

## **Environmental input-output framework to estimate the net national accounts for Sri Lanka**

Traditional System of National Accounting (SNA) has been criticized throughout the world for neglecting most environmental costs and benefits and merely relying on quantifiable monetary benefits. A global voice that transcends the economists has now been raised to incorporate in the SNA computation not only the full economic value of the impact on the environmental resources caused directly or indirectly by all types of economic production processes but also the full economic value of all natural resources that exist within a national boundary.

Economists with multidisciplinary interaction concerned with the environment have developed a range of techniques to overcome this criticism in way of upgrading the national accounts by reflecting the net national product more completely. In this regard several studies and strategies that sought to integrate the environmental component have been carried out internationally, though to a limited extent locally. In this study some existing models and studies on green accounting are reviewed. Whatever the model used, the major problem is developing environmental extension into the traditional input-output model. Therefore, an attempt is made to introduce a comprehensive model that incorporates the environmental aspects as columns (or rows) with matrices that correspond to the input-output table available for Sri Lanka. Furthermore it also seeks to classify the environmental aspects so as to capture non-marketable values.

The environmental input-out matrix thus developed consists of five major eco-systems as columns and 17 major eco-system functions as rows.