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Methodological valuation of municipal natural capital (Albanian case)

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Abstract

The natural environment supports economic well-being and prosperity, providing numerous benefits to society. In this context, policies and decisions of effective natural capital management today receive special importance from both central and local governments.

The paper identifies and evaluates natural resources as a local public good that contributes to the provision of services by local government units (municipalities) and helps the latter to determine the ecological function of one or more natural resources, the services that can be provided, the condition and capacity of natural assets, environmental management, urban development, etc. in relation to the local community.

The study aims at exploring the various methods available in valuating municipal natural capital trying to achieve optimum economic and social benefits at municipal level.

The paper focuses mainly on the assessment of natural capital according to the System of Environmental Economic Accounting (SEEA) as natural capital can be specifically defined by a clear spatial boundary and / or productive configurations that provide goods and services. This type of approach should be best implemented by environment experts and economists who possess the best data available. In this context, this study marks the first step taken in Albania to define a methodology for assessing natural capital for municipalities. Developing and applying measurement/valuation and statistics for natural capital will enable better decisions to be made about how natural capital should be managed.

Key Words: natural capital, valuation method, local government, System of Environmental Economic Accounting, environmental management