



In 2014, we took a deep look at our conservation impact and crafted a strategy for the future. The new plan focuses on four areas where economics can make a big difference for nature: 1. Promoting smart infrastructure; 2. Protecting fish and their coastal habitats; 3. Strengthening protected areas; and 4. Shifting economic incentives to favor conservation across the broader landscape.

Last June two of these strategies – infrastructure and protected areas – paid off in dramatic fashion. Almost a decade after Ephrem Balole first saw a demand curve in CSF's economics course, he wrote to tell us that the threat of oil drilling was receding from the 1.9-million-acre Virunga National Park in his native Democratic Republic of the Congo (DRC). Virunga is home to around 200 of the remaining 900 mountain gorillas on the planet. When he got home from that course he calculated the local economic benefits of oil development compared with a tourism around the park. His analysis sparked a deeper study corroborating the advantages of conservation. In response to legal opposition and pragmatic arguments like Ephrem's, in 2014 SOCO International announced plans to abandon their oil concession in Virunga, a commitment reiterated this March.

At CSF we invest in people like Ephrem, who will use economic insights to benefit nature over the span of their careers. Another investment paid off in 2014 when Peru's Environment Minister Manuel Pulgar Vidal signed a new policy

instructing developers to compensate for the environmental damage their projects cause. The first seed for this success was planted in the early 2000s when CSF delivered a course for Peru's national environment agency, co-organized by a young MBA named Fernando Leon and then invited him to our Economic Tools for Conservation course at Stanford. Years later, we stopped by to see him in his new office at the Environment Ministry. Fernando asked for help designing the country's policy, to compensate for development impacts that can't practically be avoided. CSF helped the Ministry craft the first policy framework and later worked with several other prominent groups on detailed guidelines, approved as official policy in December 2014. Now builders of roads, power plants, mines and other big projects will have an incentive to minimize environmental impacts, and will offset any that do happen. All this in a country with an expanse of rich tropical forest the size of California.

In May of 2014 Jamaica's Caribbean Coastal Area Management Foundation asked for help looking at alternatives to building a \$1.5 billion port smack on top of Goat Islands, one of the country's prime biodiversity spots. CSF's analysis showed that building the port on a similar site further west could save \$200 million in construction costs, providing compelling evidence that the country can lead in the regional shipping business without paving over one of its best remaining wild places. The debate goes on, now infused with solid economic information.



# Gorilla economics

# The economics of ecosystems



**CSF's unique Research Fellowships propel emerging scholars to the cutting edge of conservation economics. Delivered in partnership with USAID's Initiative for Conservation of the Andean Amazon (ICAA), the program supports policy-relevant research under the guidance of top economists in the region.**

**2013-2014 Fellow Janeth Lessman Escalona (above) identified the most cost-effective portfolio of places to protect ecosystems through geographic modeling of the costs of management and foregone farm profits. Governments throughout the Andes can use this blueprint to expand conservation at an affordable cost. For more information on our Fellows program, go to: <http://www.conservation-strategy.org/en/about/fellows>**

In 2014 CSF launched a series of unique conservation economics videos. The first two groups of animated shorts take on cost-benefit analysis and fisheries economics and will be followed in 2015 by episodes on forestry, environmental valuation, infrastructure and climate. The popular videos - called "BRILLIANT" and other good things by viewers - are on-demand refreshers for CSF course graduates and an entertaining on-ramp to conservation economics for the broader public. The series is part of the CSF-Duke University Conservation Economics Initiative that is scaling up our education efforts.

The nuts and bolts of conservation are as important as the big ideas. Brazil is the most biodiverse country in the world, but biodiversity monitoring in there has been spotty, including within national parks; managers don't know whether their parks are effectively protecting biodiversity. In 2014 CSF-Brazil, in partnership with the Chico Mendes Institute for Biodiversity Conservation (ICMbio) and the German Technical Cooperation Agency (GIZ), built the first comprehensive and interactive model to calculate the cost of a robust biodiversity monitoring program in national parks, while also providing recommendations for the long-term financing of the program.

Economics is not always about money! Economists from CSF and the University of the Andes showed that non-monetary factors are central to whether local mangrove users embrace incentive offers from Ecuador's Socio-Bosque program. Mangroves are among the most productive and threatened ecosystems worldwide. Socio-Bosque has protected over 1.3 million hectares of forest and recently launched its mangrove initiative. The effort is a collaboration with the GIZ ValUES program, a global effort to bring ecosystem values into policy making.

CSF's training team passed the 2000-graduate milestone in 2014 with courses spanning the Americas and Asia-Pacific region. We delivered our second marine course in Micronesia, in Palau. Two courses were delivered with USAID's Initiative for Conservation of the Andean Amazon (ICAA), focused on protected area finances and sustainable business planning. The ICAA-CSF sessions continued to draw over 10 applications for every available spot. With support from ICAA, we also have continued to create a corps of highly-trained conservation economists through a program of research fellowships (see inset). Our partners at the Mexican National Autonomous University (UNAM), the

Mexican Fund for Nature Conservation, The Nature Conservancy, Environmental Defense Fund and GiZ all joined CSF to deliver our first course designed specifically to transfer CSF's course delivery know-how to local organizations. This model was repeated with Bhutan's Ugyen Wangchuck Institute for Conservation and Environment.

Finally, here's a preview of a story unfolding in 2015. In late August of 2014 Beatrice Kessy returned home to Tanzania after CSF's Economic Tools for Conservation course at Stanford. A month later we received a letter from the Director General of the entire Tanzania National Park system, known as TANAPA, where Beatrice works. He wrote that a CSF-TANAPA analysis from a decade earlier had helped increase park revenues seven-fold over the last decade. He asked that we return to Tanzania and mentor Beatrice to repeat the study, which will guide fee policies for years to come. That work is underway as we write. And it reminds us that this is a special time for an organization that makes long-term investments in people, because we've now been around for relatively long time - 17 years - and we're seeing these investments pay off in ways we could never have imagined.

For all the 2014 accomplishments and much more please visit us at [www.conservation-strategy.org](http://www.conservation-strategy.org)

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**TO OUR  
MANY OTHER  
SUPPORTERS,  
THANK YOU!**

**94% of course participants say their CSF course was among the most useful they've ever attended. 98% say it changed the way they approach conservation. 61% cited specific conservation or sustainable development accomplishments attributable to the course and 96% said they have recommended it to a colleague.**

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# The Numbers | 2014



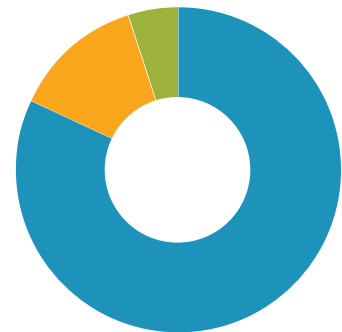
## Statement of Activities

| REVENUE AND SUPPORT                   | UNRESTRICTED       | TEMPORARILY RESTRICTED | TOTAL              |
|---------------------------------------|--------------------|------------------------|--------------------|
| donations                             | 64,222             | 0                      | 64,222             |
| grants and awards                     | 14,979             | 2,436,552              | 2,451,531          |
| training fees                         | 85,209             | 0                      | 85,209             |
| contract income                       | 649,600            | 0                      | 649,600            |
| net assets released from restrictions | 1,836,219          | (1,836,219)            | 0                  |
| <b>Total Revenue and Support</b>      | <b>\$2,650,229</b> | <b>\$600,333</b>       | <b>\$3,250,562</b> |
| <b>EXPENSES</b>                       |                    |                        |                    |
| program services                      | 2,224,179          | 0                      | 2,224,179          |
| management & general                  | 355,821            | 0                      | 355,821            |
| fundraising                           | 128,535            | 0                      | 128,535            |
| <b>Total Functional Expenses</b>      | <b>\$2,708,535</b> | <b>\$0</b>             | <b>\$2,708,535</b> |
| <b>Change in Net Assets</b>           | <b>(\$58,306)</b>  | <b>\$600,333</b>       | <b>\$542,027</b>   |
| net assets at beginning of year       | 1,235,785          | 1,611,290              | 2,847,075          |
| <b>Net Assets at End of Year</b>      | <b>\$1,177,479</b> | <b>\$2,211,623</b>     | <b>\$3,389,102</b> |

## Statement of Financial Position

|   |                    |
|---|--------------------|
| <b>ASSETS</b>                             |                    |
| cash & cash equivalents                   | 1,961,616          |
| grants receivable                         | 1,400,074          |
| contracts receivable                      | 1,114,368          |
| prepaid expenses                          | 28,236             |
| <b>total current assets</b>               | <b>4,504,294</b>   |
| deposits                                  | 8,050              |
| <b>TOTAL ASSETS</b>                       | <b>\$4,512,344</b> |
| <b>LIABILITIES</b>                        |                    |
| accrued expenses                          | 76,422             |
| payables                                  | 46,961             |
| deferred revenue                          | 987,026            |
| <b>total current liabilities</b>          | <b>1,110,409</b>   |
| long term liabilities                     | 12,833             |
| <b>TOTAL LIABILITIES</b>                  | <b>\$1,123,242</b> |
| <b>NET ASSETS</b>                         |                    |
| unrestricted                              | 1,177,481          |
| temporarily restricted                    | 2,211,621          |
| <b>Total Net Assets</b>                   | <b>\$3,389,102</b> |
| <b>TOTAL LIABILITIES &amp; NET ASSETS</b> | <b>\$4,512,344</b> |

## EXPENDITURES | 2014



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

Conservation Strategy Fund is a public charitable organization under the 501 (c) 3 tax code.

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