



Business and Development Co-operation: The Case for Food Security

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We live in turbulent times. Our current world has been characterised as being VUCA - Volatile, Uncertain, Complex and Ambiguous.

It is no exaggeration to say that we are confronted with many challenges which threaten the very future of our planet.

Professor John Beddington, the UK Government's Chief Scientist, has stated that we are facing a "perfect storm" with an energy, water and food crisis all coming our way.

These crises are shaped and influenced by a rapidly rising world population and improved standard of living for many.

This morning I specifically want to talk about four points which I hope will touch upon the major issue that bring us together today, and that is the topic of Business and Development Co-operation.

- I will start by sharing what I believe are Unilever's credentials for being an active player contributing to the development of society.
- I then want to talk about the potential of business and development co-operation in general.
- I will then focus on the Global Food Security agenda.
- And finally I will make some recommendations for Government support in this area.

1. Unilever

I begin with Unilever, because questions of food and food security go to the heart of what Unilever is, and what it does.

In his 1998 book *The Wealth and Poverty of Nations*, Professor David Landes of Harvard University cited three main reasons why life expectancy has increased dramatically over the last hundred years. Those are improvements in medicine, in hygiene and in nutrition.

For the last century Unilever has played an active role in 2 out of these 3 categories: hygiene and nutrition.

As a global business Unilever has sales in over 180 countries – including many of the world’s poorest nations.

Our brands are present in 7 out of 10 households on the planet, and on any given day are used by over 2 billion consumers.

Our products – including tea, soup, margarines, soap, shampoo, detergents – make small, but important differences to the quality of people’s lives.

Brands such as Lipton, Unox, Becel, Dove, Lifebuoy, Pepsodent and OMO/Surf address the needs of people everywhere for nutrition and basic hygiene.

Because of our geographic spread, we have to deal directly with the problems of food supply, poverty, and sustainability on a daily basis.

Our business strategy is founded on the belief that economic growth should work for the benefit of consumers, employees, suppliers and society at large – and is one where long-term value is built sustainably and equitably. A focus on long-term shared value versus single-minded, and often short-term, shareholder value.

This longer term view is one of the reasons why - at Unilever - we abolished guidance to the market, stopped reporting profits on a quarterly basis, and focused compensation on the longer term. After all, it was a focus on short-termism that got the world into trouble in the first place.

What we require now are new business models. A new form of capitalism based on equitable and sustainable growth.

The Unilever Sustainable Living Plan, our blueprint for the future tries to achieve just that. It has three overarching goals to which we commit ourselves:

- First, to help more than a billion people across the world improve their health and well-being.

- Secondly, to halve the environmental footprint across the total value chain, from sustainable sourcing of materials to sustainable living.
- And thirdly, to source 100 per cent of our agricultural raw materials sustainably.

Our company cannot achieve such goals in isolation. The biggest opportunity facing us today lies in the creation of partnerships right across the value chain.

As an African proverb says, "If you want to go quickly, go alone. If you want to go far, go with others".

This takes me to business and development co-operation.

2. Business and Development Co-operation

Improvements in living standards have not only been driven by private enterprises: huge investments have been made over time by governments and development organisations.

The relationship between business and development organizations has not always been an easy one.

I'm glad to say this is changing, as people realise that the world's great challenges can only be solved through partnerships between the public and private sector.

The UN Global Compact, since its inception in 1999, is building on this principle. I am proud to say that Unilever was among the original signatories of the UN Global Compact.

More recently at this year's Millennium Development Goals Summit, a report called "Catalyzing transformational partnerships between the United Nations and Business" was published by the Global Compact and Unilever at the request of the Secretary General.

It recommends more effective transformational partnership models between the UN and business to tackle the enormous challenges this world faces.

At Unilever, we feel a strong duty to work in partnership with development organisations to build a better future.

For the interest of time, let me touch on just a few examples of co-operation in the area of food security.

One proven way to alleviate malnutrition and food shortage is to encourage and improve smallholder farming.

At Unilever we have committed to directly creating livelihoods for over 500,000 smallholder farmers. Today we reach 100,000 farmers.

In Azerbaijan, for example, Unilever is working in partnership with Oxfam to try to bring thousands of local onion farmers to a level where their costs and quality are competitive in a global marketplace. Early signs are promising, and we hope to open up another pilot programme with Oxfam in sub-Saharan Africa – possibly with cassava. We are doing the same with tea, soy beans, paprika or tomatoes elsewhere.

Also the bottom of the pyramid, where food security issues are most burning, can be reached in partnership.

For example, Unilever and the World Food Programme initiated Project Laser Beam. The aim is to help eradicate hunger and poverty in Bangladesh and Indonesia. Unilever is part of a public-private partnership with DSM, Rabobank and Kraft Foods, committing \$50 million over five years to create a replicable and sustainable solution targeted at the ultra-poor, especially women.

To ensure sustainable sourcing of all key materials, we also need to work in partnership. For example, in the global Consumer Goods Forum, with peers such as PepsiCo, Kraft and Danone, and with customers such as Wal-Mart, Tesco and Carrefour, we have called for an end to illegal deforestation by 2020. No more products with soy, beef, pulp, paper or palm oil from illegal deforestation.

As the task is huge – 16% of global warming results from illegal deforestation – we actively embrace WWF, Oxfam, Greenpeace and governments in this effort.

In the Dutch context, (the Sustainable Trade Initiative) Het Initiatief Duurzame Handel; IDH, is a good example of multi-stakeholder co-operation, which also demonstrates the role government can play in facilitating businesses and NGOs to transition towards sustainable supply chains.

This brings me to the Global Food Security Agenda

3. The Global Food Security Agenda

Food Security has now emerged on the agenda of the G20 following widespread unrest and riots that happened in more than 30 countries during the 2008 food crisis. We still face a situation where over a billion people are malnourished in a large number of countries, including the Horn of Africa. This all before the world's food supply needs to increase a further 70% to feed the growing population.

France, the current G20 Chair, has requested business input on 6 key priority themes, including Food Security.

I have the honour to chair the WEF-G20 Food Security Working Group and will present our recommendations next week in Cannes.

It builds on the World Economic Forum's "New Vision for Agriculture", which was launched last year.

Our G20 Food Security Working Group has proposed five areas for action:

- First, a 50% increase in investments in food value chains by 2015, totalling \$80 billion from both public and private sectors;
- Secondly, an immediate improvement in the way agricultural markets function;
- Thirdly, an acceleration in technology innovation and distribution - through partnerships and policy reforms
- Fourthly, the integration of environmental sustainability as a core objective in all agricultural activity
- And last but not least, a major shift away from calories to nutritional improvement.

A significant step up in investment in infrastructure will be needed.

We have learned that private sector support for national Food Security programmes works well, and has the potential to mobilize the key players on a crop-specific, or project-specific basis.

In my view these national initiatives can be best embedded in a wider global food security development plan under UN supervision.

I believe we actually need an active and modern “Marshall Plan for Food Security” to drive development and food production in Africa, and a number of Asian countries.

With regard to the necessary funding, I believe the EU would be wise to look into the EU Agricultural Budget in combination with budgets for Development Co-operation.

We can build on the good examples, like the Green Growth Corridor in Tanzania and Vietnam’s national programme on food security.

To address Global Food Security, I would call especially for a strong focus on the role of women.

Women make essential contributions to agriculture in developing countries: according to the Food and Agriculture Organization women comprise, on average, 43% of the global agricultural labour force in developing countries – and that figure is 50% in Eastern Asia and sub-Saharan Africa.

Investing in women has the highest potential for increasing productivity in agriculture and development overall. Additionally women reinvest a much higher portion of their income in their families and communities than men do.

We have seen this in our own projects - such as our Allantropia and tea programmes in Africa - where we work with large numbers of smallholders, many of whom are women.

In this way, we can boost food security and women’s empowerment at the same time.

Let me conclude this section, by drawing attention to the fact that national food security programmes could be undermined by market distortions, as there are still a number of areas where food security is jeopardized by well-intended, but ill - conceived state intervention.

I want to highlight especially biofuels, and particularly First Generation biofuels, which use food crops such as corn and vegetable oils as feedstock.

The rush to biofuels risks reducing the land and water available for food - thereby exacerbating the problem of food security. As has been strikingly described, “The fuel dollar of the rich competes with the food dollar of the poor.”

If appropriate sustainability assessments are applied, we would stop the damage from the unsustainable use of First Generation biofuels, and be able to focus on better and sustainable alternatives.

This brings me to the important role that Governments can play in the area of Food Security.

4. Recommendations for Government Action

First of all, I want to commend the decision by the Dutch Government to focus its new industrial policy on nine top sectors, including the food sector.

Of course, it makes a lot of sense for the top sectors to form an integral part of Dutch Foreign and Development Co-operation policies, and for Dutch businesses to become more involved in Dutch Development Co-operation.

I believe the Netherlands can contribute a lot to development on a global scale. Dutch companies in various sectors show global leadership in implementing competitive sustainable growth models.

But success depends on passion as much as it does on written policies. We are fortunate that the new Dutch government approach is being driven by committed leaders, such as State Secretaries Knapen and Bleker, supported by VNO-NCW Chairman Bernard Wientjes. Today's conference is proof of that.

The Netherlands has the ambition to play a key leadership role on the issue of food security.

In my opinion this is a wise choice, not just because it is the right thing to do, but because this country has the necessary capabilities to make a difference.

Currently our Government is not represented in the G20 – but fortunately there is a dedicated Dutch business presence in the "B20."

And there is obviously a lot the Dutch Government can do, including:

- Providing support for the recommendations of the G20 Food Security Working Group. This would include support for country-specific food security programmes. It would be extremely helpful if The Netherlands could provide such support in the so-called "Partner-Countries", with which it has a specific bilateral development co-operation relationship;
- Focusing on a gender empowerment component in the support programmes;
- Playing a leadership role in a number of global organizations including the World Bank, FAO, and the RIO+20 Earth Summit agenda next year;
- Scaling up the Dutch Sustainable Trade Initiative (IDH) to a European level

- Engaging at EU and international levels in order to support mechanisms such as the introduction of preferential import duties for sustainably sourced commodities like palm oil;

and finally ...

- Applying appropriate sustainability assessments for biofuels, taking into account the negative impact of First Generation biofuels on food prices and food security.

5. Conclusion

In conclusion, I am encouraged by the many efforts going on to address the complex issue of Food Security. We now need to ensure that the short-term issues we are facing do not get in the way of driving to longer-term sustainable solutions. This requires a new level of commitment and partnership for all.

As the old Chinese proverb says, "Unless we change direction, we are likely to end up where we are going".

Thank you.