

# Full Cost Accounting of Food Wastage: E-Forum Outline, 21 October – 24 November 2013

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## Introduction

Approximately one third of global food production for human consumption is lost or wasted. The direct economic impact of this food wastage amounts to 750 billion USD per year.<sup>1</sup> This astonishing figure is a conservative estimate based on producer prices only and excluding fish and seafood wastage. Moreover, the full economic cost of food wastage includes the environmental and social costs that are not reflected in food prices. Examples include the costs of land degradation, deforestation, water pollution and overuse, biodiversity loss, and greenhouse gas emissions that contribute to climate change.

These external costs do not directly affect economic agents along the supply chain; rather they are borne by nature and people. Ultimately, the shadow of food wastage has implications for the availability and access dimensions of food security. By placing increased pressure on the environment, a wasteful and inefficient food supply chain threatens to undermine the very base of agricultural production. This is most acutely felt by vulnerable and food insecure people whose livelihoods directly depend on natural resource assets that are unduly depleted by food wastage.

Phase I of the FAO Food Wastage Footprint (FWF) project focused attention on the global environmental impacts of food wastage in terms of carbon, water, land and biodiversity. Phase II extends that analysis by undertaking a Full Cost Accounting (FCA) of food wastage to assess the wider environmental and social costs in monetary terms. This is a critical research gap to inform the policy debate on how to respond to the food wastage challenge. In cases where the financial costs alone may not warrant investment to mitigate food wastage, a full internalisation of the external costs and benefits may convince decision-makers to take action to reduce food wastage.

## E-Forum Description

As an input to the E-Forum, a Working Paper has been prepared outlining a draft framework for the FCA of food wastage. Additionally, short briefing papers will be provided in advance of the weekly topics, highlighting significant valuation issues for carbon, water, biodiversity, and land degradation and presenting some preliminary results.

The FCA framework has been developed based on a review of the scientific and grey literature and targeted interviews with FAO-internal and external experts. Now we would like to extend the consultation process by inviting comments and feedback from stakeholders and experts working on food wastage issues and the valuation of natural resources and the environment. We particularly welcome any suggestions on how the framework could be strengthened, including by incorporating alternative non-economic perspectives.

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<sup>1</sup> FAO. 2013. Food wastage footprint: Impacts on natural resources, Summary Report (available at: <http://www.fao.org/docrep/018/i3347e/i3347e.pdf>)

## **E-Forum Structure**

The E-Forum takes place as an online discussion where participants can debate weekly topics by responding to messages or introducing their own new threads. As an input, the Working Paper and short briefings on each topic are available from the E-Forum page of the FAO Sustainability Pathways website. At the end of each week, a summary of the discussions will be provided, highlighting the key positions and debates. The structure of the E-Forum will take place as follows:

- Week 1 (21-27 October): Framework for the Full Cost Accounting of food wastage
- Week 2 (28 October - 3 November): Climate change
- Week 3 (4-10 November): Water
- Week 4 (11-17 November): Land
- Week 5 (18-24 November): Biodiversity

The E-Conference will be facilitated by Mathilde Iweins and Soren Moller (FAO). Participation is open and free to all.