

TEEBAgriFood Country Implementation Project: Business Engagement

The Economy of Ecosystem and Biodiversity
Promoting a sustainable agriculture and food sector



Indonesia
Online roundtable report
16 and 18 March 2021



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Introduction

The Economics of Ecosystems and Biodiversity for Agriculture and Food (TEEBAgriFood) initiative brings together scientists, economists, policymakers, business leaders and farmers organizations to undertake and apply assessments of agricultural systems.

The initiative highlights the need for organizations in the food system to better understand their impacts and dependencies on natural, social and human capitals, and provides them guidance to apply it in their decisions in ways that deliver benefits across the system.

TEEBAgriFood Country Implementation Project is generously supported by the European Union and is part of a project led by United Nations Environmental Programme, UNEP. Capitals Coalition works with businesses with the overall goal of building resilience, mainstreaming best practice, protecting biodiversity and contributing to a more sustainable agriculture and food sector.

The roundtable sessions in Indonesia held on 16 and 18 March 2021 aimed to:

- Share progress of the Operational Guidelines for business with the stakeholders of the agriculture and food sector
- Receive feedback from those stakeholders on the Guidelines
- Inspire business for action
- Discuss potential improvement
- Open appetite for learning opportunities and the training sessions

The online event took place over 6 hours, in two sessions of three hours each. A total of 104 people from different stakeholder groups attended the event.

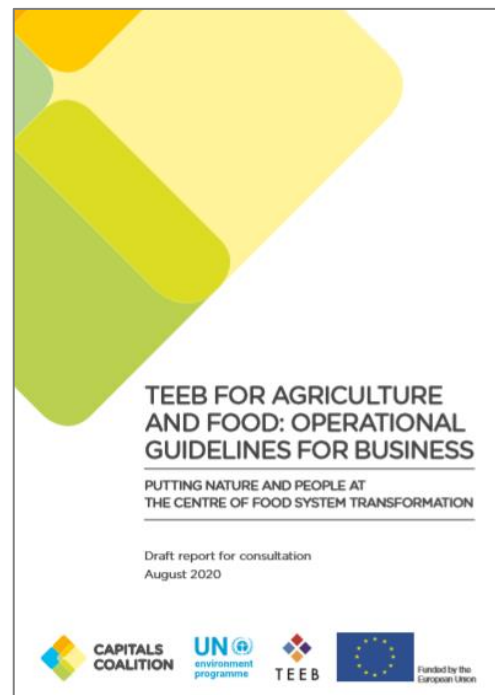
The roundtable was hosted by the Indonesian Business Council for Sustainable Development and Capitals Coalition with the support of the UNEP TEEB Office.

More information about the project is available at:

<https://capitalscoalition.org/project/teebagrifood-for-business/>

This report captures the main discussions of the roundtable, providing insight into the panel discussions and a synopsis of the feedback provided through the discussions in the breakout rooms.

We would like to thank the Indonesian Business Council for Sustainable Development, UNEP TEEB, Bappenas, the panellists, the facilitators of discussions and participants for supporting this roundtable.



Roundtable agenda

16th March

14:00-14:20	Welcome & Introduction from Capitals Coalition, IBCSD Executive Committee, EU delegation and UNEP TEEB
14:20-15:10	Panel discussion including Q&A: "The importance of the food system transformation in Indonesia"
15:10-15:20	Introduction to TEEBAgriFood Operational Guidelines for Business
15:20-15:45	Presentation about the FRAME and SCOPE stages
15:45-16:35	Roundtable discussion about the FRAME and SCOPE stages
16:35-17:00	Summary of discussion and closing

18th March

14:00-14:20	Welcome & Summary from day 1
14:20-15:05	Panel discussion including Q&A: "Business actions based on natural, human and social capitals assessments"
15:05-15:35	Presentation about the MEASURE & VALUE and APPLY stages
15:35-16:25	Roundtable discussion about the MEASURE & VALUE and APPLY stages
16:25-17:00	Summary of discussion, interactive session and closing

Summary panel discussion 16 February

'The importance of the food system transformation in Indonesia'

The first panel discussion aimed to set the scene with regards to the importance of food system transformation, specifically in Indonesia.

Moderator: Ir. R. Anang Noegroho Setyo Moeljono, M.E.M, Director for Food & Agriculture, Ministry of National Development Planning (BAPPENAS)



We need good governance and a holistic view of the system to drive its transformation. Food system provides common values; so it's important to provide incentives for collective actions. Reducing food waste is necessary. We also need to increase productivity to meet people's needs and have food security. This requires coordination between farmers, institutions and the private sector. It's important to report on impacts and be inclusive.

Questions for panellists:

- *Why is food system transformation essential now?*
- *What does an ideal food system look like?*
- *What is key to transform the Indonesian food system and drive the sector to have a net positive socio-environmental impact?*

Damayanti Buchori, M.Sc, Ph.D, Director of the Center for Transdisciplinary and Sustainability Sciences (CTSS), IPB University Indonesia



Sustainability is not a one-size-fits-all, we need to consider every local context to transform our food system. We need a paradigm shift. Things are not linear so we need to face the complexity of the food system and to think transdisciplinary.

An ideal food system provides healthy and nutritious food. It's also a resilient system that mitigates climate change while maintaining biodiversity. Don't forget that biodiversity and culture combine and more attention should be given to farmers.

We need an educational system and enabling environment for people to drive this transformation. Best practices as agroforestry and agroecology should be incentivized and upscaled. Political will is needed to transform the food system and its governance. Companies have to see beyond the maximization of profit by looking at long-term value; and this needs to be accountable. With humbleness and lowering our ego, we can accept that we need to change. We would then be able to co-create and co-design the implementation of sustainable practices.

Rony Megawanto, Program Director KEHATI Indonesian Biodiversity Conservation Trust Fund



The diet uniformity that tends to have rice in all meals is a problem in Indonesia. This is a strong dependency on one commodity while food insecurity is getting higher.

The current system uses many agricultural inputs, with the use of too many chemical fertilizers, pesticides and insecticides which represent high costs. This is environmentally unfriendly, resulting in unhealthy food. The consequence of this is that farming is not attractive anymore and farmers are leaving the profession. The

transformation needs to increase the welfare of people and farmers.

There is a concern about land conversion: forests are becoming agricultural lands, but we are also losing agricultural land converted into other land uses. To have an ideal food system, we need:

- **Production** that returns to the basic concept of agriculture, growing crops, and plants that are culturally suitable and if possible agro-ecological.
- **Distribution** that moves from having a high carbon footprint to local food consumption close to production centers.
- **Consumption** that reduces the large amount of leftover food wasted.

Government policies are key to transform the food system and incentivize sustainable lifestyles. Indonesians should be proud of the diversity of local food.

Ageng Herianto, Food and Agriculture Organisation (UN FAO Indonesia)



It is necessary to carry out a discussion process to have a mutual consensus and make a change in the food system. We can adapt plans and drive collective action, but we need to be inclusive and leave no one behind. Actors in the current system should pay attention to meet the nutritional needs of the population. This could be promoted by raising awareness, sharing the value of the private sector and getting government support for farmers and companies to strengthen human capital.

An ideal food system should have food security, food self-sufficiency, food sovereignty and take into account the natural resource situation. To transform the food system, we should optimize the use of genetic resources. Indonesia is a mega-diverse country; we must have a strong starting agreement for the use of biodiversity.

Summary panel discussion 18March

'Business action based on natural, human and social capitals assessments'

The second panel discussion aimed to provide the perspective of the private sector actors, example of best practices and concretes recommendations.

Moderator: Muhammad Saifulloh, Deputy Assistant for food, coordinating Ministry for Economic Affairs



Questions for panellists:

- *What are the business benefits to incorporate impacts and dependencies on nature and people in sustainability strategy?*
- *In your experience, what are the main benefits for business to realize a natural, human or social capitals assessment?*
- *What are the best practices you recommend to manage resources in a sustainable way?*

Glenn Pardede, President Director, East West Seed Indonesia



The conclusion of the first panel discussion is that companies have to no longer only maximize profits and lowering the ego. This leads to a need for long-term thinking as natural conditions change. For example, if you plant, you need to look at weather forecasts and pests. An example is the case of Banyuwangi farmers who experienced tomato crop disturbances due to the proliferation of rats because their predators were reduced. It

negatively impacted workers and production. Owls were bred by farmers and finally, rat numbers reduced so the production of tomatoes was prosperous again. What is key for a seed company like us is to ensure that the farmers get a profit and are successful. The consumption of agricultural products is increasing, so it is necessary to increase the farmers' number while being friendly with nature. East West Seeds provides knowledge for agricultural vocational students by teaching young people how to plant and be prosperous.

Arryati Ramadhani, Principal consultant and Impact Assessment Lead, ERM



Consideration of dependence on nature and humans will ensure the achievement of sustainability goals in the long term. Human activities are inseparable from their surrounding environment. By understanding the negative impact on the ecosystem that may arise from a business activity, the company can minimize this impact and even turn it into a positive impact at a certain stage. Nature-based solutions is an approach that can protect and manage ecosystems while simultaneously

respond to communities' challenges by providing shared values.

ERM methodology is based on the Natural & Social and Human Protocols to develop a tool that supports decision-making by measuring the impacts. Some business actions can improve human and social impacts and lead to better water quality, increase in ecosystem services, health benefits of reducing carbons emissions, the inclusion of surrounding communities, an increase of the reputation of the company and reduction of costs related to regulations. A natural and human capital assessment has the potential to improve the quality of the business plan.

My best practices recommendation are:

1. to change lifestyle and adopt more organic food. The system needs to provide affordable prices for agricultural products.
2. To manage resources in a sustainable manner as early as possible by including the analysis of natural and human impacts of business activity. This needs to be done not only at the initial stage but through time.
3. To deal with the challenge of the production of greenhouse gas emissions or waste.
4. To understand how a business activity uses resources.
5. To prevent overexploitation and excessive pressure on the environment that affects humans.

Yohanes Agung Baskoro, Corporate Responsibility and Sustainable Development Lead, Cargill Indonesia



An agri-food business that produces commodities like palm oil, cocoa or livestock are highly dependent on natural conditions. Cargill has conducted studies to assess the value of a high conservation area, the carbon emission and social impact. It helps to see how those impacts and dependencies can be minimized. For example, it's known that oil palm plantations can cause environmental impacts such as water shortages for the surrounding community. Oil palm farmers can't produce without

guaranteeing water supply in the landscape. We carry out a project in collaboration with FAO and USAID to assist chicken farmers who faced a decrease by 40% in egg production due to climate change; they were also facing challenges related to regulations that prohibit antibiotics use. We provide good agriculture practice knowledge to farmers with the expertise of USAID and the support of FAO. Through some modifications, chickens were less stressed about uncertain weather.

Natural resources have limited capacity and can reach a threshold; this can lead to the fact that environmental services are not provided anymore. But agriculture and livestock depend on nature; so nature needs to be maintained by farmers.

Roundtable discussions in breakout rooms

Roundtable discussions were organised to actively ask for consultation of the participants about the Guidelines for business. After the presentation of each Stage of the 'TEEB for Agriculture and Food: Operational Guidelines for Business', participants were allocated to breakout rooms to discuss questions related to each Stage. Afterwards, each facilitator brought the key message of the group to plenary. Below an overview is provided of the main feedback points of the groups.

Which **risks and opportunities** are the main drivers for food businesses in Indonesia?

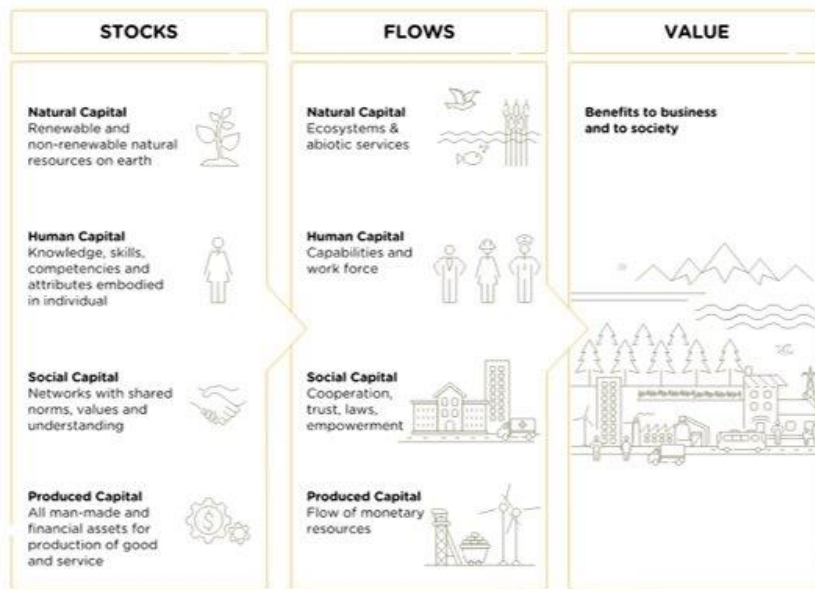
Risks

- **Operational:** lack of land, under-utilization of food diversity, disaster, logistics cost due to location, consistency of local product quality
- **Reputational & Marketing:** technology and innovation exist but it's not available for all, competition among commodities, the raw materials are difficult to market, it's better to transform into processed food.
- **Societal:** not enough awareness about healthy and nutritious food, higher costs of healthy food that make it exclusive, lack of diet diversification, marginalization of smallholder farmers
- **Legal & regulatory:** governmental program focuses too much on rice, need of regulation on agriculture & coastal cultivation
- **Finance:** need for assurance of no loss for farmers, low credit for food businesses

Opportunities

- **Operational:** food from the coastal and marine areas, diversity of local commodities, agroecological knowledge and management, local food wisdom, education is getting better
- **Reputational & Marketing:** opportunity to better connect supply and demand for food of quality and for more collaboration between private & smallholders (fair trade, capacity), engagement of young consumers, technological industry improvement
- **Societal:** improve human resources and farmers capacity, improvement of stunting rate
- **Legal & regulatory:** regulation to encourage sustainable food businesses, the government could promote more commodities (not only rice)
- **Finance:** incentives for sustainable production.

Does the representation of **capitals stock, flows and value** make sense to you?



- Add political capital in the stocks
- Security and assurance need to be considered
- Add the value creation/benefit that comes back to the environment
- Integrate how climate affects the whole capital stocks and flows

Are any material **impact drivers or dependencies** missing from the materiality matrix?

Due to time constraints this question wasn't addressed.

	DEPENDENCIES				VALUE CHAIN	IMPACT DRIVERS														
	NATURAL	HUMAN	SOCIAL	PR.		NATURAL				HUMAN				SOCIAL						
Water availability					INPUT MATERIALS	Water use														
Water quality						Terrestrial ecosystem use														
Energy						GHC emissions														
Regulation of physical environment						Pesticide and herbicide use														
Regulation of biological environment						Fertilizer use														
Regulation of waste and emissions						Soil use														
Skills and Knowledge						Solid waste														
Experience						Livestock conditions														
Workforce availability						Nutritional content of food														
Health of workers						Use of harmful substances for consumers														
Social networks and cooperation					Food safety practices															
Property rights					Employee health and safety conditions															
Social acceptance and trust					Salaries and benefits															
Law and order					Workers living conditions															
Accessibility to infrastructure and technology					Labour rights															
					Gender rights															
					Worker's representation															
					Food security															
					Food loss or waste															
					Integration of workforce into communities															
					Benefit sharing with indigenous communities															

H HIGH MATERIALITY M MEDIUM MATERIALITY L LOW MATERIALITY N NOT MATERIAL

Have you thought about your impacts and dependencies as **pathways** before? Is this a helpful way of looking at issues in your organisation?

This outcomes of the discussion in break-out rooms are summarised below:

- Overall it was agreed that the pathways are useful.
- A group proposes examples of pathways:
 - the use of fertilizers as input (impact driver) can increase productivity (produced capital) and the quality of the crops.
 - Organic farming (impact driver) can improve nature (natural capital) and increase incomes and more people are employed (human/produced capitals).
- It was highlighted to not focus only on the impact on nature (natural capital) but also include the measurement of productivity (produced capital).
- A wider consultation of people should be organized when drafting an organization's pathway.
- The pathways are too linear and do not capture the complexity or amplitude of impacts
- The Guidelines should provide more complex pathways examples.

Do you have any experience with **valuation** (tools, databases, case studies etc.)?

Participants had a varying level of experience in the field of valuation; some companies already have used tools and others didn't. Suggestions and observations from participants are listed below:

- The determination of the baseline is not systematic and is often done sporadically.
- IBAT is a tool that identifies areas that are potentially biodiversity hotspots with protected species.
- AMAN (Indigenous Peoples Alliance of the Archipelago) could provide information on indigenous peoples and social risk.
- Standard references as IFC, World Bank, Equator Principles, ISPO (Indonesian Sustainable Palm Oil certification), RSPO.
- <https://shift.tools>
- A study shows that forest density affects positively the productivity of arabica coffee showing the value of pollinator services.
- A national regulator is needed to have standards aligned with international standards.

What **challenges and solutions** could arise in expanding the use of the capital approach in decision making?

The opportunities are summarized below:

- The Capitals approach could leverage business opportunities and expand markets.


- It provides an opportunity to involve communities and improve their economy.
- It would be beneficial for farmers to access sustainable products at lower prices in case the supply chain becomes more sustainable.
- The pandemic is an opportunity to intersect supply chains with technology
- A capitals approach could provide information to increase productivity and increase product quality while maintaining ecosystems.
- Organic farming could enhance human capital and employ more human resources.
- The capitals approach could reduce potential risks in decision-making.
- The capitals approach could improve brand image showing best practices.

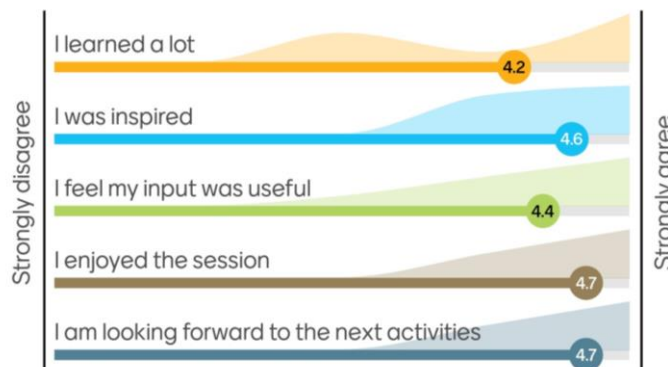
The challenges are summarized below:

- Companies can't see the benefit yet because they didn't switch from a 3P to 5P approach which includes People, Planet, Prosperity, Peace and Partnership.
- Diverse standards exist but they are based on legality, not necessarily on sustainability concerns.
- The public mindset still need to be educated
- Businesses need to increase their knowledge and capacity.
- Strategic regulation is needed to drive implementation.
- The capitals approach requires resources to be applied which may reduce productivity
- Involvement and socialization of the Guidelines to all stakeholders (companies, society, NGO and government) is necessary.

Interactive sessions on Mentimeter

Mentimeter was used to ask questions to the participants and gain direct feedback. To wrap up the second day, we asked participants if and how they were taking action to transform the food system and 85% answered positively. Participants reported taking actions notably through working with farmer producer organizations that have sustainable practices or organic farming, choosing greener products for their consumption, minimizing food waste, developing affordable nutritional products, encouraging the private sector to implement best practices and reducing footprint, but also supporting the public policies on food system transformation or providing an enabling environment to promote discussion between stakeholders.

How was the roundtable? Scale your answers from strongly disagree to strongly agree 





Next steps

In Indonesia, four online training sessions will take place to guide business representatives through the four stages of the TEEBAgriFood Operational Guidelines for Business. These training aim to help businesses make informed decisions based on integrated capitals assessment for a selected case.

The training sessions in Indonesia will happen on 2 June, 15th July, 15th September, 17th November. After the training sessions, the case studies will be collected to show the business case and increase the uptake of other businesses.