The First FAO/WHO/AU International Food Safety Conference  
Addis Ababa, 12-13 February 2019

Economic case for investments in food safety  
Steven Jaffee, Lead Agricultural Economist, World Bank

OPPORTUNITY: FOOD SAFETY and ECONOMIC DEVELOPMENT

While often viewed by policy makers as a technical problem, pursued by specialists, the safety of food is really the result of the actions or inactions of many stakeholders, operating under diverse environmental, infrastructure, and commercial food market conditions. These are all amenable to influence. Food safety outcomes can be strongly influenced by public policies, public and private investments, and other interventions—which can alter the underlying operating conditions as well as the awareness, capabilities, and practices of pertinent stakeholders, from farm to fork.

And much is at stake. The safety of food has wide-ranging impacts on human welfare and economic performance. Improving the safety of food is linked to the achievement of many of the Sustainable Development Goals, especially those pertaining to ending hunger and poverty, and promoting good health and well-being. Food security is realized only when essential elements of a healthy diet are safe to eat, and consumers recognize this. The safety of food is also vital to the growth and transformation of agriculture needed to feed a more prosperous world population, the modernization of national food systems, and a country’s favorable integration into regional and international markets.

LEGACY: POLICY AND INVESTMENT DEFICITS

For many developing countries, food safety has attracted policy attention primarily as a trade and market access issue, while domestic food safety has received very little strategic or policy attention and only modest resources for investment. This has stunted the development of national food safety management systems. Islands of capacity and good practice are the norm, supporting only segments of the agro-food system and consumers (often the wealthiest). Sustained underinvestment has translated into weak foundations of a national system in terms of scientific evidence, necessary infrastructure, trained human resources, food safety awareness, enforceable regulations, and networks of institutions. Especially weak are the systems and services needed to mitigate the food safety risks faced by the poor.

Domestic food safety has tended to appear on national radar screens only during crises, as in major outbreaks of foodborne disease (FBD), resulting in deaths, scandals involving deliberate food adulteration, or other such events which result in popular outrage and thus, political attention. These episodes have tended to spur reactive, damage control measures, including a flurry of regulatory actions or investments. While sometimes addressing the immediate cause, many such damage control measures have not given rise to sustained improvements in incentives, practices, or capabilities—or gains in food safety outcomes. Crisis management has thus proven to be a poor substitute strategy in place of more deliberative, evidence-based and forward-looking risk management.
BUSINESS AS USUAL SPELLS TROUBLE

A continued pattern of weak policy leadership, low investment, and recourse to fire-fighting measures to address domestic food safety risks will result in enormous public health and socio-economic costs for today’s low- and middle-income countries. A recent study, coordinated by the World Bank, estimates that among these countries, productivity losses, due to illness, disability or premature death, already amount to some $95 billion per year, with this cost exceeding $500 million per year for twenty-eight different countries. An additional $15 billion is estimated to be the annual cost of treating foodborne illnesses. Also significant yet more difficult to measure and aggregate are the costs associated with market disruptions, product recalls, and temporary or longer-term avoidance by consumers of certain foods perceived to be unsafe.

Under a ‘business as usual’ scenario, the costs of unsafe food in domestic markets will likely rise, significantly, in many of today’s low and lower-middle income countries. This is because of on-going demographic, dietary and other changes which will likely lead domestic consumers to be exposed to a wider set of food safety hazards, straining or outpacing prevailing food safety management capacities, both in government and the private sector. While countries continue to make advances in relation to many public health and other sustainable development goals, there is the potential that stakeholders will be overwhelmed by emerging food safety challenges. Not only might we see an increased incidence of foodborne disease, but a continued loss of consumer confidence in the safety of local food might result in farmers and local firms missing out in the opportunity to service the demand of rising middle-class populations, at home and regionally.

TOWARDS SMARTER INVESTMENT IN DOMESTIC FOOD SAFETY

This trajectory of a rising public health and economic burden of unsafe food is not inevitable. A significant share of food safety problems and associated costs are avoidable if a concerted set of preventive measures are put in place. With a proactive strategy and proper prioritization of problems and measures, countries can avoid losses from the burden of FBD amounting to hundreds of millions of dollars per year. In doing so, countries can minimize disruptions to markets and livelihoods which come from periodic food safety outbreaks or scares and prevent these episodes from dominating consumer perceptions about the underlying quality and safety of local foods and the credibility of the food governance arrangements in place.

Governments in LMICs need to invest more and invest more smartly in domestic food safety. This means investing on the basis of evidence and with a clear purpose and tracking the impacts of interventions; investing in the foundational knowledge, human resources, and infrastructure for food safety systems; balancing attention to hardware and software; taking into account spatial considerations, especially the need for capacities at decentralized levels; and ensuring the sustainability of investments and outcomes. For public regulatory functions, including risk surveillance, risk assessment, enterprise and facility inspections, and product testing, it is critical that enhanced nodes of capacity function in a coordinated or networked manner for efficiency, effectiveness, and accountability.

Smarter public investment also means maximizing synergies in dealing with problems and in the pursuit of public policy goals. A good example of this are One Health initiatives seeking to simultaneously address animal health and food safety risks. Importantly, not all investments that can reduce the burden of FBD are ones typically regarded as “food safety” investments. Critical investments may be ones that address environmental health issues, including those that increase access to potable water and improve sanitation or lessen environmental contaminants in soil, water, and air. Measures like these reduce the propensity for cross contamination in food supply chains. Also important are investments in public health systems, including those that improve the quality and access to medical treatment, which can reduce morbidity and mortality related to FBD.
To operationalize the concept that food safety is a shared responsibility—between government, business, and consumers—governments need to play important facilitative functions, in addition to regulatory ones. For example, governments need to determine how they can play more effective vision-setting and convening roles; better provide reliable information to stakeholders; and more effectively deploy a wide set of policy instruments, both carrots and sticks, to involve, incentivize and leverage the actions of farmers, food business operators and consumers. A major challenge for developing country governments is to induce investments and behavior changes by actors who share with government the goal and responsibility of safer food. This goes well beyond the concept of ‘official food control’ and may require some shifts in orientation among food safety administrators and professionals.

Governments also need to develop strategies to leverage private investment in the national food safety system. This goes well beyond inducing upgrades at the individual factory, farm, or supply chain level. Rather, there is scope for major private investment—by individual companies, industry associations, or other networks—in food market infrastructure and national programs for food safety science and technology, food safety education and professional training, consumer awareness, SME quality management benchmarking and upgrading, laboratory testing and other conformity assessment services, and other areas. The private sector can also play a major role in national efforts to promote and support adoption of so-called ‘good’ agricultural, animal husbandry and aquaculture practices.

National priorities for domestic food safety investments and other initiatives are expected to vary among countries and should be determined based upon considerations of both risk and socioeconomic criteria. Circumstances vary greatly among countries, including in relation to their demographic and geographic size, stage of agricultural and dietary transformation, structure of agricultural production, degree of formalization of food retail and value chains, degree of international food market integration, incidence and patterns of foodborne disease, current state of food safety and basis public service capacities, and other factors. These would be expected to influence priorities, sequencing and overall time-frames, although the core principles laid out above—especially those of favoring forward-looking, preventive measures; ensuring the strength of foundational capabilities; realizing synergies; and leveraging private investment—should be applied.