

Summary of the Creating Shared Value Global Forum 2014



Introduction

The Creating Shared Value Global Forum 2014 was a unique day-long event that brought together more than 200 leading development and business experts from around the world to stimulate thinking about the increasingly important role of business in helping to address major socio-economic challenges such as population growth, food security, malnutrition and obesity, all in the context of limited natural resources and climate change.

Co-organised by the United Nations Conference on Trade and Development (UNCTAD) and Nestlé, the event's goal was to engage panellists and participants in a thoughtful discussion on how governments worldwide can work together with civil society and the private sector to accelerate sustainable development, and what these partnerships could look like.

The event more than delivered on this goal, with participants from across the world sharing their views and experiences in person and online. Nestlé provided a powerful example for building such collaboration by sharing its own experiences of its Creating Shared Value business model.

Together, all those present at the Nestlé Research Center in Lausanne and watching around the world via the live webcast explored ideas that could leverage the capacity of business for both long-term economic development and corporate profitability and which potentially could stimulate real action.



Nestlé Research Center, Lausanne, 2014

216 participants

4621 webcast viewers

5948 comments on Twitter

SESSION ONE:

Creating Shared Value: Changing Role of Business

Paul Bulcke, Chief Executive Officer, Nestlé S.A.

Mark Kramer, Senior Fellow, CSR Initiative, Harvard Kennedy School of Government

Rolf Soiron, Chairman, Lonza

Dominique Turpin, President, International Institute for Management Development (IMD)

Arancha González, Executive Director, International Trade Centre (ITC)

In this particularly thought-provoking session, many questions were raised as to what the role of business in society could be, if and how this was different from the way companies act today and what challenges stand in the way.

There was a general consensus that adopting a Creating Shared Value (CSV) approach offers as many business opportunities as it does chances to help improve the quality of life and prosperity of communities.

Arancha Gonzalez said that “Creating Shared Value means opportunity. It gives organizations the ability to do business and do good at the same time”. She called for a convergence across all organizations about what standards should be applied to Creating Shared Value.

Mark Kramer agreed, saying “Creating Shared Value opens new opportunities to take social issues into account and can even be a basis for improved competitiveness”. He highlighted the number of new companies that have started up specifically to address social problems. “Creating Shared Value can be adopted by small companies, though the advantage of global business is that they have the scale to make a difference overnight”.

On the question of how to communicate this, Dominique Turpin felt that consumers do not yet understand Creating Shared Value asserting that “this is where the battle will be”. He pointed out that while strategy is easy, execution is difficult and talked about the need for companies to ensure consistency between what they claim and what actually happens.

Rolf Soiron’s view was that business leaders needed to do more to show consumers that they really care. “The real purpose of business is to create shared value. Success is linked to responsibility to a large extent – as business leaders we have not always delivered what the public expects from us.” He also felt that this could change if managers and leaders were educated to better integrate their companies in the social aspects of doing business.

Paul Bulcke explained that, for him, business has always been a positive force in society. He stated that currently, short-termism has the upper hand, but challenged business leaders to go back to basics and re-establish their connection with people and the environment. “Creating Shared Value is a fundamental way of going back to basics.” He also highlighted that Creating Shared Value is based on strong values and respect: “This is why it feels so forceful. Respect allows business to see their operations from all angles. Let’s not forget that we are all living these principles together.”

During the Q&A session, many participants gave further validity to the concept of Creating Shared Value. Sir Mark Moody-Stewart, Chairman, Foundation for the UN Global Compact, explained that many companies would like to be listed further up the Dow Jones Sustainability Index, and saw Creating Shared Value as a way to achieve this.

One of the participants asked if Creating Shared Value could be used in fragile states. Paul Bulcke responded by giving examples of how Nestlé has achieved this and said: “If companies can live up to their principles, despite a negative environment, this can bring more stability to a country.” He added that the safety of employees has to be the principal consideration.

Former UNICEF Executive Director Ann M. Veneman shared her view that Creating Shared Value could be an opportunity for all sectors to come together to support communities in need of help on a more sustained basis.

Paul Bulcke concluded that business has to start speaking about conviction and not convenience. “We have to stand up for who we are.”



SESSION TWO:

Nutrition and Health: From Individual Wellbeing to a Healthier Society

Stefan Catsicas, Executive Vice President, Chief Technology Officer, Nestlé S.A.

Robert Black, Chairman, Department of International Health, Johns Hopkins University, Bloomberg School of Public Health

Lisa Guillermin Gable, President, Healthy Weight Commitment Foundation

Prabhu Pingali, Professor & Director, Tata-Cornell Agriculture & Nutrition Initiative

Zulfiqar A. Bhutta, Chair, Hospital for Sick Children Toronto; Founding Director, Center of Excellence in Women and Child Health, the Aga Khan University

Throughout this session, the expert panel and voices from the floor all echoed the same message; that moving to a healthier society requires collaboration between all sectors.

Robert Black set the scene by talking about global nutrition challenges such as the prevalence of stunting, the complexity of under-nutrition and the growing problem of obesity. “These conditions affect all countries with major implications on non-communicable diseases and the cost of health care and economic development. We need to think, both in the private and public sector, about how we can reach the populations most in need.” He later called for more focus on nutrition in the first two years of life and childhood: “The availability of quality food for children is a particularly important area for industry and the public sector to address.”

Zulfiqar Bhutta also spoke about the importance of early nutrition. He stressed that in many countries adolescent girls are a nutritional blind spot as it is part of the larger problem of girls’ empowerment and education, even their human rights. He concluded that to be effective, “nutrition-specific interventions need to be coupled with nutrition-sensitive interventions.”

Bhutta saw a significant role for industry in helping tackle many global nutrition problems in partnership with governments, academia and civil society, highlighting that much of global progress related to nutrition, such as fortification, has come through corporations. Lisa Guillermin Gable agreed that industry has an important role in improving public nutrition: “The market has come up with some creative solutions to bringing consumers healthier products.” She also saw collaboration on some of the larger issues of communication, technology and research as a way to collectively jump forward in terms of solving the biggest public health issues.

Speaking from an industry perspective, Stefan Catsicas talked about the challenges in making healthier and fortified food options taste good stating that this is where the talent and skill of food companies such as Nestlé could contribute to a healthier society. “When it comes to areas with dense populations, I don’t see any way, other than science-based processed food, to bring diversity to people’s diets.”

The need for better diversification was also discussed by Prabhu Pingali. He believes that rural development could play a role in improving urban nutrition if smallholders were brought into the value chain. This would help tackle the issue of urban diets being “dominated by supermarket systems that focus on a few staples, processed and convenience foods.”

Commenting from the floor, Ahsan Iqbal, Federal Minister for Planning and Development and Deputy Chairman of the Planning Commission of Pakistan saw education and public awareness as a key area for public-private partnerships. “If we can borrow the communication expertise of the private sector, public sector awareness campaigns could be done much more effectively.” Prabhu Pingali pointed to the challenge of scaling-up awareness campaigns; moving them from a focus on the individual to messages that reach out to the wider domain calling it “one of the greatest challenges we’ve got.”

While he stressed that industry is already collaborating with other sectors, particularly in terms of finding science-based solutions to nutritional issues, Stefan Catsicas agreed that collaboration on education is important. He saw this as a way to bring strength, clarity and validity to the messages around good nutrition. “Finding the right channels to educate people would be one of my personal goals.”



SESSION THREE:

Sustainable Agriculture and Supply Chains: How to Meet Twice the Demand with Finite Resources by 2030?

Puvan J. Selvanathan, Head of Food & Agriculture, UN Global Compact

Ruth Oniang'o, Professor in Agriculture; Founder & Executive Director, Rural Outreach Program, Kenya

José Lopez, Executive Vice President, Operations, Nestlé S.A.

John Elkington, Co-Founder & Executive Chairman, Volans Ventures Ltd; Co-Founder & Non-Executive Director, SustainAbility Ltd

Puvan Selvanathan opened the session by explaining how the UN Global Compact's Food and Agriculture Business Principles brings together all the issues being faced in terms of sustainably feeding the world's growing populations and was adding consistency in the way these issues are discussed and addressed across all sectors globally.

"What is interesting is that businesses are now talking about the same issues in the same way as the public sector. Business is really part of the game now." He went on to explain that when it comes to the issue of resources, it did not matter whether they came from business or from governments, but what mattered was that they have an impact.

"We have to recognise the scale of what is happening," said John Elkington, explaining that we don't always see the size of the issues around us. He sees rural populations playing a role in supporting the nutrition of urban populations, but stressed that they need training to be able to do this effectively. While companies are already playing a role in this, he stressed the need for governments to be involved.

On the subject of food waste, Elkington said he was surprised to find that supermarkets were wasting less than 1% of all the food wasted in the UK whereas consumers wasted 30-40% of some products. The moderator pointed out that it's not just the food that is being wasted, but all the materials and resources that go into producing it.

Ruth Oniang'o explained that Sub-Saharan Africa is still lagging far behind the rest of the world. "Here, it's not just a question of food, but a question of transforming rural communities," she said. "There are still many opportunities." She sees agriculture as a useful starting point. "Companies like Nestlé go where no one else goes. By helping smallholders, they can transform whole villages." She went on to say that, "Business cannot operate in a vacuum where policy does not exist."

Jose Lopez talked about Nestlé's work with smallholders and the importance of demonstrating the impact that improvements can make. He highlighted that there is a lot of waste throughout the food value chain – but this could be addressed and improvements in this area should be seen as an opportunity to sustainably feed more people. "We have the obligation to show that it can happen, that we have the knowledge, the technology and the will to make it happen and we have to discuss who needs to be involved in helping scale up what works and scale down waste in the value chain."

Speaking from the floor, Ahsan Iqbal, member of the National Assembly of Pakistan and Federal Minister for Planning and Development and Deputy Chairman of the Planning Commission of Pakistan said that "The real challenge in rural areas is the productivity gap," and felt that companies could play a role in helping to bridge this gap. He also saw business playing a valuable role in helping to get energy to rural communities.

Ajay Vashee, who was most recently President of the International Federation of Agricultural Producers (IFAP), said: "I think public policy intervention is crucial. It can be used as a catalyst to help small farmers access new technologies." On the subject of keeping farmers on the land, he had one simple answer: "Farming has to be profitable."

As the session drew to a close, several panellists talked about the need to shake things up and look at the issues from new perspectives. José Lopez was encouraged by the way the UN has started working with business: "Never before have we seen so much convergence or agreement between sectors that the outcome has to be shared." The moderator concluded: "I think we need to be a little bit impatient to make sure everything we have discussed does come together."



SESSION FOUR

Water Scarcity: Can We Solve It?

Peter Brabeck-Letmathe, Chairman, Nestlé S.A.

Elhadj As Sy, Secretary-General, International Federation of Red Cross and Red Crescent Societies (IFRC)

Alexander Zehnder, Chairman, Triple Z Ltd

Margaret Catley-Carlson, Patron, Global Water Partnership (GWP)

“Water is a source of life,” said As Sy as he kicked off the discussion. He stressed that water is not infinite and that it has a cost and called for more talk about the governance of water resources as this requires choices to be made. “Above all we have to make sure that water is accessible, safe and affordable.”

Margaret Catley-Carlson said that taboos are holding us back from better water resource management, such as the stigma around the reuse of water. She also felt that governments are held back by the myth that people won’t pay for water services, using the examples of China, South Africa and Morocco to dispel this myth. “Let’s start studying success,” she urged. “We spend far too long obsessing over failure.”

“Water is emotional,” stated Alexander Zehnder. “You can’t approach the subject of water intelligently – that goes wrong. Wherever you go, water not only has value, but values and this makes it complicated to find a solution.” Because of this, he explained that water needs to be treated differently and with absolutely transparency.

Peter Brabeck-Letmathe emphasized that the discussion on water is not optional. “The reality is that even without climate change, we have no time to discuss water because the problem is already here, today. For people living in water-stressed areas, it’s a daily matter of life or death.” He called diseconomies of scale for rare resources where “the more you use, the higher the price”. While this seems a simple solution, he agreed that emotion is the biggest obstacle to effective water policy. “But we will overcome this – because we have to.”

As Sy saw a positive in the fact that “Emotion tends to drive us into action”. He went on to agree that it would be useful to segment the discussion and separate the emotional from the non-emotional aspects of water. He highlighted that we were still far from the kind of good governance around the world which would ensure that everyone has equal access to safe water.”

Margaret Catley-Carlson raised the need to talk about water as an economic good and to focus the context of water use by those with easy access to it. “We need to separate the acute needs of people living in abject poverty from the discussion or we won’t reach the kind of water reforms that we need.”

Peter Brabeck-Letmathe built on this by recognizing the human right to water, but seeing this as something that governments should take responsibility for. “When it comes to managing the other 98.5% of water use it’s not a matter of privatization, it’s a matter of being efficient.” Zehnder agreed saying, “we need to create a new culture for the future by doing water management right.”

Both Catley-Carlson and Zehnder talked about the need to see wastewater as a resource and to manage it well. “If you put water into agriculture, it is gone for local communities. But giving it to industry first and it can be used cleaned and reused for agriculture and food afterwards.”

By the end of the session it became clear that for all the issues around water today, we have solutions, as the Nestlé Chairman highlighted: “This is not an issue that we cannot solve. We can find solutions to the issues of water, food and energy security. That is why we are calling the UN for a single water-focused goal, within the post-2015 development agenda.”



Presidential Remarks

Didier Burkhalter, President of the Swiss Confederation

This water crisis is one of the biggest challenges of 21st century and the Swiss government is determined to find solutions and to act.

Switzerland may be blessed with plenty of quality fresh water, but it is not immune to global water challenges. Around 80% of our water footprint happens beyond its borders – often in regions where water resources are scarce.

Even if water problems are local, the water crisis has a global dimension. It is not just a threat, but also a threat multiplier with implications on food and energy security as well as political and social stability.

The water crisis is a global challenge that needs a global response. The behaviour of a single country cannot solve such a complex problem. This is why Switzerland has strongly advocated for a stand-alone goal on water in the very important post-2015 development agenda.

One of the main advantages of such a goal is that it will foster progress towards the implementation of the human right to water and sanitation. The human right to water also imposes obligations on States to progressively eliminate inequalities in access to water.

Another benefit of the goal is that it will foster better and more effective water governance. Cooperation across boundaries must be included in the goal to avoid water wars, as the need for water sharing can also generate collaboration.

The public and private sector have a shared responsibility for ensuring a water-secure world for everyone.

Business as usual is not an option. The cost of inaction is disproportionately higher than the cost of action and the longer the world waits, the more expensive it will get.

Caring together about water today is the best and cheapest way of guaranteeing clean water for the future.

Governments, citizens and the private sector can all contribute to a water-secure world for everyone. It needs to be done now.



Closing Remarks

“The fact that we have been talking about how to raise ambition on Creating Shared Value sets the stage very well. We want to build on this momentum.”

Mukhisa Kituyi, Secretary-General, UNCTAD

“Creating Shared Value is something that should wake up an awareness of the fundamental role of economic activity and society. Creating Shared Value is not philanthropy, but about creating positive environments in the long-term”

Paul Bulcke, CEO, Nestlé



Nestlé renews partnership with the International Federation of Red Cross and Red Crescent Societies

During the Forum, Nestlé renewed its long-standing collaboration between the International Federation of Red Cross and Red Crescent Societies (IFRC), committing to contribute CHF 5 million over five years to the organisation.

Nestlé was the IFRC's first corporate partner in 2002. And since 2006, the IFRC and Nestlé have been working together with a particular focus on improving rural communities' access to water. Through this collaboration, to date, 100,000 people in Côte d'Ivoire's cocoa farming communities now have access to clean drinking water and sanitation facilities.

Nestlé said it will expand the water access and hygiene project to neighbouring Ghana as well as continue to sponsor the production of the IFRC's annual World Disasters Report. Paul Bulcke said that both organisations had benefited from each other's expertise.

"We have moved from a purely philanthropic relationship to one that embodies our Creating Shared Value business model and results in a lasting difference for the communities that surround our operations," Mr Bulcke said.

The IFRC's Secretary-General Elhadj As Sy said that the organisation's staff and volunteers were always there on the side of communities in support of their response to humanitarian challenges across a continuum of crises prevention, response and recovery.

"Our work on water and sanitation is a key component of the continuum, and we are pleased to partner with Nestlé in that area. Safe access to water and sanitation provides a fertile ground for better health and quality of life," he said.



Nestlé Creating Shared Value Prize 2014

During the Creating Shared Value Forum, Nestlé announced that Honey Care Africa, an East African fair trade honey company working with 35 000 farmers in South Sudan, was the overall winner of the Creating Shared Value Prize.

The prize, an investment of CHF 500 000, shared between the winner and runners-up, rewards innovative businesses that create value for their communities by addressing issues of nutrition, water or rural development.

Madison Ayer, of Honey Care Africa, which seeks to help farmers become commercial beekeepers, said, "The Creating Shared Value Prize is such a wonderful recognition of the hard work and passion of our team, farmers, and customers in Africa.

And what is even more exciting is the opportunity to build a long-term relationship with Nestlé, as we leverage our sustainable local supply chain with Nestlé's global resources and expertise."

The two runners-up were MSABI, a Tanzanian NGO that runs one of the largest rural, water, sanitation and hygiene programmes in the country and Sanergy, a Kenyan social enterprise which collects and transforms human waste into fertilizer or energy.



For more information please visit:

www.nestle.com/csv
