

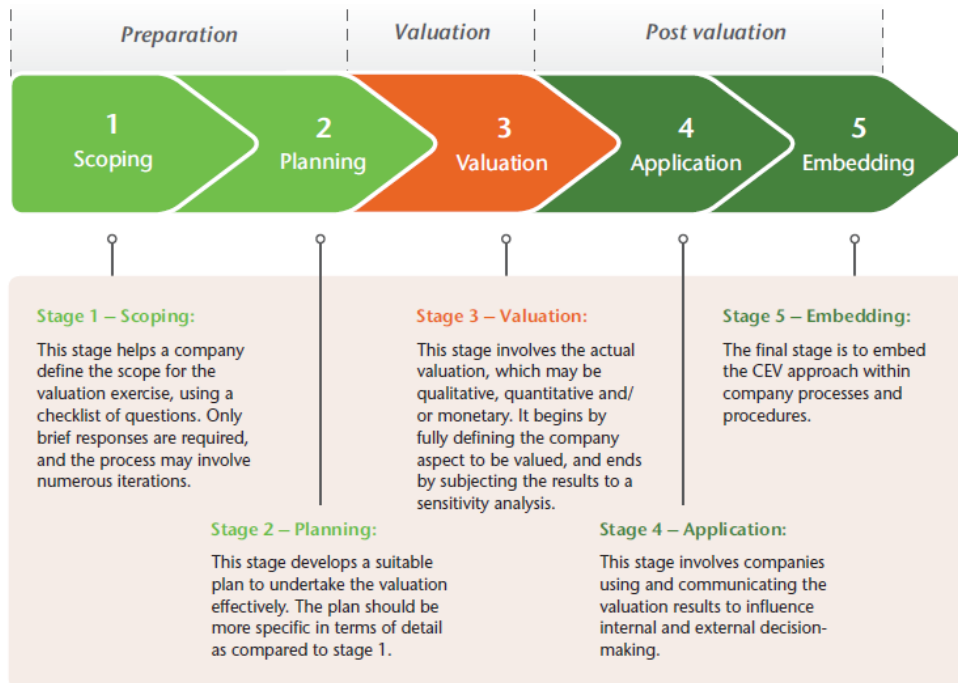
# Corporate Ecosystem Valuation Tool Review

## Ecosystem Services/Valuation Tools

TABLES Project 2012: Mini reviews	
<b>Guidance</b>	<i>Using your experience and expertise, consider the following tasks in relation to the tool. It may not be possible to complete all tasks for each tool due to a lack of available information, the task not applying to the tool, etc. <b>Please note where this is the case by giving the reason in the space provided.</b> Please use a maximum of 6 pages of A4 (excluding diagrams and appendices). <b>Your responses are required in the white spaces.</b></i>
<b>Task 1: Basic information</b>	
<b>Name of the tool</b>	Corporate Ecosystem Valuation (CEV)
<b>Type of tool (list all that apply)</b>	Valuation tools; futures tools; ecosystem service tools;
<b>Group members</b>	<ol style="list-style-type: none"> <li>1. Oliver Hölzinger</li> <li>2. Tim Sunderland</li> <li>3. Claudia Carter</li> </ol>
<p><b>Please provide a brief synopsis of the tool</b></p> <p><i>This may include: background context, development (and ownership if appropriate), current use and applications etc.</i></p> <p><i>Please also note any desired outcomes of the tool so that you can make reference back to these in Task 7: SWOT analysis</i></p>	<p>Corporate Ecosystem Valuation (CEV) is a new voluntary tool and has been developed and introduced by the World Business Council for Sustainable Development in 2011 (WBCSD 2011). CEV serves corporate decision-making by identifying and valuing ecosystem impacts by businesses; but also risks and opportunities businesses face from changes of ecosystem services. It aims to improve corporate performance including social and environmental goals.</p> <p>This tool has been chosen because there is a high potential to incorporate ecosystem services into corporate decision-making and this can lead a better acknowledgement of (positive and negative) external effects and therefore a more sustainable economy. CEV is closely related to Corporate Ecosystem Services Review (ESR) introduced by the World Resource Institute (Hanson et al. 2012). Incorporating business risks, demands and opportunities related to ecosystem services into corporate decision-making is also highlighted in a recently published report by the Ecosystem Markets Task Force, even if CEV is not explicitly mentioned (EMTF 2012). The Task Force is a UK based business led review of the business opportunities arising from valuing nature correctly.</p> <p>In general CEV can be applied to a business as a whole, but also products, services, projects, assets, or an incident. Usually CEV has two main aims:</p> <ul style="list-style-type: none"> <li>• On the one hand CEV shall provide corporate decision-makers with better information about the risks and opportunities depending on changing ecosystem services. It basically evaluates which ecosystem services are most important for the business performance and how such ecosystem services are projected to change in the future. The main question is how changes in ecosystem services provision will or can affect business success and how the enterprise can react.</li> <li>• On the other hand CEV evaluates how business activities impact ecosystems and ecosystem services. Such an assessment reveals which ecosystem services are affected most (positively or negatively). This can e.g. help to target actions to mitigate negative impacts, to compensate for them, and/or to implement the value of affected ecosystem services into</li> </ul>

accounting and reporting.

The guidance on CEV published by the WBCSD is divided into two parts. Part one is a screening process to answer the question if a CEV should be conducted, or not. Part two is a methodical framework to assist the CEV. The actual valuation is only one stage of this progress. Prior to the valuation a preparation stage takes place where the scope of the valuation exercise shall be defined and planned. The actual valuation can be qualitative, quantitative, monetary, or a combination of those techniques and depends on existing valuation techniques. This stage is followed by a post valuation phase where findings are communicated and CEV is embedded within corporate processes and procedures.



*Adopted from WBCSD, Guide to Corporate Ecosystem Valuation: A framework for improving corporate decision-making (World Business Council for Sustainable Development, 2011, p. 30)*

CEV depends on existing valuation techniques such as the revealed preferences method, the stated preferences method, the benefit transfer approach, or valuations based on expert judgement. It is a generic tool with different applications and much room for variation. The quality of a CEV and its outcomes depends on the appropriate application of such techniques. However, the flexible framework allows to adjust the scope and complexity of a CEV depending on available expertise, time, and budget. This allows for example to start with a 'quick and dirty' assessment with the option to apply more advanced and complex methods, if necessary. Within scope of the test-phase CEV has for example been used to assess the ecosystem impacts of a proposed extensions to a sand and gravel pit or to measure costs and benefits of replacing a storm-water management system with a constructed wetland.<sup>1</sup>

However, such high flexibility has also a downside. Businesses may try to apply the tool in-house even if the necessary expertise is not available. Furthermore businesses may have incentives to avoid independent assessments and try to shape an CEV in a way that findings picture a positive

<sup>1</sup> Summaries of the CEV 'road tests' can be found here: <http://www.wbcd.org/work-program/ecosystems/cev/roadtesters.aspx>  
[neat.ecosystemsknowledge.net](http://neat.ecosystemsknowledge.net)

environmental performance of the enterprise, even if that is not the case (green washing). Companies may e.g. only conduct a CEV for projects or processes with a very positive environmental impact rather than critically assessing negative impacts. Such potential misuses and shortcomings may partially be mitigated if a CEV is transparent and matches scientific standards which allows a critical review of the methods and findings.

Another impact of CEV is to raise awareness of the complex and often significant interdependencies between a company and ecosystems. One has to acknowledge that relevant knowledge of corporate decision-makers is often limited. Therefore CEV may cause an adjustment of business strategies and objectives benefiting ecosystems because 'what gets measured, gets managed'. Because the tool is comparatively new case studies are rare. One has to observe future applications to judge if the tool is applied sufficiently and how it impacts corporate decision-making.

## Task 2: Use of the tool

Position / Use	Stage	Currently used	Could be used
<i>If you can, please indicate which stage(s) of the decision / policy making process your tool is / could be used in (these stages were identified in the specification document)</i>	Ideas	Y	Y
	Survey	Y	Y
	Assess	Y	Y
	Policy / decision	Y	Y
	Implement	Y	Y
	Evaluate	Y	Y

Please add any further comments here:

## Task 3: Existing literature about the tool

Are you aware of any KEY policy and / or academic literature evaluating your tool? <i>(e.g. reports, journal articles, books)</i>	Author & Date	Title Vol pages	Web link (if available)
	WBCSD (2011)	Guide to Corporate Ecosystem Valuation: A framework for improving corporate decision-making.	<a href="http://www.wbcsd.org/pages/edocument/edocumentdetails.aspx?id=104&amp;bluesearchcontextkey=true">http://www.wbcsd.org/pages/edocument/edocumentdetails.aspx?id=104&amp;bluesearchcontextkey=true</a>

## Task 4: Your experience of working on the tool

<b>Have you done any research/consultancy work on this tool in terms of its development, testing and/or evaluation?</b>	Oliver Hölzinger in his role as consultant and in collaboration with Birmingham City Council and the Business Council for Sustainable Development (BCSD UK) is undertaking a Birmingham-specific CEV for some major businesses in the UK.
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<i>If so, please provide an outline.</i>		
<b>Guidance</b>	For Tasks 5-7, please also try to consider the <b>future</b> development and application of this tool in the TABLES project in your answers.	
<b>Task 5: Incorporating the ecosystem approach (EA) and ecosystem services (ES)</b>		
<i>**Please refer to the summary text about ES for concept clarification at the end of this template (appendix)**</i>		
<b>Using examples (from practice, research or consultancy), explain how EA and/or ES are currently incorporated in/by the tool</b>	CEV has been tested by major companies worldwide. Further information is available here: <a href="http://www.wbcd.org/work-program/ecosystems/cev/roadtesters.aspx">http://www.wbcd.org/work-program/ecosystems/cev/roadtesters.aspx</a>	
<b>How <u>could</u> the ecosystem approach and/or ecosystem services be (further) incorporated within the existing tool?</b>	The incorporation of ecosystem services is key for this tool. The flexible approach allows applying CEV for a broad range of businesses, processes, and projects with different scopes.	
<b>Task 6: Situating the tool within priority questions/criteria arising from the scoping interviews</b>		
<b>Explain how the tool can be situated within the priority questions/criteria that arose in the scoping interviews</b>  <i>Complete as many boxes as required</i>	<b>Priority question/criteria</b>	<b>Does your tool address/implement this question/criteria? <i>If yes, please explain how.</i></b>
	<b>Language and communication</b>	
	1. Contribution to aiding the development of shared vocabulary within which principles of EA and ES can be shared with multiple stakeholders across built and/or natural environment	Yes, applying CEV introduces the environmental-economic and ecosystem service specific terminology to corporate decision-makers.
	2. Capacity of the tool to develop shared understandings of the many identities and values of places from the perspectives of multiple visitors, residents and businesses	Yes, the tool can be applied to calculate the TEV of environmental assets and stakeholder-specific distributional assessments.
	3. Capacity of the tool to improve or enable engagement across different publics so avoiding the usual suspect problem	High potential, especially within the business community and related institutions/communities.
<b>Learning from experience/pedagogy</b>		
4. Capacity of the tool to help	This is one main aim of the tool. The valuation	

reveal and value 'hidden' assets that are not recognised by communities or publics that use them	makes values related to ecosystem services explicit. Often the value of environmental goods and assets are overlooked within businesses.
5. Extent to which tool is building on other tools or EA/ES progress	The tool is closely related to Corporate Ecosystem Services Review (ESR) and requires the implementation of other valuation tools and techniques such as the benefit transfer approach. The selection of (primary) valuation tools and methods to inform a CEV or to be conducted within scope of a CEV depends on the exact aim of the CEV (e.g. evaluating an incident or a product).
6. Extent to which tool is locally derived or grounded or can be adjusted to closely reflect 'local' context. Is the tool suitable for an open source approach?	The tool is flexible enough to be applied to different contexts. Open source may be suitable for further development and refinement.
7. Extent to which the tool is open to interpretation and application in a variety of forms (that reflect 'cultural' differences)	CEV is very flexible. Cultural differences can be captured within the 'primary valuation'. However, especially if the benefit transfer approach is applied one should be careful when transferring benefits across different cultures.
<b>Developing and selecting tools</b>	
8. Is the tool dependent on a specific funding source? How onerous is the application procedure? What are the chances of success?	There is no specific funding source but the tool demands a specific expertise, depending on scope and accuracy of the CEV. Such expertise could be bought in externally, e.g. from a consultancy.
9. Does skills development (essential or optional?) and support exist for the tool or is there a body to ensure the optimal and correct use of it?	The (World) Business Council for Sustainable Development as well as the World Resource Institute offer support but so far there is no institution e.g. providing certificates for the correct use. Considering that CEV is a very new tool such institutions might be established in the future.
10. Extent to which current statutory hooks can be exploited by the tool or will benefit the quality or application of the tool (e.g. NNPF's duty to cooperate, SUDS, ecol. networks)	(International) corporate accounting and reporting regulations may be revised to implement CEV; e.g. by defining minimum reporting standards.
<b>Informing resultant policies effectively</b>	
11. Extent to which the tool informs or improves policies/decisions. What does the tool cover? (full range of positive and negative economic, social and environment impacts / tradeoffs?)	If applied sufficiently the tool can cover all impacts and trade-offs (considering general valuation caveats and limitations).
12. How does the tool link into the	Depending on its application the tool can for

planning system (applications and processes). At what cost / extra burden?	example be integrated in Environmental Impact Assessments.
<b>Delivering management objectives</b>	
13. Suitability or capacity of the tool to assist with managing visitor needs and pressures within protected areas / the considered area? How?	Some potential if environmental assets are managed by the business.
<b>Local ownership/new governance</b>	
14. To what extent can the tool assist in developing statutory plans (local and management plans) and improve ownership and use by publics?	Some. However, there is a danger that CEV in this context may be misused and shaped to enforce business interests e.g. by providing selective or biased information about environmental impacts. This may be avoided if a CEV is undertaken in collaboration with governmental institutions and e.g. Universities.
15. To what extent does/could the tool contribute to a new form of community governance in management of the environment?	There is potential. However, it might be feasible to wait for further applications of the tool to allow a judgement.
<b>Improved tools: understanding flows, interconnections and spatial issues</b>	
16. Capacity to improve spatial understandings of the flows and interactions of various ecosystem services between sectors and at different scales	High capacity.
17. Capacity of the tool to reconcile assessments of options and benefits across different scales (and sectors)	High capacity.
18. Extent to which the tools is capable or can be manipulated to work across sectoral and administrative boundaries	High capacity.
19. Extent to which the tool can handle data shortages and gaps (or is effectiveness considerably compromised?)	Because CEV is not restricted to one valuation method it can incorporate various valuation techniques and therefore handle data gaps.
20. To what extent has/could the tool put landscape/nature conservation and designated species/sites on the radar (positively or resulting in resentment?)	High potential to make corporate decision-makers more aware of environmental and social impacts which may cause corporate engagement regarding nature conversation etc.

Please add any further comments here:

### Task 7: A SWOT analysis of the tool

#### Referring back to the relevant policy and academic literature (listed in

#### **Strengths** (of the tool in delivering intended outcomes)

- The high flexibility of CEV allows its application for many different contexts.
- The tool can reveal the TEV (including externalities) of business activities which can serve corporate decision-making.



**Task 3), plus your own expertise (listed in Task 4) and the way in which the tool is situated within the priority questions/criteria (listed in Task 6), please complete a summary SWOT analysis ensuring that each point is well justified**

*Where possible, this analysis should reflect the tool's past and current application, as well as its effectiveness in policy and decision making processes*

- The tool can reveal ecosystem services related business risks and opportunities.
- The tool can improve the recognition of environmental and social impacts of corporate activities and decision-making.
- The tool covers not only ecosystem valuation, but also its implementation into corporate decision-making.

**Weaknesses** *(factors that detract from the tool's ability to deliver intended outcomes)*

- The appropriate application of CEV demands expertise and a sufficient data basis.
- General limitations to ecosystem valuation and an insufficient data basis can lead to biased outcomes.
- The high flexibility and broad range of applications of the tool makes comparison between different CEV's difficult.
- Especially if primary valuation methods are conducted the costs of CEV can be substantial.
- At the moment there is no institution evaluating the correct use of the tool, even if support exists.

**Opportunities** *(consider opportunities for application of the ecosystem approach and services)*

- The ecosystem services approach is key when applying CEV.
- The tool is actually promoted within the business community and gains support from major institutions.
- Further developments and refinements of this 'young' tool may advance its appropriate application.

**Threats** *(factors which negatively affect the tool and its outcomes)*

*Classify these by their "seriousness" and "probability of occurrence" in the table below, and pay particular attention to the threats associated with potential use of ecosystem approach/ecosystem services.*

<b>Threat</b>	<b>Seriousness (high, medium, low)</b>	<b>Probability of occurrence (high, medium, low)</b>
The tool may be used for 'green washing'.	Medium	High
There is a danger that CEV may be misused and shaped to enforce business interests e.g. by providing selective or biased information about environmental impacts.	High	Medium
There is also a danger of 'confirmation bias' where people tend to favour information that confirms their beliefs. This may be reduced if external stakeholders and experts are involved in the CEV.	Medium	Medium

**Guidance**

*Please now use the remainder of the document (box below) to make any general comments, observations or analyses of the tool*

## Further comments

### References

EMTF, 2012. *Ecosystem Markets Task Force Interim Report*, Available at: <http://www.defra.gov.uk/ecosystem-markets/files/Ecosystem-Markets-Task-Force-Interim-Report.pdf>.

Hanson, C. et al., 2012. *The Corporate Ecosystem Services Review: Guidelines for Identifying Business Risks and Opportunities Arising from Ecosystem Change*, Washington DC: World Resource Institute.

WBCSD, 2011. *Guide to Corporate Ecosystem Valuation: A framework for improving corporate decision-making*, World Business Council for Sustainable Development.