

## Triodos Bank: the need for a far-reaching transition in the agricultural sector

Triodos Bank's contribution to the round table discussion about the Ministry of Agriculture, Nature and Food Quality's 'Valuable and Connected' vision with the Parliamentary Standing Committee on Agriculture, Nature and Food Quality

Food is invaluable in our daily lives. We need it to survive, it connects us to each other and to nature, and it plays a major role in cultures and traditions. However, the way in which we currently produce and consume food is damaging ecosystems, social equality and our health. That is why a radical change is needed in the way in which food is produced and consumed.

For decades, the fight against hunger has predominated. That is why current agricultural systems have only one central goal: to produce as much food as possible at the lowest possible price. But the negative consequences of this approach can no longer be ignored.

Modern food and agricultural systems contribute to climate change through relatively high emissions of greenhouse gases, cause a decline in soil and water quality and biodiversity, contribute to diseases of prosperity, and ensure an unequal distribution of wealth, often to the detriment of farmers, especially in developing countries.

### Increasing urgency

The time to change is now. The United Nations Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) recently published an alarming report on biodiversity. Species of plants and animals are being decimated by human activity to such an extent that human life will also be threatened in the future. An estimated one million species of plants and animals are at high risk of extinction for decades to come. In the Netherlands, bees, butterflies and black-tailed godwits are the best known examples. The source of our food, healthy ecosystems, is under threat.

At the same time, the world's population is expected to grow to an estimated 10 billion people by 2050 in the coming decades. We are all entitled to a healthy diet, where quality is paramount in order to prevent first-world diseases. If we continue with the current food and agricultural system, we will not be able to do so without irreparably damaging the world around us and violating the conditions for human civilisation.

### Drastic but responsible transition

In its vision paper *Towards ecologically and socially resilient food and agriculture systems*, Triodos Bank therefore calls for a far-reaching but responsible transition from the current food and agriculture system to a food system in which (the use of) ecosystems, a healthy society, and inclusive prosperity are in balance.

We need to go back to the drawing board and rethink the way we produce and process, trade, store, transport, sell and consume food. Triodos Bank calls for a social agreement in which the government, the business community (including the financial sector), consumer organisations and the scientific community work together to bring about the transition.

This is not a transition that is realised from one day to the next. Time is needed to make the transition to resilient and future-proof food and farming systems in a responsible manner.

Triodos Bank's appeal is reinforced by Minister Schouten's 'Valuable and Connected' vision of agriculture. We recognise the problems described in this vision and appreciate the ambition in finding solutions. For some time now, we have felt part of the 'social movement' to which she refers in her letter to the Dutch Parliament of 22 January this year (Realisation of the Ministry of Agriculture, Nature and Food Quality's vision 'Valuable and connected').

Triodos Bank believes that the transition should broadly ensure the following outcomes:

#### **1. Balanced ecosystems are the basis for resilient food production**

It is essential that agriculture works with rather than against nature. Agriculture must be able to support both ecosystems and people. This means that food should be produced and consumed locally as much as possible. The principles of organic farming (health, ecology, honesty and care) are leading. For conventional agriculture, the transition to regenerative agriculture is an inviting prospect that must be the starting point for action by farmers, customers, financiers, the government and consumers.

#### **2. A healthy society based on a sustainable, nutritious and diverse diet**

The challenge is not only to produce enough food, but above all to ensure that it is of sufficient quality. That is why we need to make the transition to sustainable diets, which have a lower impact on ecosystems, contain the right nutrients, and are accessible and affordable. Eventually this should lead to a

predominantly local and vegetable diet: 80 percent plant-based ingredients, 20 percent animal products. This means that we have to start a transition to smaller numbers of livestock. In addition, consumers are entitled to meaningful information about the nutritional value and impact of the food they buy.

- 3. Inclusive prosperity through transparency and a fair distribution of income**  
Equitable balances of power, transparency and a fair distribution of income are needed to allow all actors in the value chain to earn what they are entitled to. Approximately 500 million small farmers in emerging economies are important producers for the world food market. They have the right to access land and seeds, capital, education, knowledge and infrastructure. Farmers in Western countries must be given the opportunity to switch from intensive to regenerative agriculture. Power concentrations in the chain must be broken. Supermarket chains and other businesses will have to contribute to fair prices in the chain.

The above three outcomes are interrelated and interdependent, and must be pursued accordingly. This system transition is the shared responsibility of many players in society, including the government, the business community (including the financial sector), scientific research, and the consumer.

#### True pricing

True pricing is a necessary part of the transition. The current food price is unrealistic in the long term, because it fails to take account of damage to ecosystems, diet-related diseases and unfair remuneration.

Food prices must reflect the value we attach to fertile land and biodiversity, landscapes, culture, healthy food, and fair-trade practices. Products that cause major damage to ecosystems should be more expensive than sustainable products. This will encourage consumers to choose more sustainable and locally produced food and forces companies to focus more on responsible behaviour for competitive reasons.

#### The government

Decisive and guiding government policy is a driving force for the transition. Solving the problems surrounding food and farming systems cannot be left to self-regulation by the sector alone. Proper regulation and effective enforcement are indispensable. Triodos Bank proposes that governments take at least the following actions:

- The award of subsidies must increasingly be based on the principles of organic farming. Farmers who work according to these principles will receive more subsidies; farmers who deviate from them will receive less. This encourages farmers to switch to a more sustainable method of farming.

- The government should encourage a gradual transition to livestock farming that is based on responsible use of available land and is locally oriented. This livestock production must be based on biological principles. This would reduce the number of livestock in EU countries.
- Consumers should be enthused and encouraged to make more informed food choices. For this they need transparent information about the ecological footprint of food and its nutritional values. The government can help consumers make the right choice by setting clear rules for transparency and by reducing VAT on products that are organically and locally produced.
- Finally, the competition laws must be revised so that they no longer slow down the transition to sustainable agriculture, but, on the contrary, encourage it.

In addition, the European Union's Common Agricultural Policy is currently under review. This offers the opportunity to undertake the desired transition to a sustainable and inclusive agricultural and food system as a starting point.

At European level, the transition to a more sustainable system can be actively encouraged through measures including the above. The review of the common trade policy should also be involved, for example by slowing down unnecessary imports and exports of animal feed and food to and from the European Union. We would welcome the Ministry of Agriculture, Nature and Food Quality seizing this moment to call for this transition in Europe.

### Financial sector

It goes without saying that companies in the agricultural chain must take responsibility for producing food in a responsible and sustainable manner. And to contribute to true pricing.

Financial institutions have an important role to play in renewing their investment criteria, pricing models, investment horizons and reporting. Their selection criteria and investment decisions should encourage long-term and holistic strategies, as well as sustainable innovation, both by mature companies and start-ups.

We believe that money can bring about positive change. In agriculture, banks should only invest in initiatives that have a positive impact on people and the planet. Whilst we cannot rule out industrial-intensive farms becoming the *stranded assets* of the future, we can prevent this from happening with the help of regenerative agriculture. In other words, financial institutions should focus not only on maximising profits, but on what our food system is really about: nutritious food for all, now and in the future.

### The contribution of Triodos Bank

Triodos Bank feels a great sense of responsibility in supporting this transition, as it has already been doing. We are active in the food and agriculture sectors in six EU countries and emerging markets and we intend to expand this portfolio. We finance initiatives that we assess in terms of their positive impact on ecosystems, among

other things. In addition, we fund initiatives that provide nutritious and high-quality products for a healthy lifestyle. Our portfolio also includes projects that improve farmers' livelihoods through income growth and practical support.

In assessing projects, we use seventeen themes that are essential to the transition to sustainable food and farming systems (see below).

Balanced ecosystems	Healthy society	Inclusive prosperity
Healthy soils	Food security	Transparent / fair business practises
Biodiversity	Food quality	Rural development
GHG emissions	Food safety	Sustainable livelihoods
Water	Consumer awareness	Equal rights
Conscious resources use	Sustainable diets	Climate change mitigation and adaptation
Animal welfare	Culture and traditions	

The idea is to approach projects from a broad, holistic perspective, so that the impact of a project on the larger system is taken into account. By acknowledging the complexity of the food and agricultural systems and the interdependency of all the different aspects it becomes possible to actually invest in system change in order to support the transition to ecologically and socially resilient food systems.