

# True Cost Accounting – Redefining Value for a Sustainable Future

True Cost Accounting (TCA) addresses hidden impacts of economic activities on the environment and society. These hidden costs and benefits are often ignored in traditional models, incentivizing unsustainable practices. By including them in financial and policy analyses, TCA reveals the true costs of goods and services, guiding policymakers and businesses towards sustainable decisions.

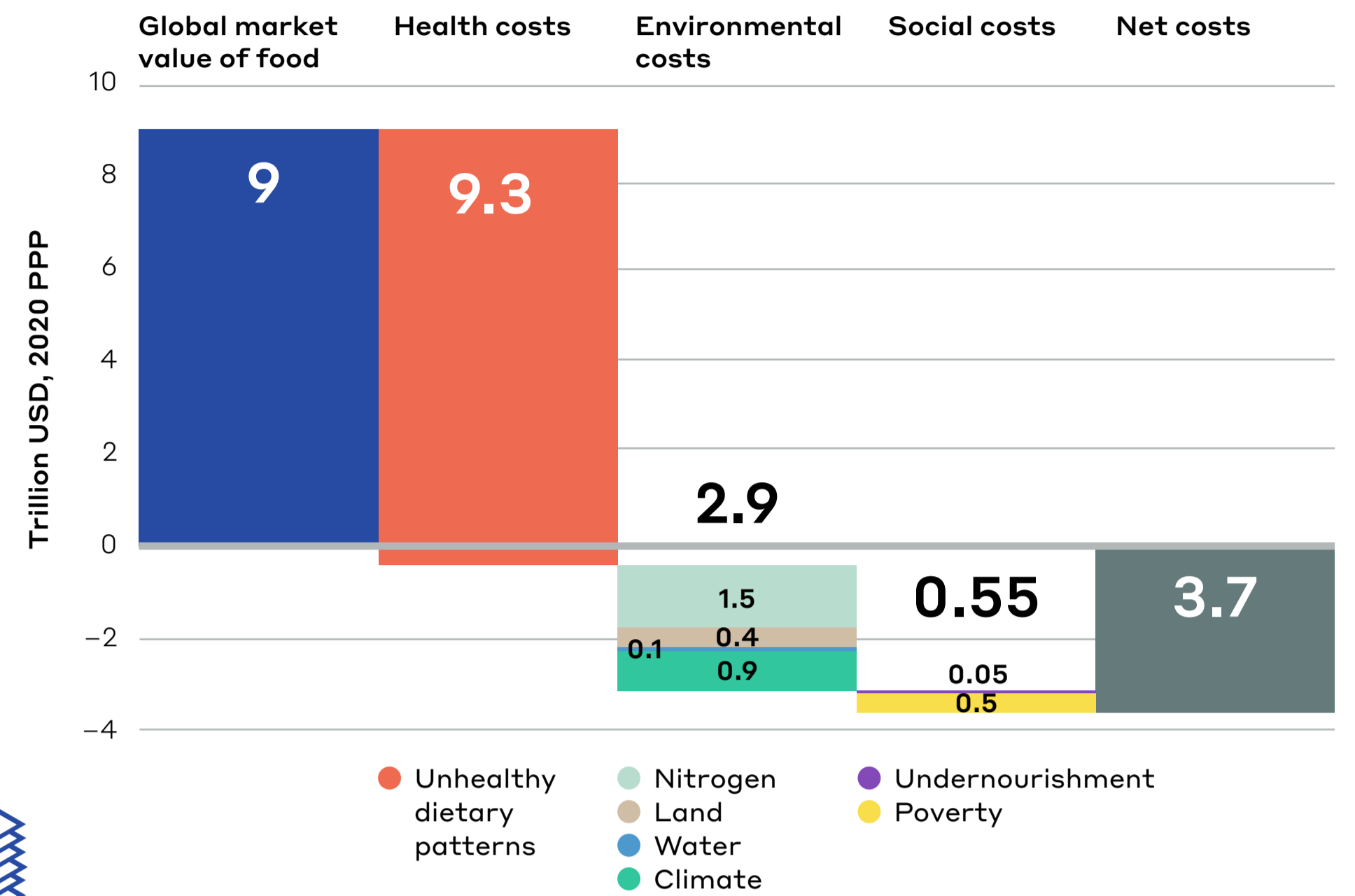


Figure 1: The hidden costs of agrifood systems (source: own illustration of data from FAO's SOFA 2023 report)

## Measures and activities

At TMG, we recognize the urgent need to transform the global food system to support the resilience of ecosystems, ensure equitable access to sufficient, safe, and nutritious food for all, and provide secure livelihoods for farmers. TCA is a prerequisite for food systems transformation because it recognizes the positive and negative externalities. We advise and shape agri-food policy reforms at national and international levels. We seek to build broad alliances to co-design economic systems that reduce the negative externalities of food systems and open pathways for their transformation.



Figure 2: The tools of True Cost Accounting (TCA) (source: own illustration)

## Perspective ahead

- 1 In 2024, TMG will release the world's first open-access database on the true cost of food, free of charge, with the option to expand it on a modular basis.
- 2 TMG will also launch the final FORESEE (4C) report on using TCA to transform agri-food systems in times of multiple crises.
- 3 FAO's SOFA 2024 report will highlight how to improve agrifood systems by incorporating hidden costs into decision-making.
- 4 For 2025, the TCA Accelerator is planning a summit to scale up TCA.

## Stakeholders and partners

To advance interdisciplinary collaboration on TCA, TMG partners with 23 institutions in the PLAN'EAT research project, co-led the True Cost Initiative with stakeholders from the private and financial sectors as well as a civil society organization, and co-founded the True Cost Accounting Alliance, a German and European network and multi-stakeholder platform for TCA. TMG is also part of the international TCA Community of Practice.

## Results achieved

- ▶ In 2018, TMG co-developed with 150 other experts from 30 countries the TEEBAgriFood Evaluation Framework, which laid the foundation for TCA.
- ▶ In 2020, TMG co-created an online inventory of TCA frameworks, data sources and case studies.
- ▶ In 2021, TMG and WWF published a report on TCA as a policy tool supporting sustainable and healthy food consumption.
- ▶ In 2022, TMG launched the TCA Agrifood Handbook providing a hands-on technical guide for applying TCA in agrifood supply chains.
- ▶ FAO's SOFA 2023 report uncovers the hidden costs of agrifood systems with TMG's background paper highlighting the potential of TCA for the private and financial sectors.

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