

Intergenerational equity and dual discounting*

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SUPPLEMENTARY MATERIAL

In table A1, the profitability indicators shown in Table 5 have been recalculated using a SDR=3.5% according to HM Treasury. As can be seen the results did not substantially alter the conclusions of a methodological nature. A lower discount rate in this particular case study does not improve the results of the NPV, as discussed in paragraph (c) of the conclusions.

Table A1. Summary statistics for the traditional and environmental profitability indicators: EDR and SDR according to HM Treasury, 2003

Period (in years)	Profitability indicator	Option A	Option B	Option C		Option D		
		<i>CBA</i> Standard SDR (3.5%)	<i>ECBA</i> Standard SDR (3.5%)	SDR	<i>ECBA</i> Declining SDR (SDR=EDR)	SDR	EDR	<i>ECBA</i> Dual-rate discounting (SDR=3.5 and EDR)
40	NPV (10 ³ €)	-31,985	-5,757	3%	-6,786	3.5%	3%	-3,637
	ITA (10 ³ €)	-	-		-			2,120
	CER (%)	-	-		-			2.26
100	NPV (10 ³ €)	-41,422	-7,089	2.5%	-9,564	3.5%	2.5%	3,980
	ITA (10 ³ €)	-	-		-			11,069
	CER (%)	-	-		-			2.81
200	NPV (10 ³ €)	-42,750	-7,277	2%	-11,767	3.5%	2%	18,187
	ITA (10 ³ €)	-	-		-			25,463
	CER (%)	-	-		-			2.91

CBA: Standard CBA without including environmental externalities; ECBA: Environmental Cost-Benefit Analysis; CBA (including environmental externalities); SDR: Social Discount Rate; EDR: Environmental Discount Rate; NPV: Net Present Value; ITA: Intergenerational Transfer Amount; CER: Critical Environmental Rate.