

TEEBAgriFood Country Implementation Project: Business Engagement

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



Mexico
Online roundtable report
29 and 31 July 2020

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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.

In the context of the TEEBAgriFood Country Implementation Project generously supported by the European Union, the Capitals Coalition works with businesses as part of this project led by United Nations Environmental Programme (UNEP), 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 Mexico held on 29th and 31st of July 2020 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 92 people from different stakeholder groups attended the event.

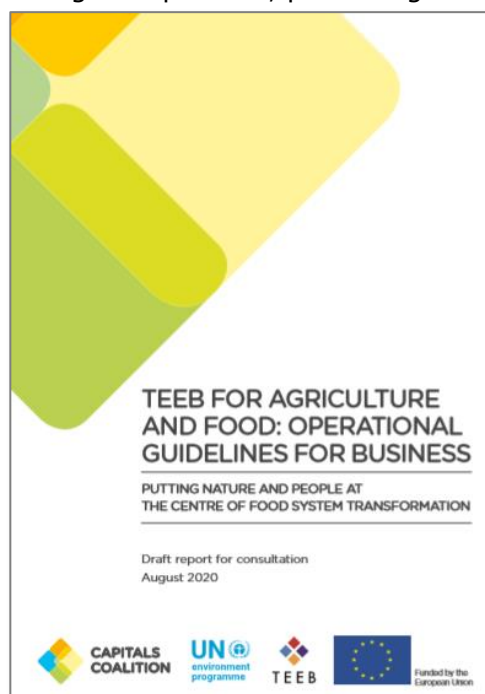
The roundtable was hosted by AMEBIN and Capitals Coalition with the help of the UNEP TEEB Office and GIZ.

More information about the project is available at:

<https://naturalcapitalcoalition.org/projects/teebagrifood/>

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 AMEBIN, Reforestamos Mexico, UNEP TEEB office, GIZ Mexico, Global Alliance for the Future of Food, our panellists and participants for supporting this roundtable.



Roundtable agenda

29st July

09:00 – 09:20	Welcome and Introduction session 1
09:20 – 09:35	Interactive session: What is your biggest wish for food system transformation?
09:35 – 10:15	Panel discussion including Q&A: “The importance of the food system transformation in Mexico”
10:15 – 10:30	Introduction to TEEBAgriFood Operational Guidelines for Business
10:30 – 10:45	Coffee break
10:45 – 10:50	Introduction session 2
10:50 – 11:05	Presentation about Frame stage
11:05 – 11:25	Roundtable discussion in breakout rooms - Frame stage
11:25 – 11:45	Presentation about Scope stage
11:45 – 12:05	Roundtable discussion in breakout rooms – Scope stage
12:05 – 12:15	Interactive session and closing

31st July

09:00 – 09:10	Welcome and Introduction session 3
09:10 – 09:45	Panel discussion including Q&A: “Business action based on the assessment of natural, human and social capital”
09:45 – 10:00	AMEBIN presentation
10:00 – 10:30	Presentation about the Measure & Value stage including Q&A
10:30 – 10:45	Coffee break
10:14 – 10:50	Introduction session 4
10:50 – 11:20	Roundtable discussion in breakout rooms – Measure and Value stage
11:20 – 11:40	Presentation about Apply stage
11:40 – 12:00	Roundtable discussion in breakout rooms – Apply stage
12:00 – 12:15	Interactive session and closing

Summary panel discussion 29 July

'The importance of the food system transformation in Mexico'

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

Moderator: Guillermo Castilleja, Global Alliance for the Future of Food

"We all agree that the main aim of the food system is to feed people. However, there are three major tensions in food systems that are intertwined:

1. *The tensions that exists between abundance, distribution and the impact of production. We have never had so much food available, but we have problems in fair distribution.*
2. *There are different ways for countries to manage their food system. We need to have an efficient and fair distribution across the globe.*
3. *It's a challenge to solve a problem in a systemic way.."*

Carolina Garcia, Grupo Modelo



"We depend on a healthy environment. Sustainability can't be just a part of the business; sustainability has to be the DNA of the business. Our targets are, for 2025 are (1) 100% of our communities in high-stress areas will have measurably improved water availability and quality; (2) 100% of our direct farmers will be skilled, connected and financially empowered."

Inti Sarahi Pérez Casillas, Nestlé Mexico



"We aim to enhance quality life and contribute to a healthier future. Our vision of the future is an eco-agri-food system, through creating shared value basis. In our commitment to responsible sourcing, we work on traceability, human rights and natural capital. We work with stakeholders to implement nature-based solutions that include biodiversity, soil conservation practice and efficient water management."

Viridiana Hernandez Torija, Walmart Mexico



"Retail is key in connecting consumers with other actors. We want to generate shared values. It's why we work on (1) a responsible sourcing program with respect to human rights; (2) providing support and resources to producers to become entrepreneurs.; (3) having a better relationship with consumers, informing them about the product and how it has been produced."

Summary panel discussion 31 July

'Business action in Mexico based on assessment of natural, human and social capitals'

For this second session, business representatives were invited who have applied the Natural Capital Protocol and conducted a natural capital assessment together with AMEBIN, GIZ and Reforestamos Mexico.

Moderator: Daniel Sanchez y Sanchez, Reforestamos Mexico

Katia Garcia, Citibanamex



"In the bank, we have a role in creating positive impacts and financing the transition to a low carbon economy. Our target for 2025 is to fund 250 000 000 USD for activities that help to adapt and mitigate climate change.

With the support of AMEBIN, GIZ and Reforestamos Mexico, we focused on assessing natural capital and the livestock sector.

There is a common understanding that natural assets are for free; that there is only the cost of extraction, but there is inherent cost, that represent a risk. With this tool, we can measure the environment, social, climate data in depth. There are many ways to apply the Natural Capital Protocol and conduct an assessment."

Jimena Hernández Cejudo, Grupo Bimbo



"Applying the Natural Capital Protocol was an excellent opportunity to conduct an economic valuation and have synergies with GIZ and Reforestamos. We applied it to assess corn and wheat production at the scale of factories. We included water, water scarcity, the reduction of use, the reuse and adequate water treatment. We translated those elements into internal and external benefits.

One of our challenges was to define a specific aim for the assessment. As economic valuation is a new methodology in Mexico, it requires time to explain it. This excellent tool helps us to translate impacts and dependencies in a common unit, that facilitate the dialogue with other departments as finance or risks. The challenge and opportunity now are how to incorporate the data in daily decision making."

Britzia Silva Enciso, Banorte



"Banorte used the Natural Capital Protocol to inform the management of environmental risks linked to climate change. We already had a social and environmental risk analysis that accounts for the condition of access to credit. But we wanted to put a value in environmental aspects to integrate it into the decision-making process."

A challenge is to permeate the sustainability concepts in all the business. It requires time to build internal capacity. It is a constant learning process, to understand the concepts of impacts and dependencies of the capitals and their

benefits for the human being. Our advice is to develop continuous processes for natural capital valuation to be part of daily activities and decision-making.”

Roundtable discussions in breakout rooms

Roundtable discussions were organised to actively ask for consultation of the Roundtable participants about the TEEBAgriFood Operational Guidelines for business.

After the presentation of each Stage of the ‘*TEEB for Agriculture and Food: Operational Guidelines for Business*’, participants were allocated in 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 Mexico?

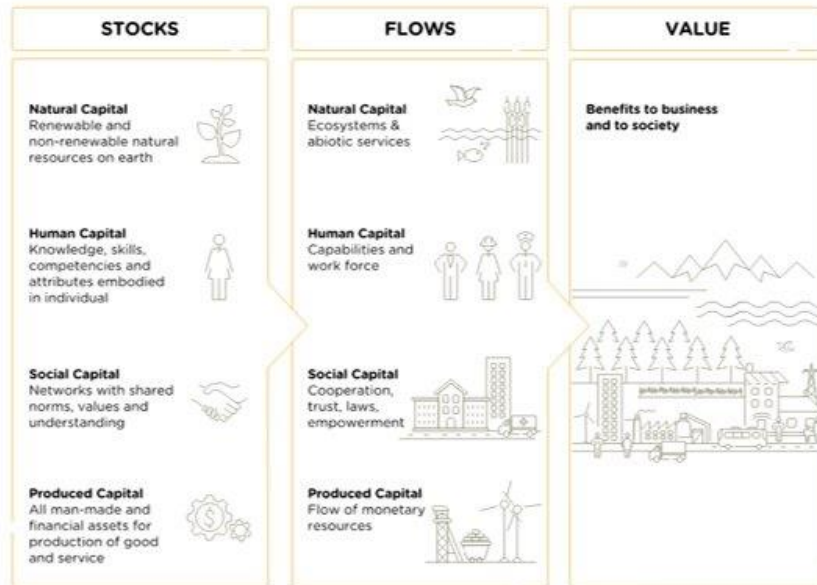
Risks

- **Operational:** water stress, soil biodiversity, climate change, extreme weather: drought, hurricane, pests in crops (coffee, vegetables, prickly pear), pandemic, adaption to technological innovation
- **Reputational and marketing:** devaluation of the produce
- **Social:** education lacking in farmers, technology holding back SMEs
- **Financial:** access to credit for smallholder producers
- **Legal and regulatory:** food waste policy

Opportunities

- **Operational:** Conservation to improve productivity, making the supply chain efficient, innovation and generational change, and zero waste efficient supply chain management
- **Reputational and marketing:** Certifications, Sustainability market
- **Social:** Linking farmers to academia
- **Financial:** Investing in SMEs for good food production, social organisations to help small scale farmers access to credit
- **Legal and regulatory:** Joint ventures with the private sector

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



- The diagram represents a process and therefore should be a circle, it's not a linear relationship
- Governments are also an essential part of this diagram
- Some missing elements include:
 - Inputs to obtain benefits
 - Cost of social welfare, and how benefits can return to people
 - Time dimension
 - Geographical scale and how this process works in the global system
 - Market forces, under human capital
 - Power play between different sized organizations

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

Do you agree with the **rankings** in the materiality matrix?

Regarding the impact drivers and dependencies, the following suggestions were made:

- The politicization of the agricultural sector
- Loss of biodiversity in the soil
- Financial and digital inclusion
- Transparent labelling
- Market share
- Consumer demand

- Endemic species
- The functionality of natural cycles
- Access to credit
- Production cost
- Pollinators
- Safety of public
- Biodiversity
- Intercropping

Regarding the ranking of material impact drivers and dependencies across the value chain, the following suggestions were made:

- There is a lack of criteria for rankings.
- The matrix is too general and is missing specificity to accurately rank
- The rankings will change depending on the project, the business or the context
- Water and pesticides are high impacts all along the supply chain
- It needs to be a higher ranking for consumers across the impacts and dependencies
- Good ranking overall

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

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

Is **measurement and valuation a viable approach** to informing business decisions in the food sector in Mexico?

This question was discussed in the break out rooms. Below a synopsis is provided of the key outcomes of the discussions:

- There was consensus that measurement and valuation is a viable approach to inform business decisions.

- The availability of data and how to integrate this data into decision making remains challenging and costly for businesses, especially for SME's.
- The methodology for valuation is still perceived as weak. A need for homogeneity in national accounting was expressed and for international standards for statistics and accountability to facilitate the valuation of impact.
- Measuring and valuing in a holistic way is important, to base decisions and future scenarios on natural, social and human capital in order to know the stock of a business. This provides clarity about the priorities and actions business has to undertake to guarantee food production.
- Considerations about potential lack of sense of monetary valuation of natural capital to local communities and indigenous people, who have a different relation to nature.
- The identification of the most important indicators is important, as it is impossible to measure everything.

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

This question was discussed in break out rooms. Below a synopsis is provided of the key outcomes of the discussions within:

On challenges

The costs of applying a capital approach, the difficulty of accessing data, the need of aligning different viewpoints of actors, and the difficulty of obtaining technical knowledge to apply a capitals approach were identified as main challenges. Additionally, the presence of high rates of informal, and even illegal, activity can make data collection harder.

Also, the pitfalls of only conducting monetary valuation and double counting were mentioned. A need for a baseline to compare data along time was identified, as the (agro)ecosystem will vary in the long run.

Following up on the decision-making process after valuation requires a lot of effort. The integration of the information about the different capitals is considered challenging too.

Solutions

Many solutions that could arise from expanding a capitals approach into decision making were raised. Some of the most identified solutions were the reduction of risks for communities and civil society at large and the integration of capitals in business strategies.

The approach can help to support smallholders who often operate in rural areas with the poorest communities. Requirements for companies to report on their relation to producers and the complete value chain could be integrated.

The approach can help businesses to implement a capitals approach without government support. Case studies can be generated with which other businesses, and even smallholders can be inspired how to integrate a capitals approach. Training is key for successful uptake.

Regarding the methodology, the creation of a taxonomy that is open for amendments and to build indicators with the stakeholders of the value chain was suggested.

There is a need for training and transparency. The suppliers need to understand the importance of the measurement and producers should be listened to, as they see the impacts directly in their fields. Sustainability should not be perceived as a cost but as an investment.

Do you think that capitals assessments can help **integrate people and nature into business decisions**?

In general, a capitals assessment was perceived as useful to lead change into business models. It highlights the values and principles of the business in considering social and environmental aspects as the same level as the economy. Remarks were made that it is important to consider all actors of the value chain and the methodology seems to target larger businesses better than smaller ones. It could be considered how the approach can be adapted to suit the needs of SME's.

In the current model, consumers do not play a role and the question arises whether and how the consumer could be integrated, especially in light of the global trend for healthier food. A capitals assessment is important because it highlights where business dependency and impact on people and nature should be taken into account.

There is a risk that the valuation would be subjective. To avoid this, it is essential to have adequate expertise and explain the concept well. A transparent way should be found to apply the assessment without high costs. The government could provide incentives for it, even by setting up a legal framework.

The systemic vision of capitals assessment brings clarity about how the different dimensions interact and where trade-off or synergies exists. An indicator of subsistence farming and wellbeing of producers and their community could be included to improve the social dimension.

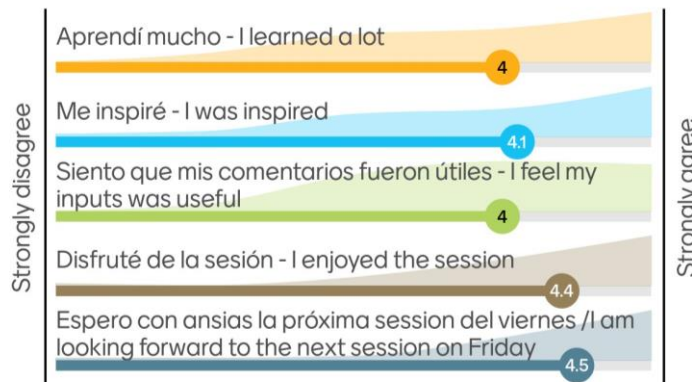
Interactive sessions on Mentimeter

Throughout the roundtable, Mentimeter was used to ask several questions to the participants and gain direct feedback.

Many answers were provided to the open question *'What is your biggest wish for food system transformation?'*. With this opening question we set the scene for the rest of the roundtable.

The participants were asked about actions that they are already taking for food system transformation in their private or professional lives. 73% stated that they are taking action in both professional and private life. This question was followed by the open question on what they were actually doing. Conscious consumerism was often mentioned for the private life and professionally it varies from awareness raising actual on the ground implementation of sustainable practices.

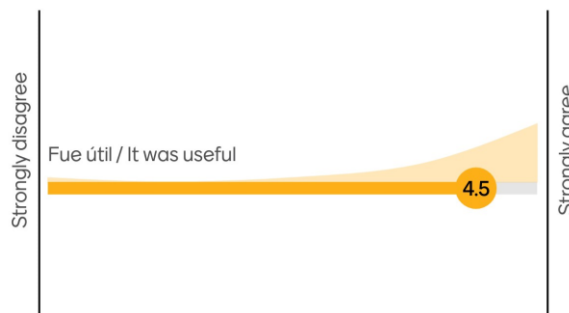
How was this first half of the roundtable?



To finalise the second roundtable we asked *'When you arrive in the office tomorrow, which specific action could you lead for a true transformation of food system?'* Building up the local network and share the knowledge was often mentioned as the next step.

Finally, we concluded the roundtable with the question whether the roundtable had been useful. On a scale from 0-5, the score was 4.5 towards 'strongly agree'.

Has this roundtable been useful for you?



Next steps

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

The training sessions in Mexico will run from September to December 2020. After the training sessions the case studies will be collected to show the business case and increase the uptake of other businesses.