

Glossary

a

ACCOUNTING, TRUE COST FOR FOOD

True Cost Accounting in food and agriculture is about assessing the ecological, social, human and financial costs and benefits of different food production systems. This improved cost and benefit approach aims to inform decision-making

*Adapted from: Sustainable food trust charity UK
<https://sustainablefoodtrust.org/our-work/true-cost-accounting/>*

ACCOUNTING, TRUE PRICE

True pricing incorporates environmental and social costs in product prices

Source: <https://trueprice.org/>

AGRIFOOD SYSTEM

Food systems encompass the entire range of institutions and actors, and their

interlinked value-adding activities involved in the production, aggregation, processing, distribution, consumption and disposal of food products that originate from agriculture, forestry or fisheries, and parts of the broader economic, societal and natural environments in which they are embedded

Source: FAO and Johanna Jacobi et al. Mapping Food Systems: A Participatory Research Tool Tested in Kenya and Bolivia, Mountain Research and Development, 39(1), R1-R11, (6 June 2019)

b

BENEFITS

A payment or a service that produces positive results

*Modified from: Merriam-Webster dictionary
<https://www.merriam-webster.com/dictionary/benefit>*

BENEFITS, HIDDEN

Positive impact on society and nature of a product or economic activity that is not reflected in its market price

*Source: The state of food and agriculture 2024
<https://doi.org/10.4060/cd2616en>*

C

CAPITAL

Economic framing of various stocks that produce a flow of goods or services. Capital stocks include natural capital, human capital, social capital and produced capital

*Modified from: The TEEB initiative
<https://www.unep.org/topics/teeb/teeb-agriculture-and-food-teebagrifood/teebagrifood-key-terminology>*

CAPITAL, HUMAN

The knowledge, skills, competencies and attributes embodied in individuals that facilitate the creation of personal, social and economic well-being

Source: The TEEB initiative
<https://www.unep.org/topics/teeb/teeb-agriculture-and-food-teebagrifood/teebagrifood-key-terminology>

CAPITAL, NATURAL

The limited stocks of physical and biological resources found on earth, and of the limited capacity of ecosystems to provide ecosystem services

Source: The TEEB initiative
<https://www.unep.org/topics/teeb/teeb-agriculture-and-food-teebagrifood/teebagrifood-key-terminology>

CAPITAL, PRODUCED

All manufactured capital, such as buildings, factories, machinery, physical infrastructure (roads, water systems), as well as all financial capital and intellectual capital (technology, software, patents, brands, etc.)

Source: The TEEB initiative
<https://www.unep.org/topics/teeb/teeb-agriculture-and-food-teebagrifood/teebagrifood-key-terminology>

CAPITAL SOCIAL

Encompasses networks, including institutions, together with shared norms, values and understandings that facilitate cooperation within or among groups

Source: The TEEB initiative
<https://www.unep.org/topics/teeb/teeb-agriculture-and-food-teebagrifood/teebagrifood-key-terminology>

COST

Pending

COST HIDDEN

Any "cost" to individuals or society that is not reflected in the market "price" of a product or service. It refers to external costs (that is, a negative "externality") or economic losses triggered by other market, institutional or policy failures." In this, "hidden costs" encompass "external costs", where the latter arise from market failures in the narrower sense of microeconomic externality theory, while the former include any costs that may arise due to other than market failures, i.e. institutional or policy failure (cf. definitions below). (source FAO + FIBL)

Source: The state of food and agriculture 2024
<https://doi.org/10.4060/cd2616en>

COST, DIRECT

Expenses that can be directly attributed to a particular product, project, or activity

Source: Joachim Marti 2025 (to follow up)

COST, ENVIRONMENTAL

Environmental costs consist of greenhouse gas emissions, nitrogen emissions, water use and land-use change

Source: Adelhart Toorop, R.et al; 2023. True cost accounting applications for agrifood systems policymakers – Background paper for The State of Food and Agriculture 2023. FAO Agricultural Development Economics Working.
<https://doi.org/10.4060/cc8341en>

COST, EXTERNAL

A cost incurred by individuals or a community as a result of an economic transaction in which they are not directly involved. The difference between private costs and the total cost to society of a product, service or activity is called an external cost." We emphasize that the

“total costs to society” here refers to those due to market failures only, cf. also the definition of “hidden cost” below; examples of market failures are “externalities” (cf. the following definition), but also monopolies or information asymmetries

Source: *The state of food and agriculture 2023*
<https://doi.org/10.4060/cc7724en>

COST, HEALTH

All resources consumed as a consequence of a health condition or its treatment, including direct medical costs, non-medical costs, and indirect costs related to lost productivity

Source: Drummond, M. F., Sculpher, M. J., Claxton, K., Stoddart, G. L., & Torrance, G. W. (2015). *Methods for the Economic Evaluation of Health Care Programmes* (4th ed.). Oxford University Press.

COST, OPPORTUNITY

The benefits forgone by undertaking one activity instead of another

Source: *FAO Full Cost accounting glossary*.
<https://www.fao.org/fileadmin/templates/nr/sustain>

[ability_pathways/docs/Full_cost_Glossary_final_PD F.pdf](#)

COST, PRIVATE

Private costs are expenses directly incurred by an individual, business, or organization in the course of production, consumption, or any economic activity. These costs are borne solely by the entity involved in the activity

Source: *The state of food and agriculture 2023*
<https://doi.org/10.4060/cc7724en>

COST, SOCIAL

The total cost to society of producing or consuming a good, including both the private cost and any external cost

Source: Mankiw, N. G. (2021). *Principles of Economics* (9th ed.)

COST, SOCIETAL

Real costs of the agrifood system that give rise to expenditure, either by the public authorities or by third-party private players who suffer impacts when they are not the cause of them. When unable to offset they

accentuate inequalities and foster unsustainable behavior

Adapted from: *BASIC- cooperative - Paris*
<https://lebasic.com/en/analysis-expertise/societal-costs/>

d

DIET, SUSTAINABLE

Diets with low environmental impacts which contribute to food and nutrition security and to healthy life for present and future generations. Sustainable diets are protective and respectful of biodiversity and ecosystems; culturally acceptable; accessible, economically fair and affordable; nutritionally adequate, safe and healthy, while optimizing natural and human resources

Source: *The state of food and agriculture 2024*
<https://doi.org/10.4060/cd2616en>

e

ESG RATING AND REPORTING SYSTEMS

The term ESG Reporting refers to disclosure rules that are meant to guide companies in their efforts to comply with stakeholder expectations regarding their non-financial performance

An ESG Rating, in return, requires an external party that evaluates corporate sustainability performance based on a set of indicators covering the dimensions E, S and G

Source: The EU commission on corporate sustainability reporting.

https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en

EXTERNALITY

A positive or negative consequence of an economic activity or transaction that affects other parties without this being reflected in the price of the goods or services transacted

Source: TEEB Agri food key terminology
<https://www.unep.org/topics/teeb/teeb-agriculture-and-food-teebagrifood/teebagrifood-key-terminology>

f

FAILURE, INSTITUTIONAL

A state in which institutions fail to allocate resources efficiently. These can be (i) law and policy failures (e.g. perverse subsidies), (ii) market failures (externalities in the use of public goods and services), (iii) organizational failure (e.g. lack of transparency and political legitimacy in decision-making) and (iv) informal institutional failures (e.g. break of collective action norms due to erosion of trust)

Modified from: The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES)

<https://www.ipbes.net/glossary/institutional-failure>

FAILURE, MARKET

Market failure refers to a situation defined by an inefficient distribution of goods or services in the free market. In a market failure, the supply and demand balance is disrupted

Modified from: Investopedia

<https://www.investopedia.com/terms/m/marketfailure.asp>

FAILURE, POLICY

Policy which fails to achieve its objective. Policy failures can take the following forms: distributional failure, ill-informed policies, vagaries (unexpected and inexplicable changes) of political cycles

Modified from: The state of food and agriculture 2024

<https://doi.org/10.4060/cd2616en>

FLOW, CAPITAL

A cost or benefit derived from the use of various capital stocks (categorized into agricultural and food outputs, purchased inputs, ecosystem services and residuals)

Source: TEEB Agri food key terminology
<https://www.unep.org/topics/teeb/teeb-agriculture-and-food-teebagrifood/teebagrifood-key-terminology>

FOOD, PRODUCT

Subclass of produced capital relating to the agrifood sector (see capital, produced)

L

LIFE CYCLE ASSESSMENT- ENVIRONMENTAL

A life cycle assessment (LCA) considers a product or system over its entire lifetime (“from cradle to grave”). It quantifies all required resources and emissions for each life-cycle stage, calculates the environmental impacts of these input and output flows, and assesses them in relation to the function of the product being examined. In addition, the LCA includes the indirect environmental impacts associated with the production of upstream products and resources

Source: Agroscope - Swiss Confederation's center of excellence for agricultural research.
<https://www.agroscope.admin.ch/agroscope/en/home/topics/environment-resources/life-cycle-assessment/salca-method.html>

LIFE CYCLE ASSESSMENT - SOCIAL

A social life cycle assessment (S-LCA) considers a product or system over its entire lifetime (“from cradle to grave”). It evaluates potential positive or negative

effects of a product in its social aspect, including the process of raw material mining, production, distribution, application, reuse, maintenance, recycling, and final disposal. The S-LCA can be combined with E-LCA

Source: Encyclopedia of Sustainable Technologies (Second Edition)
<https://www.sciencedirect.com/topics/earth-and-planetary-sciences/social-life-cycle-assessment>

m

MONETISATION FACTOR

Monetisation factors are estimates of the remediation cost of the social and environmental impacts that must be included to estimate the hidden costs of a product. These impacts are measured by a set of indicators that can be converted to a monetary unit using the corresponding monetisation factor. When all indicators are measured and monetised for a product, the hidden costs can be calculated. Remediation costs includes: 1) Restoration costs, 2) Compensation costs, 3) Prevention of re-occurrence costs and 4) Retribution costs

Source: True Price social enterprise- Amsterdam
<https://trueprice.org/monetisation-factors-for-true-pricing/>

p

PRICE

The amount of money expected, required, or given in payment for a good or service. Price differs from cost (of production) and value (assigned by individuals)

Modified from: FAO Food wastage footprint- Full Cost Accounting- E-ISBN 978-92-5-108513-4 (PDF)
<https://openknowledge.fao.org/server/api/core/bitstreams/6a266c4f-8493-471c-ab49-30f2e51eec8c/content>

PUBLIC GOODS

Products that one individual can enjoy without reducing the amount available to others (e.g. roads, public parks, clean air and other basic societal goods). In other words, they are non-rivalrous and non-excludable. The private sector has little incentive to produce public goods, resulting in underproduction and market failure

Source: The state of food and agriculture 2024
<https://doi.org/10.4060/cd2616en>

PURCHASING POWER

Pending

S

STOCK, CAPITAL

The physical or observable quantities and qualities that underpin various flows within the system, classified as being produced, natural, human or social

Source: *TEEB Agri food key terminology*
<https://www.unep.org/topics/teeb/teeb-agriculture-and-food-teebagrifood/teebagrifood-key-terminology>

SUSTAINABILITY

A sustainable food system operates within the planet's environmental boundaries while ensuring healthy diets for all. It must: Avoid exceeding planetary boundaries (climate, land use, freshwater, biodiversity, nitrogen / phosphorus cycles). Provide nutritious food for 10 billion people by 2050 without expanding agricultural land. Halve food waste and reduce overconsumption of unhealthy foods

Source : *The EAT Lancet commission Report; Willett et al., 2019, p. 447. doi:10.1016/S0140-6736(18)31788-4*

t

TRUE COST

The difference between the market price of a good or service and the environmental and social costs (i.e. positive and negative externalities)

Modified from: *investopedia*
[https://www.investopedia.com/terms/t/truecosteconomics.asp#:~:text=True%20cost%20economics%20is%20most,public%20health%20\(negative%20externalities\).](https://www.investopedia.com/terms/t/truecosteconomics.asp#:~:text=True%20cost%20economics%20is%20most,public%20health%20(negative%20externalities).)

V

VALUE

The worth of a good or service as determined by people's preferences and the tradeoffs they choose to make given their scarce resources, or the market value. The value is one's judgement of what is important, independently from cost of production or the market price of goods

Modified from: *TEEB Agri food key terminology*
<https://www.unep.org/topics/teeb/teeb-agriculture-and-food-teebagrifood/teebagrifood-key-terminology>

VALUE CHAIN

The full range of activities and actors that participate in the lifecycle of a product from raw material, to manufacturing and processing, to distribution, marketing and retail, and finally to consumption (including waste and disposal across all stages)

Modified from: *TEEB Agri food key terminology*
<https://www.unep.org/topics/teeb/teeb-agriculture-and-food-teebagrifood/teebagrifood-key-terminology>



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