

# The Basics of Environmental Accounting and Sustainability

*Demystifying an Important Tool to Protect Laguna de Bai*

*Agustin L. Arcenas, Ph.D.  
School of Economics  
University of the Philippines - Diliman*

# Objectives of the Workshop

- To re-visit the concepts learned by the participants regarding ecosystem valuation and environmental accounting, and clarify questions regarding the processes involved in environmental accounting;
- To create a basic analytical framework that the LLDA-TWG could use to guide them in carrying-out their tasks and teach the participants how to modify the framework.

# What is Sustainability?

- ▣ Plenary with open participation
- ▣ List answers on Manila paper
- ▣ Synthesis

# How do you achieve Sustainability?

- ▣ The need for information
  - ▣ What kind of information?
  - ▣ What will the source of this information be?

# What is Environmental Accounting?

- ▣ Plenary with open participation
- ▣ List down all answers on Manila paper
- ▣ Answers:
  - ▣ Subset of accounting proper
  - ▣ Incorporates both economic and environmental info
  - ▣ Done on regional/community/micro level and national level
  - ▣ It is a field that identifies resource use, measures and communicates the impacts of human economic activities on the environment (physical impacts and monetary impacts) To create a basic analytical framework that the LLDA-TWG could use to guide them in carrying-out their tasks and teach the participants how to modify the framework.

# What is natural capital?

- ▣ What is capital?
- ▣ Two types: Renewable and Non-renewable
  - ▣ Ask participants for examples
- ▣ Valuation of Natural Capital: How is it done?
  - ▣ Exercise: (use the Laguna de bai study)
- ▣ The Ecological Balance Sheet
  - ▣ Group Exercise (Need to find materials for this exercise: hypothetical components of the environment: biodiv, health, business, etc)

# Ecological Balance Sheet

- Balance sheet is the statement of a firm's assets, liabilities and equity (show example)
- If we are to use this accounting concept to create a country's natural assets, natural liabilities, and equity, how would we do it? What would the components be? (Plenary)

# Changes in the Ecological Balance Sheet

- ▣ Harvest
- ▣ Extraction
- ▣ Pollution

# Environmental Services

- ▣ Plenary: give examples
- ▣ From the examples, define what environmental services are
  - ▣ How do environmental services affect humans' well-being?
- ▣ How do environmental services get included in the ecological balance sheet?

# Group Exercise

- Do a quick valuation of Laguna de Bai based on environmental services
- Create an ecological balance sheet for Laguna de Bai
- Make hypothetical changes (with hypothetical values) to the balance sheet and explain in the workshop.