TEEB AgriFood Business Implementation

Webinar Indonesia

12th March 2020
### Agenda

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<th>Session</th>
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<tr>
<td>16:00-16:05</td>
<td>Welcome and introduction from IBCSD</td>
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<td>16:05-16:10</td>
<td>Introduction from Capitals Coalition</td>
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<td>16:10-16:15</td>
<td>Introduction from UN EP TEEB</td>
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<td>16:15-16:25</td>
<td>Background on Capitals Thinking</td>
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<td>16:25-16:45</td>
<td>Project aims and timeline in Indonesia</td>
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<td>16:45-17:00</td>
<td>Questions and answers</td>
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Indonesia Business Council for Sustainable Development (IBCSD)

Live Webinar
"The Economics of Ecosystems and Biodiversity"
12 March 2020
The founding of IBCSD reflects nearly 4 years of effort within KADIN.

Legally established as an Indonesia Association on 6 October 2011.


Currently IBCSD, as a Indonesia CEO-led association, has 40 member companies in Indonesia from 17 sectors with the same commitment in sustaining the world development.
Strategic Role

- Promoting sustainability / Awareness and Capacity building
- Advocacy
- Program and Project Development
- Research
IBCSD Program on Business and Ecosystem

- Business & Ecosystem Training (2013, 2015)
- Workshop Natural Capital Protocol (Dec 2017)
- Pilot on Mining & Biodiversity (2016-2019)
- TEEB AgriFood
IBCSD as Country Partner of The Economics of Ecosystems and Biodiversity (TEEB) AgriFood

- Help communicate TEEB AgriFood in Indonesia to relevant businesses and stakeholders
- Assist in-country arrangement for TEEB AgriFood events in Indonesia (webinar, roundtable discussion, trainings)
- Provide feedbacks
Introduction of the Capitals Coalition
The **Capitals Coalition** is a global collaboration transforming the way decisions are made by including the value provided by nature, people and society.

Coalition is 350+ organizations around the world

To mainstream the inclusion of capitals (financial, natural, social and human) and create a new normal.
Decision makers focus on financial information and ignore the value of our essential relationships with nature and people.
**WHY**

We are failing to tackle global challenges loss of nature, climate change & inequality...

because decisions are based on insufficient information that exclude what is important

Leaders want to transition to a sustainable future but don’t know how

---

**WHAT**

We incubate projects and build a movement to evidence how all capitals must be included in all decisions to create a new normal

---

**HOW**

We work through collaboration.... It is only when the entire system is involved that we can generate transformative change

---

**SO WHAT**

We use capitals thinking to ensure that all decisions include nature, people, society and the economy.

This leads to the phase out of negative activities and the creation of a new normal in decision making

---

*370+ organizations at the core and 20,000 active around the world*
Background on Capitals thinking
What are the capitals?

Integrated decision making (or capitals thinking) includes the value of our impacts and dependencies on nature, people, societies and economies.

<table>
<thead>
<tr>
<th>Produced Capital</th>
<th>Natural capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>All <strong>man-made assets</strong>, such as buildings, factories, machinery, physical infrastructure (roads, water systems) as well as all financial assets</td>
<td>Stock of renewable and non-renewable <strong>natural resources</strong>, (e.g. plants, animals, air water, soils, minerals) that combine to yield a flow of <strong>benefits</strong> to people</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Social capital</th>
<th>Human capital</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Networks</strong> together with <strong>shared norms, values and understanding</strong> that facilitate cooperation within and among groups</td>
<td>The <strong>knowledge, skills, competencies</strong> and attributes embodied in individuals that facilitate the creation of personal, social and economic <strong>well-being</strong></td>
</tr>
</tbody>
</table>
How different capitals connect?

Natural, social and economic issues are fundamentally interconnected and cannot be separated from one another.

Natural Capital underpins all the other capitals and without it we would not have social and human or financial capital.
What is capitals thinking?

It revolutionizes how we make decisions.......

Impact - Dependency

depends on

impacts on

Measurement - Valuation

<table>
<thead>
<tr>
<th>Qualitative</th>
<th>Quantitative</th>
<th>Monetary</th>
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</thead>
<tbody>
<tr>
<td>High</td>
<td>2m32s</td>
<td>£ 4.3</td>
</tr>
<tr>
<td>Significant</td>
<td>76.8%</td>
<td>$4,584</td>
</tr>
<tr>
<td>Important</td>
<td>45,849</td>
<td>¥9,489</td>
</tr>
<tr>
<td>Efficient</td>
<td>23,406</td>
<td>€15,378</td>
</tr>
<tr>
<td>Endangered</td>
<td>3,127</td>
<td>¥1,127</td>
</tr>
<tr>
<td>Low Medium</td>
<td>1,122</td>
<td>¥1,122</td>
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</tbody>
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A Systems Approach
The Protocols

International frameworks for business to identify, measure and value its impacts and dependencies on natural, social and human capital.
The Natural and Social & Human Capital Protocols

The Natural Capital Protocol and Social & Human Capital Protocol are a standardized framework for business to identify, measure and value its direct and indirect impacts and dependencies on natural, social and human capital.
Mainstreaming the Economics of Nature
The Economics of Ecosystems and Biodiversity foundation report

Natural Capital Protocol
Framework to measure business impact and dependency on nature developed by the Natural Capital Coalition

TEEB AgriFood Evaluation Framework
The case for measuring impacts and dependencies in agriculture and food systems

Social & Human Capital Protocol
Framework to measure business impact and dependency on people developed by the Social & Human Capital Coalition

Next Step
Specific guidance for agri-businesses based on TEEBAgriFood framework and the Natural and Social & Human Capital Protocols

Landscape of frameworks to support decision making in food systems
Frame stage: Why?
Natural capital and business
Natural capital and business
Natural capital and business
Natural capital and business
Risks and opportunities: Natural Capital

Many natural capital risks and opportunities are becoming increasingly visible, and business needs a way to understand and manage these.

**Operational**
(e.g. increasing cost of scarce resources, supply interruption due to weather, change, efficiency from alternative sourcing)
Risks and opportunities: Natural Capital

Many natural capital risks and opportunities are becoming increasingly visible, and **business needs a way to understand and manage these.**

- **Operational**
  - (e.g. increasing cost of scarce resources, supply interruption due to weather, change, efficiency from alternative sourcing)

- **Legal and regulatory**
  - (e.g. advantage over future legislation, stronger access to permits & licenses)
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  (e.g., negative media coverage of impacts, new ‘greener’ markets and products)

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**Financing**
(e.g. improved access to finance, or increased margins)
Many natural capital risks and opportunities are becoming increasingly visible, and business needs a way to understand and manage these.

- **Operational** (e.g., increasing cost of scarce resources, supply interruption due to weather, change, efficiency from alternative sourcing)
- **Reputational & marketing** (e.g., negative media coverage of impacts, new ‘greener’ markets and products)
- **Legal and regulatory** (e.g. advantage over future legislation, stronger access to permits & licenses)
- **Societal** (e.g., health impacts on local communities, benefits gained from ecosystem services, social license to operate)
- **Financing** (e.g. improved access to finance, or increased margins)
Scope stage: What?
The **TEEB AgriFood Evaluation Framework** is a set of definitions and descriptions supporting a framework of analysis that can enable us to answer the question “**what should we value?**”
HOW? Measure and value

PRINCIPLES: Relevance, Rigor, Replicability, Consistency
Pork - Example Impact Pathway

The business activities at a pork processing factory discharge water pollution in effluent, an impact driver.

STEP 05: MEASURE IMPACT DRIVERS
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The impact driver leads to changes in natural capital, in this case a change in the concentration of chemicals in the local river.

STEP 06: MEASURE CHANGES IN NATURAL CAPITAL
Pork - Example Impact Pathway

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**STEP 05: MEASURE IMPACT DRIVERS**

The impact driver leads to changes in natural capital, in this case a change in the concentration of chemicals in the local river.

**STEP 06: MEASURE CHANGES IN NATURAL CAPITAL**

The change in natural capital results in impacts, in this case human health impacts and loss of fish stocks.

**STEP 07: VALUE IMPACTS**
A sugarcane plantation has a dependency on water to irrigate its crops.

STEP 05: MEASURE DEPENDENCIES
Sugarcane - Example Dependency Pathway

A sugarcane plantation has a dependency on water to irrigate its crops.

**STEP 05: MEASURE DEPENDENCIES**

Changes in natural capital cause the availability of water to decline due to:

- Sugarcane farming itself, for example over-abstraction of water
- Natural changes such as drought
- Human-induced changes including other local farms and businesses abstracting water for their own purposes

**STEP 06: MEASURE CHANGES IN NATURAL CAPITAL**
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STEP 06: MEASURE CHANGES IN NATURAL CAPITAL

Business responds to changes in natural capital by paying more for water to out-compete other users.

STEP 07: VALUE IMPACTS
Apply stage: What next?
CASE STUDY
OLAM International – Coffee in Indonesia

WHAT:
Use of natural capital assessments to identify largest impacts and dependencies on local environment

<table>
<thead>
<tr>
<th>Soil</th>
<th>Water</th>
<th>Pesticides</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Irrigation</td>
</tr>
<tr>
<td></td>
<td>Fertiliser input</td>
<td>Pollinators</td>
</tr>
</tbody>
</table>

DECISION:
By doing this, they found solutions such as:

- Provided infrastructure and education to farmers for efficient water use
- Adopted agroforestry methods
- Adopted semi organic approach
CASE STUDY
BNP PARIBAS ASSET MGT

WHAT:
Use of natural capital assessments to improve sustainable investment in the food retail sector

DECISION:
Implementation of a bonus/malus ranging from -30% to +30% which was applied to the company’s ESG score (up and down)

ADDED VALUE
“Natural capital is a key pillar of our Global Sustainability Strategy, as we believe that better protecting our oceans – and more broadly environmental sustainability – is a critical pre-condition for a more sustainable and inclusive economic future.”
TEEBAgriFood Implementation Project

And insights about our work in Indonesia
**TEEBAgriFood Implementation Project - Goal:**
to protect biodiversity and contribute to a more sustainable agriculture and food sector

By engaging with agri-businesses, governments and other stakeholders in 7 partner countries:

Brazil, China, India, Indonesia, Malaysia, Mexico and Thailand
The Economics of Ecosystems and Biodiversity: promoting a sustainable agriculture and food sector

**TEEBAgriFood Framework Implementation**

Public sector engagement

Private sector engagement

**CAPITALS COALITION**

Funded by the European Union
## Project Overview

### WHO?

**TEE B**

- Engagement with agri-businesses
- Support communications and mainstreaming

### WHAT?

<table>
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<tr>
<th>Country specific analysis</th>
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</thead>
<tbody>
<tr>
<td>Policy mapping</td>
</tr>
<tr>
<td>Determine and refine the case studies</td>
</tr>
<tr>
<td>Scenario analysis</td>
</tr>
<tr>
<td>Develop a roadmap</td>
</tr>
<tr>
<td>Deliver change &amp; ensure project sustainability</td>
</tr>
<tr>
<td>Communications and mainstreaming</td>
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**CAPITALS COALITION**
Engagement with agri-businesses

**WHAT?**

- Engagement with agri-businesses

**HOW?**

1. Guidelines for business
2. Country-by-country collaboration
3. Roundtables
4. Trainings
5. Gather application
Guidelines for business

Contry-by-country collaboration
Roundtables
Trainings
Gather application

Guidelines for business

Scoping (Concept note)
March 2020

Drafting
June 2020

Consultation and piloting
June 2020 - August 2022

Revision and final publication
October 2022

Scale up
December 2022
Country by country collaboration

- Brazil
- China
- India
- Indonesia
- Malaysia
- Mexico
- Thailand

Identifying → Partnering → Engaging

Guidelines for business
Contry-by-country collaboration
Roundtables
Trainings
Gather application
Training and gathering application

- **Roundtable**
  - ~2 months later
- **Training session 1**
  - Initiate application
  - ~2 months later
  - Follow-up
- **Training session 2**
  - Complete application
  - ~2 months later
  - Gather application
Roundtables and training timeline

- **2020**
  - Mexico
  - Brazil

- **2021**
  - China
  - India
  - Indonesia

- **2022**
  - Thailand
  - Malaysia
Discussion
Questions

Is your business integrating nature and people in their decisions?

Answer 1: It is integrating NATURE
Answer 2: It is integrating PEOPLE
Answer 3: It is integrating BOTH
Questions

Is your business assessing impacts and dependencies on nature?

Answer 1: It is assessing IMPACTS
Answer 2: It is assessing DEPENDENCIES
Answer 3: It is assessing BOTH
Questions

Is your business assessing impacts and dependencies on people?

Answer 1: It is assessing IMPACTS
Answer 2: It is assessing DEPENDENCIES
Answer 3: It is assessing BOTH
Questions

Are you using valuation approaches to assess your impacts and/or dependencies on nature and people?

Answer 1: Yes, especially for NATURE
Answer 2: Yes, especially for PEOPLE
Answer 3: Yes, for BOTH
Answer 4: Not yet
Questions

Do you think that a capital approach is useful for decision making?

Answer 1: Yes
Answer 2: Not sure yet
Questions

Would you like to be involved and provide input into the development of the TEEBAgriFood Guidelines for business through the roundtables in Indonesia?

Answer 1: Yes
Answer 2: Not sure yet
Questions

Would you like to be participate in the trainings that the Capitals Coalition will run in Indonesia?

Answer 1: Yes
Answer 2: Not sure yet
Questions

Did you find the webinar informative and useful?

Answer 1: Yes
Answer 2: Not that much
Contacts

www.capitalscoalition.org

marta.santamaria@capitalscoalition.org
martine.vanweelden@capitalscoalition.org
louise.amand@capitalscoalition.org
isabel.hoffmann@capitalscoalition.org