



This project is made possible thanks to the generous support of the European Union.



Funded by the EU, the TEEBAgriFood Implementation Project aims to protect biodiversity and contribute to a more sustainable agriculture and food sector in seven EU partner countries: **Brazil, China, India, Indonesia, Malaysia, Mexico and Thailand.** This project is led by UN Environment. The Capitals Coalition is responsible for the business engagement.



Healthy nature & people, healthy agri-food industry

The value that nature provides to people and business is perhaps most evident in the agricultural sector. The food system is inherently dependent upon natural capital: from a stable climate that enables security of supply and effective season planning; biodiversity that provides diversity and protection from pests and disease; the topsoil that boosts yields and prevents flooding; and water that hydrates and invigorates crops.

Healthy ecosystems and flows from ecosystem services, and natural capital as a whole, are crucial for the long-term viability of the food system. Land degradation, biodiversity loss and climate change have compounding negative impacts on the health of ecosystems and agricultural outputs, however. According to the estimates of the Intergovernmental Panel on Biodiversity and Ecosystem services (IPBES), crop yields in some regions could halve by 2050 under a business-as-usual scenario.

Food production is also deeply dependent on people, or social and human capital. The agricultural sector employs a fifth of the global population and, for the majority, farming is their sole income. This places a deep connection between agriculture and land workers, yet urbanization and a low retention of young workers are challenging the sustainability of agriculture.

The food system is not only dependent upon, but impacts natural, social & human capital, too. These impacts can be positive, such as shaping cultural landscapes and identities, or negative, such as degrading the health of biodiverse ecosystems and increasing the prevalence of diet-related non-communicable diseases.

The growing public awareness and concern for climate change, nature loss and social equality, the greater political ambition towards environmental sustainability and improved public health, and a heightened perception of risk and opportunity by business and finance will be key drivers in transforming the agri-food industry for the benefit of people and the planet.

Better information, growing opportunities

"Saving our planet, lifting people out of poverty, advancing economic growth... these are one and the same fight. We must connect the dots between climate change, water scarcity, energy shortages, global health, food security and women's empowerment. Solutions to one problem must be solutions for all."

Ban Ki-moon, eighth Secretary-General of the United Nations.

The evident need for transforming the agri-food sector presents an immense opportunity for business and society. Access to healthier, diverse diets will relieve pressure on the health system and investments in regenerative agriculture and prioritizing nature-based solutions will lead to a more resilient system that benefits agri-food business operations.

For a successful transformation of the agri-food system, business decisions must be made with the whole system and value chain in consideration. This multi-capital approach (see Figure 1) is applied in the TEEBAgriFood Implementation Project to better facilitate integrated decision-making within the agri-food sector. By understanding the fundamental connections between natural, social and human capital, the sector can mainstream the integration of non-financial capital into business strategies and grow the range of opportunities an agri-food system transformation presents (see Box 1 for business examples).



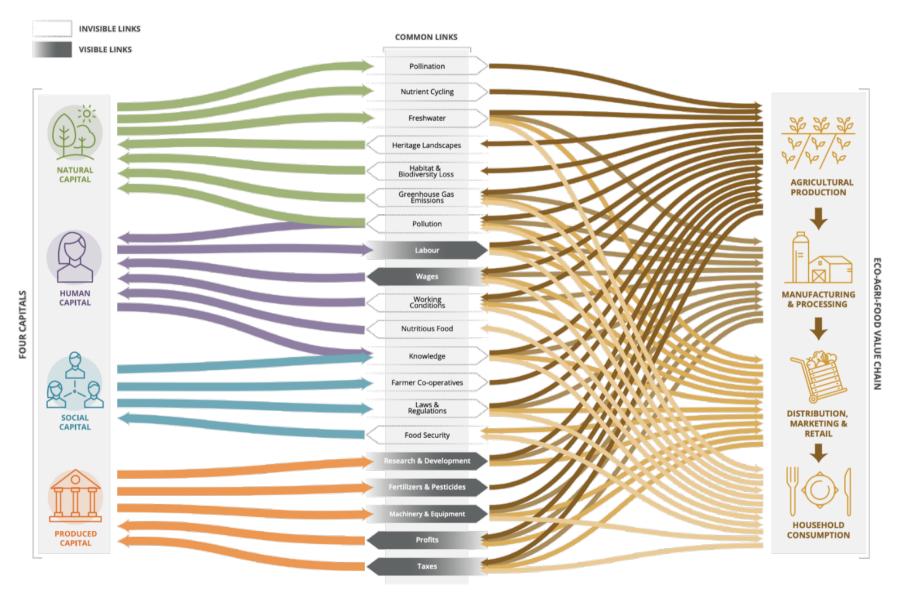


Figure 1. Links between four capitals in agri-food value chain. Source: TEEB (2018) Measuring what matters in agriculture and food systems.



Box 1: Business examples

Several businesses have already shown positive results when applying a multi-capital approach within their business case. The following examples underpin the intended effect of the TEEBAgriFood Operational Guidelines.

Improving farmers livelihoods by enhancing natural, social and human capital

A multi-national food commodity business used the multi-capital approach to inform their livelihood program. By supporting farmers livelihoods, they increased crop yields through more efficient water management, boosting biodiversity and soil protection as well as promoting the commercial skills and health of their smallholder suppliers. Almost half a million small holders have benefitted from this programme. The work continues to support on the ground business operations by translating business activities into benefits to nature and people.

Palm oil production in Indonesia:

In Indonesia, a multi-capital assessment in the palm oil sector has shown that using an optimized mix of organic fertilizer has the lowest natural capital cost and lowest financial cost. The assessment also revealed that by paying a living wage to casual workers, the human capital cost of underpayment would be reduced to zero while plantations remain profitable.

Changing the Food system through multi-capitals approach: TEEBAgriFood Operational Guidelines

The Operational Guidelines for Business, developed as part of the TEEBAgriFood Implementation Project, will fill the current gap for a standardized methodology on a multi-capital approach for businesses in the agri-food system. These guidelines will build on the TEEBAgriFood Evaluation Framework and other significant existing work (see Figure 2) as well as ongoing development of the TEEBAgriFood Overarching Guidelines and the True Cost Accounting of Food Inventory report, both commissioned by the Global Alliance for the Future of Food.

The TEEBAgrifood Evaluation Framework is applicable by any kind of organization (policy, business, farmers and civil society) and provides guidance on *why* and *what* needs to be assessed, rather than how to do it. The TEEBAgriFood Operational Guidelines for Business, however, will be more specific and focus on *how* businesses can apply the framework. The guidelines will be user-friendly for businesses, following the structure as the Natural Capital and Social & Human Capital Protocols. They will target all decision-makers in the agri-food system, from small and medium farming enterprises to multinationals, and cover any commodity at every stage of the supply chain, from production to retail and the supporting financial sector.



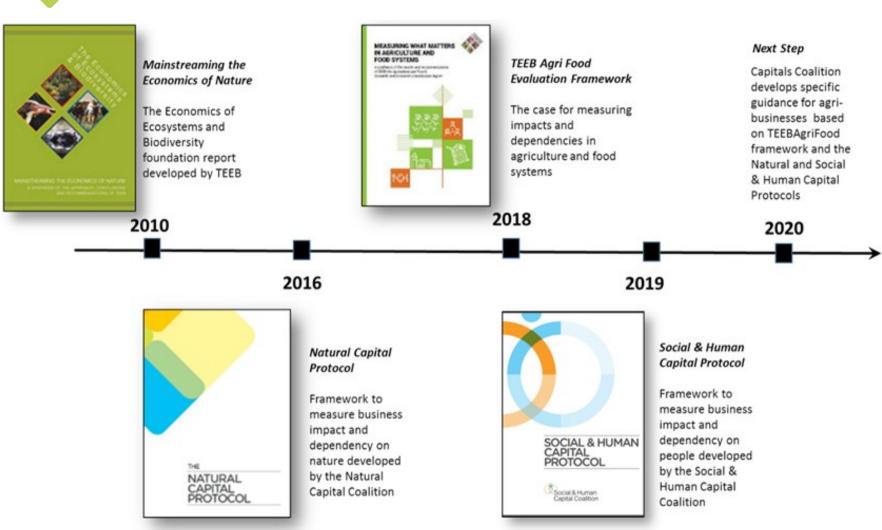


Figure 2. Timeline of guidance on measurement and valuation of different capitals.



The TEEBAgriFood Operational Guidelines for business will also provide additional information on:

- Context: Provide context on why natural, social and human capital are relevant any business in the food system and how business benefit from them.
- Business case: Develop the business case for multi-capitals assessments in the food sector.
- Materiality: Identify material impacts and dependencies on different capitals relevant to businesses across the value chain of the agri-food system.
- Technical insights: Support the development of methodologies, standardized metrics and databases.
- Harmonization: Build on existing knowledge on the sector and encourage the systemic integration of capitals thinking into the decision-making processes in a harmonized way.

Our approach to develop the Operational Guidelines for Business

The project will be rolled out during 2020-2022 and will encompass the following phases (see Figure 3):

- Scoping: Identifying boundaries and appetite for this work.
- Drafting: By mid-2020, the Draft Guidelines will be published.
- Consultation and piloting: Roundtable discussions and training in the seven countries (Brazil, China, India, Indonesia, Mexico, Malaysia and Thailand).
- Revision and final publication: By the end of 2022, the final version of the Guidelines published.
- Scale up: In-country networks developed through this project will continue to build and share evidence and proof the business case of applying multi-capitals thinking.



Figure 3. Process for developing the Operational Guidelines for business

Stay informed

If you would like to stay informed on the project, <u>sign-up here</u> to receive updates. If you have any questions regarding the project or would like to get involved, please contact Martine van Weelden via martine.vanweelden@capitalscoalition.org.