

# Economics of Primary Prevention: ground rules for full-cost accounting

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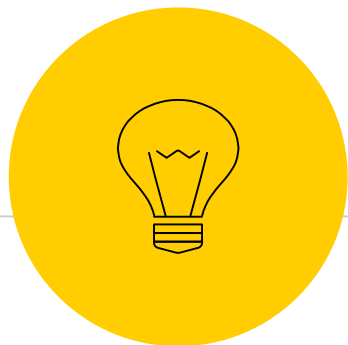


## Who am I?

### Researcher in sustainability impact assessment

- *PhD in circular economy impact measurement*
- *Support African circular economy businesses (Footprints Africa)*
- *Food chain impact calculation software (Sproutfull)*
- *Impact monetization with Copernicus Institute (Oiconomy Pricing)*





## **Aim of today's session:**

Connect monetary valuation theory to the aims of the One Health approach to drive action

### One Health Joint Plan of Action (2022-2026):

Objective 1: Provide adequate guidance and tools for the effective implementation of multisectoral approaches to promote the health of humans, animals, plants and ecosystems and to ***prevent*** and manage risks at the human animal–plant–environment interface.



# Ground rules for full cost-accounting

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In search for ground rules for product-oriented full cost accounting methods: Ensuring construct validity

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## Why monetize?

### **Products and their externalities**

- Production and consumption -> environmental and social impacts.
- Value chain impacts are currently unaccounted for in the price of products.
- Monetary valuation methods seek to quantify such externalities.



# Why monetize?

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## *Opportunities*

- Communicate and manage impacts.
- Internalize externalities – reveal and adjust.

## *Barriers*

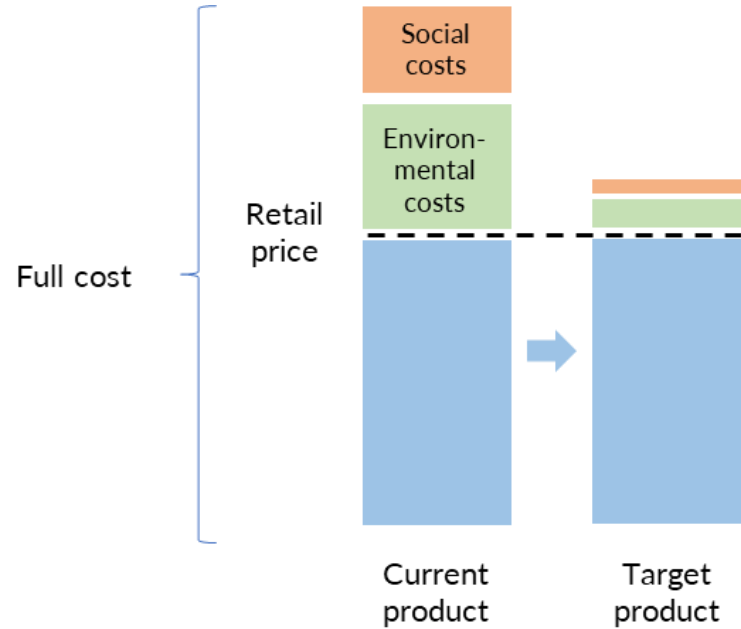
- Not all values are tradable.
- ***Complexity.***

# Basic principles of full-cost accounting methods



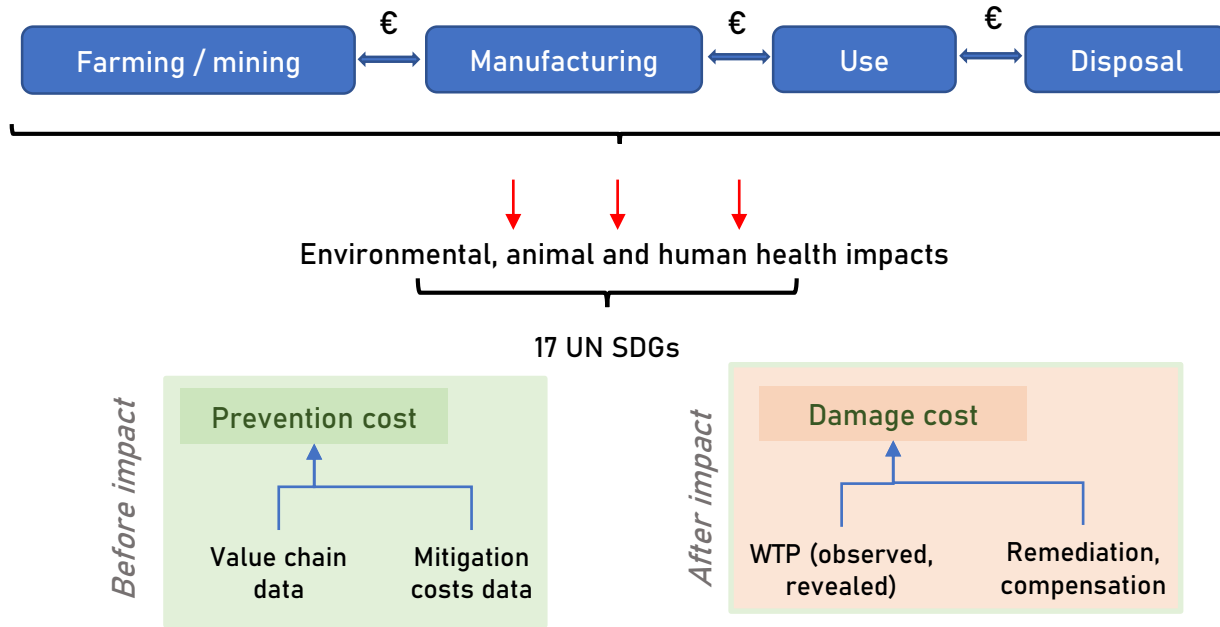
## Example

Figure based on illustration  
by True Price





## Basic principles of full-cost accounting methods







## Prevention vs. damage

### Prevention costs & damage costs

Prevention

- Cost data from value chain
- Drives action
- *Cheaper*

Damage

- Complex impact pathways
- Prevention is not always possible
- Communicative appeal



# Complexity

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Questions to ask:

- What to include?
- Do I focus on prevention, damage, or both?
- How do I account for positive externalities?
- Where to find data?



## Our proposed ground rules

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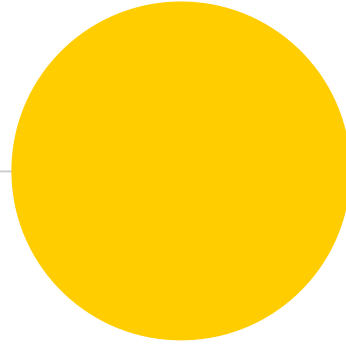
### Four preliminary ground rules:

- (1) Be consistent and comprehensive in the selection of the impact domains.
- (2) Justify the choice for monetary valuation approach.
- (3) Refrain from summing positive and negative externalities.
- (4) Be transparent on monetary valuation coefficients and data sources.



## What's next?

- Research into:
  - Connections to reporting/accounting;
  - Comparing prevention and damage costs;
  - ***Equitable design and application.***
- Policy domain – how to promote internalizing externalities?
- Responsibility – where will funding come from?
- Action perspective – how to promote primary prevention?



**Thank you!**