Embedding True Cost Accounting in policy making processes

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25/10/2021
Problem statement: Natural-resource intensive agriculture may threaten future prospects of inclusive wealth

- Indonesia’s high economic growth relies largely on natural resource intensive agriculture, contributing 14% to GDP

- Ecosystem services on which agriculture depends provide 74.6% of total income of the rural poor
Lead Actors

Convenor and political lead TEEBAgriFood Indonesia: The Ministry of National Development Planning (BAPPENAS)

TEEBAgriFood host research institution: IPB University
Output
Provide the Ministry of National Development Planning (BAPPENAS) with an evaluation of the economic case for policy interventions that promote nature-positive food systems

Activity
Conduct predictive analytics to enable strategic foresight and anticipatory decision-making for i) agroforestry and cacao planning policies and ii) inclusive and green COVID recovery packages
A growing “True Value of Food” coalition in Indonesia hosted by the IPB Bogor agricultural university equips actors at national and subnational level (South Sulawesi) with the tools to recognize the value that nature, people and society provides to food systems.

**Activities**
Institutionalizing peer-to-peer sharing of information, skills and experience by public and private sector actors on externality valuation to inform policies.

**Output**
Change the CONVERSATION
An operationalized plan for national and subnational food system policies that reward responsible stewardship of natural, human, social and produced capital

Activities
Enable the inclusion of science-based agroforestry goals in the mid-term National Development plan, under the political lead of the Ministry of National Development Planning (BAPPENAS).

Transpose the cacao and agroforestry goals of the National Development Plan into regulations that internalize natural capital costs and benefits in its design (sectoral ministry regulations; at subnational level in South Sulawesi planning policies)

Output
An operationalized plan for national and subnational food system policies that reward responsible stewardship of natural, human, social and produced capital
TEEBAgriFood Indonesia

starting pitch:
monoculture vs agroforestry
Agro-forestry versus monoculture: current assumption

Time

Financial flows

2021

2050

Agroforestry products

Monocrop (or an alternative)
Financial/Economic flows

Agro-forestry versus monocrop: 2020 including externalities

- Agroforestry products
- Monocrop (or an alternative)
- Agroforestry including externalities
- Monocrop including externalities

Time

2021

2050
Agro-forestry versus monocrops: 2050 for the monocrop

Financial/Economic flows

- Agroforestry products
- Monocrops (or an alternative)
- Agroforestry including externaities
- Monocrops including externaities

Time

2021

2050
Embracing complexity at the landscape level
Go beyond initial starting pitch: crucial to identify policy entry points!

- Finance for nature
  - Redirecting subsidy to work with nature (e.g. subsidy chemical fertilizers)
  - Government expenditure in produced capital (e.g. support to communities for early upfront costs of agroforestry;
  - Government expenditure in human capital (e.g. extension services);
  - Legal framework for farmers to benefit from environmental services and carbon credits

- External policy intervention: ‘international export limited to deforestation free cacao’

- Incentives as part of the regulatory framework (future, or adoption of current): environmental Certification, ecolabeling, etc