

UN Food Systems Summit+2 Stocktaking Moment

SESSION REPORT

All session recordings will be available after the conclusion of the session. Please send the report of your session to Ms. Yota Nicolarea (Panayota.Nicolarea@fao.org) and Mr. Thembani Malapela (Thembani.Malapela@fao.org) by Tuesday 1st August COB

Type (click one): HLS/PLENARY – LEADERSHIP DIALOGUE – SPECIAL EVENT

THE TRUE COST OF FOOD

Monday, 24 July 2023: 10.30 -11.30 am

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List of speakers, in all segments, and key messages

NAME AND TITLE OF SPEAKER	SEGMENT (opening, panel, closing, etc.)	KEY MESSAGES OR/AND RESPONSES TO QUESTIONS
1. Pavan Sukhdev, CEO, GIST Impact	Opening	<ul style="list-style-type: none"> • Today's food systems face multiple challenges, including hunger, malnutrition, obesity, diet-related diseases, soil health, greenhouse gas emissions, and freshwater scarcity. • Approximately 79-90% of freshwater is used for food production. • Evaluating food systems through a narrow lens perpetuates "business as usual" and does not effectively address the complexities and externalities involved. • “you cannot manage what you cannot measure” Implementing standardized metrics is crucial for effective management and harmonization within food value chains. • The United Nations has made significant efforts at the metrical level to develop a system of accounts, incorporating the produced capital impacts on natural capital, human capital,

		<p>social capital and produced capital to replace the traditional GDP measurement.</p> <ul style="list-style-type: none"> • The TEEB (The Economics of Ecosystems and Biodiversity) approach has been applied to agriculture and food systems to measure their impacts comprehensively. • 7 years ago, India started to look at food system in wider lens in a comprehensive framework prescribed by UN the TEEB for agriculture and food. • The Andhra Pradesh Community-Managed Natural Farming (APCNF) TEEBAgriffod study started with 2000 women and today involves 740000 farmers. • The study focused on natural farming to regenerate soil health by promoting the presence of beneficial bacteria, organic residues, and improved water management. • The study demonstrated positive outcomes in terms of youth engagement, farmers' profits, and social impacts across 12 villages. • Crop diversity doubled, and farmers' net income increased by almost 50% over the last two years. • The increase in income for poor families is crucial in tackling rural poverty. • The successful approach could offer a significant solution to global poverty while being climate positive, socially inclusive, and environmentally sustainable. • The study shows that women play a significant role in agriculture, with around 40% of farmers being women. • Plant health has improved under the natural farming approach.
<p>2. H.E Franklin Mithika Linturi, Minister of Agriculture and Livestock Development of Kenya</p>	<p>Panel</p>	<p>Share one specific instance of how you are working to understand food system costs and benefits, and how this has led to different proposed interventions that have been pursued in the past?</p> <ul style="list-style-type: none"> • The cost of food has increased, and there is a need for a mechanism to achieve food for all while considering both food and nutrition.

		<ul style="list-style-type: none"> • Food is becoming expensive and inaccessible to many due to various reasons. • High production costs, such as expensive input prices like fertilizers, and delays in their delivery affect the overall cost of food. • Labor costs also impact the cost of food, and encouraging local populations to engage in agriculture could help reduce labour expenses. • Food loss after harvest is a significant issue in Kenya, as indicated by FAO statistics, contributing to increased food costs. • Pests and climate change also play a role in food loss and influence the cost of food. • Improving infrastructure, like irrigation systems, can help countries like Kenya produce more food and reduce the impact of climate change on food costs. • The lack of market access and poor infrastructure lead to higher costs and limited access to food for many people. • Addressing these factors and finding solutions to reduce production costs and post-harvest losses are essential to make food more affordable and accessible to all.
<p>3. Vice-Minister, Fernanda Machiaveli Morao de Oliveira, Ministry of Rural Development and Family Farming of Brazil</p>	<p>Panel</p>	<p>Share one specific instance of how you are working to understand food system costs and benefits, and how this has led to different proposed interventions that have been pursued in the past?</p> <ul style="list-style-type: none"> • Brazil faces contradictions in its food systems, with rich biodiversity and family farming capable of producing diversified food, but also high rates of food insecurity and deforestation caused by expansion of pastures and the impacts of climate change. • President Lula's government aims to build more sustainable, healthy, fair, and inclusive food systems that produce healthy food in a sustainable way, ensure fair income for family farmers and food workers, and provide access to healthy diets for all. • The government has resumed public policies for food security and family farming, including the National Policy on Agroecology and Organic

		<p>Production and the Harvest Plan for Family Farming.</p> <ul style="list-style-type: none"> • The government implemented the Food Acquisition Program to buy food from family farmers and distribute it to vulnerable citizens. • Minimum prices for socio-biodiversity products are established to support sustainable extraction and sale of Brazilian products like nuts, hearts of palm, and fish. • Support for agroecological production practices is provided through the Technical Assistance and Rural Extension policy for family farmers. • The Brazilian government is working on a Tax Reform to include a "Basic National Food Basket" with zero taxation for healthy foods and introduce a "selective tax" for products harmful to health and the environment.
<p>4. Jarot Indarto, Director of Food and Agriculture, Ministry of National Development Planning/BAPPENAS (Indonesia)</p>	<p>Panel</p>	<p>Share one specific instance of how you are working to understand food system costs and benefits, and how this has led to different proposed interventions that have been pursued in the past?</p> <ul style="list-style-type: none"> • The agrifood sector in Indonesia serves a population of approximately 250 million people, spread across 13 provinces and more than 500 districts. The population is expected to reach around 300 million people in the next 20 years, necessitating an increase in domestic capacity to feed them. • The agrifood sector plays a vital role in feeding the Indonesian population and is directly linked to the main source of income, labor, and domestic stability for the people. • Indonesia is fortunate to have rich biodiversity, which presents opportunities, but also faces various challenges. • The country has made progress in reducing starvation rates, but there is still a concern about macronutrient deficiency among the poor and vulnerable. • Utilizing the country's biodiversity and cultural richness can help address these challenges effectively. • Indonesia faces issues of food loss, estimated at 115 kg per capita per year, leading to

		<p>wastage of both food and potential income while contributing to greenhouse gas emissions.</p> <ul style="list-style-type: none"> • Studies supported by partners, such as the WFP, aim to estimate the cost of diets, revealing that nutritious food is relatively expensive, with significant price differences across Indonesia. • Efforts are being made to improve farming practices through initiatives like agroforestry and increasing the productivity of land. Diversification of crops is also being promoted to provide farmers with different commodities to grow.
<p>5. Alwin Kopse, Head of the International Affairs of the Federal Office of Agriculture (Swiss Confederation)</p>	<p>Panel</p>	<p>Share one specific instance of how you are working to understand food system costs and benefits, and how this has led to different proposed interventions that have been pursued in the past?</p> <ul style="list-style-type: none"> • The need to transform food systems and increase resilience is recognized as crucial by Switzerland. • Social costs related to food production and consumption, as well as environmental externalities, must be taken into account in the transformation process. • True cost accounting (TCA) is seen as an important tool to ensure the right repurposing of public policies and support for the food system transformation. • Switzerland has issued a report embracing the food systems approach and aims to create links between food production and consumption while increasing transparency. • A strategy, including the development of adequate policy tools and incentives, will be presented in 2027 to work on true cost accounting in Switzerland. • Providing consumers with relevant information on externalities is essential, and policy tools like forestry transparency throughout the supply chain will be developed. • Switzerland emphasizes that TCA must consider cross-border relations and trade and should be recognized as an international framework, even

		<p>though it currently does not exist in that capacity.</p> <ul style="list-style-type: none"> • Switzerland welcomes the work of the Food and Agriculture Organization (FAO) on the State of Food and Agriculture (SOFA) reports for 2023 and 2024. • Switzerland is looking forward to collaborate with FAO on a Swiss TCA case study for SOFA 2024.
6. Viktória Bourbon de Parme, Food Transformation Lead, World Benchmarking Alliance.	Panel	<p>Share one specific instance of how you are working to understand food system costs and benefits, and how this has led to different proposed interventions that have been pursued in the past?</p> <ul style="list-style-type: none"> • Despite the challenges, there is a positive aspect to consider, there is a tremendous value on food in every aspect whether is biodiversity loss, nutritional effects, diets and it can be turned around and be transformative bringing tremendous power to food systems. • The private sector plays a crucial role in food systems, and it is time to advocate for the private sector's involvement. • Governments have been under pressure to address food system issues, but the private sector's engagement is equally important and should not be overlooked. • The current food systems reinforce business as usual, and there is a need to hold both negative and positive actions consequential to drive change. • Large industries with substantial revenues should be held accountable for their impact on the food system. • It is important advocacy for involving the private sector in creating and implementing actions for positive transformations in the food industry.
7. Berry Marttin, Board Member, Rabobank	Panel	<p>Share one specific instance of how you are working to understand food system costs and benefits, and how this has led to different proposed interventions that have been pursued in the past?</p> <ul style="list-style-type: none"> • From a bank that finances farmers globally, the cost of a loan traditionally considers risk,

		<p>returns, and cashflows in their decision-making.</p> <ul style="list-style-type: none"> • The bank aims to increase sustainability in their decision-making process. • The true value of the loan given by the bank is crucial but not yet fully considered. • To attract more institutions and investors, the bank needs to be part of the true value of food initiative and incorporate the right measures, including social impact, environmental impact, water impact and other externalities into the price of the loan. • Currently, the bank only measures the financial aspect and carbon emissions, not the other aspects mentioned above, when determining the cost of the loan. • The bank's big dream is to issue true value bonds in the market, which would include all the relevant metrics, allowing investors to know the revenue potential based on those metrics. • Achieving this requires the establishment of proper metrics through agreements with governments and international organizations. • The bank believes in both rewarding positive impacts and punishing negative impacts to encourage sustainability. • The goal is to track the true value cost in the coming years, highlighting the importance of measuring and considering all relevant aspects of loans and investments.
<p>8. Lawrence Haddad Executive Director, Global Alliance for Improved Nutrition</p>	<p>Panel</p>	<p>Share one specific instance of how you are working to understand food system costs and benefits, and how this has led to different proposed interventions that have been pursued in the past?</p> <ul style="list-style-type: none"> • The speech focuses on the controversial nature of animal source food to the subject on True Cost Accounting. Now GAIN is working with Mozambique government in a project on this. • In every country, there are three groups of consumers with varying levels of animal source food consumption: those consuming too much, those on the verge of increasing consumption, and those consuming very little.

		<ul style="list-style-type: none"> • Mozambique government and GAIN are concerned about the environmental costs associated with increasing animal source food consumption, and highlighted the importance of choosing animal source foods that are nutritious, affordable, have a business case for the private sector, and are environmentally sustainable. • Different animal source foods have different profiles in terms of affordability and business viability, but there is a lack of data from African countries like Mozambique. • True cost accounting (TCA) is challenging without sufficient data from the region. • The true cost of animal source food does not necessarily mean it is more expensive; it depends on the environmental impact and other factors. • The main challenges lie in the lack of data and the need to adopt specific technical approaches for studying and understanding the implications of animal source food consumption.
<p>9. Máximo Torero Cullen, Chief Economist, FAO</p>	<p>Closing</p>	<ul style="list-style-type: none"> • The FAO acknowledges that the world is already on a path that requires change in the agrifood systems. • The recent SOFI report's numbers indicate problems in the market and institutional policies that are affecting agrifood systems. • Despite these failures, there is hope, and a common metric is needed to address the issues. • True cost accounting is crucial in correcting externalities and transforming agrifood systems for the better. • Fear of measuring failures should not hinder progress; correcting these failures can lead to more accessible and healthy diets. • Discussions are currently ongoing in three areas: dietary patterns, environmental hidden costs, and nature. • Establishing a common metric will provide a market-oriented instrument for measurement and decision-making.

		<ul style="list-style-type: none"> • The FAO is committed to addressing these challenges seriously and aims to provide information and solutions through its work on SOFA reports, for the first time two consecutive years focusing on the same topic. • SOFA 2023 is focusing in methodology and data from 154 countries and the next year on country cases studies like the one in Switzerland to test this methodology. • We need to learn from countries and find solutions. • The FAO aims to integrate true cost accounting into agrifood system assessment and policy advice to drive positive change.
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Interventions from the floor

SPEAKER	QUESTION OR KEY POINT OF INTERVENTION
1.N/A	N/A

Overall summary, conclusions and recommended actions (max 250 words)

1. Current food systems face multiple challenges, including hunger, malnutrition, obesity, diet-related diseases, soil health, greenhouse gas emissions, and freshwater scarcity.
2. The evaluation of food systems through a narrow lens perpetuates "business as usual" and fails to address the complexities and externalities involved.
3. Implementing standardized metrics in support of true cost accounting is crucial for effective management and harmonization within food value chains.
4. Various countries and organizations are working to understand the costs and benefits of food systems to devise appropriate interventions.
5. FAO and other organizations advocate for scaling up true cost of food and integrating TCA into agrifood system assessment and policy advice to drive positive change.