



# Creative and Effective

In 2012, the John D. and Catherine T. MacArthur Foundation honored **Conservation Strategy Fund** (CSF) with the Award for Creative and Effective Institutions. The prize goes to a highly select set of organizations that demonstrate strong leadership, impact, and potential for scale. CSF and other winners solve intractable problems in new ways.

“We are recognizing organizations that are doing phenomenal work. CSF has simply been the main organization working on getting economic principles out.”

**STEVE CORNELIUS** JOHN D. AND CATHERINE T. MACARTHUR FOUNDATION



The actual award, now up on our wall, is a deceptively simple yet deeply significant sheet of paper. Behind it are 14 years of unrelenting effort from every member of our staff, talented teachers, ambitious research fellows and 1800-plus course graduates who represent more than 670 organizations worldwide. Together, we have protected some of the world’s most biodiverse places and changed people’s understanding of nature’s place in their economies.

So what’s next? CSF is using the award to extend our impact—into new places, like the Western Pacific, and to tackle new challenges, such as climate change and coastal marine conservation. As we do, our view on how to secure enduring conservation remains unaltered: conservation solutions must reflect economic reality. We give nature’s advocates the tools to show that reality and articulate the full cost and benefits of decisions.

“Economic thinking is more than just spreadsheets and analysis. It is a way for conservationists to communicate to people what they stand to gain or lose from the way they steward the environment. I’ve worked with CSF my entire professional career because CSF is uniquely capable of taking economic thinking and putting it in the hands of people that matter—people on the ground, in developing countries, who can change the course of history by changing the way people care for the environment.”



**LINWOOD PENDLETON**

CSF BOARD MEMBER | ACTING CHIEF ECONOMIST, NOAA  
 DIRECTOR OF OCEAN AND COASTAL POLICY  
 DUKE’S NICHOLAS INSTITUTE FOR ENVIRONMENTAL POLICY SOLUTIONS

PHOTO: STUART WAGNER



PHOTO: LEO FLECK

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# Multiplying Positive Impact

The world is a big place with countless rich ecosystems yet to be effectively conserved. To scale up and realize the full potential of CSF's vision, we'll have to enlist many more partners. So, in 2012, we launched an ambitious Conservation Economics Initiative that will triple the reach and impact of our work within the next three years. This initiative has three pillars: creating accredited training teams led by CSF course graduates; using cutting-edge technology to provide on-demand conservation-economics resources; and enlisting the strength and innovation of key universities, the first of which is Duke, with whom CSF has signed an agreement to move the initiative forward.

Meanwhile, 2012 saw our training efforts expand across the globe with the launch of programs

in the Pacific and in Africa. Together with Willy Kostka, head of the Micronesia Conservation Trust and graduate of our 2010 course at Stanford, CSF delivered a course in Pohnpei, Micronesia with funding from the Packard Foundation. Thanks to another new funder, the Margaret A. Cargill Foundation, we're now collaborating with Micronesian course graduates on planning sustainable coastal development and expanding marine protected areas. In Uganda, a group drawn from seven Albertine Rift nations learned how to use environmental economics to reduce the impacts of large-scale dam, road and energy projects on biodiversity. The course was part of CSF's major infrastructure initiative with the United States Agency for International Development, the Uganda

National Environmental Management Authority and other partners. CSF implemented two additional infrastructure-focused courses in Peru and Brazil during 2012.

CSF's talented Amazon Economic Research Fellows continued to build skills that will make a difference in conservation of the tropical Andes. Under CSF's guidance and the auspices of the Initiative for Conservation in the Andean Amazon (ICAA), five Fellows completed projects and seven launched new projects set in Colombia, Ecuador, Peru and Bolivia, ranging from the regulation of local Amazonian fisheries to estimates of the economic value of water produced by protected forests.



"Finally, now there is a more effective language I can incorporate into talking about our small pristine islands, especially to our communities who are making decisions about what should be done."

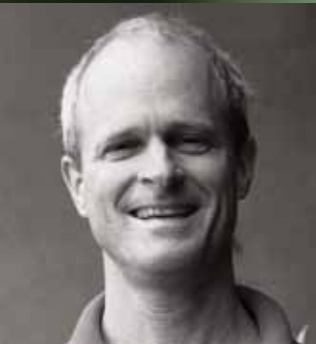
**BERNA GORONG**

THE YAP NETWORKER | **FEDERATED STATES OF MICRONESIA**

PHOTO: KIM BONINE



PHOTO: FERNANDA PRETO



“In CSF’s vision of the future, nature endures as a part of people’s lives because it has an intense, highly-trained constituency that is globally interconnected and intimately woven into the fabric of local decision making.”

**JOHN REID**  
CSF PRESIDENT

PHOTO: AJA HEISLER

# Smart Solutions

In addition to giving local conservationists new economic fluency, CSF staff analysts roll up their sleeves and engage deeply with local leaders and communities to find and implement economically viable environmental solutions.

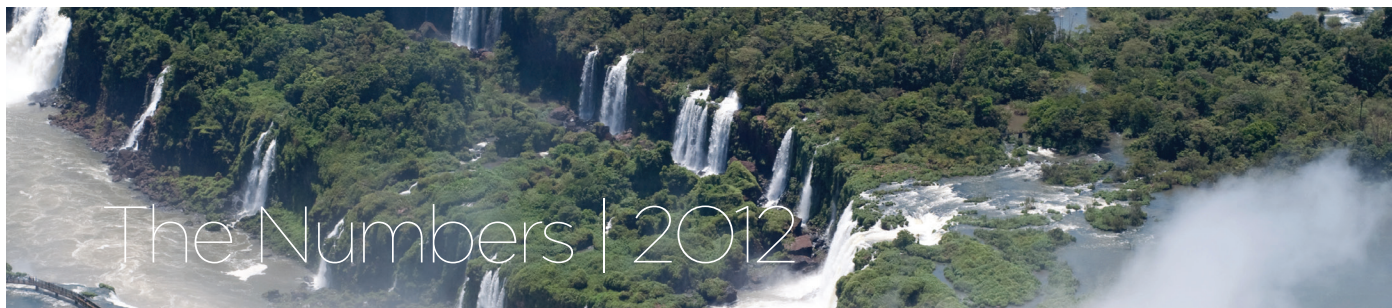
In Bolivia, a CSF Fellow's study on tourism in the Pilon Lajas indigenous territory was used by the National Protected Areas Service as the basis for a tourism development plan that will sustain nature reserves and businesses. A CSF study on "wild" rainforest chocolate enabled a locally owned company, Selva Cacao, to secure a growing place in Bolivia's domestic chocolate market. Profits give locals an economically viable path for conserving the natural forest ecosystems where cacao grows wild. Selva's manager reported back to CSF regional technical manager Alfonso Malky that the company's success would not have been possible without CSF.

In Peru, CSF played a central role in advising the Ministry of Environment on a groundbreaking national policy that, once approved and implemented, will have far-reaching benefits for nature, requiring developers to protect or restore natural ecosystems to compensate for damage from large development projects. In the Brazilian Amazon, CSF delivered comprehensive and rigorous tourism business plans for the Paíter-Suruí and Parintintín indigenous communities. Ventures like these will enable communities to maintain more than 460,000 hectares of forest wilderness and build an economy that meets their needs.

CSF expanded its business-planning portfolio, starting work on plans for sustainable products with four other forest-based communities in Brazil. At the request of the central government, CSF-Brasil also delivered a new model to calculate needed investments in

federally protected areas, and, along with the World Wildlife Fund, helped draft regulations for the use of economic valuation under the national protected areas law. These are significant strides in ensuring long-term protection for the over 200 million hectares of federally protected land in Brazil, from the Amazon rainforest to vast savannahs and woodlands to marine reserves and the great Iguazu Falls.

2013 will bring many of these projects to fruition and see the launch of new training efforts and field projects in South America, Africa and elsewhere. And at CSF, we will continue to build our own capabilities to expand the effective and, well, creative use of economics for nature.



PHOTOS | FRONT: FERNANDA PRETO ABOVE: LEO FLECK

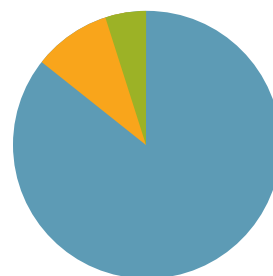
## Statement of Activities

REVENUE AND SUPPORT	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
donations	47,297		47,297
grants and awards	60,000	953,904	1,013,904
training fees	89,600		89,600
contract income	470,881		470,881
other income	3,400		3,400
net assets released from restrictions	1,116,870	(1,116,870)	0
grants awarded to foreign offices	474,245		474,245
<b>Total Revenue and Support</b>	<b>\$2,262,293</b>	<b>-\$162,966</b>	<b>\$2,099,327</b>
<b>EXPENSES</b>			
program services	1,989,384		1,989,384
management & general	159,034		159,034
fundraising	80,065		80,065
<b>Total Functional Expenses</b>	<b>\$2,228,483</b>	<b>\$0</b>	<b>\$2,228,483</b>
<b>Change in Net Assets</b>	<b>\$33,810</b>	<b>-\$162,966</b>	<b>-\$129,156</b>
net assets at beginning of year	1,073,898	2,056,632	3,130,530
<b>Net Assets at End of Year</b>	<b>\$1,107,708</b>	<b>\$1,893,666</b>	<b>\$3,001,374</b>

## Statement of Financial Position

ASSETS	
cash & cash equivalents	1,649,421
grants receivable	1,228,129
accounts receivable	68
contracts receivable	2,208,522
prepaid expenses	5,734
<b>Total Current Assets</b>	<b>\$5,091,874</b>
deposits	6,014
equipment, net of depreciation	0
<b>TOTAL ASSETS</b>	<b>\$5,097,888</b>
<b>LIABILITIES</b>	
accrued expenses	76,345
payables	57,521
deferred revenue	1,954,816
<b>Total Current Liabilities</b>	<b>\$2,088,681</b>
long term liabilities	\$7,832
<b>Total Liabilities</b>	<b>\$2,096,513</b>
<b>NET ASSETS</b>	
unrestricted	1,107,708
temporarily restricted	1,893,666
<b>Total Net Assets</b>	<b>\$3,001,374</b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$5,097,888</b>

## EXPENDITURES | 2012



**Program Services**  
**Management & General**  
**Fundraising**

This document represents unaudited 2012 figures for activities undertaken by Conservation Strategy Fund and Conservação Estratégica.



CONSERVATION STRATEGY FUND

[conservation-strategy.org](http://conservation-strategy.org)



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