
Restore the Earth Foundation:

Model to forecast and track actual social and environmental values of reforestation, and assist integrated reporting



svt group

your outsourced Chief Impact Officer SM

SVT Group

“your outsourced Chief Impact Officer”

- Impact management since 2001
- 155+ projects
 - Theory of change
 - Definition of social and environmental outcome and impact indicators
 - Data collection and information management systems design and implementation
 - Scenario planning/impact modeling/impact assessment including SROI analysis (SROI is < 5% of our business)
 - Evaluative impact assessments
 - Workshops and training
 - Landscape analysis and report writing
 - Impact strategy

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CISCO



YO-YO MA

An aerial photograph showing a large, winding lake surrounded by dense green forests and rolling hills. A small peninsula with several buildings is visible in the middle of the lake. The text "The context" is overlaid in a light gray font on the left side of the image.

The context

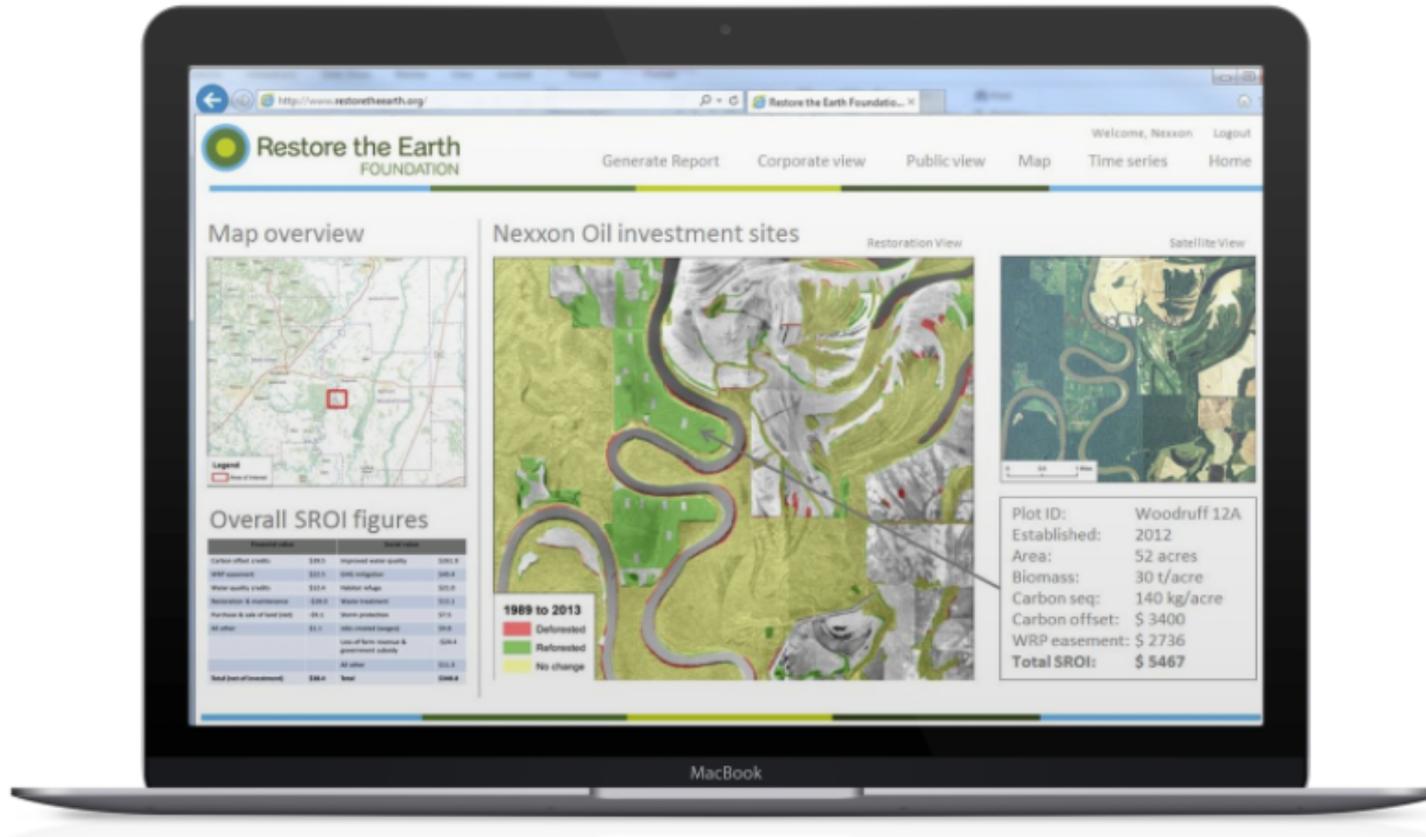
Restore the Earth Foundation wanted to know

- What are the material, potential and actual carbon emissions reduction and other environmental and social net benefits of landscape-scale forest restoration?
- What is the value of these benefits to corporations and society?
- What is a credible and useful way to demonstrate social and environmental impact to corporate donor-investors?
- Will translating these benefits into monetary terms attract major corporate funders more easily than not doing so?



Deliverable: Excel Spreadsheet SROI Model for Revolving Restoration Fund/Landscape-scale Reforestation

Later the client made it the back end of their proprietary platform, “EcoMetrics™”

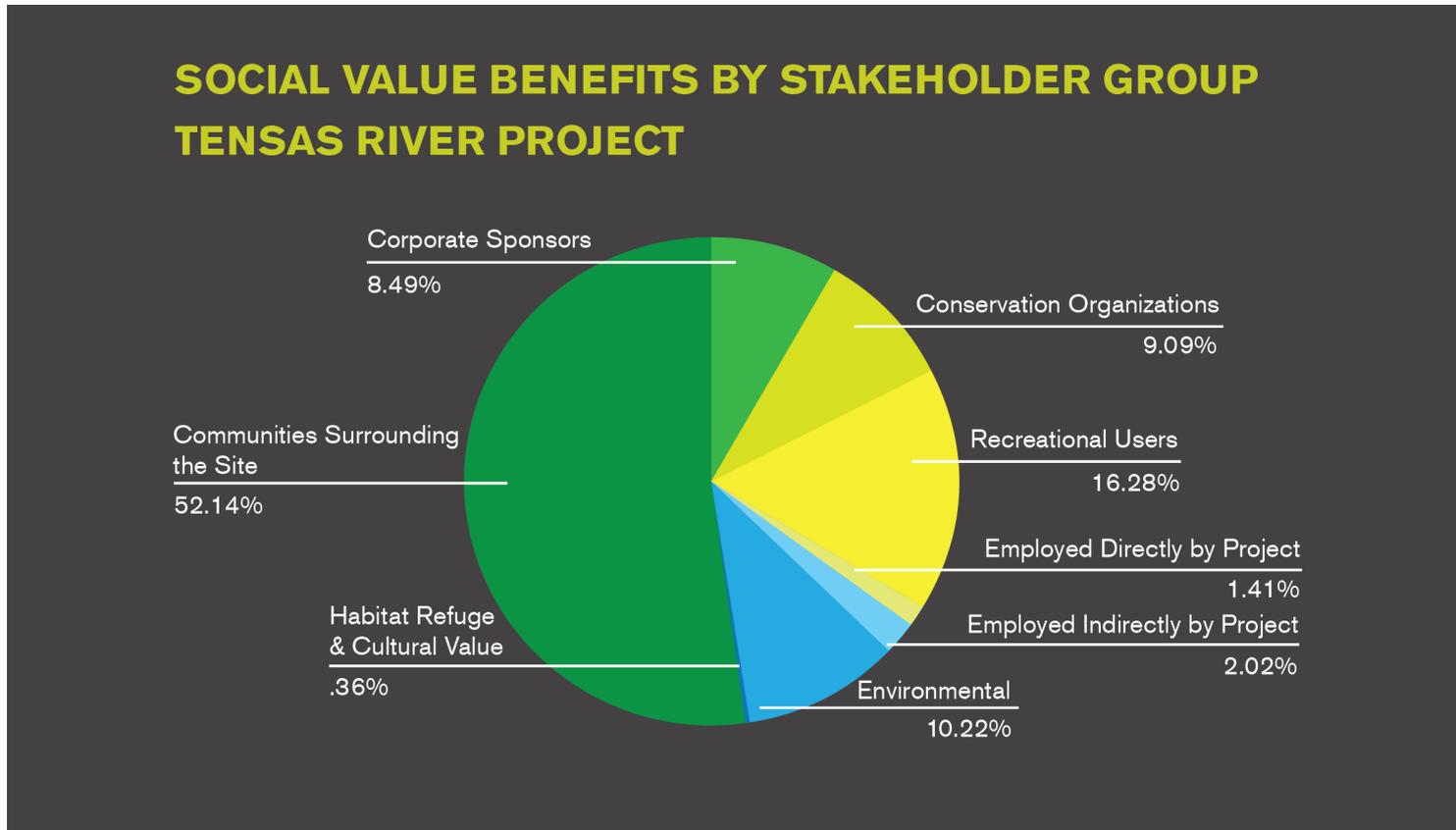


Model is used to generate forecasted (and eventually actual) SROI values that are third-party assured

- Louisiana is losing substantial land every year to erosion related to deforestation.
- Entergy is a major southern power company headquartered in New Orleans.
- It funded REF's 2017 reforestation of the Tensas River National Wildlife Refuge.



Users can drill down to varying levels of detail



Source: "Restore the Earth Foundation Partners to Create New Sustainability Measurements," US Chamber of Commerce Foundation website, October 3, 2017
<https://www.uschamberfoundation.org/blog/post/restore-earth-foundation-partners-create-new-sustainability-measurements>



What was the logic of the evaluative question?

If we know the net social and environmental values in monetary terms, then corporations with a big (and bad) footprint will be able to engage with us in a way they won't if we explain the benefits another way.



Restore the Earth
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Methodological approach

- SVT built the model in alignment with SVI Social Return on Investment Methodology and the International Integrated Reporting Framework
- Carbon sequestration is modeled in a manner compliant with Winrock International & the American Carbon Registry (ACR) Protocols & Methodology
- The model's data inputs are from a combination of sources:
 - Third-party data and research (peer-reviewed where available)
 - Physical measurements in the field
 - Direct stakeholder involvement via focus groups and interviews
 - REF and SVT also explored use of remote sensing (satellite data) but this remains theoretical



Methodological Pros and Cons

Strengths:

- Model is compliant with globally-recognized third-party standards: IIRC's Integrated Reporting, SVI's Social Return on Investment Methodology, ARB's voluntary carbon verification scheme
- Methodology includes stakeholder participation in determining outcomes
- Model was peer-reviewed by environmental economists with expertise in carbon emissions assessment, ecosystem services valuation, indigenous societies, and social impact assessment and valuation
- Reports generated using the model are third-party assured by SVI and publicly available

Weaknesses:

- Value is in the eye of the stakeholder and/or researcher within a given societal context (e.g. how a local indigenous community might value a given forest may be different than how sportspeople do, but only one of these is accounted for in the model)
- Some values are more debatable than others
- Layers of assumptions result in wide range of forecasted values*
- Forecast values are prone to (mis)representation by users as certain



What users communicate

- The model accounts for an array of material impacts, with ranges to account for uncertainty.
- SVT (with peer reviewers' support) advised the client to present values as a range.
- REF's co-founder and Executive Director was quoted last month:

“Entergy invested \$1,546,000 in a landscape scale reforestation project in the Tensas River National Wildlife Refuge.... As a result of this capital investment, the community and funding stakeholders will see a social and market value creation of \$119,611,947 in financial, manufactured, human, social and natural capital over 40 years.

“For every \$1 Entergy invested, \$36.20 of integrated environmental, social and economic value is created and is accounted for in their integrated annual report.

“The breakdown of this value created reflects \$32.99 in social return on investment (SROI) based on the *social value* returned to community stakeholders. These community stakeholder benefits include cleaner air and water, job creation, enhanced recreational opportunities, soil stabilization, storm protection and flood control, and contributions to local culture.

“The remaining value relates to the direct market value created by the carbon, nitrogen and phosphorus offsets and social license to operate amounting to \$3.21 for every \$1 invested by Entergy.”

Client outcomes from the project

REF has found that there is value to corporations in the tool, specifically:

- Valuation that can be unpacked:
 - by stakeholder
 - the 6 Integrated Reporting capitals (financial, manufactured, intellectual, human, social & relationship, natural)
 - specific type (e.g. social/environmental (net) values of cleaner air and water, net job creation, enhanced recreational opportunities, soil stabilization, storm protection flood control, and financial (net) values of loss of agricultural yield, carbon, nitrogen and phosphorus offsets which can be traded)
- Deliverables that plug into corporate sustainability reporting
- Verified carbon offsets for California and voluntary registries
- Alignment with internationally-recognized, third party standards





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