

WORLD TELEVISION

Nestlé Creating Shared Value Forum 2010

Session Three

Rural Development and Food Security

Creating Shared Value - Session Three

00.00.00

Maria Livanos Cattai:

Actually, what we're going to do is, in this session, we're going to vote first. So I'm going to ask you to pick up your voting pads and share your thoughts on the question which is going to come up on the panel now. And we're going to vote at the end, as well, on the same question.

00.00.26

So these are the priority issues for rural development, and I'm going to ask you to choose your top three priorities. You'll see on the screen: food security, health and nutrition in rural areas, climate change, access to global markets, rural infrastructure, educating and empowering women, and new farming technologies, seeds and fertilizers. Please vote now.

Voting

00.00.55

You can hit three number in any order you want.

This doom music is making me... [*Laughter.*]

00.01.13

All right. Here are our answers in this thing: Right on top, food security, health and nutrition in rural areas. And I think right after is educating and empowering women, right? That seems to be the next one. And then, down to the third, we're very close between climate change and rural infrastructure, and then access to global markets.

00.01.43

And interestingly, for the panel, because I will ask you about this, last is new farming technologies. That's a fairly interesting order in which you had put these things. Ajay? This is a panel... Where are you? There you are. Ajay, this is a panel about rural development and food security. And so far, we've had a lot of people who have not actually been on the farm, on the ground. You have; you know these issues.

00.02.17

So I'm going to ask you a question that we discussed before. You feel that governments need to prioritise agriculture with relevant and appropriate policies and budgetary support. You said many times, Put agriculture, put the farmers, at the centre of things. They're not doing it. What is the problem? Is it implementation? If so, what can you do?

00.02.45

Ajay Vashee:

I think it is implementation. There is recognition by many governments that you can't transition, in many developing countries, large populations from the rural areas into the urban centres and get into services or production. The delink we're finding is, these public pronouncements are not being met by either the correct long-term strategies or adequate resources. And it's an implementation problem.

00.03.16

And we can't see where there are deliberate, long-term strategies by governments to invest in small-hold agriculture, if you like, or to make sure that we're able to modernise our agriculture. Because if we want to alleviate poverty and we think the engine of growth is going to come from agriculture, then they should demonstrate it by having adequate budgetary allocation - even provide a public policy environment that will enable subsistence farmers transition into small-scale entrepreneurs, where, let alone, building their own supply value chains; but even participating in existing ones, where they can meet food safety and food quality standards.

00.04.05

So we are finding that there is a big delink. And I think what is lacking is, actually, the will to do it. And maybe somewhere between policy pronouncements and agreements, the tangible results are not coming in. I think there isn't enough pressure coming from the rural areas and from the agricultural lobby to do this.

00.04.27

Maria Livanos Cattai: You mean locally, in the countries...?

Ajay Vashee: Locally, yes.

Maria Livanos Cattai: There's not enough pressure, in your opinion. Let me ask you, Ruth, you bring pressure.

Ruth Oniang'o: Mm-hmm.

00.04.39

Maria Livanos Cattai: You always say that the biggest problem are the challenges that are facing small farmers, most of which are women. But you're out there making this pressure happen. So where do you find is the stumbling block?

00.04.57

Ruth Oniang'o: There are many stumbling blocks for the women. Most of the people who call themselves farmers and who feed Africa and now with a lot of food aid coming in are women. And women have been left out of the system altogether. They don't have credit; they don't have training; they don't have essential support; they don't have resources; they don't have enough labour to work on those farms.

00.05.23

And yet they're supposed to see to family food security, country food security, community food security, and nutrition for their families. So it's just not possible.

Maria Livanos Cattai: So where do you intervene first? What is it that you're asking for - the most pressing in rural development?

00.05.42

- Ruth Oniang'o: I'm asking for where the resources come from; where technical support comes from. It comes from the donors; it comes from our own governments. Actually, should start with our own governments with the proper policies, and also, really, walking the talk; and then prioritising agriculture-like agencies Yeah - where the donors are.
- Maria Livanos Cattai: Ajay, can I ask you, what did you vote for?
- 00.06.04
- Ajay Vashee: Actually, I voted for four, to be honest.
- Maria Livanos Cattai: Number 4 - rural infrastructure.
- Ajay Vashee: That's correct, yeah.
- Maria Livanos Cattai: And I guess you voted for...
- Ruth Oniang'o: I put all of them number one. [Laughter.]
- Maria Livanos Cattai: You put all...
- Ruth Oniang'o: Yeah, yeah. I put all of them number one.
- 00.06.17
- Maria Livanos Cattai: Okay. But what did you do?
- Ruth Oniang'o: Actually voted for number one first.
- Maria Livanos Cattai: Food security, health and nutrition. Yeah. And then educating...
- Ruth Oniang'o: Yes, yeah. And then number four.
- Maria Livanos Cattai: Rural infrastructure?

00.06.27

Ruth Oniang'o:

Yes. And then the women. But I could I put all of them - because you can produce the food, but if there's no infrastructure, there are no roads, you can't even market it. Yeah, so it's hard.

Maria Livanos Cattai:

And how effective do you think you really are towards governments?

Ruth Oniang'o:

Male: ...

Maria Livanos Cattai:

Ajay, you or Ruth. How effective are you?

00.06.47

Ruth Oniang'o:

I think we are making a bit of progress - you know, baby steps - but I think we need a bigger voice and we need all of us to come together and say, Look, agriculture first, and who produces the food is the women. And what have you given them to facilitate them to actually be able to feed themselves and the nation?

Maria Livanos Cattai:

To be more effective, who else do you need to help you?

00.07.08

Ruth Oniang'o:

Well, I have a feeling the reason why I'm here is that the private sector has not risen to the occasion.

Maria Livanos Cattai:

On the farmers.

Ruth Oniang'o:

Yeah, yeah.

Maria Livanos Cattai:

And you, Ajay?

00.07.18

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Ajay Vashee: I think there has been progress. The ability for the private sector - or you say lobby groups - depends on their ability to swing public opinion. And a lot of changes have happened over the years. But it also depends on how responsive governments are or the public sector is to those kinds of demands.

00.07.38 And there *are* changes that are taking place, but perhaps not as rapidly and as effectively one would like them to happen. But there are changes, because this question of poverty, this question of rural development, is becoming an issue. It is something which is now in the public domain, and the more and more people interact, when you have more and better communication - not, maybe, with the Internet but even with cell phones - you find that public opinion is being changed. Governments are now getting more worried about the situation as they get the correct messages, and people are getting more organised on the ground.

00.08.12

Maria Livanos Cattai: Well, let me turn around, then, to Bob Thompson. Let me ask you: What did you vote for?

Robert L. Thompson: I voted for numbers 4, 5 and 6.

00.08.23

Maria Livanos Cattai: Rural infrastructure, educating, and new farming. But your interests are extremely, let's say, not provocative against what was being said, but you also stress another area, which is the non-farm job area in rural development itself.

Robert L. Thompson: Right.

Maria Livanos Cattai: Perhaps you could tell us a little bit about what you mean by that.

00.08.45

Robert L. Thompson:

Well, certainly, smallholders have to raise productivity if they're going to increase their incomes and to reduce poverty. But no country in the world has solved the problem of rural poverty in agriculture alone. Every country that's significantly reduced poverty levels in rural areas has created non-farm employment opportunities, both in faraway cities, as well as close at hand.

Maria Livanos Cattai:

I'm sorry. Does somebody have a telephone here open on the stage? Yeah. Sorry, go ahead.

00.09.13

Robert L. Thompson:

But creating non-farm jobs in the rural areas within commuting distance - some related to supplying agricultural needs, adding value to the raw products, and many completely unrelated - that's the way we've solved the problem of rural poverty in every country where there's been significant progress.

00.09.32

So we need to develop agriculture. That will help, but it's not going to solve the problem of rural poverty, or, in turn, food insecurity - which is principally, except in times of war or natural disaster, politically-imposed famine - food insecurity is basically a problem - inability of access.

00.09.50

So I voted for 4, 5 and 6 because I see these as means to enable the increase in productivity in agriculture; also to increase incomes from creating non-farm jobs.

00.10.06

Maria Livanos Cattai:

Can I ask you another area which we will pick up with a few more of our panelists here, which is on productivity? How you

can reconcile the increasing of that productivity with non-farm jobs coming on, and pressures on things like land, soil, forests, and so on?

00.10.29

Robert L. Thompson:

Well, if you've got only a half-hectare of land, there's nothing that's legal you can grow on that land and lift a family out of poverty. I mean, nothing is a high enough value per hectare, except drugs, to possibly give you a - and obviously, we're not promoting drug production. So that's, I think, the basic point of departure on why we have to have the non-farm employment.

00.10.57

But raise productivity? There's, at most, twelve percent more land to produce almost twice as much food on in the next forty years. There's going to be less water available with the rapid urbanisation going on, so we're going to have to probably triple the crop, per drop, the output per unit of water we use in agriculture, and close to double the productivity of land, or we'll cut trees.

00.11.21

People in poverty whose kids are starving, they will destroy the forest in order to expand the area of land in production. So we've got to increase the productivity on the land we're now using and with the water we're now using in agriculture. Without that, we will have an environmental disaster.

00.11.40

Maria Livanos Cattai:

Can I turn to you, Paul? You have extensively, in your Creating Shared Value report, covered the content - technical assistance and so on. Could you perhaps give us a few highlights, in light of what has been said now, of what you do in the increasing rural development productivity, impact? Do you agree with what was said?

00.12.09

Paul Bulcke:

Let me first put the thing in context. We have said that one very important factor where we *can* create shared value is rural development. And that is linked to agriculture, definitely. And why do we say that? Because agriculture is really a game-changer. It is the largest industry in the world. It employs one billion people. Forty percent of employment is in agriculture, first.

00.12.39

And then also, it is the largest environmental footprint. And as we have sustainability as one of our bases on what we build our company and our long-term vision on, environmental footprint is very important, too.

00.12.49

And then you have this whole thing about food security, which is, as you see, the most...voted most importance that has come to rural development. And if you see that one billion people are going to bed hungry, and actually, two hundred million more than two, three years ago, this is a major issue.

00.13.03

So agriculture, per se, which is intrinsically and intimately linked with rural development as key, is central. And that's why we have said, we, as a food and beverage company, can really by our activity that is so intimately linked to our activity make a change make a - difference.

00.13.20

We heard also that creating shared value is a micro thing, but by adding for lots of micro's, you get it to a macro level. And that's where, then, this partnership comes in again - what we've been talking.

00.13.30

Now, going to micro - first of all, just a few figures. We are purchasing fifteen billion dollars a year of agricultural raw materials. More than half of that is coming out of developing

countries. We are linked up directly - we have 600,000 farmers, and indirectly, even 150,000 other agricultural suppliers. We have trained through our programs - and this comes to your question - last year, alone, 170,000 farmers, specifically on how they go about their farm husbandry, how they can increase the yields of their products, how they can get better quality.

00.14.09

And again, there's the shared value coming in, because we have an interest in having good-quality products, having good yields, because that makes the whole supply chain more efficient. One hundred seventy thousand farmers trained specifically in one year, many of them women, because we do believe that women - and women are a very important factor or dimension in the rural areas, because women are the most stable factor in the rural areas. We know that. They watch for their families, they're really responsible in going, and they're long-term thinkers, because they think about the welfare of their kids, and that there's no tomorrow. That is in twenty years' time.

00.14.40

So we have also given forty million last year alone in microcredits to the agricultural farmers who are working with us. We are calculating that 3.5 million people are having their livelihood linked with our activity in the supply chain in the developing world alone. These are the dimensions that one company like ours can do. Now you add all the other companies, because we're not unique in that. I know our reality, but you add that up... And then lots of micros, together with government, makes it a macro.

00.15.13

Now, it was also very, very interesting to see that in the World Summit on Food Security last year in Italy, it was, I think, the first time that really private companies were also invited to talk about it, and that is also a sign on the wall that there is a lot to talk about in terms of partnership. And it has also been linked

with trust. There should be trust from governments, also, to private initiatives and private companies in the agricultural area. I think it's important.

00.15.42

Maria Livanos Cattai:

But Paul, putting you in a difficult spot, maybe, asking you such a thing - but you heard before from Ruth and Ajay, that these are initiatives that are needed. Do you have any idea why not enough, in their opinion, has been done to concentrate governments to support what you're doing, or do you find support wherever you are on the ground from government to become more and more positive as collaborators and help, in effect, what you are doing?

00.16.19

Paul Bulcke:

Well, I feel that there is more openness to what we are doing, also, from government - I see it also from NGOs - of working together. For example, we're starting now an initiative to set up a milk district in the eastern part of Africa that is done with local government. That's done also with the Gates Foundation and other associations. So that cooperative action is coming more clearly to play.

00.16.43

I do see, also, a little bit of a longer view on agriculture than we saw before. And there is a certain dimension of the long-term - the long-term inspiration of initiatives - that is very, very, very important. And companies like ours - when we go into a country, when we set up a milk district, it's not for a few years; this is a long-term commitment. Agricultural initiatives can only bring results and fruit over the long term.

00.17.13

And companies like Nestlé are always committed to the countries where we're starting long term. You see our milk

districts that we have in Pakistan. A hundred thousand farmers are linked with that milk district there in Pakistan.

Maria Livanos Cattai:

But they continue without you helping on it? Once you start these kinds of districts, are they self-supporting, self-sustaining?

00.17.36

Paul Bulcke:

We help them to stand on their feet and to have an activity. We are part of the supply chain, so they deliver the milk to us. It is not linked contractually. So I feel one of the major things that has not been voted so strongly is the access to global markets, which is, in my eyes, one of the most important things.

00.17.57

If that is really well played so that the farmers get the right price for their products and produce, that would help and actually induce quite a few other things that were voted before - that thing - the access to global markets in an honest way, which is then linked, again, with agricultural subsidies in our Western world to reduce that.

00.18.16

That would help quite a few other areas that were voted on as more important. I see access to global markets as one of the most important things.

Maria Livanos Cattai:

Bob, in fact, I think you have written about the barriers in and among African nations in trade, and the distortions externally. This is part of your work as well.

00.18.35

Robert L. Thompson:

Yeah, indeed. We, in the high-income country, tend to put the highest protectionist barriers on exports from low-income countries in products in which they have a comparative advantage, like intensive-intensive manufacturers, textiles, footwear. But agricultural commodities that do well in the

tropics, like sugar, rice, cotton, we throw the highest protectionist walls up against the very products in which they have the comparative advantage.

00.18.58

But what's often forgotten is that the developing countries themselves impose higher barriers on trade *among* them than we, in the high-income world, impose on their exports. So with the population and income growth in the world, south-south trade is the future, and yet that's where the highest protectionist walls exist today.

Maria Livanos Cattai:

Werner, let me ask you - which ones did you vote for?

Werner Kiene:

I voted for two only because they...

Maria Livanos Cattai:

That's all right.

00.19.30

Werner Kiene:

Yeah - infrastructure...and I don't see the other one I voted on because I was looking for something that would go more into how do we implement all of these good policies.

Maria Livanos Cattai:

Exactly. One of your concerns - I've been reading some of the things you've been writing about - is that we can provide infrastructure, we can provide technology, credit assistance, but these things don't always succeed; only partially succeed. Is it because they don't actually get to the farmers or is it because they are badly implemented? Is there no accountability for them? How do you build these things in?

00.20.07

Werner Kiene:

I think we have come a long way in making good suggestions, but as I hear also from Ruth, not everything works out the way it is. In the past, much of what we have done was essentially

supply-driven. We had a good idea; we thought governments would be there to implement them; we created new institutions. What we did not succeed in was to create the dynamics of demand, and there is, to my mind, a new era that is working on that side.

00.20.40

As you know, I was on this inspection panel that invented some of these accountability structures that were mentioned before. That is, I think, a future and a new frontier. And when I hear Mr. Brabeck say, "Here we have the principles" and he invites all of us to monitor them, that's the new thinking that needs to happen.

00.21.04

And I would say, in all these shared value approaches, we need to break this down to the project and program people and help at least facilitate the creation of these accountability structures. I call this, in my own work, bottom-up accountability, which is kind of parallel to what we had done before on the bottom-up developing of these programs. Now it's accountability that has also to come from the bottom up.

00.21.36

Maria Livanos Cattai:

I'm not going to ask you again the detail of how you could possibly do this kind of accountability. Maybe some of you on the ground can think about that for a moment. But obviously what you're saying is that a shared value concept would benefit from this kind of accountability being built in?

00.21.56

Werner Kiene:

I think it's already here. Mr. Brabeck said, "Come and test us". I think get it further down; help to make us more to listen. And I think - just since I want to pick up on this idea of an ombudsman - those are the institutions that need to be created. Now, Nestlé apparently has an ombudsman for listening. I think similar

structures - and we in the World Bank have shown that you can have this kind of recourse or of grievance mechanisms all the way down. That needs to be put much more in the centre now than we have had it in the past.

00.22.33

Maria Livanos Cattai:

Think about it, Ruth and Ajay, and I'll come back to you afterwards, or remind me: how do you actually get that lady...woman farmer to take advantage of a grievance mechanism? What are they supposed to do? Who do they go to? The World Bank? What is it? Nestlé's kind of sometimes far away. How do you actually get that happening? But think about it and let me know afterwards what you would say.

00.23.01

Djordjija Petkoski, I wanted to ask you about some of the things that you have maintained. Business can have a very serious role in all of this. How do you react to what Paul has just said? And for any reason, has the financial crisis itself that the world has been exposed to pushed any of our urgency on food crisis issues to the background? These are the kinds of things I know you're very interested in. I'd like to know what you think about them.

00.23.38

Djordjija Petkoski:

Well, I thought you first would ask me what I voted for.
[Laughter.]

Maria Livanos Cattai:

Yeah, yeah, I'll ask you what you voted for.

00.23.44

Djordjija Petkoski:

[Laughs.] And I was thinking what I'm supposed to ask. So just to connect that, I'll answer the first question - the food security - but not that much - whether me or my family will have food tomorrow. Because I think, unfortunately, most of the thinking

about food security is how to make sure those who already have food will have food tomorrow.

00.24.03

We'll get a completely different perspective if you ask the question, what are they supposed to do right now for these one billion people, who go to bed every evening hungry. In that moral...broader concept, we have to start thinking about the issue of food security and what is the role of the private sector.

00.24.22

And the financial crisis, I think, kind of reminded us more time that we need to have a completely different way of thinking about corporate engagement of these issues. Of course, creating shared value is an important concept, but I also want to push Nestlé with an invitation to make this open-source. How do we make sure...?

00.24.44

I mean, Nestlé is in a very unique position. For us, it's very difficult to define Nestlé as a traditional multinational company who sells goods around the world. Your operations are embedded to these companies. Nestlé-Brazil is not really that much Nestlé in Switzerland. And these are the kinds of learnings which, through that open platform, you need to share. If you are already there, it's much easier to get engaged with these issues.

00.25.12

But one thing I want to mention - I thought that Werner would get close to that, but he stopped. Last night, we had a dinner. I've been told that there's never a free lunch, but it looks like there was no free dinner because after the dinner, Peter Brabeck said, "Well, now, we'll go home and read the principles", which I did - I said we'd be voting about the principles.

00.25.35

But what I found fascinating under your values, on leadership and personal responsibility, you were explicitly talking about bribery and corruption. And that is something where the Bank really plays an important role. This is where I think business should get engaged, if you want to change the rules of the game, and where it is, in fact, two months ago, the Governor of Senegal borrowed money from the World Bank and part of that money will be used to strengthen the capacity of local businesses to get initiative of fighting corruption in the country. And that's an aspect I think we need to think about.

00.26.10

Maria Livanos Cattau:

You covered a lot of territory in a short period of time there, Djordjija, and I pick up two things that I need to come back to you on, Paul. One, of course, is bribery and corruption, and how a company deals with these things. If you don't want to go there, fine. But obviously, this seems to be a fairly serious, I think, problem around the world.

00.26.30

And the second is, CSV - it's not a trademark. In fact, you're very open about it. Can you push that even more?

00.26.40

Paul Bulcke:

First, that is linked to another part of your question, which says, we are very local as a company. So actually, we are micro and micro in the sense that we are one company, and yet we are very decentralised because, also, we have operations in many, many markets. But food is local; people like their food as it tastes in their country. So we push decision-making as close as possible where the supply and also the consumption is.

00.27.08

So that's why we have a footprint in the world with 460 factories close to where the raw materials are. That's why we have rural development as one of the major dimensions where we can

create value. Now, that is a very strong element that we have - that we are really encrusted - embedded in the local society.

00.27.30

And that brings then, again, a little bit, the question of who you talk to when you want to do... Well, we have a very global presence; so many communities can talk to us. We have factories in many, many areas. We have 700, 800 people - agronomists and veterinarians working in the field. So that is micro, but yet, it is in the countries, physically present.

00.27.52

Now, on that bribery - principles are principles. We are a principle-based company. That's why we are not rule-based; we are more principle-based because we are really convinced that if you are very decentralised and you want to rule everything, you centralise the factory and you get a lot of flexibility and sensitivity for the localness of your business.

00.28.16

So we are a principle based company, and that's why we have these corporate business principles so explicitly - so explicitly that everyone can see it, because we want to be known as being principle-based. And that's also why, as it is open, people can come back to us and say, Watch out. That's what you said. That is what's happening.

00.28.40

Because we are a human company. We are 280,000 people. So you have to be open when you are a principle-based company. And one of them is, no corruption and not being part of bribery. And I have lived for sixteen, seventeen years in Latin America, in an environment that is - well, you can be exposed to it. And it's very strange to see that by sticking - because principles - what are principles? Principle are some reference points in your life that you set there once; not something about your life that you rethink every day. That is what we have to do as a company.

00.29.13

And we were known for that. In these countries, Nestle has these principles. And after time, even in some rough situations and all that, these countries, they like that. And that's part of creating shared value, too. That's seeing and showing how we go about business and how we can be successful in spite of not going in some corners that we don't want to be in. It is very dangerous to go there. And actually, again, it is our own interest in not being there, and yet, at the same time, it's a conviction of principles.

00.29.47

So I don't have any issue with this. This is not an area of tension for us. It's actually what brings success to us over the long term. Again, this short-termism, which is linked with bribery, brings the long term into jeopardy, and that's why we don't go there.

00.30.06

Maria Livanos Cattai:

I'm going to switch a little bit. Before the end, I'm going to come to you, sir, for a very specific question. But before that, I'd like to look at an issue that interests both you, Scott, and Andrew. And that issue is forestry and deforestation. There is a lot of pressure in many parts with growing populations. And funnily enough, many of these are in the rural areas - not funnily enough, but that's where the poverty is; that's where sometimes the biggest pressure is.

00.30.41

How exacerbating a factor is deforestation in rural areas? I think it was mentioned in the last panel, and also here - to what extent can any of the technologies, which, as you see, was very low there - nine percent only productivity - can help, or are there other things that need to be done? Would you like to start, Scott?

00.31.07

Scott Poynton:

I can start, yeah. When I looked at the scores there, one of the things that was missing for me was deforestation. It's a very important issue. The World Bank estimated 800 million to a billion people, the poorest people in the world, directly dependent on forests for their basic nutrition and their livelihoods. So it's a pretty important issue.

00.31.26

And as we know, deforestation, particularly in the tropics, is pretty bad; it's pretty much out of control. One of the issues is pressure for land. And I think that we have to avoid a situation where we point the finger at poor people as being the cause of the deforestation. It's not the case, in fact.

Maria Livanos Cattai:

So what is the case?

00.31.45

Scott Poynton:

Well, the deforestation that's happening around the world is for clearance of land for agricultural commodities to feed into the global supply chains, to make products. We mentioned palm oil earlier; soy; cattle ranching. These are the things, these agricultural commodities, are what's causing the clearance in the forest. Of course, there are poor people who are pushing out into the frontier as well, but they're not the main drivers.

00.32.15

So what can we do? And I think you've touched on the point there. We've mentioned here new farming technologies. And new farming technologies tends to imply things that haven't yet been invented; we have to do a lot of research and things like this. Well, in actual fact - for example, in palm oil - smallholder farmers that are growing palm oil plantations get about one ton of palm oil per hectare. But with just some better techniques - and I'm not talking about GMOs or anything like this; we're

talking about just some basic, better techniques - they can get up to four or five.

00.32.47

And if they can get increased productivity out of their land, there's less need to rush off and clear more forest, to expand the holdings, and they can actually get more income. So more income leads to greater food security. So I've voted here, in the absence of deforestation, for me, access to global markets is important because it plugs these farmers in to the global market.

Maria Livanos Cattai:

That was at ten percent.

00.33.12

Scott Poynton:

Yeah, it plugs these farmers into the global markets and helps them get income. Rural infrastructure - as Ruth said, they can't get their products to market unless they've got some rural infrastructure. And the new farming technologies - well, improved farming technologies - is really important, because I think that does take the pressure off the forests.

00.33.31

But ultimately - and I come back to...many of you might have seen the partnership that TFT - The Forest Trust - has entered into with Nestle. The creating shared value concept, for me, is also fundamentally important because Nestlé has made a commitment - unique in the world of business, in fact - in which they don't want any deforestation footprint in any of their products. No other company has ever done that.

00.33.53

Now, it's a challenge ahead to do that. The work is just getting going. But if we can do that, it's going to feed into a lot of these things, and by having consumers buying products that don't have a deforestation impact, you can have a huge impact both on protecting forests, which is great for rural development, and improving people's livelihoods. But part of that will tie into the

sort of things that Paul's mentioning with the support for the farmers.

00.34.24

So if you can bring all these strategies together, I think you can have a big impact.

Maria Livanos Cattai:

Well, that would be nice, but we'd have to increase by many multiples exactly what you're doing around, and then it has to have an effect in the areas in which both of you are very keen - your constituencies. Andrew, let me ask a little bit from you as President of the Tropical Agricultural Association. Do you agree with what Scott just said? Do you vote the same way? Do you have anything to add to that?

00.34.57

Dr. Andrew Bennett:

I found it interesting that your questions, some of them, were challenges, and others potential solutions or irritants. And therefore, in voting, what were we voting for - the challenges or the potential solutions or irritants? And I was quite interested that we haven't talked about climate change. And it was interesting how climate...

Maria Livanos Cattai:

I just want to remind everyone, because I don't think you see the results, 36% was food security; 15% was climate change. It was sort of in the middle tier.

00.35.30

Dr. Andrew Bennett:

Yeah. And so I'm interested that people tend to focus on the problems of today, not necessarily asking where are the surprises going to come from the future. And the last food security problem, or the crisis around food, came out of the wings and we didn't see it coming. And prices escalated and instability resulted.

- 00.35.54 And so for those - at the bottom of your list - research isn't just about technologies and bits; it's about acquiring knowledge and understanding of policies and institutions and how do we do things, and how might we do things more importantly and better.
- 00.36.14 So the list I found - where we can always argue about lists and say what we'd prefer to see - so I share others' views that rural communities need access, and that means infrastructure. And without that access, it's very difficult to reach them; it's very difficult for them to use markets; it's very difficult for benefits to come. And the politics of many countries are governed by - urban communities.
- 00.36.49
Maria Livanos Cattai: Yeah. Well, because we have, of course, since, I think, the end of 2008 or '09, moved the world - has moved over 50% into an urbanized world, which may or may not be taking some pressure off of governments to keep focusing on the rural areas. That might be part of it.
- 00.37.10 Thank you, Andrew. Many of you might be wondering why Dr. Noko is here. He's not going to give us a religious lecture, but it is a very interesting part of collaborative efforts that we haven't even raised yet, which is, why is it important for religious communities to be involved in rural development? Why not leave this up to businesses, to governments, to NGOs, the intergovernmental world? Do you have any examples of why it's of any importance and what you can do?
- Dr. Ishmael Noko: Yes, I think so. But if may start if...
- Maria Livanos Cattai: You want to start with your priorities.
- 00.37.53

Creating Shared Value - Session Three

Dr. Ishmael Noko: Yes. I found that the problem - the only one - a few of those of us - that is number six - I did one.

Maria Livanos Cattai: That's new farming technologies - seeds and fertilisers

Dr. Ishmael Noko: I did one.

Maria Livanos Cattai: Number one? Food security?

00.38.02

Dr. Ishmael Noko: Yes, one I took also. Five. I could have done everything. But six was interesting for me because of the new technologies of farming - what I think, also, is the reason, a question of water management, which is very important when there are new farming technologies - seeds and fertilisers. Another technology I grouped also - the idea of water management.

Maria Livanos Cattai: We're going to have a whole session on this afternoon, and you're going to have to say something to the audience.

00.38.40

Dr. Ishmael Noko: Yes. Now, I think it's very important for rural development. Why I'm here - the examples which my organisation has been involved, and also involved together with, for example, Nestlé - in partnership with Nestlé. We are involved in rural development.

00.39.01

You take the country, Mauritania. In Mauritania, you are aware that that is an Islamic country - 100%. The desert - much is in that country at an alarming rate. For the last 35 years, we have been battling. If you go to Mauritania today and you fly into the city, you see a forest. That is a forest that we have been initiating of trees for the last 35 days.

- 00.39.37 We had not, at that time, come up with a notion or concept of creating shared values. I have discovered that that's what we have been doing for the last 35 years. But I'm grateful to Nestlé for finding a language that enables us to communicate as to what is it that we are doing together.
- 00.40.04 We have sent, also, students to find a specific shrub, a shrub that is in Mauritania now - you won't find it anywhere else - that is able to put its roots on very little water - deep. Because, you see, the desert much is underneath. It's an African elephant that walks under the ground, so to speak. And it can destroy houses; take over the agricultural land and so forth. So to stop that, it's very important. So I've been involved in that kind of exercise in rural development.
- 00.40.44 I'm also glad that we are dealing with the notion of... And I don't really think that we have exploited very much what we understand by "creating," "shared," "value." Creating involves - it's a task. It's not easy. When you create something, there's a lot of work; time investment. There's also wastage.
- 00.41.14 I come from Southern Africa. In Johannesburg, twenty, thirty years ago, the technology of mining was not as good as it is today. They are revisiting the dumps of the gold mines - they're recovering more gold now. In that process of creating, you deal with wastage recovery, so there is a task that's here.
- 00.41.38 The second thing is, "shared." You really have to share. If you are going to share, there must be equity, as the others just talked about here, and I think we have to understand what that involves. The power gain, power sharing, responsibility, trust, is involved here. And value.

- 00.42.01 Once there are common values; it's an added value because then it can deal with things like corruption. One of the reasons, I think - there may be a thousand reasons - one of the thousand reasons that corruption exists today is because there's a lack of shared value. We can reduce, I think, the corruption.
- 00.42.23 And I'm also glad to hear that Nestle is beginning to have, or has now, an ombudsman for listening. That means there is a culture of listening that's developing. We need that for development - in the area of the rural development.
- Maria Livanos Cattai: As well as a culture of having some way in which to express the grievances or redress some of the concerns.
- Dr. Ishmael Noko: Yes.
- Maria Livanos Cattai: Both of those are important.
- Dr. Ishmael Noko: Yes. I want to give the last example now.
- Maria Livanos Cattai: And we need to go to some questions.
- 00.42.58
Dr. Ishmael Noko: The last example is that of Rwanda, where we had shared some - Nestlé, ourselves... There was a little discussion with the local community about water supply. We had the religious communities involved. Afterwards, we established that water irrigation system that has provided 50,000 people. We commissioned the water project together. And the religious communities are participating, the government is participating. So everyone who has a share in that participated.
- 00.43.29

Maria Livanos Cattai:

Well, thank you very much for from the ground examples. Could we have a little bit of light in the hallway, please? Wonderful. So now we're going to go to you for some questions. As usual, please, very briefly, state your name and where you're from, your affiliation. And we'll start with a question over here on this side, please.

Q&A

00.43.56

Steve Croft:

Hi. I'm Steve Croft from the OECD. I think one thing that's interesting about this discussion was touched on by Paul. And I'd like to dig a little bit deeper into that - about the work that Nestlé is doing on supply chains and how that's strengthening those supply chains, and how it's in the interest of Nestlé to do that. And the fact that you mentioned the amounts that you're investing in that, and the fact that other private sector actors are doing similar work, and that that's going to be building and increasing over time.

00.44.24

And I guess the question I would have is how do we make sure that there are lessons being learned by you that are shared amongst yourselves in the private sector, first? And I think there's a little bit - and we talked earlier on the panel previously about co-opetition.

00.44.40

And that may be part of it, but I think another part of it's important that we can't overlook, which is the role of government here, and avoiding what Werner said about the supply-driven approaches that have bedevilled us for so long. But I think that's going to be something that's very important going forward: How do companies work together with governments? Because ultimately, the sustainability of these types of investments is

going to come from governments, so we need to sort of figure out how we do that.

Maria Livanos Cattai:

Thank you. In the centre, we have two questions over here. Do we have a microphone? Thank you very much. And then we'll move over to the other side. Go ahead.

00.45.19

Dr.

From University, India. I have a question - that the countries where the population is growing rapidly and which, as a result, the farmers are being pressured to grow more food. And with that, the depletion of water is a big problem, and use of excessive pesticides and fertilisers. All this is degrading the ecological system.

00.45.48

And governments have the responsibility for feeding so many people, so they don't have the will to think about that. Does the private sector have any solutions for this kind of problem of the degradation of the ecology of a particular place?

Maria Livanos Cattai:

Under pressure from population growth. Yes, thank you very much. Right next-door to you is another question.

00.46.15

Melissa Duncan:

Melissa Duncan from Tradecraft. We've been fighting poverty through trade for thirty years. So what's very important to us is market access. And that's a big barrier for some of those small producers that we work with in developing countries.

00.46.28

I'm interested that today, we don't have the retail or the supermarket sector represented when we're talking about this. And to me it seems that they're an important actor within the supply chain. And I wonder what the panel thinks about the role

that supermarkets and the concentration of power that they have in defining the opportunities in the market, how important that is.

Maria Livanos Cattai:

Thank you very much. And let's move over to this side, please.

00.47.02

Neil Walmsley,

Tomorrow's Company:

Hello. Neil Walmsley from Tomorrow's Company, a private sector think-tank. I'm quite interested in picking up on what Andrew Bennett said about the question of climate change. I think this is a bit of an elephant in the room that often isn't considered in these sorts of projects at times.

00.47.19

What I'm interested in in particular is adaptation to climate change. And it seems that it's often forgotten when projects are initiated to take changes that are going to take place over the next few years into account, which could just be anticipated quite easily in advance. And I don't think that that's very common at the moment. Some companies do do this, but on the whole, it's pretty rare. I was wondering what people's views were on this.

Maria Livanos Cattai:

Thank you. We'll take two more questions on this side. If you could look at me first please for a microphone and come down first around here, thank you very much? There's two questions on this side, thank you very much.

00.48.02

Bianca Jagger:

Bianca Jagger from the Bianca Jagger Human Rights Foundation. I have a question, because when you say, creating shared values, have you defined values? Do we need to shift values? And when you're shifting values, would you be redefining the concept of development? Because one of the greatest problems that we see today that has led us to where we

are and the threat of climate change has been our definition of development and progress that I have seen throughout Latin America and the developing world that has done so much damage.

Maria Livanos Cattai:

Thank you. And right behind you, the last question in this round.

00.48.49

Gary Kendall:

Thanks very much. Gary Kendall, from SustainAbility. I think this session's about not only rural development, but food security. And I think it's quite difficult to have a discussion about food security without considering energy security, and the interrelations, a) from the point of view of the energy intensity of the food system, and also, because of the policies that we see being introduced to solve the energy security challenges, actually impacting the food sector from points of view of competing use of resources. So I wonder if anyone on the panel has something to say about the energy security overlap.

00.49.29

Maria Livanos Cattai:

So, ladies and gentlemen, we're going to be staccato in our answers, please, here, because many of us, and many of you, I'm sure, have views on this, and our time is quickly running out. So I repeat - very quickly, and please, just put up your hand on those for which you'd like to intervene.

Ensuring that the lessons are shared - the role of the government right at the start, from the gentleman from OECD.

00.49.57

The pressure of rapid population and degrading the environment, and are there private sector solutions, both the pressure and the degrading.

- 00.50.09 The market access question. I would access to the market access that we all know - at least I'm sure many of you here are involved - that most countries have opened market access and agricultural products to the least developed. One of the problems is not only market access, but also products that can be used in these markets. And I'd like to hear from all of you. There's no retailer here, or would any of you like to...?
- Unidentified Panelist: Yeah, I'll talk to that.
- Maria Livanos Cattai: You'll look at that one?
- 00.50.41 Client change and adaptation.
- The question on value, which might also look at reconceptualising the relationship between development and progress.
- Food security and energy security.
- Who would like to take up one of those? Paul.
- 00.51.03
- Paul Bulcke: Maybe the first question was about Nestlé and how we share, and actually, what we're doing today is sharing. So that's definitely part of it - being more explicit about what we're doing, and also sharing the effects that we can have so that people can follow work and work with us together.
- 00.51.22 Now, we have also publications. We have been publicising quite a lot of what we are doing, also, on the Internet, so that is already available. But more importantly, I think it is a snowball effect of what we are doing in the field that is helping a lot. For

example, we started in Pakistan a milk district. There are 100,000 farmers linked with that now today - very small.

00.51.46

And that helps to answer another question about how we can increase the yields in such a way that we can take the tension out of increasing populations and a population that eats differently - that you can, with minimum technique and minimum investments, but by knowledge sharing - that is what we're doing in these milk districts - increase the yields per square hectare or whatever, you can increase it by hundreds and hundreds and hundreds of percents - thousand percent.

00.52.13

So it is known that the agricultural output, without going to deforestation, can be decreased fifty percent with only knowledge; no investments, per se. There is the dimension of water that is playing here, a very important part. And also, again, water in agriculture, seventy percent of the usage of water is in agriculture. With a minimum investment, that can be reduced by half - with minimum investment.

00.52.43

So there is a lot linked with knowledge, and that goes back to the first part of your question - the sharing of that knowledge. Then it comes with competitive intensity in the sense that, should we share those things with the competition? I don't believe a company is successful by not sharing the obvious because at the end of the day, you cannot hide behind your figures.

00.53.02

I feel that a company like us should look for competitive advantages to the whole value chain, and not only in one part. And where there is some tension with society, there we should share with the others what we learned there.

Maria Livanos Cattai:

I think, Djordjija, you wanted to come in on this, as well as some of the others.

00.53.21

Djordjija Petkoski:

Just to build on this about knowledge sharing: there are a number of issues there. One is, at least from a World Bank perspective, fifteen years ago, we declared we had a knowledge bank because money was not really the issue; the issue was building local capacity. And want to insist on local capacity.

00.53.34

So what Nestle is doing is fantastic. It's a lot of knowledge, cutting-edge stuff. The challenge is, how do you now bring local people to be part of that exercise, and how you link that to business engagement with governments. What the OECD did two years ago, we launched a responsible business network in the Middle East and North Africa. So this is where you really have a platform for the sharing of knowledge.

00.53.57

But more than that, in fact, we connected it with the ministers of investment in the region. So they take part of the ownership and access to knowledge. And to the extent we leave agriculture exclusively to worry ministers of agriculture, we are not going to make much progress. Ruth Richardson, the former Minister of Agriculture of New Zealand, said that she realised, being the Minister, that unless she came the Minister of Finance, nothing was going to happen with agriculture.

00.54.24

So I'm only sharing this...you know, it's a much broader and challenging issue than can be covered in the one minute that is given to us.

Maria Livanos Cattai:

Anything else you want to answer in these questions?

00.54.34

- Djordjija Petkoski: Just a very quick... Professor Ray Goldman - probably many of you know from Harvard Business School. Right now, we are writing a concept note on climate change. And I think it's very wrong to start writing a concept note on climate change if you focus primarily on climate change. You have to put that within a broader context of development or responsible development, or a new form of development.
- 00.54.54 So unless this is integrated in that way, I think we'll have another Copenhagen, where we'll never agree on anything.
- 00.55.04
Next Speaker: On climate change, I think that what is often forgotten is that all of the ecosystems are shifting. We get the temperature rising more over land than on water, more at the poles than at the equator. We get shifts in rainfall distribution; we get the greater incidents of extreme events. It's going to require investments in adaptive research just to sustain present productivity levels, to say nothing about the increasing productivity that it's going to take to feed the world's larger population better than today without destroying forests.
- 00.55.39 And that ties directly into the biofuels question. You've got to be extremely optimistic about the potential increase in productivity per hectare of our cropping systems to believe that we're going to have enough food to feed the world better than today at reasonable cost and also have feedstocks available to produce biofuels from.
- 00.56.03 Some of the most extreme technology optimists say we can do it all, but the trend has been downward in investments in agriculture research in the last twenty years, which is completely contrary to the needs not only of feeding the world's future

population, to say nothing of climate change adaptation or having enough for biofuels production.

Maria Livanos Cattai:

Scott, and then Ishmael.

00.56.24

Scott Poynton:

Thanks. I just wanted to touch on a couple of things. And we talked in the earlier session about the macro versus the micro. And at TFT, we tend to focus very much on the micro. And what I'd encourage people to really think about - I brought up a Kit-Kat here. We've got pens. We're surrounded by products here. And the reason that we've got climate change issues, the reasons we've got deforestation issues, is because we all like products. So we touched on consumption in the earlier session.

00.56.51

I really encourage people to focus on products, because it's our demand and our marketing of products that are causing deforestation, climate change - all of these things.

Maria Livanos Cattai:

What are you implying?

00.57.04

Scott Poynton:

What I'm implying is that if we can have a look at these products and look at the environmental and social issues embedded in these products and then turn them around and work with them through the creating shared value, through the technical assistance, through all the things that we're talking about, we can really focus down.

00.57.20

I mean, I'm not against workshops and these things, but workshops, when you're actually saying to a farmer, look, you want to make something that goes into this pen, or you're growing cocoa, or you're growing palm oil, focus down on the thing that can make the guy the money, or the lady the money.

Help her to make more money by growing a responsible product that doesn't damage her or anyone else's lives around her, that doesn't damage the environments, and pull those products up through the supply chain with global demand sitting here in the Europe, in the U.S., and we could have a huge impact.

00.57.51

And we can take out the impacts of our products on the environment and on the social aspects if we turn the equation around. Workshops, training sessions - I think they're fantastic. Not to be against them. But focus on what are the embedded issues in this product or this product or whatever product, and we can nail it.

Maria Livanos Cattai:

Andrew, and then Ishmael.

00.58.12

Dr. Andrew Bennett:

Just picking up on three points. On the issue of sharing, I don't whether any colleague from Nestlé would like to tell us about their sustainable agricultural initiative, which I think is a sharing across the industry on supply chains, etc., etc.

00.58.26

Picking up on climate change and the adaptation agenda, yes, it's incredibly important to understand what we're going to have to face going forward. We are going to have to cope with more turbulent environments, etc. The area which is not focused on, to my mind, particularly well is that the first organisms that are going to benefit from climate change are pests and diseases.

00.58.54

By definition, they get up earlier, go to bed later, multiply quicker, and mutate faster. They're going to get into these niches, and they're going to have fun. And so the extent to which we understand the management of ecologies within production systems, not simply using pests and diseases but

also using microbial approaches, etc., to my mind is going to be incredibly important.

00.59.19

Picking up on the linkages, then, between food and energy security, yes, it was the problem of energy that created our food problem. The question is, can we move away from the knee-jerk reactions of turning corn into alcohol and putting in our motor cars, and get more rapidly into the second generation of breaking down cellulose, moving it back, and using it that way. And that is a hard research area, and that's where industry is going to be much better than the public sector at doing it.

Maria Livanos Cattai:

Ishmael. And I'm going to ask you to be brief because I've got a few questions from outside as well.

00.59.58

Ishmael:

Yes. Very, very telegraphically - climate change. I just want to tell you a story, which is very dramatic, for you to understand what we are in for. It is now no longer possible to land very easily during the month of March and April in Lagos because of the desert storm. I stayed for two days. I couldn't take off from Lagos because we couldn't fly off. No plane could land in because the Sahara Desert was up in arms. It's not only the Icelandic ash that is going to disturb us. That disturbance is coming, and I think the good part of it - if there is a good part of it about that - is that we are in this together. Unless we do something about it, I believe we're in trouble.

01.00.47

The other one is simply that you should be aware that today - I think it was two or three days ago, there was a report in the Tanzanian paper that the highlands of Tanzania, which were a no-go area for the mosquitoes, are today infested with mosquitoes - so malaria and so on. And I think this is very important for us to take and absorb that.

01.01.08

The last thing is simply the supermarket. The supermarket is a blessing, but also is a curse, because in my part of the world, the ruralisation of the city - we're not talking about only urbanization - the ruralisation has been caused by changes in food purchase now go to the city, because that's where the facilities are. And I think we need to reverse that by some kind of urbanisation of the rural area, if I may call it that way. Thank you.

Maria Livanos Cattai:

Werner, and then I'm going to come to Ajay, Ruth and... Go ahead.

01.01.42

Werner Kiene:

This is on sharing, I think we have a tendency to share the good news, and we do not share the bad news. And I think that's back to my topic: that we need to open new ways of communication, particularly from the bottom up. And accountability, which is not mentioned in the previous session and here, is so important, but I have seen in my previous work, and I wonder how it is in the Nestlé corporation - those who bring the bad news are blocked off. And we need to change this, because what I hear here - the knee-jerk reaction - this was not listened to. It was known.

01.02.21

So I think there is something that needs to come up in a different way. I also think the press needs to play a more responsible role when we share bad news. So there are a few things, which need to be turned around in order to make us a real running enterprise.

01.02.37

Maria Livanos Cattai:

You're right, Werner, but these people here, they want to take solutions and get them out there and not always be hamstrung

by the impediments. Otherwise, we could've run an entire discussion. You're absolutely right - on what are the impediments and obstacles and moaned and groaned. But we're looking here of how we can overcome them.

01.02.54

But I'll ask them that question in a minute. Before I do, we're coming to the end. Ajay, you first, and then Ruth on some of the things that I've seen you being very vigorously wanting to answer.

01.03.08

Ajay Vashee:

Yeah, I just wanted to comment on the retail consortium. I think that was a really great question. What we do have is, the food distribution sector is in the hands of very few companies, and I think they need better regulation. Because what is happening is that the producer margins that are constantly under pressure was the food distribution chains. The margins are a lot higher. So I think there's a big inequity in this whole equation, which needs to be addressed. And obviously, the regulations, which we have right now, are not being able to do this.

01.03.42

Coming to climate change adaptation, I think farmers are already adapting, because out of necessity, they need to make a living out of the land, and they are adapting to climate change. But what is important is that the food price crisis of 2008 actually brought climate change to the forefront, and especially agriculture and food production.

01.04.05

We saw this prominence tapering down maybe because of the economic downturn. But what is important to remember is that because of climate change, we are going to see a realignment of the way our food is grown and the way our food models work: where we grow it, how do we grow it, how do we transport it, and perhaps I may be bold enough to say that perhaps the era

of cheap food is certainly going to come to an end in the long run.

01.04.35

Maria Livanos Cattai:

Now, I'd like you to answer anything you want, Ruth, but here came a question from, I assume, the webcast from Claudia Bultman I would like to know whether big companies in Africa are engaging with local farmers directly. Would it not be best to bypass governments and go directly to the people"? You go directly to the people, but you don't bypass governments. So tell us.

01.05.03

Ruth Oniang'o:

No, no. In fact, I was going to talk about that, but the OECD, I think, is also talking about sharing the lessons. I like what Nestlé is doing, but Nestlé is going to the farmers. They work with 100,000 - so many numbers and so on. But that's not the opinion shapers.

01.05.20

Right now in Africa, in Kenya, particularly, our farmers are at the bottom of the ladder in terms of economy, so they can't influence anything. There are no values you can pass across *from* that group. So as much as you work with those people, you have to engage also with the big policymakers, at a government level, and at companies, also.

01.05.43

Now coming to that, I just want to put in a bid for that 2011 forum to be in Kenya - for Africa - because if we are going to share good values, we all must be on the same plate. And I believe that towards the end of this century, Africa will be the biggest market, maybe, for Nestlé and other companies. So it's very important. So all these issues, actually, are interrelated.

- 01.06.07 And I've seen someone comment the men or NGOs, Fair Trade, and so on, who actually know the struggles smallholder farmers go through, whether they are women, men, small pieces of land, point something of a hectare, who cannot on their own reach any market, whether local or international.
- 01.06.25 And they need help to be organised into some cooperative. The cooperative movement died in many of our countries and is just trying to be revived. That farmer still has an opportunity to use good seed, apply good crop husbandry, animal husbandry, and actually be able to produce something to sustain their family. But we also have a number of farmers who can produce more, a surplus that can feed into the bigger economy.
- 01.06.53 So as we share these values, I think we need to actually publicise them. We need to share them. Even the good things you are doing in Kenya - I did not hear about them until I came here, and yet my ears are always open and my eyes are always on the ground. So it needs to be shared. And many of our leaders who need to get involved have to be part of it.
- 01.07.15 Finally, government. You cannot avoid government, corrupt as it may be. *[Laughter.]* And yesterday I said that, in fact, the private sector can influence governance, because they know that if they don't create a good environment for business to operate, the economies will crash. So you actually have a voice that you have not used to get those political leaders.
- 01.07.41 You know, no politics, but you know, our lives are all about politics. I'm a politician, but I'm a scientist as well, so I use my evidence to portray it and project it and communicate politically. So you actually have to get in there and make sure government facilitates you, and that they do it in a way that they are not asking for something to put under the table.

Maria Livanos Cattai:

Paul, we need to grow 100,000 Ruths across Africa if we really want to get action.

Paul Bulcke:

It's very motivating to hear.

01.08.15

Maria Livanos Cattai:

It is, always. Right down where it happens. Paul, can I ask you, please - there were several questions that I really think are back to you, and one of them, just from one of your panelists here on the sustainable agricultural initiatives. Is that the one you wanted, Andrew, to look at? And a little bit, please, if you could, on some of the others, including how you look at development of progress, or growth.

01.08.48

Perhaps nobody wanted to pick up the energy security around here or a little bit only on the competition of biofuels and so on, but I think we left it at that. If anyone wants a last word, let me know. But otherwise, Paul, I'll leave you to look at the questions and answers that you would like to...

01.09.07

Paul Bulcke:

Very short on this sustainable agricultural initiative, which was an initiative of a few private companies, actually, coming together and saying, Let's commit to sustainable agriculture, Per se, companies that we're were linked with agriculture, and translated that commitment into quite a set of reference points and best practices that we apply to all what we do upstream to agriculture. So we have, actually, a sustainable agriculture initiative - Nestlé - that is spread through the whole organization and where we comply with these self-proposed ways of going about our supply from agricultural materials.

- 01.09.52 And there's a whole framing set of measurable...and some of these measurements are actually also publicized - all of them, actually - to see how we go about agriculture in a sustainable way. This is linked with agriculture, per se, but also with education in rural areas. It is linked with training with the farmers again. It is linked with water, which is so important to us. So there are many aspects to it.
- 01.10.19 And the other companies have their system, but it is a global commitment of many companies - more companies and more companies - to really go about a sustainable way of giving and having agricultural materials, but linked also with development and social impacts on the environments and societies we're working with, which is actually linking up again to what was discussed before - that we *do* link up with quite a lot directly with farmers, because we are so widespread in these countries. So there is a direct contact.
- 01.10.51 We're working with many cooperatives, too. For example, in the Ivory Coast, we just started a year ago with an R&D centre that is actually doing that. It is looking how we deal directly with farmers and cooperatives. Because you have to frame it; you cannot only one by one. The efficiency is less so. There are cooperatives, still, and if you have them - to have a reason of being - that you actually enforce and you reinforce them.
- 01.11.15 We are working on cocoa plantations now and we have in Tours an the R&D centre that is reproducing high yield quality cocoa plantlets - that we have done now already for many, many years, and coffee, too, which is part of the sustainable agricultural initiative - to bring them back - because the cocoa trees are losing yield and quality. They have not been maintained. You have to invest in that.

- 01.11.38 So we are giving these plantlets to these farmers or to these communities so that they can bring higher yields, higher incomes again, better quality, higher incomes again. And at the same time that's where the shared value comes in again. We secure the quality we are looking for on the cocoa, so that this is the only way of having sustainable initiatives is when there is mutual interest in doing these things. If not, you fade into philanthropy, which is not sustainable, per se. You see it because you have a financial crisis in philanthropy - oh, what came at the end...the year end cheques went down dramatically.
- 01.12.19 And the crash didn't affect anything we're doing in creating shared value...which brings me to the question that was asked also on creating shared value - you said values. Created shared value is creating something that is positive. It's value. Value for a company like ours is that we can grow successfully. That is value creation. But in the meantime, we want to create value for society at large, which means having decent incomes for the agricultural area, or decent salaries in our factories, or training on hygiene, or sharing information on nutrition.
- 01.12.55 That's what we mean by creating shared value. It is creating value for society; having a positive impact on society. It is clear that that is done through a long-term vision as a company and in a framing of values as a company, and principles, which are what we publicised. But the creating shared value is directly linked with values, per se. We're not sharing values. I think basic values - we all share them. It is creating really economical and educational and societal value at large that we are talking about. And that is what the whole sustainable agricultural initiative is about. It is creating shared value.
- 01.13.34

Maria Livanos Cattai:

Can you take your voting instruments back in your hands? Now, what we're going to do is re-vote on the same issues and see if there have been any changes. And everybody on the panel gets exactly twenty seconds to say what they think of any changes. Are you ready?

01.13.54

Priority issues - choose up to three, preferably three: food security, health and nutrition in rural areas, climate change, access to global markets, rural infrastructure, educating and empowering women, and new farming technology - seeds, fertilizers. Voting starts now. Oh, here comes the doomsday clock.

Voting

01.14.30

Maria Livanos Cattai:

All right. Can we have the comparison before and after, please? All right - so less on food security. I see at the bottom, there was no change on new farming technology/seeds and fertiliser, despite the best efforts of many people on the panel. I see that empowering and educating women went down a little bit, rural infrastructure went up, and access to global markets also went up. Anyone on the panel, before we close, like to make a very brief comment on those changes? Werner?

01.15.10

Werner Kiene:

I'm disappointed that women went down. [*Laughter.*] I think they are essentially the ones that speak up and I think there is a need that the rural world speaks up in every way - policy and implementation.

01.15.28

Djordjija Petkoski:

I read it differently. I voted that the woman empowerment is a must, so there's no need to talk about it any more. But just

another comment of this rural infrastructure. I really want to encourage Nestlé, because I think we all realise the main battle is not only whether we have a product to sell to someone, but do we have the raw material to make that product? And to the extent we understand that dependence and the excellent, unique work Nestlé is doing, I think many of you benefit from that part of the message - the sourcing, how you engage with local farmers, how you build a really sustainable supply.

01.16.05

Maria Livanos Cattai:

Anyone else want to comment on the change? Is it possible that on the screen that we could just remind people of the change once more? Go ahead, Ishmael.

Dr. Ishmael Noko:

One - it went down. I don't think we had enough time to discuss that. Food security. A combination. I don't think we had a sufficient time to reflect.

Maria Livanos Cattai:

That would still be your priority, wouldn't it, sir?

Dr. Ishmael Noko:

Yes, it would.

Paul Bulcke:

I think it went down because of one or two of the others to get up.

01.16.34

Ruth Oniang'o:

I would say other than rural infrastructure, maybe, and educating women and so the changes are not significant and that I'm not really worried, because like I said, each one is a priority and they really go together.

Maria Livanos Cattai:

It could be that some people, because they couldn't get the other three in, got the other three in on the second vote.

Anyone else? Any comments on this before we close the session? Go ahead, Andrew.

01.16.57

Dr. Andrew Bennett:

I'm just interested that during our conversation, there was a lot of talk about communications, media access. It's not on your list, but I think it was an important crosscutting issue.

Maria Livanos Cattai:

Sharing communication. Absolutely. Go ahead, Tom.

01.17.14

Tom:

Yeah, and picking up on Andrew's point, all of this discussion suggests that this is a high priority issue on the development agenda. It's not. Agricultural and rural development went into decline on the global agenda back in the eighties. It had a little bit of a renaissance in 2008 with the price spike. It's gone into decline again. It's off the agenda of low-income country governments.

01.17.42

Only two or three in Africa have gotten up to ten percent of the resources going to agriculture and so one of the important things that an assembly like this can do is work to get these issues that we all think are important back up onto the global development agenda.

01.17.59

Maria Livanos Cattai:

I'm going to ask for a straw poll vote by hands. How many people feel that next year's food security is going to be right back at the top? Raise your hand.

Next Speaker:

Next year? 2011?

Maria Livanos Cattai:

Well, that is indicative that right priority issues rural development, but for all of us, food security in the next years

may be right back on that agenda. Last comments on this before I turn to you...

01.18.28

Paul Bulcke:

I have one short comment on this is that the problem with food security linked with agriculture is that agriculture is a long-term commitment and we are living in a short-term world. And it has been discussed already that we have to go back to long-term inspiration on many issues.

01.18.44

Politicians are the short-term...the shortest time risks are living in the world today and that's a problem, because agriculture should be framed - first of all, not nationally; it should start to be more internationally framed. And we heard about countries buying land in other countries, so it starts to be *de facto* international. But the policies should be internationally framed.

01.19.08

And secondly, it should be longer term, the commitment there. And that is what you see when you see these things coming. Food security definitely is linked with that. And also if you see, then, food security linked with health and the health equation. What health means on the national budgets and how nutrition can help to induce good health actually, again, is a long-term dimension. But the figures are so compelling - that the size of the prize is so compelling - but it is long-term. And that is what is lacking now - that commitment for long-term policies.

01.19.41

Maria Livanos Cattai:

And what you're saying is particularly relevant to the old adage that the linkages are very often not well implemented by governments, and it would be very nice if the Minister of Finance, as one of you was saying, would sit down with the Minister of Environment, the Minister of Health, and the Minister

of Agriculture, but it doesn't always happen, and they're each vying for their share of the pie.

01.20.07

Ladies and gentlemen, before we thank our panelists, we're going to have our lunch. I just want to remind you. You make your way upstairs. There will be people to take you there where there is a buffet lunch.

END