissioning body. The Steering Committee decides on the knowledge agenda after questions have been articulated by the Platform, and determines which issues are relevant to and have priority for the call of the Global Challenges Programme (GCP) fund. The Steering Committee, supported by the Office and WOTRO, helps monitor the effectiveness of the Applied Research Fund (ARF) and, if necessary, consults with NWO-WOTRO on improving the ARF calls.

The Ministry has outsourced the management and implementation of the Platform's secretariat, called the Office, to a consortium of three organizations: AgriProFocus, The Broker and the Centre for Development Innovation Wageningen UR. The Office team is staffed by these organizations but acts as an independent and neutral entity, located in The Hague.





The objectives of the Platform are to:

- * Improve relevance and efficient use of Dutch, local and international knowledge and research capacity
- * Strengthen policy in The Netherlands
- * Facilitate knowledge and research for Dutch and local entrepreneurs, traders and investors

Nicole Metz talked about the uptake of the Platform, explaining that it is picking up, and not only in The Netherlands, but also elsewhere due to cooperation with organizations such as CGIAR. She also explained that the first phase of the initiative will end in September 2016. Following the mid-term review which was positive, there is hope that the Platform will continue its operations. She added that as the Platform has only been active for two years, it is still early to tell whether policy has had an impact on research and vice versa.

For more information on the Platform and subscription, please visit: <http://knowledge4food.net/>

“Knowledge at work for policy and practice”

Nicole Metz



The Platform's themes are:

- Food wastage
- Fruits and vegetables
- Inclusive business for food security
- Land governance for food security
- Food security
- Partnerships for food security
- Regional trade for food security
- Soil management

Cooperation between
public and private sectors
in The Netherlands to
ensure food safety



Private assurance schemes

Hans Beuger, Public Health Officer Food Safety, Netherlands Food and Consumer Product Safety Authority

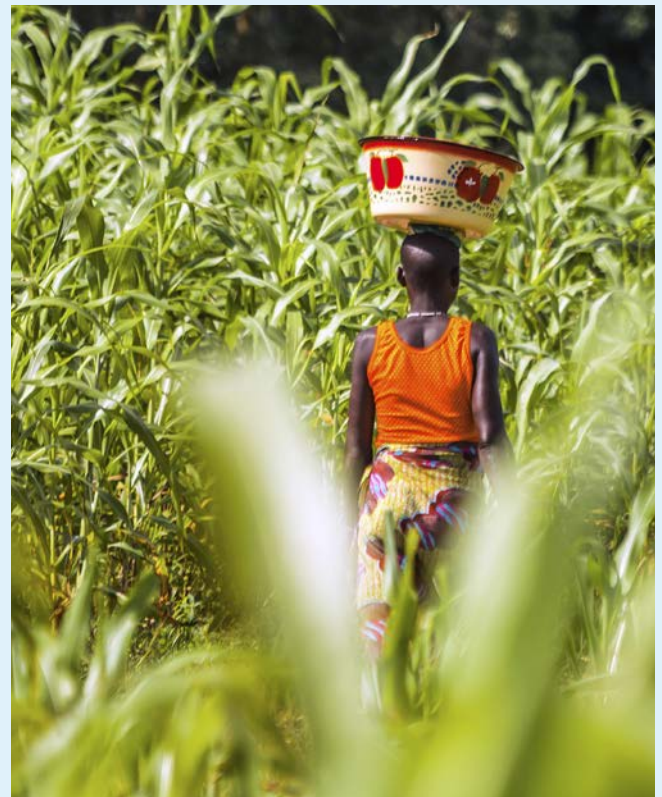
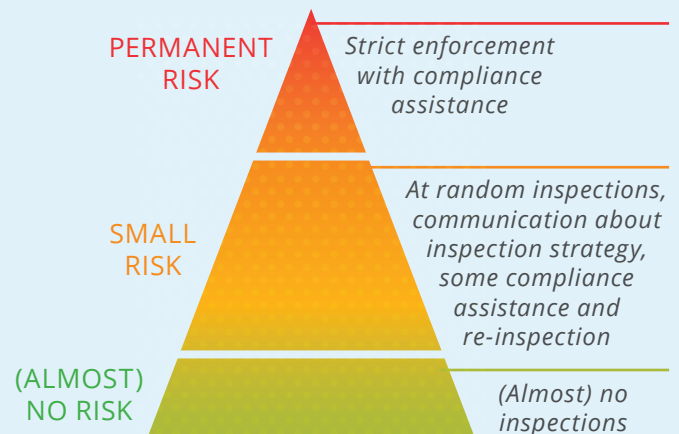
The Netherlands Food and Consumer Product Safety Authority (NVWA) is an independent agency in the Ministry of Economic Affairs and a delivery agency for the Ministry of Health, Welfare and Sport. It was created on 1 January 2012 by a merger of three inspectorates: The General Inspection Service (AID), the Plant Protection Service of the Netherlands (PD) and the 'old' Food and Consumer Product Safety Authority (VWA).

The tasks of the NVWA are to ensure plant and animal health, animal welfare, food safety and the safety of consumer products, as well as to enforce the nature legislation. The NVWA monitors whether the food is safe, so that consumers can be assured that their food is not harmful to their health. NVWA is a complex organisation with different divisions, and its food inspectors are trained to deal only with food safety (not plant health, etc.).

The three main tasks of NVWA are: supervision, risk assessment and risk communication. Other important activities include incident and crisis management, and policy advice for the Minister of Economic Affairs. A significant part of NVWA's work involves liaising with other ministries. Maintaining international contacts is also of vital importance.

The Authority's enforcement strategy is based on compliance in the sense of voluntary compliance with laws and regulations by businesses, institutions and consumers. Its approach to businesses and consumers is characterised by the principle 'trust, unless...'. Since 2007, the NVWA has adopted a risk-oriented approach, based on knowledge and cooperation with the sector and on influencing behaviour.

RISK BASED INSPECTIONS





Under this risk-oriented approach:

- Food business operators (FBOs) are responsible for food safety
- The relevant competent authority is responsible for supervision and enforcement
 - risk-based approach in surveillance
 - incentive/penalty principle
 - reliance on private systems

NVWA instruments include:

- Legal sanctions (closing of premises, publication of sanctions, penalties)
- Administrative sanctions (ban on transport or trade of goods, ban on imports, withdrawals from market, special administrative financial punishment)
- Other instruments: special communication to 'warn' businesses, publication of inspection data, compliance assistance

Criteria for the private assurance scheme are:

- Private initiative, no governmental interference
- Voluntary participation
- Independent auditing
- Self-control mechanism

In transition countries, there is hardly enough capacity to interact with large companies, let alone with medium- and small-sized enterprises in the informal market. The tendency is to gather a lot of information about the companies. It is therefore challenging to move from that state to where the Netherlands is at this point. Culture is the main issue—the Dutch are used to having dialogues with private-sector actors; in the UK, for example, that is not the case.

Due to budget cuts, NVWA has had to come up with more innovative approaches to ensure food safety. In The Netherlands there has been a proliferation of private schemes since 2009. It is not the objective of NVWA to create more or fewer schemes. Currently, it is only assessing schemes, one of which has been Riskplaza, an online database. Twenty-one scheme owners applied for assessment; only 10 are in the process.

<https://english.nvwa.nl/>

Riskplaza

Henriette Grooten, Policy officer

Riskplaza, a database of information about safety of food ingredients, was set up in 2008 in The Netherlands as a semi-government initiative for the bakery chain. To continue its activities following the dissolution of product boards in The Netherlands, Riskplaza became a private organization and is now active in a variety of other chains as well. It is a unique approach to ensure food safety of raw materials. It is approved by the Netherlands Consumer and Product Safety Authority (NVWA), whose work is also supported by the database.

The database stores information about the hazards which may be associated with ingredients and the measures that can be taken to control them. The Riskplaza database and the information contained therein are accessible to businesses operating in industries such as bakery (delivery chain), confectionery, meat products, snacks, vegetables and fruit, poultry processing, coffee and tea. It is also accessible to the government and the certifying bodies involved in the Riskplaza-audit+ system.

- * Database: food ingredients are coupled with possible hazards, legal and scientific information, process information, possible effects on the consumer and control measures
- * Audit system: assurance of hazards in raw materials, checked by an independent certification body

Food companies are responsible for the food safety of the products they purchase and put on the market. However, for smaller companies this is a big challenge. At the same time, a company cannot rely solely on a certificate from their supplier as proof of the safety of food ingredients. Verification is necessary.

Riskplaza provides an additional certification programme to other food safety and quality standards, such as BRC, etc. The difference is that Riskplaza focuses only on raw materials. Even when suppliers have BRC or HACCP certification, food safety issues can still be a problem. Companies cannot rely solely on the certificate they receive from their suppliers, and so further measures are required to control food safety in a verifiable way. Other certification systems check for everything during an audit, which allocates about 15–30 minutes to raw materials. Riskplaza offers a more thorough check of raw materials (4-hour audit), and the certificate must be renewed every year. There has been a positive response to the system from the retail sector, which might require future certification from their suppliers. Furthermore, companies with Riskplaza certification may face fewer government checks.

As a private organization, however, the financial viability of Riskplaza is not yet certain. Currently, it is still not breaking even. Income comes from fees and subscriptions. Riskplaza is part of a holding, which finances the activities of the Riskplaza Foundation.

<https://www.riskplaza.nl/index.php>

Public-Private Partnership

4.3

Joost Guijt, Centre for Development Innovation, WUR

Public-Private Partnership (PPP) is 'a form of cooperation between government and business (in many cases also involving NGOs, trade unions and/or knowledge institutions) in which they agree to work together to reach a common goal or carry out a specific task, jointly assuming the risks and responsibilities, and sharing their resources and competencies' (Minister Ploumen, Foreign Trade & Development Cooperation)

For the Netherlands, PPPs are used as a key channel for Dutch development policy ('Aid and Trade'). Other (global) players also invest actively in PPPs (USAID, DFID, GIZ, SIDA, UN Global Compact, World Bank, etc.). PPPs exist in different sectors:

- Infrastructure
- Energy
- Food (and private sector development)
 - Dutch funding: Facility for Sustainable Entrepreneurship and Food Security (FDOV) (29 PPPs/€81 million)
- Water
 - Dutch funding: Sustainable Water Fund (FDW) (13 PPPs/€38 million)

The PPP Lab was set up to create understanding of support learning around PPPs, and to improve their relevance, effectiveness, and quality. It is the focal point for dialogue and debate on PPPs in food and water in The Netherlands (2014–2018).

Key topics of discussion:

- Business models
- Theories of change
- Scaling/system change
- Partnership dynamics
- Partnership performance tracking
- Dutch approach



Private-sector strategic approaches to ensure food safety



GLOBALG.A.P.

Kristian Mueller, Chief Executive Officer of GLOBALG.A.P.

Kristian Mueller explained the current scale of activities and future developments of GLOBALG.A.P. (G.A.P. stands for Good Agricultural Practice). GLOBALG.A.P. claims to be the most widely accepted private-sector food safety certification with more than 228 certified products and over 140,000 certified producers in more than 118 countries. GLOBALG.A.P.:

- Delivers, apart from its own standards, a harmonization programme to benchmark other schemes.
- Provides capacity-building programmes on five continents and in 10 languages.
- Provides a network of licenced consultants to help farmers with certification.
- Provides entry-level GLOBALG.A.P. certification through localg.a.p., a more cost-effective solution for emerging markets.
- Focuses on major products: crops, livestock, aquaculture, plant propagation materials and compound feed materials.
- Certification covers:
 - Food safety and traceability
 - Environment (including biodiversity)
 - Workers' health, safety and welfare
 - Animal welfare
 - Includes Integrated Crop Management (ICM) and Integrated Pest Control (IPC)
 - Quality Management System (QMS), and Hazard Analysis and Critical Control Points (HACCP)

Currently GLOBALG.A.P. standards are available free of charge to everybody, making it easier to adopt the approach in areas such as national legislation.



Strategies of Ahold

5.2

Dr Leon Mol, Ahold Senior Manager for Product Integrity, Board Member at GLOBALG.A.P.

Ahold is an international retail group based in The Netherlands and active in the United States and Europe. The company is built on a solid foundation, with strong and trusted local consumer brands, millions of loyal customers, leadership in its markets and proud associates. Operating supermarkets and selling great food has been Ahold's core business for over 125 years.

Ahold is comprised of a Corporate Centre and three platforms: Ahold USA, Ahold the Netherlands and Ahold Czech Republic, each of which contains a number of businesses. As a retailer, Ahold cannot assume all responsibility for food safety.

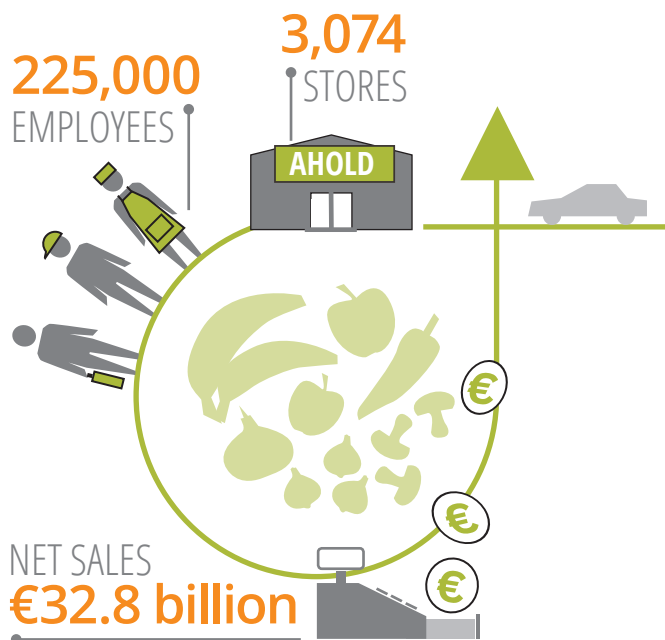
Key trends

- * Population keeps growing
- * Speed of innovation is increasing
- * Demographics is changing: rapid increase in single households and minorities in Ahold markets; ageing population
- * Health and sustainability concerns are growing
- * Customers are becoming more informed
- * Focus areas for retailers are changing

"Retail is about relationships: what we have with our customers and how to make their experience better." *Dr Leon Mol*



KEY FIGURES OF AHOLD

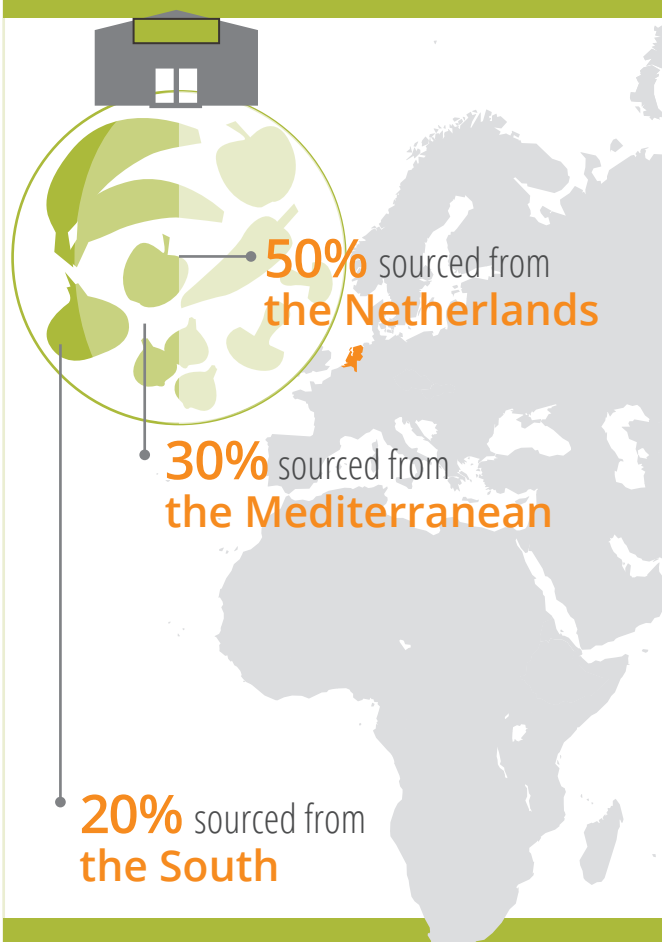




Key strategic approaches

- Be responsive to consumer demands: In the 1970s, issues concerned the availability of food on the shelf; in the 80s food quality, taste and safety; 90s environmental issues, 2000s social responsibility; 2010s responsible sourcing.
- Compete on quality, sustainability, availability, innovation, and price. However, food safety is non-negotiable.
- Work with first- and second-tier suppliers directly, and know all of them (How reliable is the supplier? From integral to specific risks).
- Contract 90% of fresh produce; the rest from the spot market.
- Spread risks by having more suppliers and more countries to source from (mitigate climate, disease risks, etc.).
- Suppliers grow with Ahold, from the organization's point of view.
- Implement GLOBALG.A.P. with new requirements related to chain of custody, among others, to prevent food fraud.
- Governance in the chain draws commercial intelligence.
- Raw material might come from the South; processing takes place in Europe.

FRUITS AND VEGETABLES IN AHOLD



NEW CHALLENGES

FOOD SAFETY
accidental adulteration

FOOD DEFENSE
intentional adulteration

FOOD FRAUD
intentional adulteration

Vendor development at Intersnack

Wim Schipper, Sourcing Manager for Africa

Intersnack Procurement B.V. is part of the Intersnack Group, a major European supplier of savoury snacks, nuts and related products, such as peanut butter. Intersnack has production sites throughout Europe. The Intersnack Group was formed in 2008 as a result of a merger between Intersnack and The Nut Company. Intersnack is market leader in the private label market and supplies most European retailers.

In 1995, Intersnack relied on traders when it came to sourcing. However, the internet and mobile phones managed to speed up the process, and in 1996, a direct sourcing policy was launched within Intersnack.

Vendor development considerably improved Intersnack's market insights. In 1997–98, when the direct sourcing program had just been launched and contracts with shippers from the country of origin had just been concluded, moulded product, triggered by heavy rains during the crop cycle, caused a substantial impact on the quality of the supply. By installing electronic equipment, shipments with mould could be identified and the problem addressed. By working out this approach together with its suppliers, Intersnack gained the reputation as a cooperative customer.

As Intersnack is run by a family, one of the questions raised during the learning journey was whether the vendor approach could be adopted by a publicly held company where short-term profit was more important in gaining shareholder approval. The example of Olam was raised as a case in point. Together with Intersnack, Olam, a publicly-held company, contributed to the establishment of the Sustainable Nut Initiative, which Walmart is also expected to join. Thus, it was shown to be possible for a publicly-held company to adopt this approach.

"Female farmers are more loyal suppliers to the local processors than men; moreover, they spend more money on the family than men."

Wim Schipper



VENDOR DEVELOPMENT

1997... 100%

1998... +20%

1999... +35%

2000... +50%

2001... +65%

2002... +74%

2006... +95%

2008... +99%



The projects have following main objectives and activities:

- * Improving farmer income by increasing yield and quality of RCN
- * Organizing farmer groups
- * Training farmer groups on negotiation skills, management, and GAP's
- * Improving the position of women
- * Creating durable relations between farmer groups, local processors and Intersnack as importer/roaster
- * Improving food safety and quality performance of the local processor

Intersnack has been successful in accessing public funds. A tree-planting project in Malawi was set up with a fund from the Dutch Government and 300,000 macadamia trees will be planted with support from the Facility for Sustainable Entrepreneurship and Food Security (FDOV). The total project budget is approximately €3,000,000. The reasons for Intersnack's entry into Africa was to secure access to supply, not only currently, but also for the future. For example, the company buys macadamia nuts from Malawi, but this sector is a seller's market. Intersnack wants to keep its suppliers close. Looking at the growing demand, strategically the move was a must for the company.

Chain development with local/regional impact

- Industry leaders take their responsibility.
- MARS, NESTLE, AND INTERSNACK participated in the peanut working stream of PACA (Partnership for Aflatoxin Control in Africa), in Dakar Senegal 9-2015.
- Knowledge transfer from these industries towards African peanut chain stakeholders.



PRAN Foods Ltd

5.4

Ahsan Khan Chowdhury, Deputy Managing Director

PRAN started in 1985 as an agro business venture with the objective of organizing contract farmers, growing agricultural crops, i.e. fruits and vegetables, and selling field crops for profit. As this business strategy proved unsustainable, the company ventured into processing, eventually becoming grower, processor and marketer of agro products in Bangladesh, and working with 78,000 farmers. PRAN is now also the largest employment-generating private organization in Bangladesh, directly employing over 74,000 people.

The company maintains market leadership in every category of their operations in Bangladesh. Their products are exported to over 120 countries. Major export destinations are India and SAARC (South Asian Association for Regional Cooperation) states, the rest of Asia, Gulf countries, Africa, the EU and USA.

The company aims to “generate employment and earn dignity and self-respect for our compatriots through profitable enterprises” and its vision is to improve livelihoods.

PRAN is currently producing more than 200 food products under ten different categories i.e. juices, drinks, mineral water, bakery, carbonated beverages, snacks, culinary, confectionery, biscuits and dairy. The company has adopted ISO 9001 as a guiding principle of its management system. It is also HACCP compliant and HALAL certified, which ensures that only the best quality products reach consumers around the globe.

“Poverty and hunger are curses”

Ahsan Khan Chowdhury



Company challenges

- Standards vary from country to country, causing problems when exporting
- Other countries do not accept BSTI (Bangladesh Standards and Testing Institution) as a standard
- Local media is always on the look-out for sensational news without getting into the details of a specific case/crisis. This was highlighted during the presentation through two past cases the company had to deal with i.e. formalin in mango at Meherpur, and lead in turmeric powder in the USA. The resulting product recalls and the company's response to the crises were also explained.

What the company needs

- Support from the government and other regulatory bodies to address safety issues for agricultural products at production, transportation and storage level
- Internally accredited testing/lab facilities in Bangladesh
- Standards for all food products
- International accreditation for BSTI standards to make them acceptable to different foreign countries

Response of Dutch farmers to challenges in food safety

5.5.1. De Hooilanden, organic dairy farm

Floor Pool, owner

The farm has been in the hands of one family for three generations. Since 2004, the current owners have been transforming the farm from a conventional intensive dairy farm into an organic one in response to changing consumer demand. Floor explained the consequences of the transformation on their farm operations. In addition, she also clarified the financial viability of the business, compared it to a conventional dairy farm, and concluded that organic dairy production offers much better prospects in terms of profit and lifestyle.

The farm has 33 ha of land and uses another 21 ha to ensure that government requirements are met when it comes to organic dairy production i.e. 1.4 cows/ha. From spring to fall, cows graze on the pastures. Very minimal feed concentrate is needed to top up the mineral intake of the cows. Two bulls do the insemination of 80 cows in the pastures in 6–8 weeks with a 95% success rate.

Floor explained how she works with the veterinary and nutrition advisor to ensure the resilience of cows so that diseases can be prevented. When diseases do occur, mainly herbs and homeopathic medications are used to treat the cows.

Furthermore, Floor described a past crisis situation experienced on the farm, and how it was dealt with at farm and government levels.

Participants were keen to find out what lessons could be adopted by other farms elsewhere e.g. in India.

Key farm activities:

- * 80% of the operation is related to the dairy farm
- * In addition, the farm offers:
 - › care services for disadvantaged people by employing them on the farm
 - › job opportunities on the farm
 - › cooking workshops
 - › guided tours
 - › opportunities for companies to hold meetings on the farm
 - › family gatherings with lunch/dinner.





5.5.2. De Groot Voort, dairy farm

Katrien van 't Hooft, Veterinary Doctor

In a very interactive session with Dutch farmers, veterinarians and knowledge providers, Katrien van 't Hooft, a Dutch veterinary doctor and livestock development expert, shared insights into an exchange program on the reduction of antibiotic use in dairy farming.

E-Motive is a network of organisations across the globe that aims to share innovative solutions to global and local issues. It was launched in the Netherlands in 2006 as one of Oxfam Novib's innovative projects and since then over 80 exchanges have been organised between 30 Dutch and Southern organisations.

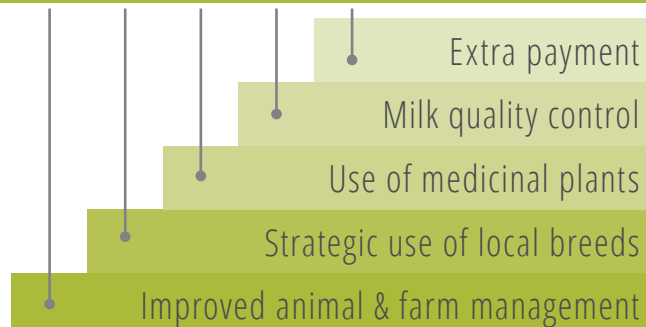
The objective of the E-motive dairy initiative is to reduce the use of antibiotics by combining the use of medicinal plants and improved animal management while promoting the exchange of experiences between farmers and veterinarians in India, Ethiopia, Uganda and The Netherlands. E-motive also:

- establishes connections between citizens, experts and organisations from Europe, Africa, Asia, Latin America and Middle East to share innovative and successful methods developed in the Global South;
- facilitates the exchange of knowledge and experience and creates a setting of professional equality and mutual learning; and
- aims to raise the awareness on global interdependencies to promote new forms of international cooperation.

Other initiatives in 2015/2016 include:

- Ayurvedic herbs against diarrhoea in (veal) calves
- Training veterinarians in the use of medicinal plants: introductory course and post-graduate diploma course
- Antibiotic-free dairy farm management and marketing
- Stable guide to using herbal products
- Special breeding strategies for organic farming

FIVE LAYER STRATEGY FOR NATURAL LIVESTOCK FARMING AND ANTIBIOTIC REDUCTION IN DAIRY FARMING



2012 DUTCH GOVERNMENT DECISION TO reduce antibiotic use in the livestock sector



Approaches of donor organizations



Food safety and inclusive growth at the bottom of the pyramid: the PROOFS inclusive approach

Niek van Dijk, Inclusive Agribusiness Expert, BoP Innovation Center, Research for the Food & Business Research Platform and The Netherlands Embassy in Dhaka, Bangladesh

Food insecurity and malnutrition are serious problems in Bangladesh. Around 50 million Bangladeshis experience insufficient access to nutritious and safe food as well as other basic needs. The objective of the PROOFS project is to improve food security and prevent malnutrition for farmers' households in rural Bangladesh.

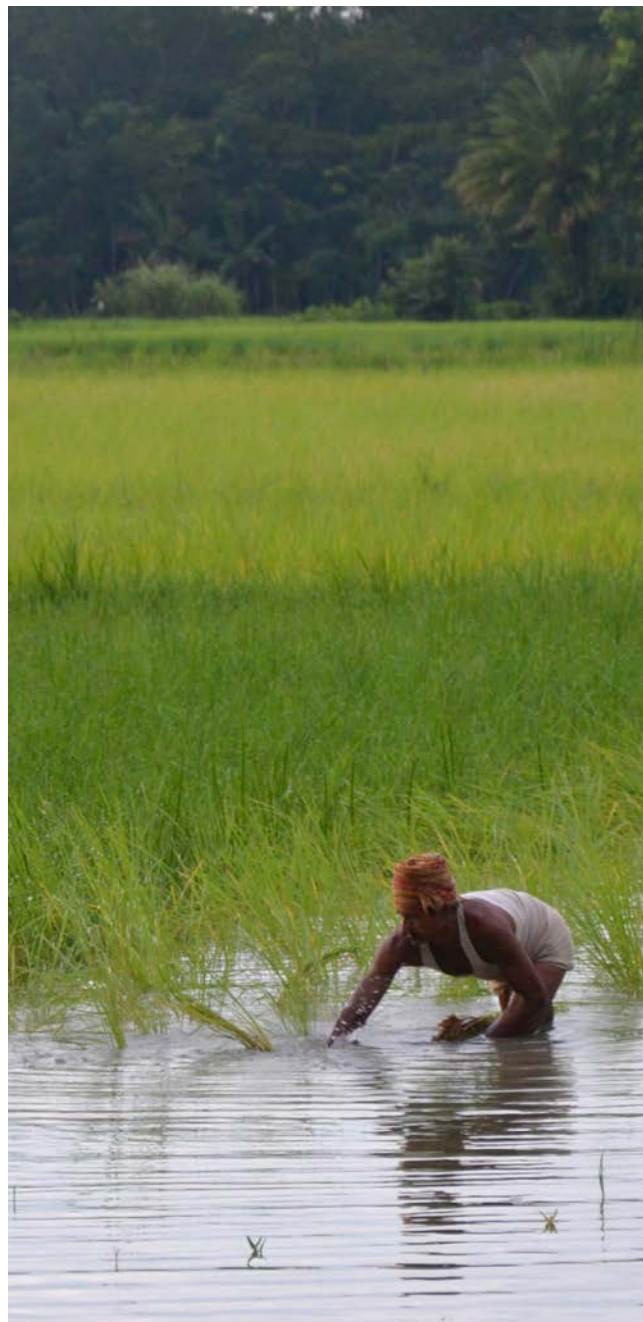
With financial support from the Netherlands Government, PROOFS empowers farmers with business skills and knowledge such as marketing, management, finance and networking. The newly acquired skills lead to improved production and more efficient links with the markets. And improved produce leads to better pricing and higher sales. Farmers have the opportunity to evolve into more innovative enterprises.

PROOFS analysed the local food system and used the findings to spur consumption of nutritious food and safe water, and also boost access to safe sanitation. PROOFS gained deep insights into consumer behaviour regarding food and water consumption, such as eating habits, buying behaviour, food aspirations and water usage.

PROOFS' innovative participatory approach ensures demand for nutritious food, access to safe water and awareness about safe sanitation.

The project is committed to improving food and nutrition security by working closely with the private sector. It engages 80,000 base-of-the-pyramid producers and consumers in market-led rural economic development, and provides innovation opportunities for private-sector and development partners in and outside Bangladesh.

<http://bopinnovationcenter.com/>



Making the Grade

6.2 Steven Jaffee, *Lead Rural Development Specialist, World Bank Group*

Kenya: Agricultural program supported differently from the food safety program. How to bridge the gap for farmers who have the know-how? Bridging the gap (agriculture focuses on food security but does not integrate food safety).

- Setting up a different certification programme for smallholders raises challenges.
- Sustainable trade initiative evaluation: Evaluation of the initiative found the net effect to be modest at best. However, looking at other types of certification in regional markets, upgrading mainly concerns investment in knowledge. Next comes the transition from aid to trade, which focuses on knowledge transfer and knowledge to innovation, enabling farmers to choose the best route.
- Transition economies in South Asia: Food markets are becoming more formal, and there is increasing demand for food safety standards. If authorities increase and raise their standards rapidly, and beyond the capabilities of farmers to comply, this will result in challenges. Therefore, an incremental approach is needed. Smallholders should have the capacity to take small steps, rather than make the big leap. Consequently, the introduction of local G.A.P. is key in preparing small-scale farmers for the transition to GLOBALG.A.P. It allows farmers to build their capacity to go from a lower level of certification to a higher one.
- Prices should reflect quality and safety, and take into account the different market segments.
- Food storage and waste management is key. Farmers can grow a variety of produce and so post-harvest management is crucial.
- Price premium on certification standards is not huge, but productivity improvement is key for the farmer (increasing productivity and decreasing cost).
- Farmers are given the false expectation of price premiums.
- The Netherlands is shifting from an agricultural policy to a food policy focus (labelling information, legally excluding bad food).
- Advertisements about nutrition shown during commercial breaks in sports games had enormous impact on consumer consumption patterns.
- Consumer tastes are changing, moving from street food to chips and Coca-Cola, which is an enormous switch, leading to obesity.
- The Peruvian Government has been quite active in finding ways to avoid what happened in Chile and Mexico regarding obesity. Supermarket penetration is very low in the South American context. Peru might be an interesting place to look at in the future in terms of reducing waste, etc.
- Why the increase in the level of EU food safety regulations? Food safety outbreaks (dioxin, etc.) have resulted in changes in food regulation.

IDH – The Sustainable Trade Initiative

Lizzy van der Wal, Program Officer for Coffee, IDH

The Sustainable Trade Initiative (IDH) aims to improve the sustainability of international supply chains. To this end, IDH works towards tackling social, ecological and economical bottlenecks for first-chain actors in developing countries. The Initiative is a multi-stakeholder process in which actors from both northern and southern (production) countries actively participate. It searches for links with other chain initiatives, both in The Netherlands and in other countries. The ambition of IDH is to act as a catalyst and knowledge broker. This will help frontrunners to move even faster and support other actors in overcoming thresholds.

With a €155-million co-funding grant from the Dutch, Swiss and Danish Governments, IDH runs public-private, precompetitive market transformation programs in 18 sectors. With governments, private sectors, labour unions and non-governmental organizations involved, these programs contribute to the Millennium Development Goals on poverty and hunger (MDG 1), environmental sustainability (MDG 7), and partnership for development/fair trade (MDG 8).

For example, to be able to effectively lobby the Vietnamese government for more control over dangerous chemicals and companies selling them, it was recommended by participants of the learning journey that IDH should position itself more as an advisor to the Dutch government. With the current approach, the Vietnamese government might accept IDH as one of the international NGOs.

IDH initiatives are very much demand-oriented. However, there are no strict rules regarding in which countries IDH might engage. Requests are welcome from different stakeholders such as the private sector, government, etc. The implementation phase of any project can only begin once there is (minimum) one-to-one match funding of IDH investments by the private sector. IDH organizes public-private partnerships through three major interventions:

- Co-funding
- Convening
- Learning and innovation



<http://www.idhsustainabletrade.com/>



“200 multinational companies engage in half of the world’s production and trade of 15 key commodities”

- IDH convenes precompetitive coalition of public and private partners...



...to jointly set ambitious targets and formulate action and co-investment plans...

...explore multiple cost-efficient, self sustaining and scalable concepts...

- Cost efficient service delivery models for smallholder farmers
- Effective governance models for landscape management
- Balancing living wages and being competitive
- Blending grant and loans with commercial capital
- Retailers’ commitments to sustainable sourcing requirements
- Effective strategies to secure gender equality



...that unlock upscaling and accelerating of sustainable production and trade...

...to deliver impact on Sustainable Development Goals:

- ▶ NO POVERTY
- ▶ ZERO HUNGER
- ▶ GENDER EQUALITY
- ▶ DECENT WORK AND ECONOMIC GROWTH
- ▶ RESPONSIBLE CONSUMPTION AND PRODUCTION
- ▶ LIFE ON LAND

6.4 Role of IFC in food safety reform and market access (Ukraine)

Kateryna Onul, Advisor on Food Safety Legislation, IFC

The World Bank Group (WBG) provided support to Ukraine in the approximation of EU food safety laws to facilitate the accession of Ukraine to the EU and to open up new markets for products from the Ukraine.

The advisory service focused on two dimensions:

1. Working with public stakeholders (ministry, food safety agency) through:
 - assistance in the development of a new food law and related legislation
 - development of industry check-lists based on EU requirements for poultry and dairy
 - awareness campaigns
 - provision of analytics e.g. comparative analysis on food safety
2. Assistance at company level in the form of development and delivery of trainings on general EU food-safety requirements and with focus on specific industries (dairy)

As one of the results of the interventions, the EU allowed three Ukrainian companies to export poultry in July 2013, which led to an 80% increase of poultry exports in that year.

Spill-over effects of the support have been the opening up of Chinese and Middle Eastern markets. Acceptance of Ukrainian products by the EU market signalled to other countries that the products were safe to consume.

Eighteen Ukrainian dairy processors could export dairy products to China.

A report on the *“Comparative analysis of certain requirements of food legislation in the European Union and the Customs Union of Russia, Belarus, and Kazakhstan”* presents a comparative analysis of the food legislation requirements of the European Union (EU) and the Customs Union. It supports the International Finance Corporation’s efforts to facilitate the opening of new markets for producers in emerging markets. This report compares the most critical aspects of EU food legislation and the Customs Union, such as requirements and arrangements for food control, requirements for food quality, requirements for food labelling, food and food-related articles and materials that require special authorization, and laboratory control and food-safety criteria.

Colophon

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