



**Conservation Strategy Fund
Annual Report 2002**



The *mission of Conservation Strategy Fund* is to teach environmental organizations around the world how to use **economics** and **strategic analysis** to conserve nature.

2002

One of the few things that went up in 2002 was real estate. Land. Physical space on earth. In a time of phantom booms, bursting bubbles and markets ruled by whimsy, the scarcity and value of places is beyond question. Natural and wild expanses are no exception, but unfortunately their rarity often is not recognized soon enough. Too frequently, wilderness signals abundance, room to exploit, room for error. Against this backdrop, Conservation Strategy Fund redoubled efforts to use economics for nature conservation in 2002.

What we do

Since 1998, we have been the only organization specifically dedicated to teaching conservationists around the world to incorporate economic tools into their efforts to protect natural ecosystems. By the end of 2002, we had trained 180 professionals from 34 countries in nine separate sessions. In 2002 we continued our field work with course graduates in Latin America and Africa. Over the years, our field efforts have helped create protected areas, stop destructive highways and dams, and shown conservationists how to fit nature protection into their local economies.

Teaching the economics of conservation

CSF has pioneered a fusion of economics and the environment that is unique and practical. We take the fundamentals of economic theory, mix in hard-nosed number crunching and temper them both with a relentless focus on simply *doing what works* to protect nature. We call it Conservation Economics and this is what we teach to environmentalists from all over the world. They emerge from our courses economically literate and able to do conservation more strategically and successfully.

In June of 2002 we delivered our International Training for the fourth straight year. This is the course we give in California for conservation professionals from many different nations. This year the 19 participants were from 14 countries, five of which were new for us: Democratic Republic of Congo, Palau, Mongolia, Sri Lanka, and Uganda. For the first time we began using experimental economics, which turns the classroom into a “market” where economic theory is played out live. This way of teaching gives people a much more personal and direct understanding of the material.



Bayara Agavaantseren (Mongolia) and Fred Kafeero (Uganda) take part in a market simulation

CSF has delivered **nine** courses in economics and policy analysis over the past four years in **California, Brazil, Bolivia** and **Colombia**. These courses have trained **180** conservation professionals from **34** countries.

We learned some of these techniques at another of our 2002 courses, delivered in partnership with the World Wildlife Fund in Colombia. One of our co-instructors, Colombian economist Juan Camilo Cárdenas, is an experimental economics specialist and helped us adapt his exercises to our work. The Colombia session brought together WWF staff and a number of local groups from throughout Latin America to learn how to apply economics to the conservation of rivers.

In November we taught our first advanced Conservation Economics course in the middle of the world’s largest inland wetland - South America’s Pantanal, home to jaguars, maned wolves, the crocodile-like cayman, the world’s biggest storks, anacondas and more. The Pantanal is known in Brazil as millions of acres of unfenced zoo because it is so easy to see the ecosystem’s abundant wildlife. CSF teamed with Conservation International and the International Institute for Brazilian Education to gather 24 environmentalists from throughout the Pantanal for two weeks focused on the five most critical issues in the region - ranching, fishing, mining, tourism and barge transport. Participants learned new skills while generating original analysis, the results of which are being compiled in a policy brief for presentation to government officials. CSF continued to break new ground by folding together teaching and real policy work, a process we are taking to the Amazon Basin in 2003.

Fieldwork

Trainings create new friendships and spark ideas for applying economic tools to real conservation opportunities. Last year, one of our early field collaborations, with Panama’s *Centro de Asistencia Legal Popular*, culminated in publication of a joint report on expansion of the Panama Canal, a massive public works project that would include three new dams, new locks, aqueducts and transmission lines. The project would have serious environmental consequences, but we zeroed in on financial matters, and found that the expansion could plunge the country into bankruptcy. Our conclusions were reported extensively in the Panamanian press,



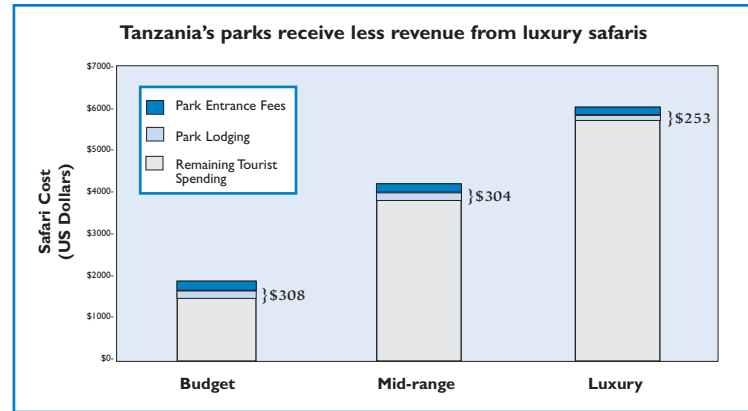
A cayman in the Pantanal, site of CSF’s first advanced course

CSF **Groundwork Projects** are field partnerships with our course graduates. Several examples of impact:

- Spurring the **creation of a new protected area** in Brazil, the Serra Geral do Tocantins Ecological Station
- Convincing the U.S. to **withdraw support for new roads** through the Paraguayan Chaco
- Showing declines in Peruvian indigenous incomes resulting from a road, which provided an **economic argument** for the ultimately successful bid to create the **Amarakaeri Communal Reserve**.
- Revealing the degree to which **urban populations** in São Paulo, Brazil **value forest protection**.
- Sparking more open and **democratic debate** on plans for **Panama Canal expansion**.

including a full-page spread in the largest paper's Sunday business section. For the first time, Panamanian citizens had an alternative, independent assessment of the most important public investment decision their country faces. The proposal is still under review by the Canal Authority, which appears to be giving alternatives a second look.

CSF continued work in Brazil by quantifying the value that city-bound people place on the protection of forest, even if they do not have a chance to visit it themselves. Bucking conventional wisdom - that people in developing countries only value what they can use in nature - we suspected that in the age of mega-cities, residents of São Paulo would care that nature is protected *somewhere* in their state. That somewhere was the Morro do Diabo State Park, 90,000 acres of inland Atlantic Forest which is the last refuge of the endangered black lion tamarin monkey. It turns out that most people are too poor to pay anything, but those who had even modest disposable income, of \$100 per month, for instance, were willing to contribute money to protect the park and other forest in the state. The city's population as a whole was willing to give at least \$3 million per year, twenty times the park's tiny budget. Final results came at the end of 2002 and are now being included in efforts to increase funding for the State's nature reserves.



A groundbreaking economic study in Tanzania national parks will give park planners critical information to manage the parks more effectively and safeguard some of the most impressive wildlife and landscapes in the world.

In the summer and fall of 2002, Tanzania National Parks (TANAPA) staff and a CSF researcher from the University of Southern California interviewed over 1000 tourists as part of an economic study to help TANAPA more effectively manage their parks. The ultimate goal of the project is to safeguard some of the most impressive wildlife and landscapes in the world by increasing park revenues and reducing crowding in northern parks around Mt. Kilimanjaro and the Serengeti. For the first time TANAPA will have critical information on how much tourists spend and how they decide which parks to visit. Complete data analysis is underway, led by CSF's Kim Bonine and TANAPA's Ezekiel Dembe, and a final report will be delivered in Tanzania in 2003.

To complement these efforts, a market survey of East African tourism was completed in September by a CSF intern from Stanford Business School. In the latter half of the 1990's, Tanzanian tourism receipts grew almost 500 percent more than its competitors in Kenya and South Africa, but the parks failed to cash in on luxury safari-goers. TANAPA actually gets more revenue from budget travelers than from high-end tourists due to the structure of park fees and concessions. Insights like these can help TANAPA devise new fee structures that strengthen the agency and give the natural areas a more promising future.

"Bioko" was a new name to us in 2002, but we were immediately intrigued by the seven endangered monkeys on this volcanic African island that is part of Equatorial Guinea. Researchers from Arcadia University estimate that most of Bioko's monkeys will disappear within five years unless hunting is stopped. The news came from Juan Carlos Bonilla, a Guatemalan who has become a specialist in African conservation and attended our International training last year. During the course we started to analyze the few available numbers on the hunting of monkeys in Bioko. In the Fall, John Reid

traveled there with Juan Carlos and devised a plan with local university students to gather data - not on the monkeys, but on the hunters. This intelligence will turn into a blueprint for working *with* hunters to shut down the trade in monkey meat, and shift the men into other jobs.

The big picture

Conservation is a task for speculators in beauty, for people who see that against all odds and in a world of ever-scarcer land, we can secure some of it for nature. It is also a pursuit for people who are convinced that nature conservation is the key rather than an obstacle to the security and well-being of people. CSF is dedicated to helping build environmental movements that will succeed in a growing array of places throughout the world. We have built a strategic plan for steady growth, with an eye toward constantly evaluating the impact of our training and fieldwork. In 2003 we are doubling our course offerings, extending our model of teaching and field economics to new continents, and establishing a permanent staff in South America. Join us in these efforts and learn more about Conservation Strategy Fund at www.conservation-strategy.org.



Hunters in Bioko



Sunset in the Pantanal

Thanks!

To our 2002 financial supporters

Acer Fund
 Conservation International
 Firedoll Foundation
 Frank and Brinna Sands Foundation
 Gifts In Kind International
 Gordon and Betty Moore Foundation
 International Institute for Brazilian Education
 John D. and Catherine T. MacArthur Foundation
 Larry L. Hillblom Foundation
 Macromedia
 Richard and Rhoda Goldman Fund
 United States Agency for International Development
 World Wildlife Fund

Adam Diamant
 Alfonso Faustino
 Charles Millard
 Christian E. Geiser
 Deborah Moore and Adam Dawson
 Eric Bjorkstedt
 Ernest and Ryan Gallo
 Fred Cannon and Jeanne Mitchell
 G. Andrew Peay
 John and Michelle Batelle
 Kerry McGlone
 Kevin Bonine
 Lafcadio Cortesi and Jo Anne Welsch
 Peggy Reid
 Pete Richardson
 Richard and Gail Odgers
 Robert and Susan Leberman
 Russell Sage and Julie D. Hamilton
 Thomas D. Trapp

To our collaborators

Center for Popular Legal Aid (Panama)
 City of Corumbá (Brazil)
 Conservation International
 Institute for Ecological Studies (Brazil)
 International Institute for Brazilian Education
 Reforestation Federation of São Paulo
 Tanzania National Parks
 World Wildlife Fund

And to the people who donated their time and skills to CSF's work

Darcy Wheeles
 Kathy Klotz
 Rhonda Peck

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The Numbers

Balance Sheet				Statement of Revenue and Expenses			
	12/31/2002	12/31/2001	12/31/2000		2002	2001	2000
ASSETS				REVENUE			
Current Assets				Individual Donations	8,915.00	6,551.43	16,435.00
Cash or Cash Equivalents	68,763.35	181,008.51	139,359.45	Foundation Grants	87,000.00	166,300.00	274,733.00
Investment Account	500.00	500.00	500.00	Public Charity Donations	80,491.00	86,486.80	37,015.00
Accounts Receivable	54,626.00	36,875.00	118,590.00	Contract Income	87,229.70	2,000.00	54,989.00
Total Current Assets	123,889.35	218,383.51	258,449.45	Training Fees	12,710.00	1,500.00	
Property and Equipment				Interest Income	1,170.06	4,963.45	5,723.00
Furniture & Fixtures	4,503.48	4,503.48	4,503.48	Total Revenue	277,515.76	267,801.68	388,895.00
Equipment	9,807.67	4,078.69	994.99	EXPENSES			
Less Acc Depreciation	-4,122.00	(1,563.00)		Administration/Fundraising	76,569.27	48,303.18	35,266.31
Total Property & Equipment	10,189.15	7,019.17	5,498.47	Field Projects	97,426.92	77,003.39	100,358.60
Total Assets	134,078.50	225,402.68	263,947.92	Training Program	80,363.85	100,567.68	101,142.86
LIABILITIES AND CAPITAL				Research	77,236.24		
Current Liabilities				General Program	10,724.94	14,382.48	2,748.00
Accounts Payable	428.45	5,632.47	2,213.16	Total Expenses	342,321.22	240,256.73	239,515.77
Payroll Taxes Payable	5,727.87	4,237.37		Net Income	-64,805.46	27,544.95	149,379.23
Total Current Liabilities	428.45	11,360.34	6,450.53				
Total Liabilities	428.45	11,360.34	6,450.53				
Capital							
Future Grants		20,000.00	90,000.00				
Allocated Reserves	100,936.81	147,273.74					
Retained Earnings	97,518.70	19,223.65	18,118.16				
Net Income	-64,805.46	27,544.95	149,379.23				
Total Capital	133,650.05	214,042.34	257,497.39				
Total Liabilities & Capital	134,078.50	225,402.68	263,947.92				





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