

Animal Welfare Through the Eyes of an Investor

Ivan Ivanov, Global Lead for Sustainable Protein Advisory Services, IFC
WOAH Regional training seminar for animal welfare focal points
Nairobi, September 2024



**World Organisation
for Animal Health**
Founded as OIE

IFC: A Member of The World Bank Group



IBRD
International Bank
for Reconstruction
and Development

Loans to middle-income
and creditworthy low-income
country governments



IDA
International
Development
Association

Interest-free loans and
grants to governments
of the poorest countries



IFC
International
Finance
Corporation

← SOLUTIONS IN
PRIVATE SECTOR
DEVELOPMENT →



MIGA
Multilateral
Investment
Guarantee Agency

Guarantees of foreign
direct investment's
non-commercial risks



ICSID
International Centre
for Settlement of
Investment Disputes

Conciliation and
arbitration of investment
disputes

IFC: the largest global development institution focused on the private sector in developing countries

The International Financial Corporation (IFC) is the private sector arm of the World Bank Group, investing in emerging markets since 1956:



More than \$321 billion invested since our founding in 1956



Leveraging the full range of World Bank Group capabilities



AAA credit rating; owned by 185 countries



Provides investment, advice, resource mobilization



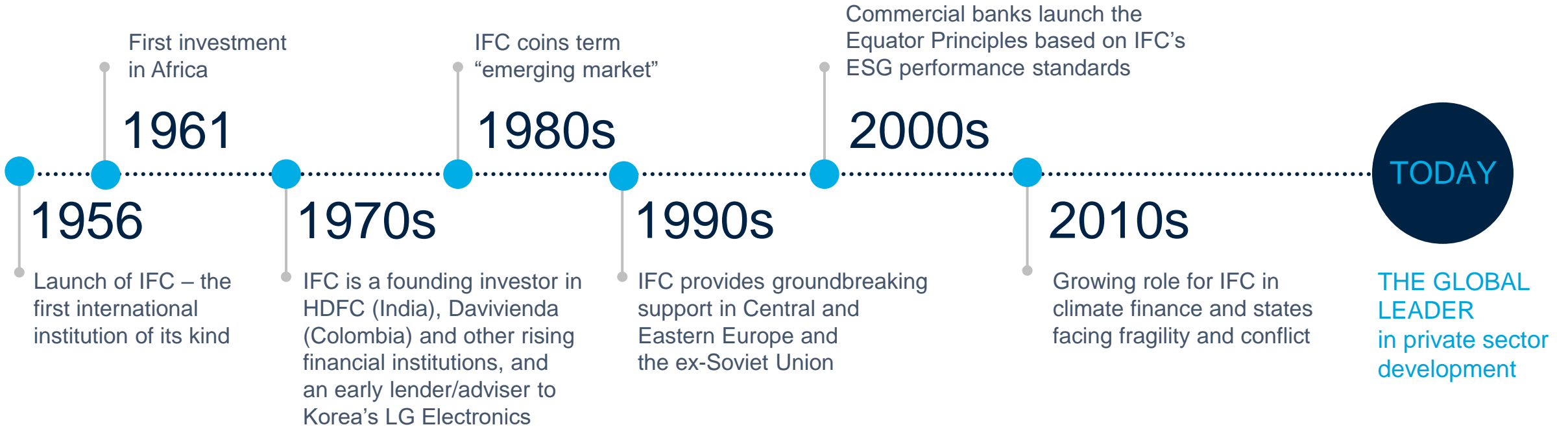
Offices in nearly 100 countries

Mobilizing the Private Sector & Creating Markets

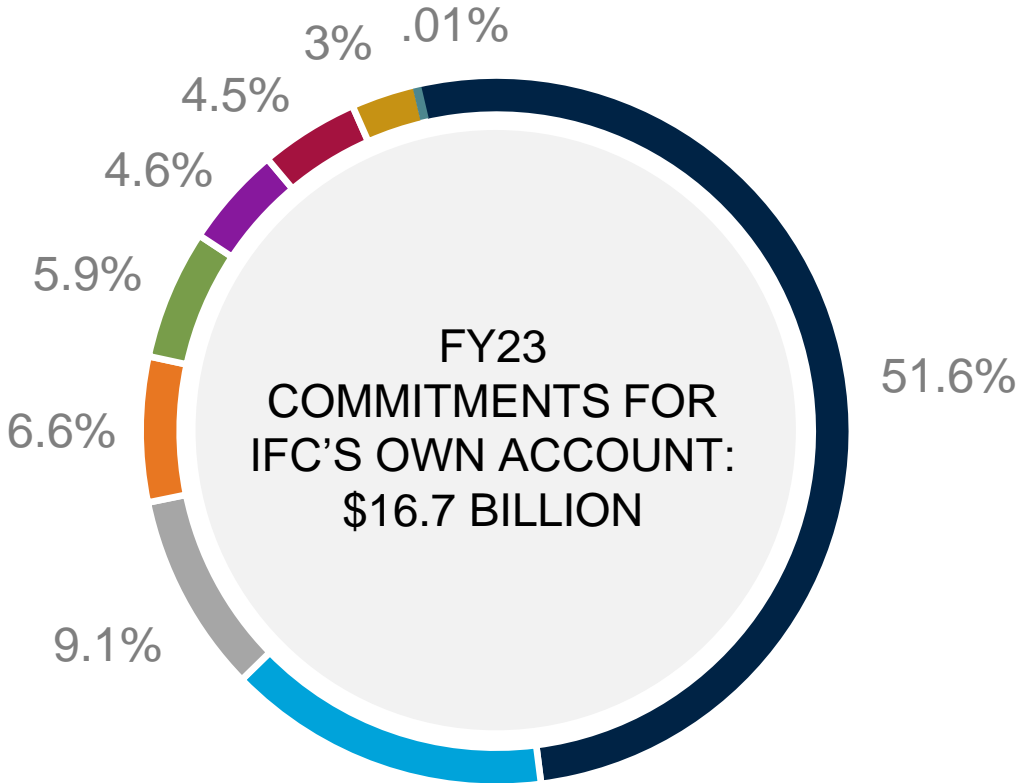
- Engage in **difficult environments** and **mobilize private finance** enabling a **development impact** beyond its direct resources.
- **Sustainability:** IFC is an investor focused on development impact and climate change. Promoter of environmental, social, and corporate governance standards.
- **Create, deepen, and expand markets** where they are weak or do not currently exist.
- **Maximize the financing** available in areas with the most needs.

Our history

FOLLOWING THE 1945 BRETTON WOODS CONFERENCE THAT CREATED THE WORLD BANK AND IMF



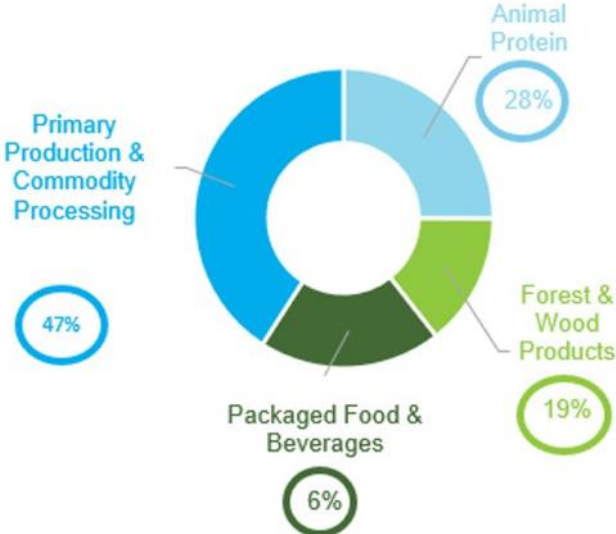
Long-Term Investment Commitments by Industry



- Financial Markets
- Infrastructure
- Manufacturing
- Agribusiness and Forestry
- Funds
- Tourism, Retail, and Property
- Telecommunications and Information Technology
- Health and Education
- Natural Resources

IFC has a \$4.1B active portfolio in 242 agribusiness projects across the developing world

Committed Portfolio by Subsector



Committed Portfolio by Region



Global Expertise: Sustainable Protein

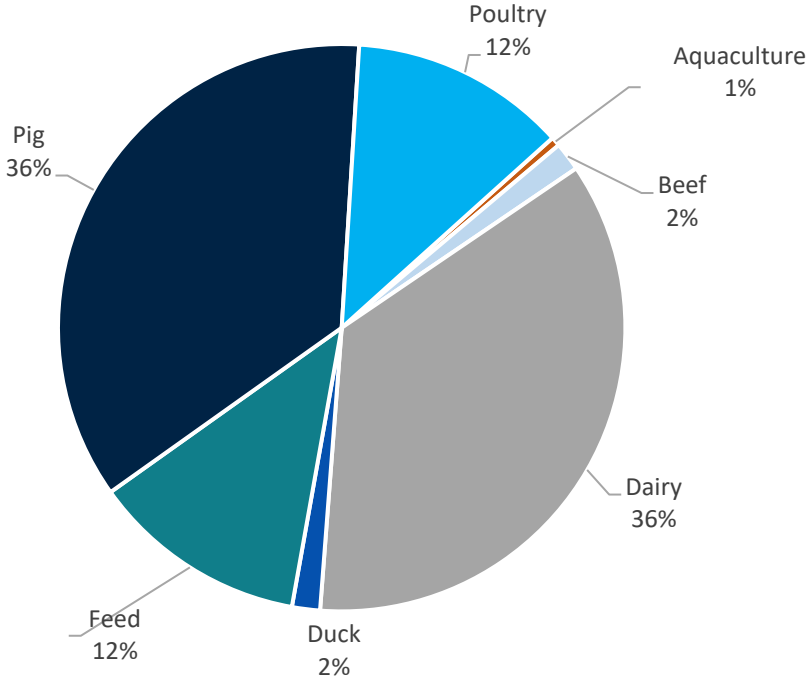
Currently IFC has a portfolio of 66 investments in animal proteins, totaling \$1 billion

IFC's Sustainable Protein Advisory Services provides technical assistance to livestock companies in IFC's portfolio and pipeline.

SAMPLE OF CLIENTS










Animal Protein Sector Commitments (US\$1.04 Bn, FY17-FY21)



A woman wearing a pink hijab and a blue jacket is smiling and holding a small white chick in her hands. She is standing in a wooden structure, possibly a chicken coop, with several vertical wooden posts. The background is slightly blurred, showing more of the structure and some hanging items. The overall lighting is soft and natural.

HOW IFC INVESTS IN ANIMAL PROTEIN COMPANIES

IFC invests in livestock companies that:

-  1 Implement robust animal health management and biosecurity protocols
-  2 Implement prudent and responsible use of veterinary antimicrobials and medicines
-  3 Implement an Animal Welfare Management System
-  4 Promote Decarbonization Pathways and Enhance Climate Resilience of Operations
-  5 Prevent the loss of biodiversity
-  6 Provide safe food
-  7 Respect relevant national laws and regulations

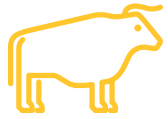
The Practices are endorsed by five of the largest MDBs investing in animal protein



FMO

Entrepreneurial
Development
Bank





PRACTICE 3: Implement Animal Welfare Management System codified by credible standards

IFC invests in livestock companies that implement an animal husbandry management system, that includes animal welfare, through the application of industry-specific good management practices and available technologies. Where such animal welfare practices are codified in global, regional, or national recognized standards, the investee company implements animal welfare management practices independently verified or certified according to one or more relevant and credible standards.

IFC's APPROACH

IFC requires investee companies to commit to apply credible, recognized global, regional, or national standards and assesses animal welfare and husbandry management practices accordingly.

IFC can also require investee companies to pre-assess the investment project's conformity to applicable standards. In specific situations where industry practices limit compliance, as part of pre-investment due diligence, IFC will put in place a transition plan with specified cut-off dates.

Pork sector: the advantages and challenges of Group Housing of sows

ADVANTAGES

- Group housing systems provide sows with freedom of movement and opportunities for social interactions.
- The sows have more exercise, more control over their environment, more opportunity for normal social interactions and better potential for the provision of opportunities to root or manipulate materials.
- Group housing systems in general have the potential to provide for better welfare for sows compared to gestation stalls.



CHALLENGES

- Group housing can result in problems such as stress or injury due to aggression or uneven body condition. This needs to be managed, as well as ensuring each sow has the full ration of food available to her.
- Monitoring sows is more challenging for example feed refusals or vulval discharge are harder to detect and harder to treat.
- Group housing requires a high level of management, and therefore they also have the potential to result in poorer welfare.






PRACTICE 7: Respect relevant national laws and regulations

IFC invests in livestock companies that conduct business legally and responsibly. This requires that the business complies with all applicable laws and regulations, including but not limited to respecting human rights, environmental protection, labor relations, worker occupational health and safety, resource efficiency based on international good practices, and legislation. The legislation should relate to the principles of food safety, animal health management, biosecurity, veterinary antimicrobials and medicines, animal welfare, greenhouse gas emissions, and biodiversity. This applies even in markets where these laws are inadequately enforced.

IFC expects its investee companies to ensure that their staff understand and respect national laws, regulations, policies, and standards that affect its business.

IFC's APPROACH

IFC expects its investee companies to understand and follow the laws and standards that affect the organization, wherever it operates, and to train staff accordingly. Investees are also required to display licenses publicly and show regular compliance to local authorities of the terms and conditions of the environmental license.



IFC SCAN GUIDE:
SECTION V
"ANIMAL WELFARE AND
ANTIMICROBIAL USE"

IFC Scan Guide: Section V "Animal Welfare and Antimicrobial Use"

- ✓ Based on WOAHP, FAO, WHO and EU standards
- ✓ Focused on public sector issues that might impact IFC investments
- ✓ Allows quick assessment with limited resources
- ✓ Could be used by WOAHP member countries when working on PVS as a tool that helps to collect data and analyze it

WOAHP PVS	IFC SCAN GUIDE
Designed to assist Veterinary Services (VS) to establish their current level of performance.	Designed to support the analysis of the policy and regulatory dimensions of animal welfare and use of antibiotics in livestock production
Four fundamental components for VS: <ul style="list-style-type: none"> • resources • technical authority and capability to address challenges • interaction with stakeholders • ability to access markets 	Elements of assessment: <ul style="list-style-type: none"> • stakeholders • national policy and regulatory framework and its correspondence to OIE Terrestrial Code • compliance and control measures • capacity building



IFC Scan Guide Diagnostics: Animal Welfare in Vietnam

PILOT

Vietnam

DATE

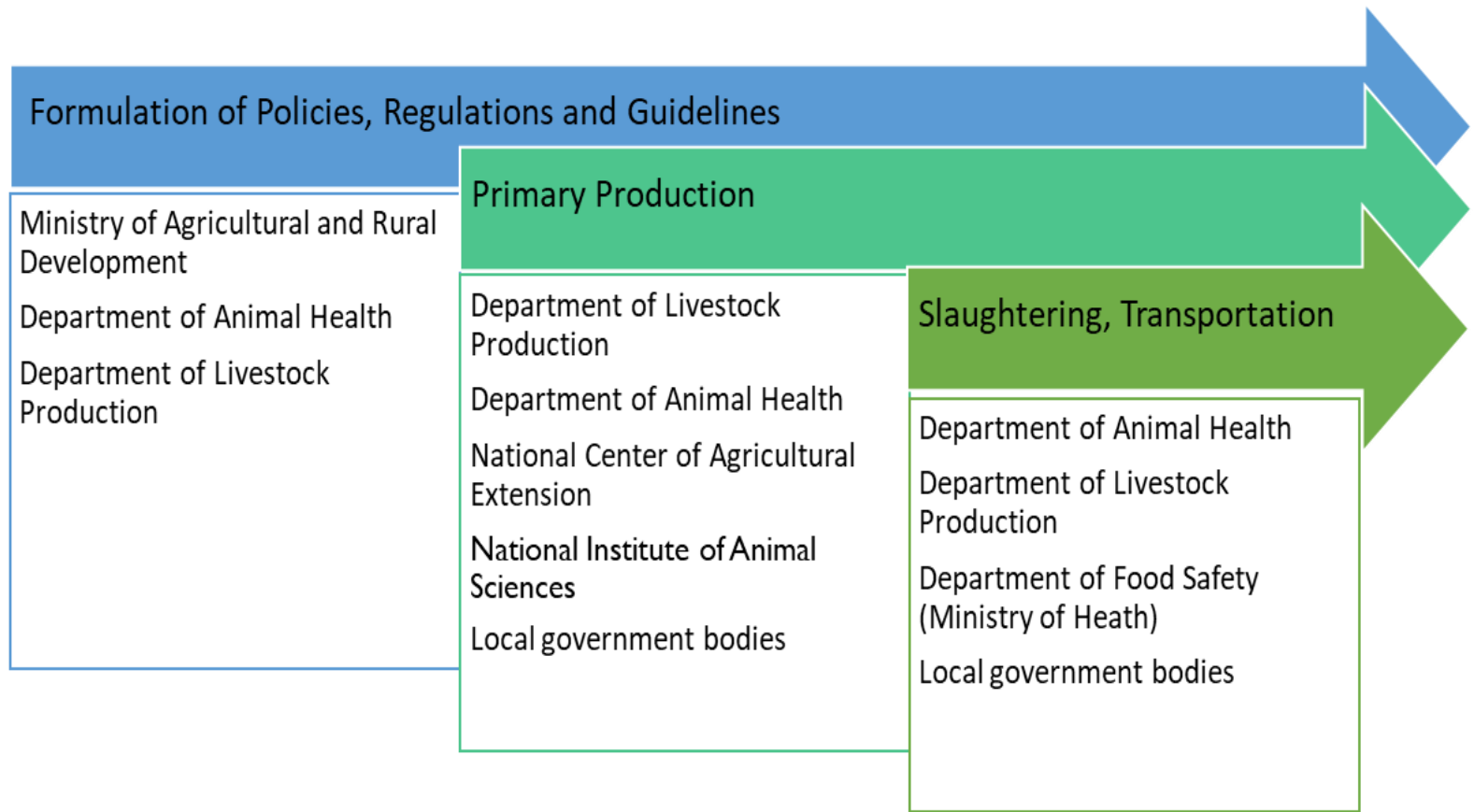
June-August 2023

SCOPE

Policy and regulatory framework, stakeholders, control arrangements, voluntary initiatives, capacity building

METHODOLOGY

Desk research & interviews
Human resources: 1 expert involved



Animal Welfare in Vietnam: Poultry Production System vs WOAH

	Addressed	Partially addressed	Not addressed
Biosecurity and animal welfare			
- Biosecurity and disease prevention	Addressed		
- Animal health management, preventive medicine, and veterinary treatment		Partially addressed	
Thermal environment		Partially addressed	
Lighting		Partially addressed	
Air quality		Partially addressed	
Noise		Partially addressed	
Nutrition	Addressed		
Flooring bedding, resting surfaces and litter quality			Not addressed
Prevention of feather pecking and cannibalism			Not addressed
Stocking density			Not addressed
Outdoor areas			Not addressed
Protection from predators			Not addressed
Choice of broiler strain		Partially addressed	
Painful interventions			Not addressed
Handling and inspection			Not addressed
Personnel training			Not addressed
Emergency plans (developed and put in place in the facility)		Partially addressed	
Location, construction, and equipment of farms		Partially addressed	
On farm harvesting		Partially addressed	

**WOAH Terrestrial
Animal Health Code
(Chapter 7.10)**

Animal Welfare in Vietnam: Pig Production System vs WOAH

	Addressed	Partially addressed	Not addressed
Personnel training			
Handling and inspection			
Painful interventions/procedures			
Provision of feed and water			
Environmental enrichment			
Prevention of abnormal behaviour			
Housing (including outdoor production systems)			
Space allowance			
Flooring, bedding, resting surfaces			
Air quality			
Thermal environment			
Noise			
Lighting			
Farrow and lactation			
Weaning			
Mixing			
Genetic selection			
Protection from predators and pests			
Biosecurity and animal health (biosecurity and disease prevention)			
Contingency plans			
Disaster management			
Humane killing			

**WOAH Terrestrial
Animal Health Code
(Chapter 7.13)**

Animal Welfare in Vietnam: Beef Cattle Production System vs WOAH

	Addressed	Partially addressed	Not addressed
Biosecurity and Animal Health			
Thermal environment			
Lighting			
Air quality			
Noise			
Nutrition			
Flooring bedding, resting surfaces and outdoor areas			
Social environment			
Stocking density			
Protection from predators			
Genetic selection			
Reproductive management			
Colostrum			
Weaning			
Transfer of beef cattle to dry feed			
Painful procedures			
Handling and inspection			
Personnel training			
Emergency plans to be developed and introduced by facilities			
Location, construction, and equipment			

**WOAH Terrestrial
Animal Health Code
(Chapter 7.9, 7.11)**

IFC Scan Guide Diagnostics: Animal Welfare in Vietnam (issues identified)

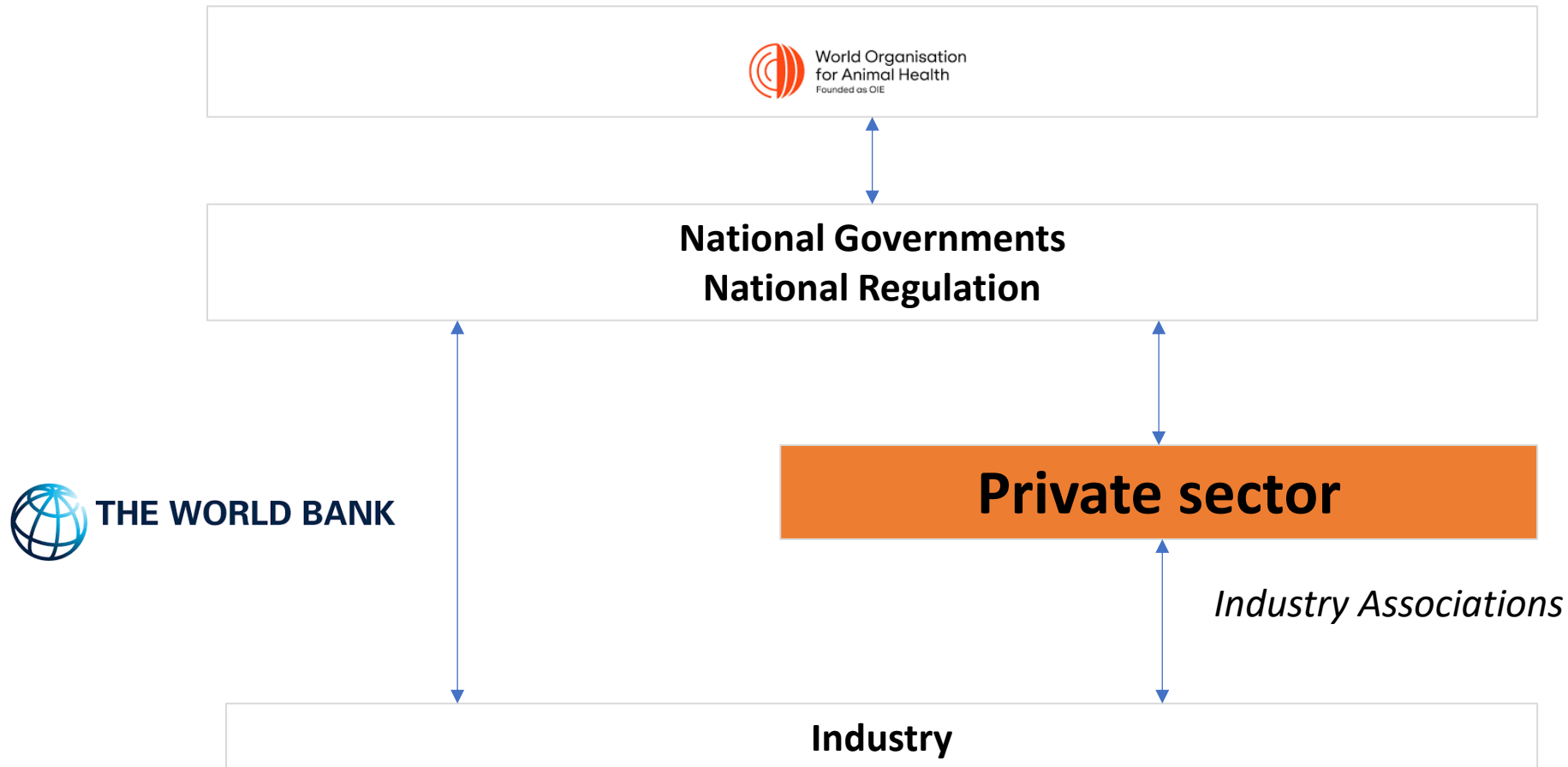
- ▶ AW legislation requires further development and enhancement:
 - Development of a comprehensive AW regulation that consolidates regulations from various sources into a single legal framework
 - Concept of “animal welfare” to be clearly integrated in the legislation
 - Better alignment with WOAHA requirements

- ▶ Lack of awareness among stakeholders on AW (benefits, approaches and practices)

- ▶ Limited involvement of private sector in development of national regulatory framework on AW

- ▶ No incentives for small-scale farmers and small-scale slaughters to implement AW practices

Only public & private sector collaboration can improve animal welfare however, national regulation is not there



ANNEX



FIND OUT MORE



WWW.IFC.ORG



PRACTICE 1: Implement robust animal health management and biosecurity protocols

IFC invests in livestock companies that have formal, documented animal health and biosecurity policies and protocols, supported by appropriate staff training and control systems.

IFC's APPROACH

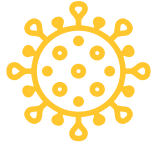
IFC requires investee companies to develop, adopt, and document Animal Health Management protocols and biosecurity protocols, as well as to have competent veterinary personnel in charge of animal health.

CASE STUDY

Suguna (India)

Suguna Foods, a long-term client of the IFC, is a fully integrated poultry enterprises, which contracts over 40,000 small-scale farmers in India. Suguna's contract farming model removes the market risk for farmers by providing all inputs and off-taking birds. Farmers receive veterinary services and hands-on training in good biosecurity practices.





PRACTICE 2: Implement prudent and responsible use of veterinary antimicrobials and medicines

IFC invests in livestock companies that are committed to the principle of responsible and prudent use of veterinary antibiotics and medicines to mitigate the development of antimicrobial resistance.

IFC's APPROACH

IFC requires investee companies to be committed to the principles of responsible and prudent use of antimicrobials and veterinary medicinal products and does not permit the use of antimicrobials for growth promoting purposes. Investee companies are required to have a formal policy on antimicrobial stewardship reducing their use in agriculture.

CASE STUDY

EthioChicken (Ethiopia)

EthioChicken, an IFC client, is a poultry company in Ethiopia that specializes in the sale of dual-purpose chickens. IFC is supporting the company in developing and adopting the first Corporate Antimicrobial Stewardship Policy in Ethiopia.





PRACTICE 4: Promote Decarbonization Pathways and Enhance Climate Resilience of Operations

Investments in livestock companies should be consistent with IFC's commitment to align with the Paris Agreement on a pathway toward low greenhouse gas emissions and climate-resilient development.

IFC's APPROACH

To achieve our Paris Agreement alignment commitment, IFC expects its investee companies to lower GHG intensity and adopt climate resilience practices. This includes adopting innovative technologies and renewable energy solutions; reducing feed losses and managing waste appropriately; planning for adaptation to physical climate change risks; and making investments to reduce the negative impact on the environment of livestock operations.

CASE STUDY

Zambeef (Zambia)

IFC has supported Zambeef's decarbonization commitment by helping the company to establish GHG emission baselines and build internal capacity to assess and identify decarbonization opportunities in their livestock and meat processing operations.





PRACTICE 5: Prevent the loss of biodiversity

IFC invests in livestock companies that prevent loss of biodiversity through a public commitment to achieve no net loss of natural habitat. IFC invests in livestock companies that, where applicable, attain a net gain of critical habitat in their operations and make a public commitment to eliminate any significant conversion of natural and/or critical habitat in their livestock and feed supply chains.

IFC's APPROACH

Based on the biodiversity risks, IFC requires investee companies to mitigate the impacts of their operations and develop a Sustainability Sourcing Policy to ensure their producers are not causing significant conversion of natural habitats.

CASE STUDY

Louis Dreyfus Company (Brazil)

Louis Dreyfus Company (LCD) has committed to eliminate deforestation and conversion of native vegetation of high conservation value from its supply chains by the end of 2025. IFC's investment supports a portfolio of soy and corn LCD farmer suppliers in Brazil that are committed to zero deforestation.



PRACTICE 6: Provide safe food

IFC invests in livestock companies that use a food safety management system to consistently deliver safe meat and dairy products to the market.

IFC's APPROACH

IFC requires investee companies to have a management system that ensures safe food practices throughout the value chain, including managing physical, chemical, residual antibiotic, and biological contaminant risks related to food safety.

CASE STUDY

Pearl Dairy (Uganda)

Pearl Dairy, an IFC client in Uganda, strengthened its food safety management system with IFC's advisory support. This allowed the company to establish itself as the fastest growing dairy company in East Africa and to provide safe food to its customers in several African countries.





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