

**Independent Evaluation of**  
**Conservation and Sustainable Development Grants (2000-2009)**  
**for the MacArthur Foundation**

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## **Introduction**

This report to the Foundation's President and Board of Directors presents those findings of the independent evaluation that we consider most important and useful. Our responses to key evaluation questions have been included under four headings:

1. Approach – has grantmaking been well planned?
2. Deployment – can implementation be improved?
3. Results – what has been achieved?
4. What next?

The Foundation's international environmental grants since 2000 fall into four main categories: (i) core grantmaking of the Conservation and Sustainable Development (CSD) program in geographic hotspots based on a strategy adopted in 2000; (ii) investments in the Critical Ecosystem Partnership Fund (CEPF) in 2001 and 2007; (iii) a Research and Development (R&D) portfolio initiated in 2003; and (iv) a small number of General Program grants mostly managed outside CSD.

Underlying this report, our team completed detailed assessments of geographic and technical areas within the overall portfolio (Annex 2 elaborates our approach and methodology). We interviewed grantees and independent observers ("wise men and women" in evaluation terms), reviewed grant files and sent an online survey to all grantees.

We carried out extensive field visits to the southern and northern Andes (we visited Colombia, Ecuador and Peru, but not Bolivia), the Lower Mekong (Cambodia, Lao PDR, Thailand and Vietnam) and Madagascar, and we reviewed grants made in Melanesia. These hotspots accounted for 64% of the geographic grant portfolio.

Detailed reports on this work, amounting to more than 250 pages, have been shared and discussed with the CSD team: (i) for fact checking and quality control to make sure we had not missed or misunderstood anything significant, and (ii) to provide the grantmaking team with feedback at a more detailed level than would be appropriate for this report to the Board. All of these reports are available to Board members.

## Main Messages

### **Approach**

Protecting biodiversity is and will remain a vitally-important conservation target for the foreseeable future.

CSD's overall strategy and approach are sound. The 2000 Strategy for grantmaking in biodiversity hotspots justified an approach that was already well established and for which the Foundation has become renowned.

The hotspot methodology has influenced priority setting for a range of international conservation programs as a result of its early adoption and consistent use by CSD.

Site-specific grants and portfolios reflect appropriate and well-judged responses to diverse on-the-ground realities and opportunities, given the resources available.

CSD's sustained support for people and institutions, as opposed to short-term projects, differentiates the Foundation from other donors.

### **Deployment**

The CSD team has performed very well and is widely respected within the biodiversity conservation world; however, the considerable time invested in refining internal documents was not always productive and constrained the team's overall effectiveness.

The "spotlight approach" focusing on hotspots once every three years has leveraged the geographic reach of a small staff and proven a good management innovation.

More flexible Research and Development (R&D) grants from 2003 have complemented hotspot grants, but require additional oversight. The desired balance and the relationship between grants for operational work and for research should be articulated more clearly.

Standardized procedures and systems for grant management are lacking and inefficient recordkeeping does not provide useful information on progress to senior management.

Inconsistent documentation and a lack of regular performance assessment elevate the risk that staff turnover could lead to a critical loss of institutional memory.

### **Results**

Grantmaking since 2000 has solidified the Foundation's strong reputation as a long-term supporter of high quality conservation work in important geographic areas.

Capacity building grants to local civil society organizations have helped transform the institutional landscape of conservation in several countries.

In multiple hotspots CSD grants have significantly advanced the innovative and effective engagement of local people and organizations, especially in (a) managing protected areas, (b) conserving marine biodiversity, and (c) enforcing environmental laws.

Major grants to CEPF have complemented and significantly leveraged CSD's impact.

Wisely-selected R&D grants have helped grantees focus on the biodiversity implications of climate change *adaptation* rather than *mitigation*.

CSD has no direct competitors in its niche. Grantmaking exhibits a combination of strengths that few, if any, other international donors can match.

The prospects for biodiversity conservation continue to deteriorate in all hotspots as a variety of threats escalate.

Insufficient attention has been paid either to (a) systematic learning and feedback from the diverse experiences of CSD grantees or (b) reflection on what CSD grants have achieved or contributed to.

### **What next?**

The main thrust of the CSD grants should continue, with future priorities building on the Foundation's areas of excellence and carefully-acquired brand while continuing to prioritize biodiversity hotspots. Clusters of grants around targeted locations or themes have shown potential and should be expanded. A substantially increased emphasis on the analysis and dissemination of lessons from experience should amplify CSD's impact.

Major and urgent threats to biodiversity include the expansion of large infrastructure projects and the illegal trade in wildlife and other natural products, both driven largely by the expanding influence of China and other Asian countries. These factors threaten to undermine the Foundation's investments to date, although the Foundation alone cannot hope to address them.

Within selected hotspots we suggest a gradual shift towards encouraging grantees to study methods and build capacity to increase impacts on decision making at larger spatial scales, including landscapes, seascapes and large river basins. This will require interaction with a wider range of development actors and sectors, possibly using expertise in climate change adaptation as an entry point.

Many organizations have planned or launched climate change programs as significant resources start to flow into this area. We recommend CSD stay focused on explicit links between international biodiversity conservation and climate change adaptation within larger-scale land and water management initiatives.

CSD management should be charged with monitoring, periodically assessing and reporting on the performance of the hotspot and R&D grant portfolios.

## Overview of Grants from 2000 to 2009

The Foundation began making international conservation grants in 1979 and had awarded 2,300 grants totaling about \$500 million by the start of 2000, the first year considered by this evaluation. Formerly known as “Ecosystems, Conservation and Policy”, the name of the program was changed in 2000 to “Conservation and Sustainable Development” (CSD). The first environmental grantmaking strategy “Using Our History to Shape our Future” was prepared in 2000 and CSD is currently developing a new grantmaking strategy. The Foundation’s Global Security and Sustainability program has responsibility for CSD.

Over the decade 2000-2009, the period considered by the evaluation, CSD awarded 560 grants with a total value of \$181 million<sup>1</sup> (Table 1). This represented a decline in the value of grantmaking of about 30% compared to the previous decade. However, the Foundation also awarded 36 General Program grants outside the CSD budget that were related to environmental conservation, amounting to \$46 million; only the smallest of these discretionary grants, totaling less than \$5 million, were managed by CSD.

**Table 1. CSD Grants**

Topic/Theme	Number of grants	Amount (\$ millions)
Geographic hotspots	429	109.4
Critical Ecosystem Partnership Fund	2	37.0
Research and Development:		
- Climate change	40	11.3
- Arizona State University/ACSC	3	5.1
- Other R&D	<u>39</u>	<u>8.5</u>
Total R&D	82	24.9
Unclassified	62	9.7
<b>TOTAL</b>	<b>560</b>	<b>181.0</b>

CSD has focused geographically on biodiversity “hotspots”, a term first articulated by Norman Myers in the 1980s that gives priority to areas with the greatest species diversity, most of which are tropical forests. Hotspots received 60% of the CSD grants during 2000-2009 (Table 2). This is the main focus of CSD grantmaking.

In 2001 the Foundation, the Global Environment Facility, the World Bank and Conservation International (CI) each granted \$25 million to the Critical Ecosystem Partnership Fund (CEPF), managed by CI. CEPF also makes grants in biodiversity hotspots, working through an intermediary NGO in each hotspot, and offered the

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<sup>1</sup> Major grants awarded in early 2010 were also reviewed and our field work continued until May 2010.

opportunity to partner with international agencies with substantial environment and development programs in the hotspot regions. The Foundation granted CEPF a further \$12 million in 2007 and CEPF has so far attracted \$220 million from its other donor partners<sup>2</sup>. The CSD grant budget provided 20% of the CEPF grants with the remainder supported by Foundation general funds.

**Table 2. CSD grantmaking since 2000 by hotspot**

<b>Hotspot Regions</b>	<b>Number of Grants</b>	<b>Amount (\$ millions)</b>
Albertine Rift	49	13.6
Lower Guinean Forest <sup>3</sup>	12	2.3
Madagascar	42	11.4
<i>Total Africa</i>		27.3
Eastern Himalaya	40	13.3
Melanesia	56	14.3
Lower Mekong	44	13.7
<i>Total Asia</i>		41.3
Insular Caribbean	42	10.0
Northern Andes	68	15.0
Southern Andes	76	15.8
<i>Total Latin America &amp; Caribbean</i>		40.8
<b>TOTAL</b>	<b>429</b>	<b>109.4</b>

CSD launched a Research and Development (R&D) grantmaking initiative in 2003 that was not foreseen in the 2000 Strategy. A total of 82 R&D grants have been awarded for \$25 million (Table 1), to complement the hotspot work “with projects that seek to explicitly test and apply ideas and disseminate what has been learned”<sup>4</sup>. The R&D portfolio consists of grants related to climate change (40 grants for \$11 million), \$5 million for the project Advancing Conservation in a Social Context (ACSC) and a further 39 grants for \$8 million in other categories.

A final set, Unclassified Grants, consists of “consolidation” grants awarded through 2003 in either geographic areas (e.g., Mexico and the Philippines) or thematic areas that the Foundation had decided to exit after 2000.

Significant General Program grantees outside CSD included the National Museum of Natural History (\$20 million for the Encyclopedia of Life) and the Energy Foundation (\$12 million in 2005, completing a series of grants since the 1990s totaling \$78 million).

<sup>2</sup> Other CEPF donor partners are the Government of Japan and L'Agence Française de Développement (ARD).

<sup>3</sup> Discontinued in 2004.

<sup>4</sup> From a paper presented to Board of Directors in September 2003.

Total grants to Conservation International, including CEPF, have been about \$60 million since 2000. Three other large international conservation organizations – The Nature Conservancy, WWF and the Wildlife Conservation Society – each received aggregate Foundation grants (i.e., a combination of CSD and General Program grants) of more than \$20 million, while Chicago’s Field Museum received \$10 million.

## Approach

### **Is biodiversity conservation a compelling issue? What are the major challenges?**

Protecting biodiversity is one of the most compelling environmental challenges of the 21<sup>st</sup> century. Biodiversity underpins ecosystems that maintain oxygen in the air, enrich soils, purify fresh water and protect against flood and storm damage. All people depend, directly or indirectly, on natural resources and ecosystem services for food, shelter, energy and medicine, while healthy ecosystems help build resilience to climatic changes. Poorer people in developing countries are disproportionately dependent on natural systems and tend to be the first to suffer as local biodiversity erodes.

Biodiversity continues to lose ground by any measure. During the last decade, most indicators of the state of biodiversity (e.g., species population trends, extinction risk, habitat extent/condition) have shown declines, while pressures on biodiversity (including resource consumption, invasive non-native species, pollution, overexploitation and habitat loss) have increased<sup>5</sup>. Despite some local successes and responses such as the expansion of protected areas and enhanced protection of specific species, biodiversity loss does not appear to be slowing.

The importance to humanity of biodiversity and the ecosystem functions that it supports continue to be confirmed by a succession of authoritative studies: the 2005 Millennium Ecosystem Assessment highlighted the value of ecosystem services, and a forthcoming report on The Economics of Biodiversity argues there has been "a landscape of market failures" because the services of nature have nearly always been provided for free, and so not valued until they were gone<sup>6</sup>. Biodiversity is a political conundrum, however: everyone supports the abstract goal of protecting species and ecosystems, but few political decision makers are willing to push for the trade-offs necessary to achieve the goal.

Biodiversity conservation is one of a class of contentious, socially wrenching policy issues that are becoming increasingly common as world population expands, humans exert a more intensive and extensive effect on the Earth, and demands increase for limited ecological resources (climate change is another). Biodiversity conservation shares key characteristics with these issues: (i) *complexity* – innumerable and confusing options and trade-offs are available to officials and the public; (ii) *polarization* – the issues tend to be divisive because they represent a clash between competing values rather than arguments over facts; (iii) *winners and losers* – some individuals and groups will benefit from each policy choice, others will be harmed, and many of the trade-offs are well known to all participants in the policy debates; (iv) *delayed consequences* – often there is no immediate "fix" and the benefits of painful concessions to earn long-term gains sometimes will not be evident for decades; (v) *international, national, and regional conflict and competition* – priorities at national (or international) levels often differ substantially from those of the local or regional society; and (vi) *ambiguous role for*

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<sup>5</sup> Butchart, S.H.M. et al. [www.sciencexpress.org](http://www.sciencexpress.org), 29 April 2010, pages 1-7.

<sup>6</sup> <http://www.millenniumassessment.org>, <http://www.teebweb.org>

*science* – science is important but usually not pivotal in evaluating policy options because the selection by society of a policy option is inherently driven by values and preferences (i.e., political judgments).

### **Is the CSD Strategy sound?**

The 2000 CSD Strategy focused on the geographic hotspot grants (which have since reached a total of \$109 million). General Program grants (\$46 million) and CEPF (\$37 million) were not anticipated or considered. A separate strategy for R&D (\$25 million) came later.

The strategic choices reflected in the Foundation’s environmental grantmaking have been well reasoned and are defensible, although the desired balance and relationship between supporting operational work versus research has not been clearly articulated. The hotspot approach has been influential in priority setting for other international conservation programs largely as a result of its early adoption and consistent use by the Foundation. No obvious opportunities have been overlooked, although a new strategy is needed to respond to significant recent shifts in threats and opportunities, most connected to the growing economic influence of China and other Asian countries.

The 2000 Strategy, the Foundation’s first for environmental grantmaking, drew on inputs from a panel of renowned experts. The Strategy reaffirmed the rationale for supporting biodiversity conservation with a hotspot focus and existing geographic priorities were sharpened. CSD’s overall goal was expressed as “reducing the loss of terrestrial and aquatic species diversity in key hotspots and wilderness areas by supporting locally appropriate mixes of conservation actions”. This is more a *vision* for the long-term future than a *goal* towards which progress can be assessed. The Strategy does not clearly articulate intended results or outcomes for CSD, although the subsequently-introduced Working Drawings (page 12) attempted to do so for individual hotspots.

A simple but effective ranking system was used to select hotspots for future grantmaking using several criteria: species richness, the urgency of threats, leverage (impact potential), gaps (after considering other donor programs) and fit (consistency with the Foundation’s experience). Long-term engagement to strengthen civil society organizations and universities was emphasized, and the ubiquitous donor model of short-term projects was rejected. The Strategy called for conservation across a broader range of protected area categories that included human uses, complemented by efforts in environmental law, policy and economics. The introduction of “learning portfolios” was expected to identify and disseminate what worked best. Greater efforts were to be made to connect with international agencies that had allocated significant financial resources to biodiversity. Finally, the strategy called for more explicit indicators of progress and more frequent external evaluations of grant clusters. In 2000 these priorities appeared completely appropriate for a flexible philanthropic donor.

In practice, the Strategy represented a convincing post facto justification for an approach that was already well established, focusing on locations and themes where grants could be expected to have the most impact. However, there were some weaknesses. Overall

changes in the conservation world – for example, the range of conservation challenges and approaches as well as the evolving roles played by key actors – are barely mentioned. Statements about goals and targets are vague, and the conclusions and strategy specifics are thin. Some of these concerns were later addressed through newly-introduced Working Drawings – individual grantmaking strategies for each hotspot.

Two years later, a CSD paper to the Board argued that if biodiversity was to be conserved in the hotspots, then “[we must] provide grants to develop new practical approaches to address the changing circumstances [and] exploring such issues is the objective of our R&D grants”. In reality the R&D grants provided a flexible way for CSD to support a variety of attractive and experimental proposals outside the more constrained hotspot portfolios.

A 2005 CSD presentation to the Board specifically identified climate change as the most significant emerging threat to the Foundation’s conservation work and the originally diverse R&D portfolio was reduced to two thematic areas in 2006: climate change and community approaches to conservation. In fact the Foundation had supported broad climate-related work earlier, notably including start-up investments in the Energy Foundation (\$75 million mainly in the 1990s) and World Resources Institute (\$25 million in the 1980s), but climate grants had been discontinued after 2000.

CSD’s climate change strategy adopted in 2006 convincingly identified a range of topics to be explored, all designed to better illuminate the relationships between climate change and CSD’s conservation goals. Notably, it was argued that the conservation world’s almost exclusive focus to that point on climate change *mitigation* (i.e., achieving reductions in greenhouse gas emissions) was less important than a focus on climate change *adaptation* (the responses to increasing climatic variation). In the mid 2000s such a view was considered by many as equivalent to capitulation while now, four years later, it has become conventional wisdom. The far-sighted decision to support grantee capacity building in climate change adaptation has helped moved the Foundation and its grantees to leadership positions on this issue.

It could be argued that CSD should have focused more on trying to create a stronger constituency for biodiversity by building awareness among the general public or particular groups in society. Unfortunately there are few, if any, indications from the conservation world that such efforts have been effective. Changing societal attitudes to strengthen political support for new policies and legislation does seem essential, even if truly promising tools and methods have yet to be identified.

The assumption underlying CSD’s grantmaking strategy is that supporting carefully selected people and organizations within civil society over sustained periods offers the best opportunities to catalyze change in the direction desired by the Foundation. Concurrently, training environmental professionals, strengthening conservation institutions, enhancing legislation and policy, and developing and implementing better protected areas should all have positive impacts and help slow or even reverse, declines

in biodiversity. These were reasonable assumptions, heightened in importance by the fact that very few other donors were making them.

## Deployment

### **How effective has the CSD team been and how well has it been managed within the Foundation?**

The overall performance of the CSD team during the 2000s was strong relative to other comparable programs we have encountered. The program officers have extensive experience in the hotspots they are responsible for and a strong grasp of the regional context and practical realities confronting biodiversity conservation. As a result, they were fully equipped to select grantees and grants based on direct knowledge as well as trusted contacts, and were also able to keep an ear to the ground as implementation proceeded. The team members are well respected by grantees, partners and external observers, and were well led by the CSD Director.

This high level of staff competence has been a key element in a CSD approach that avoided the cost of country or regional representation while working in some very challenging locations and keeping overhead costs to a minimum<sup>7</sup>. The “moving spotlight” approach to grant making – developing new hotspot grant packages every three years (page 12) – has contributed to the effectiveness of the CSD team.

Around 2000 the Foundation’s President declared a goal of “reducing the number of moving parts” within grantmaking operations, to sharpen focus and increase efficiency and effectiveness. Within CSD a moderate reduction and consolidation of geographic scope took place, while smaller grants were discouraged. These two measures contributed to reducing the number of grants awarded during the 2000s from 2,100 to 890 (by 58%). Given the limited human resources and vast geographic scope of CSD, this was a sensible change. While not planned deliberately, the impacts of geographic consolidation and the trend towards larger grants were more than offset by the later investments in CEPF which, with its multidonor support, was able to cover many more hotspots and make grants over a wider size range.

The impressive skills of the CSD program staff do not appear to have been used optimally with respect to the geographic portfolios, their main area of responsibility. The team’s assigned tasks were to develop hotspot strategies (the Working Drawings), to select grantees based on Letters of Inquiry and then to refine packages of grant proposals to the point of approval, a process repeated each three years for each hotspot (each program officer managed three hotspots so this was an annual cycle). The demands of this process were amplified considerably by the frequent need to revise each Working Drawing or grant proposal many times prior to approval, to the extent that program officers were unable to do very much else. While some documents clearly improved through this process, many changes did not improve the quality of the resulting grants.

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<sup>7</sup> The locations of the Foundation’s overseas offices do not coincide with the geographic hotspots.

The additional work reached such a level that it created a perverse incentive for program staff to “game the system”, by finding language that would gain approval without undermining grantmaking effectiveness.

CSD, and possibly the wider Foundation, has a proud tradition of awarding grants to promising people and organizations, then stepping back and allowing grantees to proceed as they see fit. The deliberate decision to invest time in *identifying* rather than *monitoring* grantees has worked reasonably well in the hotspot portfolios, and outstandingly well in the case of some grantees who have risen to prominence in the conservation world. But these grants were given for three years and renewed only if program officers were convinced progress had been made. In contrast, the R&D portfolio and possibly the General Program grants include larger, longer-term grants that experience now shows could have benefited from more intensive oversight and a clearer delineation of the CSD team’s supervision responsibilities, including their authority to intervene when needed.

Our field visits and interviews highlighted some specific areas where increased program officer inputs could have been productive: more substantive discussions with grantees on tactics and progress; facilitating information exchanges between grantees (case studies, workshops and exchange visits are among the most effective means of providing feedback and sharing learning); analysis and dissemination of information on evolving conservation tools and practices; and helping link research outputs with practice.

Looking at the environmental grants as a whole, some anomalies in decision making are apparent. For example, it was a struggle for the Foundation to award \$1.7 million for a strong proposal that complemented CSD’s main thrust, despite very positive peer reviews and a principal investigator with an excellent track record. Subsequently, grants of \$20 million were awarded from General Program funds for a single, somewhat idiosyncratic project that may turn out to be visionary, but had been strongly discouraged by CSD.

An overriding emphasis on the front end of the grant making cycle – i.e., the process of awarding grants – was arguably consistent with a philosophy of not micromanaging grantees. However, it virtually ensured that little or no attention would be given to either systematic learning from CSD’s experiences or reflection on what was actually being achieved as a result of CSD grants. Both of these important areas of work had been recognized, although not spelled out, by the 2000 Strategy.

It appears that neither learning nor performance assessment were considered significant to senior management or the Board. The Board did receive brief explanations on the performance of individual grants that were being proposed for renewal within grant proposal packages and did visit certain hotspots, although the Board apparently did not reject any grant proposal from CSD during the 2000s and did not review any of the Working Drawings.

### **How effective was grant portfolio planning and grant making?**

Since 2000 the grantmaking strategy developed for each hotspot has taken the form of a

Working Drawing that is usually, but not always, updated every three years. These documents generally provide a sound analysis of site-specific conservation issues. Geographic priorities within each hotspot are clearly defined, including key watersheds as well as sites of high biodiversity value. Working Drawings represented a significant advance on what had been a largely intuitive process, by coherently documenting future grantmaking plans, often including new and innovative approaches.

The Working Drawings do have weaknesses: (i) the overall threats facing biodiversity were not consistently distinguished from those threats that CSD grantees had a realistic chance of addressing with the grant resources available; (ii) broader political and economic development issues received little attention even when highly influential; (iii) strong analyses of biodiversity issues within the hotspots did not always lead to clear identification of CSD's niche; (iv) strategies for engaging with other stakeholders and donors were not made explicit, leaving a "go it alone" impression incompatible with the limited resources available; and (v) there are few clear statements of overall expectations or benchmarks against which to assess progress.

The Working Drawings' strategic value was limited by a lack of external consultation during and after preparation. Program officers generally prepared the Working Drawings without broad consultations with experts, stakeholders, grantees or other NGOs (this was less of a constraint in regions where equivalent planning process had recently been undertaken and biodiversity priorities established). None of the Working Drawings were circulated outside the Foundation for review at any stage, so grantees had no opportunity to see where their activities fit within larger strategies. While this mode of preparation was relatively inexpensive, it does not appear optimal. CEPF's comparable Ecosystem Profiles, while a much more costly undertaking with a somewhat different purpose, show the benefits from (a) engaging a wide range of stakeholders in planning and identifying priorities, and (b) circulating a public document so that other organizations can align their plans or, in the case of donors, identify specific areas they wish to support.

Since the 1990s grantees within each hotspot have been chosen in open competition based on Letters of Inquiry, an approach that seems to have worked well. The "spotlight approach" brings CSD back to each hotspot once every three years during a 9-year period, helping program officers build coherent grant portfolios while providing a powerful incentive for grantees seeking further funding to ensure their work with the initial grant has been completed. The spotlight approach has allowed CSD's relatively small staff to develop their complex and far-flung grant portfolios both efficiently and cost-effectively, and has proved a good management innovation.

Although the 2000 Strategy expected the spotlight approach to facilitate periodic portfolio assessments, only a few individual external evaluations were commissioned and assessment has not been integrated with the grant-making cycle, apparently because there were no requests from senior management or the Board for this type of information.

Despite a certain rigidity in the preparation and use of Working Documents, CSD has been notably responsive to changing contexts within the hotspots. Grantees report very

favorably on program officers' willingness to modify or adapt grant-supported projects when needed. Every three years a "refresh" process has updated most, but not all, of the Working Drawings in step with the spotlight focus. While a few of these refreshes provide important new information, their relentlessly forward-looking perspective generally has not included informal assessments of grant portfolio impacts, lessons learned or explanations of how the outcomes of the previous grants had informed future directions. The early Working Drawings did not include benchmarks to help track or assess subsequent progress, while many of the indicators introduced later require data that is difficult to obtain or a baseline that is not available.

### **Are grant information flows and reporting systems optimal?**

Standardized procedures and systems for the documentation of grant management information and records are lacking<sup>8</sup>. Much of the key information on grants resides in the heads of the program officers, who tend to maintain personal grant management systems on spreadsheets. Program officers have individual and varying approaches to keeping records of field trips, correspondence, grantee progress reports, etc., none of which is conducive to building institutional memory. The result is inconsistent and inefficient recordkeeping that does not provide a reliable basis for analyzing or reporting progress. Virtually all performance assessment that goes on takes place informally within the heads of the program staff and is not documented or shared. This risks a significant loss of institutional memory every time a staff member leaves and a replacement comes in, compounded by the lack of formalized or documented learning processes.

The impression we gained is of a largely manual document filing system which is cumbersome and time consuming to access, in some cases requiring documents to be retrieved from remote warehouses. There is virtually no compilation of grant information for management reporting. This is in sharp contrast with other philanthropies and large NGOs we are familiar with (as described on page 27, in 2000 the Foundation had actually awarded a \$5 million grant that proved highly successful in helping Conservation International start to build its own information technology systems).

We hypothesize one reason for this state of affairs is the strong focus on the front end of the grantmaking cycle up to the point of grant disbursement, including ensuring full compliance with legal and financial requirements. As a consequence, there appears to have been little demand from management for systematic information or reporting on individual grant or grantee performance, results or impacts, and virtually no call for either qualitative or quantitative information on the aggregate results being achieved within geographic or thematic grant portfolios. In other words, there were no incentives within the Foundation to develop modern information systems and supporting procedures that would provide systematic insights into the activities and achievements of the grant portfolios.

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<sup>8</sup> Our view of the Foundation's grant management systems is based on the steps needed to fulfill the information needs of this evaluation. We did not look at the Foundation's accounting systems or internal controls for financial transactions and we offer no opinion on these.

If CSD is not unrepresentative within the Foundation and if management and the Board do want to track progress towards achieving expectations, there appears to be a need for a full diagnosis of information technology needs and the introduction of systems that can respond to the reporting needs of both staff and management, once the latter have been identified.

## Results

### **What are the overall achievements and areas of progress?**

This section summarizes our assessment of performance within each major component of the Foundation's environmental grants: (i) the geographic hotspots, represented by four regions sampled by the evaluation, (ii) the investment in CEPF, (iii) the R&D portfolio, and (iv) the General Program grants.

Capturing and communicating overall progress in biodiversity conservation is challenging. While individual grants and grantees can be assessed, there is no single group of metrics to convincingly aggregate performance at any spatial scale above the very local. Simple measures are almost always misleading because data is weak and time scales are often too brief to assess lasting impacts. Information related to species, forest cover or deforestation, wildlife trade, etc., are too coarse grained to be useful in program assessment. The sizes of protected areas are known, but analyzing their effectiveness relative to present and future threats is hard. Qualitative assessments, although frustratingly nonrigorous and nonquantitative, therefore tend to be the most useful, although these need to be securely grounded in a sound appreciation of local contexts that tend to be complex and variable.

For selected hotspots we identified the major changes in conservation since 2000 – the context, institutions, actors, challenges, opportunities, setbacks, breakthroughs – and then assessed the Foundation's contribution to the significant positive developments. Outside the hotspots we reviewed grants on a sample basis to assess the progress made by grantees, the lessons learned and future prospects. A summary of the results is presented below, followed by more detailed analyses for each component of the overall grant portfolio:

#### ***Hotspot Grants***

- The overall prospects for biodiversity conservation continue to deteriorate in all hotspots as a variety of threats escalate. There are only limited signs of broad or politically-influential constituencies for conservation in most countries where CSD operates and many hotspots in Asia and Africa still lack effective protected area systems.

- Site-specific grants and hotspot portfolios reflect appropriate and well-judged responses to diverse on-the-ground realities and opportunities. Grants within each hotspot are reasonably well aligned with the Working Drawings.
- Hotspot grantmaking since 2000 has solidified the Foundation’s already strong reputation as a consistent, long-term supporter of high quality conservation efforts in important geographic areas. The Foundation is a well-established brand in the conservation world and being a grantee gives emerging organizations a valued stamp of approval.
- CSD’s sustained support for people and institutions with the potential to influence biodiversity conservation over the longer term is widely recognized. This differentiates the Foundation from most other donors who tend to focus on short-term projects and to switch priorities more often.
- The capacities and roles of key NGOs and indigenous groups in several countries have been significantly enhanced, helping to transform the institutional landscape of conservation over a decade or more. Critically, some grants have helped sustain conservation efforts during periods of political instability as other donors pulled out.
- CSD has supported protected area engagement with local communities since the 1990s, a critically important but challenging area which has produced few convincing successes anywhere. But grantees working with local communities and other stakeholders have recently made genuine breakthroughs, especially in marine areas, with complementary progress in environmental law, policy and economics.
- The portfolios contain good mixes of international and local grantees. CSD has identified and nurtured promising civil society organizations despite the constraints of the Internal Revenue Service’s 501(c)3 regulations which make it more difficult to award grants to truly local foreign organizations. Some grants have been made to international NGO that have mentored local institutions, which later became direct grantees. Intermediary NGOs may offer additional opportunities to package and disburse smaller grants in future.
- Some hotspot portfolios attempted to “cluster” grants and grantees around particular locations or activities. This worked well in some areas, less well in others where grantees – usually international NGOs – were reluctant to collaborate. Grant clustering appears to offer strong potential for leveraging and synergies and these efforts should continue. Given the scarcity of resources and urgent need to work together and achieve results that are greater than the sum of the parts, cases where grantees either resist or fail to implement collaboration proposed by the Foundation should not be tolerated.
- The diverse plans and activities of Chinese government agencies and businesses are a major growing threat to biodiversity in all hotspots. The increased availability of Chinese funding for large-scale infrastructure projects risks undermining decades of

Foundation investment in conservation in Asia, Africa, and Latin America. Such financing usually results in projects that disregard the environmental and social safeguards adopted by World Bank and bilateral donors (largely as a result of earlier civil society pressure). Worthy efforts by CSD grantees and their partners to mitigate the worst environmental and social impacts by engaging with the financiers of such projects have made only limited progress.

- A shift towards land/seascape-scale conservation has been taken up by some grantees but there are few convincing successes so far and this high priority approach needs rethinking and reinforcing, including more focus on networks and coalitions of both funding partners and grantees.

### ***Other Grants***

- CEPF's results and impacts are significantly complementary and additional to those of CSD and have been favorably reported by two independent evaluations (CEPF's performance is monitored closely by its international agency donors)<sup>9</sup>. Governance problems highlighted by the 2006 evaluation have been corrected. Additional CEPF donor contributions to a total of \$150 million have significantly increased the leverage value of the Foundation's \$37 million investment. While active collaboration between CEPF and CSD have been limited, information flows have improved since CSD recruited both its new Director and Asia Program Officer from CEPF.
- The grants to CEPF have proven an excellent investment by the Foundation. CSD and CEPF have distinct approaches and roles in the conservation world, however; we do not think that one is better than the other, nor do we suggest CSD try to move towards or emulate CEPF. The case for CSD continuing to support CEPF rests largely on the prospect of exerting at least some influence on the programs and policies of its very large donors, especially World Bank and the Global Environment Facility.
- The R&D portfolio has enabled CSD to respond to some important grantmaking opportunities not tied to particular locations. The R&D grants have also helped offset a tendency for CSD to be drawn into a largely operational support role for its long-term grantees within the hotspots. The climate change adaptation and marine conservation grants were generally well chosen, stimulating several grantees to reposition themselves to better address these important emerging areas. Some of the new networks supported are promising and may point towards important future grantmaking opportunities.
- A \$5 million community conservation grant for a study of conservation tradeoffs was not as productive as hoped during the first phase of work, which is due to be completed in 2010. The grantee now faces a considerable challenge to justify continuation of this project.

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<sup>9</sup> The 2006 independent evaluation of CEPF was also conducted by Michael Wells & Associates.

- Despite the title, the R&D grants have mainly supported network establishment, communications and applied studies rather than scientific research. While many grants are still incomplete, the benefits seem likely to be variable. CSD’s role in managing these grants could have been better defined and more effective, as some grants would have benefited from mid-course correction as well as more explicit linkages with site-based grants.
- CSD has yet to clearly articulate either its expectations or role with respect to the R&D grants, including how deeply to engage with grantees on implementation, specification of outputs and dissemination of results. Linking research to better practice is a clear priority for grantees as well as the conservation and development practitioner communities. But the complex challenge of using new knowledge to encourage better management and policies, or even building on knowledge being generated by site based grantees, highlights the lack of a systematic learning process within CSD.
- The General Program grants related to environment but awarded outside CSD are an eclectic mix, including some very productive institutional development grants that clearly complement CSD grantmaking and one large investment that does not seem to fit any particular strategy.

### **What has been achieved within specific grant portfolios?**

#### *Andes*<sup>10</sup>

The steep slopes, deep canyons and isolated valleys of the Andes mountain range have led to the evolution of an amazing diversity of microhabitats and species. The Foundation became the first international organization to invest in biodiversity in the Andes in 1989 and has awarded 144 grants totaling \$31 million in the region since 2000. CSD’s most important achievement has been to help develop and build the influence of a highly professional cadre of local NGOs where virtually none had existed previously, notably the Peruvian Society for Environmental Law, ECOLEX in Ecuador and Fundación Natura in Colombia. These organizations have carried out invaluable and innovative conservation work over the past decade, and are highly respected conservation leaders in their countries.

Civil society grantees in the Andes have used their enhanced technical expertise, leadership capacity and community organization skills to give local actors a much stronger voice in decisions affecting their lands and livelihoods, all closely linked to biodiversity conservation. The results have included more equitable interactions between indigenous groups, government policymakers and oil companies; enhanced citizen involvement in environmental enforcement and litigation; and the development of a

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<sup>10</sup> CSD considers the Northern (Colombia and Ecuador) and Southern Andes (Peru and Bolivia) to be two separate hotspots. The evaluation team assessed grantmaking in both.

broader constituency to monitor protected areas as well as the social and environmental impacts of rural infrastructure development. CSD grantees played key roles in these efforts. For example, citizen action in Peru prevented the opening of Bahuaja-Sonene National Park to oil and gas exploitation, while Colombian organizations overturned a controversial law favoring logging companies that violated indigenous peoples' rights.

Both the number and effectiveness of protected areas in the Andes have increased dramatically during the last two decades. Grantees have played substantive roles in preparing and then supporting protected areas that are increasingly managed under innovative arrangements delegating authority to NGOs, communities and indigenous groups. Areas established with CSD support include the Cordillera Azul National Park (Peru's third largest protected area), the Serranía de los Churumbelos and the Doña Juana-Cascabel National Parks in Colombia, as well as a Regional System of Protected Areas in Colombia's Coffee Region (now a national model).

Grants have also promoted conservation by helping indigenous and afro-descendant communities secure land and resource tenure over their ancestral territories – the Alto Fragua-Indiwasi National Park was the first indigenous-designed and managed protected area in Colombia; the Alto Orito Medicinal Plants Sanctuary established a new category of protected area aimed at protecting plants of high cultural value to indigenous communities; the Megantoni National Sanctuary and the Machiguenga Communal Reserve allowed the Machiguenga Indians and local peasant communities to develop the foundation for community-based management of these areas. In Ecuador, CSD's long term support has allowed the Cofan Nation to better manage and protect the 450,000 hectares-territory directly under their responsibility; Cofan park guards have defended their land against illicit logging, coca growing and petroleum workers intent on illegal exploration.

More recently, grantees have helped shift the conservation emphasis towards corridors and landscapes that link protected areas with agriculture, forestry and other land uses. Viable alternative livelihoods for local communities are critical to this transition and grantees are leading the exploration of potential new markets for "green" coffee and cacao, certified wood and ecotourism. A variety of climate change grants have allowed grantees to start assessing impacts on biodiversity in the Andes and building the capacity of local institutions to work on adaptation, including the development of tools to manage protected areas under a range of climate change scenarios.

Grantees have helped strengthen the capacity of municipalities and regional authorities newly responsible for managing natural resources under decentralized governance. Colombia's Fundación Natura assisted local authorities develop technical capacity after the Environment Ministry repealed a ban on the harvest of oak forests; in Peru SPDA trained national, regional and municipal institutions to use legal tools and regulatory instruments for the creation of protected areas; and Ecuador's Grupo Randi Randi helped build capacity in two municipal governments responsible for managing El Angel Ecological Reserve and Las Golondrinas Forest Reserve.

Grantees have also shaped national conservation strategies and legislation. The NGO ECOLEX helped develop Ecuador's environmental legislation, widely recognized as among the most innovative in the world, and has pioneered citizen-led environmental litigation by winning 18 successive court cases. Although environmental legislation in the Andean countries is now relatively strong, a range of massive infrastructure projects (primarily roads and dams) as well as expanding oil, gas and minerals exploration are all likely to threaten many ecologically-valuable areas and test the legal strength of protected areas during the next few years. A coalition of NGOs supported by CSD are analyzing the massive social and environmental impacts expected from the Initiative for the Integration of the Regional Infrastructure of South America (IIRSA). IIRSA aims to connect all the South American countries by integrating transportation, energy, and telecommunications to promote economic development and reduce poverty.

The Andean grant portfolios are well balanced, highly regarded throughout the region's civil society and research communities, and appear to be making very effective use of relatively modest resources. A 2005 refresh, i.e., revision, of CSD's Working Drawing was supported by a useful outside evaluation of the Southern Andes grant portfolio. Now, however, new strategies and tactics are required to address emerging threats in the region, mainly from massive infrastructure projects with financing that is not tied to environmental safeguards.

### ***Lower Mekong***

Originating in China and flowing through Cambodia, Lao PDR (Laos), Myanmar, Thailand and Vietnam, the Mekong river has the world's largest freshwater fishery and directly supports the livelihoods of more than 20 million people. The river basin is dominated politically and economically by China, which has begun damming the Mekong's upper reaches and is the source of much of the demand for natural resources that is intensively pressuring the wildlife and forests of the entire river basin.

A 2007 Oxfam report argued that "the ability of natural resources to continue to support poor peoples' livelihoods in the Mekong is at crisis point. Forests and rivers are in a state of rapid ecological decline caused by human over-exploitation"<sup>11</sup>. The three countries targeted by CSD – Cambodia, Laos and Vietnam – are aggressively promoting faster growth with little regard for the social and environmental consequences, aided by financing from China. Civil society organizations are emerging in Cambodia, barely exist in Vietnam, and are nonexistent in Laos. The large international conservation NGOs are barely tolerated in Laos and Vietnam.

CSD's strategy in the Lower Mekong has been to help establish a network of protected areas in large conservation landscapes, with 2003 plans calling for a "corridor conservation process" that has proved hard to communicate or realize. A total of 45 grants amounting to \$14 million have focused mainly on the Central Annamite Mountains in Vietnam and the contiguous dry forests of Cambodia and the wetlands of

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<sup>11</sup> While Asian Development Bank described Laos and Cambodia as "\$1/day economies needing \$5/day", Oxfam estimated the value of Mekong ecosystem services as \$30 per person/day.

the Mekong Delta, a somewhat smaller area than originally targeted in 2003. CEPF's complementary grants program targets the limestone karst forests of northern Vietnam and the basin's riverine ecosystems. The huge and highly damaging illegal wildlife trade, largely but not exclusively driven by demand from China, has generally not been targeted. This decision should be revisited at the next opportunity, although we recognize this is not an area for easy gains.

WCS, WWF and CSD's other long-term international NGO grantees in the region are generally led by vastly experienced and impressive staff who are making solid strategic choices in an adverse environment, constantly pushing at the edge of what is acceptable to the host governments and patiently shepherding some notable conservation advances through opaque government bureaucracies. With few realistic alternatives, CSD has taken the innovative step of supporting national and provincial governmental agencies in both Cambodia and Vietnam, to help build capacity and to propel research and legislation in conservation. Some useful alliances have been encouraged, including those between government authorities, universities and international NGOs. Conservation-related training of current and future government officials is proceeding through a variety of institutions in all three countries.

Grantees in Vietnam contributed to the revision of forest laws to favor increased community participation while forest agencies in three provinces used grants to develop protected area co-management arrangements with local leaders. This has real potential to help introduce more effective management to the many "paper parks" in Vietnam, where the government's readiness to replicate local successes is evident (as illustrated by national REDD efforts<sup>12</sup>). In Cambodia, grants to Community Forestry International set up a program enabling 87 communities to develop their own forest plans. Some impressive piloting of payments for ecosystem services has been supported in both Cambodia and Vietnam. In Laos some long-term efforts at key protected area sites has shown gradual progress, while work with local fish conservation zones along the Mekong offers scaling-up potential.

Institutional capacities of government agencies and universities on environmental topics have increased with support from grantees, even though conservation issues are simply not a policy priority in all three countries compared to economic development. Overall progress towards effectively-managed protected area networks has undoubtedly been slower than anticipated, despite some high quality field work by individual grantees over a decade or more. Functional protected area networks do not appear achievable within the near future. One bright spot is the interest shown by some government agencies in climate change adaptation, giving CSD grantees an opportunity to engage in reasonably high-level discussions of their recent climate change vulnerability assessments.

Growing, and now imminent, threats of multiple hydropower dam construction on the main Mekong River represent a massive threat to both biodiversity and local livelihoods. The recent availability of Chinese funding unconstrained by social or environmental

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<sup>12</sup> REDD = Reduced Emissions from Deforestation and Forest Degradation in developing countries.

safeguards threatens to rapidly change the face of conservation in the region. These dams are likely to have a huge impact on rice production and freshwater fisheries throughout the basin and to disrupt farming in the Mekong delta, all compounded by the impacts of climate change. CSD's international NGO partners are now exploring ways to identify and initiate dialogues with funding sources within China, to at least start a dialogue on mitigating the worst environmental and social effects of dam construction. It is increasingly evident that more effective engagement at regional and transboundary levels will be needed if dam construction is not to undermine many of the biodiversity conservation investments made so far. Worthy and patient grantee efforts on a variety of fronts to develop partnerships with the regionally-influential Asian Development Bank as well as the Mekong River Commission have so far met disappointing responses from institutions loathe to appear critical of China.

Achieving tangible advances in the Mekong has been a long, hard haul with many reverses. Specific grants have been made to identify, analyze and disseminate the lessons learned from the Lower Mekong portfolio, but progress has been limited, possibly because grantees are apprehensive about broadcasting how slow progress has been. Despite the many barriers, however, there is so much at stake in this region that a very long-term view of grantmaking does seem justified.

### *Madagascar*

Madagascar's unparalleled terrestrial and marine biodiversity is acutely threatened by illegal logging, agricultural encroachment, fuelwood needs, overfishing and uncontrolled mineral exploitation. These threats are both attributable to and compounded by extreme poverty, a rapidly increasing population, chronic corruption and unstable governance, all combining to provide an extremely challenging grantmaking context.

National political events have dramatically impacted conservation during the last decade. President Ravalomanana energized the entire global conservation world with his 2003 "Durban Vision" call for an unprecedented expansion of protected area coverage from three to ten percent of national territory, following effective work by CI and others with support from CEPF. Unfortunately this positive development was comprehensively reversed by a 2009 coup d'état which unleashed widespread lawlessness, including large-scale illegal exploitation and export of timber and other natural resources from key protected areas as government functions virtually collapsed.

Among the very earliest foreign donors in 1986, the Foundation's first grants had supported scientific research, training and what at that time was a highly innovative approach to promoting community livelihood opportunities in buffer zones around protected areas. Foundation support scaled down in the 1990s, but then CSD awarded 42 grants totaling \$12 million in a 2003 pre Working Drawing package and two grant rounds in 2004 and 2007 (to be followed by a post-evaluation round in 2010).

An embryonic national NGO sector in the 1990s now plays an active role in site-based conservation, research and policy development. Six Malagasy<sup>13</sup> NGOs supported by CSD grants are now well established, together with several others that have received funding through CEPF, and two universities have developed the basic capacities to undertake biodiversity degree education and research, including student work assignments with grantees. Effective and repeated CSD grants to these local organizations were judiciously complemented with practitioner training support provided by a consortium of the American Museum of Natural History, CI and WCS for a national Network of Conservation Educators and Practitioners, as well as field research supported by the Missouri Botanical Garden and the Field Museum and development of the important REBIOMA database by UC Berkeley. With CSD support, climate change vulnerability assessments have been conducted, helping to stimulate considerable local demand for further information and training on practical implications for climate change adaptation.

Since 1990 a series of large international loans and grants from development agencies to the Malagasy government for environmental management and protected areas have had disappointing results. At a tiny fraction of this cost during the same period, the Foundation has catalyzed some real progress in civil society while helping supply a stream of trained people to both national and international NGOs and government. While there were no trained Malagasy biologists 20 years ago, a generation of local scientists and conservationists originating from or trained by CSD grantees are now in senior positions in government, NGOs and educational and research centers.

Since 2000 CSD has identified and demonstrated important progress in the unique niche of seascapes, supporting work in three high-priority marine areas together with adjacent terrestrial coastal zones. At two of the three sites the result has been cutting-edge community engagement in protected area management, local institution building, linking alternative livelihoods with local traditions and engaging villagers in ecological and social monitoring. The local adoption and expansion of no-take zones has been particularly impressive using approaches that offer promise elsewhere, despite the inability of key grantees to collaborate at one of the sites. At the third site, however, our field visit showed that the work has been ineffective largely due to a lack of oversight by the grantee.

In a remarkable case of leverage, a \$500,000 grant to the Madagascar Biodiversity Fund, helped to seed what has become a \$34 million endowment with a further \$19 million pledged. Separately Makira/Masoala, a key forested conservation area, had attracted a potential \$9 million carbon offset agreement, although this has recently been jeopardized by the surge in illegal logging.

While the coup and related events have been a significant setback for conservation, most of the CSD partners have been able to continue their local activities and there are signs that many community-level conservation initiatives are surviving. Paradoxically, the political crisis may have strengthened civil society in Madagascar even as it led to turmoil in the nation's capital and severe ecological damage in certain areas. Without the

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<sup>13</sup> Malagasy (“Malagash”) is the name of the people and the national language in Madagascar.

benefits of CSD's support for civil society organizations, it seems questionable whether any functioning conservation programs would be left at all. The critical importance of CSD's grantees was further highlighted when many international donors, including USAID, withdrew in response to the coup.

The prospects for biodiversity conservation in Madagascar are probably worse than they were 10 years ago. But there have been important gains and the Foundation has played a key role in supporting these gains. The Madagascar portfolio is addressing some of the most complex issues in conservation and sustainable development, with considerable potential for contributing to global conservation knowledge and practice, largely based on consistent, long-term investment in promising organizations and people.

### *Melanesia*<sup>14</sup>

Melanesia is a vast area stretching from the Indonesia province of Papua in the west to Fiji in the east. It includes 1,600 islands surrounded by the world's most diverse coral reefs and largest unbroken stretches of mangroves. The 6 million population speaking over 1,000 languages is highly dependent on marine resources, many of which are being overexploited. Weak natural resource management by unstable governments throughout the region is to some extent offset by strong local clan-based tenure systems.

Following a few grants during the 1990s, CSD launched a marine program in 2000 in partnership with the Packard Foundation. Experience had shown that marine protected areas as implemented elsewhere would be fiercely resisted as an imposition from outside. In response, following extensive local consultations, CSD developed a Locally Managed Marine Area (LMMA) grant portfolio within a larger Melanesia grantmaking strategy. This incorporated a pioneering and impressive "Learning Framework Approach" designed by the Foundation's then program officer to identify and disseminate lessons from the grants.

The LMMA approach features a network of marine conservation efforts firmly rooted in local communities who develop and implement their own management plans, usually involving catch limits, no-take zones and improved fishing gear. CSD grantmaking also targeted the achievement of more sustainable fisheries for the aquarium fish trade, a significant threat to some coral reef ecosystems. Three grant cycles through 2009 included 47 grants totaling \$13 million (a fourth cycle was approved in March 2010). The Packard Foundation has invested about \$21 million in complementary grants since 2001 including support for a regional coordinator who has helped monitor the CSD grants.

While the strategy anticipated starting at 10-30 sites, the popularity of the LMMA concept far exceeded all expectations and there may already be as many as 600 LMMAs in Melanesia and neighboring island nations. The reasons for this extraordinary takeoff and replication across such a vast area within such politically and culturally diverse societies are still being debated. But the paradigm for marine conservation in the region has now been shifted towards locally-driven approaches. NGO and academic grantees

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<sup>14</sup> Mainly focused on the Locally Managed Marine Area (LMMA) grant portfolio.

and their governments have recognized the effectiveness of local management and begun delegating authority to local bodies. Thousands of community members have started to use newly-acquired outreach, negotiation, networking and communications skills to manage their marine resources. Conversely, the aquarium fish trade initiative launched at the same time made little progress in understanding or engaging with the unexpectedly complex links in the retail supply chain, and was dropped.

Community monitoring in the LMMA areas has reported reductions in destructive fishing practices, increases in live coral and fish biomass and sightings of rare species, as well as increased food security and other well-being indicators. Scientific studies of the ecological effects of catch limits and no-take zones have yet to confirm these results or reach firm conclusions on tangible local benefits that would account for the phenomenal LMMA uptake in the region. It seems plausible that social and psychological benefits such as increased confidence and self-reliance, gains in recognition and respect for traditional knowledge and social diversity, establishment of trust, sense of pride and prospects for having local voices heard at the policy level have all played a role.

Central and local governments have legally recognized some LMMAs and national coordinating bodies, and the Fijian LMMAs have received government budgets. LMMA coordinating bodies in Papua New Guinea and Indonesia's Papua province have been established as NGOs and became CSD grantees in 2010. A conservation endowment for LMMAs has been established for the Arnavon Islands in the Solomons. The very large multi-country Coral Triangle Initiative is studying the LMMAs for relevant lessons to be incorporated in its own programming.

Not surprisingly, the unexpected and degree of success of the LMMA concept has overtaxed the institutional resources of the grantees struggling to provide advisory support. This has had a detrimental effect on monitoring and learning plans, although national LMMA networks are facilitating peer-to-peer learning and sharing best practices while university students are working with communities in a two-way learning process in Fiji and Papua. Limitations in learning and exchange of experience at the regional level and in the scientific monitoring of conservation and social impacts, are being addressed through 2010 CSD grants by moving from informal network coordination arrangements to creation and reinforcement of a network secretariat at the University of the South Pacific in Fiji.

## ***Research and Development***

### *Climate Change*

Climate "vulnerability assessments" were supported and recently completed in all eight of the hotspots. While it is not yet clear how these study findings could or should be reflected in future hotspot grantmaking, a key impact has been to build climate change adaptation expertise among the grantees conducting the studies, some of whom have already started to engage more effectively with government agencies to discuss their findings.

A second group of grants explored climate change impacts on biodiversity, especially marine ecosystems and coral reefs. Many of the studies launched will require several years of data collection before useful results can be expected. Most of the grantees are NGOs rather than academic or scientific institutions (although the latter are involved in some of the research). While most of these grants appear interesting and coherent, they are mainly exploratory. Monitoring their diverse impacts and lessons will be challenging and a concerted effort will be required to assess what the grantees are likely to find and how the result will affect either what the Foundation or its grantees does in the future.

A final group of grants for conservation “technology, tools and interventions” includes excellent grants to UC Berkeley and WCS for the REBIOMA data system in Madagascar (see page 21) and \$1.8 million to the Carnegie Institution to support Greg Asner’s use of remote sensing to detect forest types and conditions. Asner’s work is widely heralded as a game changer. Reviewers are convinced this state-of-the art science has immediate major applications in land use and biodiversity conservation across tropical ecosystems worldwide, and our team concurs.

Some of the networks supported by CSD show considerable promise, notably Forest Trends, led by a former program officer, which the Foundation has supported since its startup in 1999. This NGO has grown impressively in size and influence both within and beyond the forest sector and is establishing new models in how to create and nurture global networks promoting economic markets for ecosystem services.

At a much earlier stage of development, the Ecosystems and Livelihoods Adaptation Network (ELAN) due to launch in late 2010 has strong potential to become a key information source for climate change adaptation practitioners. Financed by CSD grants of \$1 million each to two organizations in 2008, ELAN was slow to start due to the grantees’ initial reluctance to work together. Notably, both grantees have recently concluded it will be critical to actively engage more development-oriented actors (including NGOs, international agencies and eventually government departments) rather than their usual constituents and partners from the conservation world.

### *Community Conservation*

With any large, complex grant program there will always be some grantees that present challenges. With CSD, the major challenge is a project that made an extensive effort to provide useful lessons and guidance for practitioners, and for three years of consultations led to a 2006 grant of \$4.2 million. The project was given a 9-month no-cost extension to September 2010 and many final products were not available for review during the evaluation. The project is now seeking a follow-up grant from CSD for a dissemination and outreach phase. Unfortunately, after a promising start as a central pillar of the R&D portfolio this grant has significantly underperformed<sup>15</sup>.

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<sup>15</sup> A review of the grant for this evaluation by Dr. Kathy MacKinnon, a highly experienced biologist and conservationist, has been shared with CSD.

The project has studied trade-offs between conservation and development goals, with the expectation that the insights gained would contribute to the design and implementation of more successful conservation projects. While networks have been established and field projects supported (the most promising of which is in Peru), there has been an absence of convincing outputs and it has proven hard to obtain a clear understanding of the questions being addressed, the analytical framework developed and the likely final results. The original intention of influencing academia, conservation practitioners, policymakers and donors shows little signs of being met by what has become largely an academic project with limited practical application. The CSD Director at the time initially supported this grant with well-justified enthusiasm, but was discouraged by the grantee from being directly involved and did not feel able to intervene as the project gradually lost its way.

### ***Critical Ecosystem Partnership Fund***

CEPF is managed as a semi-autonomous unit within CI, supervised by a Donor Council and supported by a CEPF Working Group comprising CEPF management and technical staff from the donor partners, including the Foundation. CEPF selects an NGO to form a Regional Implementation Team (RIT) in each active hotspot, to represent the program and manage grant making, while CI provides a variety of coordination, scientific and administrative services at both headquarters and field levels. CEPF is currently active in 11 hotspots, with 6 more under consideration (CSD is active in 8 hotspots, 5 of which overlap with CEPF).

Our team knows CEPF well from a 2006 evaluation of the program. For this CSD evaluation we interviewed CEPF RITs in the Andes, Madagascar and the Lower Mekong, reviewed relevant reports and interviewed CEPF's headquarters staff and management and CI management.

The 2006 independent evaluation of CEPF reported as follows:

- The Ecosystem Profile planning process that guides grantmaking improved significantly after a variable start, with strong scientific support from CI.  
*2010 update:* Recent Profiles based on broad stakeholder consultations have included thorough analyses of threats and opportunities, ecological baselines and clear directions for grantmaking. Some Profiles have been used successfully to encourage and then coordinate local donor investments, e.g., in the Caribbean.
- Hotspot grant portfolios were aligned with the priorities set out in the Ecosystem Profiles. Most hotspot portfolios were well integrated and of significant strategic value for biodiversity conservation.
- The RITs are a key strength of CEPF. With support from the CEPF Grant Directors (equivalent to Foundation program officers), the RITs have been particularly effective in linking grassroots activities, larger projects, policy initiatives, sustainable financing and other key elements of conservation portfolios.

*2010 update:* NGOs acting as RITs are no longer eligible for grants within the same hotspot. New RIT terms of reference should ensure greater consistency in their roles.

- CEPF had not regularly assessed or reported progress at hotspot levels, and more attention needed to be given to lessons.  
*2010 update:* CEPF has a performance monitoring manual and is piloting several new monitoring tools. Mid-term and final assessments are now standard in all hotspots. Grant Directors are preparing papers on lessons learned.
- CI's dual role as manager of the grants program and as a potential grantee represented a conflict of interest. There was considerable pressure on CEPF staff to support CI proposals during the first few years of CEPF when CI was awarded about half of all grants and the majority of country portfolios were managed by local CI offices.  
*2010 update:* More stringent rules were established by the donors, grants to CI have become much less significant and a variety of other NGOs have become RITs.
- The anticipation of increased influence over the policies or programs of World Bank and the GEF proved optimistic.  
*2010 update:* Although staff of both agencies still perceive CEPF as a CI program, CEPF has engaged with World Bank country programs in several hotspots.
- CEPF is an innovative model filling a unique niche in international biodiversity conservation that is being implemented by a very professional global team plus partners who have made excellent early progress towards their long-term goals.

A further CEPF evaluation in 2010 reviewed global impacts without site visits and was highly complimentary of CEPF, describing it as one of the world's most important conservation programs. This evaluation advocated a rapid expansion of CEPF and argued that the Ecosystem Profiles were "unparalleled" and worth replicating in as many areas as possible even if there were only limited funds available for follow-up grantmaking. While we found the discussion worthwhile and agree with the general direction of these findings, we would not go as far.

There are some important distinctions between the CEPF grantmaking model and CSD's own approach: (a) while the RITs are well positioned to know the local context and actors, they are sometimes perceived as biased for or against certain grantees. An external person – e.g., a program officer from Chicago – tends to be regarded as more objective; (b) both the Ecosystem Profile and the RIT establishment and management involve significant costs, and there are institutional sustainability issues to be considered (i.e., for how long should the RIT role continue?); (c) CEPF has a much larger staff and access to sophisticated information systems; and (d) while CSD's longer-term focus on institutional building has demonstrated important advantages, the CEPF hotspot commitments are for five years and continue to be limited by a donor agency fixation with completion dates and exit strategies that are not consistent with the practical reality of biodiversity conservation.

CEPF provides an important complement to CSD's own direct hotspot grantmaking. Additional CEPF donor contributions to a total of \$220 million have significantly increased the leverage value of the Foundation's \$37 million investment. While active collaboration with CSD has been limited, information flows have improved since CSD recruited both its new Director and Asia Program Officer from CEPF.

CSD and CEPF have distinct approaches and roles in the conservation world; we do not think that one is better than the other, nor do we suggest CSD try to move towards or emulate CEPF. The grants to CEPF have proven an excellent investment by the Foundation. The case for continuation rests largely on the prospect of exerting some influence on the programs and policies of its very large donors, especially World Bank and the Global Environment Facility.

### ***General Program Grants***

The General Program grants managed outside CSD were not a major focus for the evaluation, although their magnitude makes them relevant to an assessment of the Foundation's overall environmental grantmaking. We understand that some of these grants responded to the availability of funds at relatively short notice during periods of strong investment performance by the Foundation's endowment. The Foundation has not actively managed or monitored the General Program grants.

Almost \$32 million of the \$46 million total was awarded to two grantees. Since 2006 the National Museum of Natural History, representing a partnership of prestigious US and international scientific institutions, has received \$20 million for the Encyclopedia of Life (EoL). This project aims to create an accessible online reference source and database for each of the 1.8 million known species. The concept arose from a suggestion by Prof. E.O. Wilson in response to the Foundation's 'New Ideas' process inviting suggestions from 100 leading thinkers.

A further \$12 million was awarded to the Energy Foundation in 2005, as the final part of an overall \$78 million investment initiated during the 1990s. The Energy Foundation seeks to advance energy efficiency and renewable energy in the USA and China with a \$100 million annual budget and a range of donor partners. While we have not assessed this grantee separately, this appears an important investment, perhaps comparable to the Foundation's start-up grants in the 1980s to the now highly-respected and influential World Resources Institute. Given the magnitude of the amounts involved, it is surprising there was no separate evaluation of these Energy Foundation grants.

The two next largest General Program grants, each for \$5 million, were more consistent with CSD's biodiversity interests. Chicago's Field Museum used their 2006 grant to hire new staff and – drawing on additional and complementary CSD grants totaling \$4 million since 2000 – launch an innovative and convincing conservation program. This excellent investment by the Foundation built on the Museum's initial CSD grant to pioneer Rapid Biological Inventories – an approach to quickly collect and interpret the biological information necessary to catalyze conservation action. These grants together helped the

grantee identify and fill an impressive conservation niche for museums that is distinct from that of university researchers or international NGOs. While the Field Museum has subsequently received larger grants from other sources, almost all of their conservation work began with flexible Foundation grants that represented investments in the institution and its people as much as specific projects.

Conservation International received \$5 million for management systems development in 2000, a period when their field offices were rapidly expanding. Existing systems were very basic and there was an acute need for more access to information. The MacArthur grant brought five CI country offices online and helped create the standards and backbone of a structure that has since evolved into one of the most impressive IT systems in the conservation world. This provides an interesting contrast with the MacArthur Foundation's own grant information systems which appear cumbersome and dated.

### **Where is the Foundation adding value compared to other donors?**

The main donors for global biodiversity conservation are private foundations and, on a much larger scale, a range of institutions almost entirely financed by North American and Western European governments: the Global Environment Facility (GEF), the World Bank and the regional development banks, plus USAID and other bilateral development agencies. Quantifying their various contributions is hard due to inconsistent reporting, although GEF alone has spent \$4 billion on biodiversity in developing countries since 1992. Almost all of the funds provided by the multilateral agencies flow through host governments to support short-term projects, most of which are narrowly constrained to fit specific donor guidelines. Decisions on where to focus funding are based more on political than ecological criteria.

The effectiveness of the multilateral agencies' biodiversity projects has been limited by inherent weaknesses that are well known but hard to avoid within the constraints of large bureaucracies. Most disappointing, there is little sign that the agencies' environmental efforts have been "mainstreamed" internally by having a significant impact on their own much larger economic development and policy-making operations. In such a context, almost everything CSD has done in biodiversity has added value to the agencies' biodiversity conservation efforts.

We know of no other foundation that has adopted CSD's sustained global grantmaking for emerging civil society organizations, although the Gordon and Betty Moore Foundation and the Packard Foundation are significant supporters of biodiversity conservation and the Margaret A. Cargill Foundation may become one. These are the foundations we are most familiar with; others support biodiversity in different ways, as do some large corporations, but CSD has no direct "competitors" in its niche.

CSD grants add value compared to other donors in several specific ways:

- The Foundation has consistently supported site-specific conservation in the highest-priority ecological areas on a global scale, using widely-accepted scientific criteria and only shifting targets carefully and gradually.
- CSD has supported innovative approaches with considerable success in terms of their subsequent uptake and popularity (e.g., trust funds, debt swaps, community-based conservation, payments for ecosystem services and even the term “biodiversity” itself). But the Foundation has avoided a common donor tendency of overcommitting to and then abandoning tools when quick results were not forthcoming.
- The Foundation’s readiness to support organizations’ core running costs has been key to building up institutions. Very few donors have been prepared to do this, especially in developing countries, leaving most organizations constantly struggling to meet staff salaries from project overheads and often needing to switch direction towards donors’ latest funding preferences.

There are many examples of CSD’s unique added value and some have been described in our hotspot reviews above. Even prior to the 2000 Strategy, CSD was the first to invest in the start-up of the now successful and influential organizations: SOS Mata Atlantica in Brazil, InBio in Costa Rica, ProNaturaleza in Peru and Conservation International in the USA. CSD provided seed money for Bhutan’s national conservation trust fund, the world’s first (there are now more than 50). In Papua New Guinea CSD has supported legal initiatives by national NGOs that challenge powerful commercial and political interests. The Foundation has also sponsored important work across political frontiers, notably highly-sensitive China-India meetings on cooperation in the Eastern Himalayas, and NGO-government negotiations on La Amistad biosphere reserve in Costa Rica and Panama.

### **How effectively have grants and influence been leveraged?**

The Foundation’s prestige has helped grantees attract other donors. Over 60 percent of our survey respondents reported that CSD grants had enabled them to raise additional funds and significantly expand their activities. This benefit has been especially valuable for small local NGO grantees not previously visible to the donor community.

CSD has not explicitly attempted to capitalize on or leverage its fine reputation, for example, by directly taking positions on issues, promoting policies or trying to influence institutions. Most development country government departments and large international agencies working on environmental issues seem largely unaware of the Foundation. The choice to adopt a low profile may be wise, but it seems important to be aware that people in this field *will* listen to and be guided by the MacArthur Foundation. Influence can be exerted without being overtly political, for example by producing and disseminating publications on lessons learned or on timely topics addressed by workshops or expert groups convened by CSD.

CEPF is an outstanding example of both financial and institutional leverage (page 25). Beyond CEPF, cooperative relationships with official agencies or other foundations were not prioritized during the 2000s, although collaboration with the Packard Foundation in Melanesia, the Gordon and Betty Moore Foundation in the Andes and the McKnight Foundation in the Lower Mekong has demonstrated the potential for synergies and leverage among like-minded donors.

There is little sign of CSD having achieved any leverage through working with other Foundation grantmaking programs. While there have been some geographic barriers – e.g., the Foundation offices outside the USA are not in biodiversity hotspots – such internal collaboration does not appear to have been a priority for management and there have been no internal incentives to encourage this. Population and environment grants had been managed jointly until about 2000 when population was separated. There are clearly substantive overlaps between population and biodiversity, and the fact that professionals from these two fields have not collaborated very much so far should not be a barrier to doing so in the future. The potential synergies appear significant. Within CSD some consideration has been given to human rights in the Andes, another area for potential collaboration within the Foundation.

### **How well has the Foundation analyzed and reported its own progress?**

During the 1980s and 90s the Foundation deliberately made little or no attempt to monitor the progress or impacts of its conservation grants or grantees. Program officers invested considerable time in selecting people and organizations they had confidence in, made the grants and then moved on; three years later, if a follow-up grant was requested, progress to date would be discussed. This was based on a view that limited resources would be better spent identifying new opportunities rather than second-guessing grantees' judgment and decision making. Grant monitoring was, and to some extent still is, perceived as undesirable micromanagement, and staff have not been provided with clear guidelines.

Since 2000 individual CSD grants have been monitored to some extent by the program officers. CSD has gathered progress reports prepared by grantees seeking grant renewals and a handful of local evaluations were commissioned. Our interviews and survey responses actually show that many grantees are doing a solid job of selecting and using indicators to monitor their own progress. This is largely because (a) they were also receiving support from other donors with more rigorous monitoring and reporting requirements, and (b) the larger NGOs now have their own internal monitoring and reporting requirements that individual projects must satisfy, independent of the donor.

So far CSD has given little attention to analyzing the performance or impacts of clusters of grants linked by common geography or themes, instead focusing almost exclusively on the front end of the grant cycle. Assessing what the grants add up to in practice or what has been achieved overall within individual hotspots or within the R&D portfolio has not been a priority. While a few – and notably effective – grantee meetings have been

organized in certain hotspots, there has been little systematic learning about what works, what doesn't and under what conditions. The 2000 Strategy called for a learning process focused on these questions but this did not take place. The moving spotlight approach could have facilitated periodic assessment of the hotspot portfolios, but did not, and the Working Drawing refreshes did not convincingly link past performance to future plans.

### **How sustainable are the gains that have been achieved?**

Achievements within the hotspots are unlikely to be sustained over the long term unless emerging threats to biodiversity can be addressed, including climate change and infrastructure development projects, with the threats associated with climate change just beginning to be understood. Another major threat is the massive illegal trade in wildlife, timber and other natural products. The escalation of these threats during the 2000s does necessitate CSD carefully revisiting its basic strategy and tactics. Encouraging grantees to have more impacts on decision making on larger spatial scales by engaging more effectively with actors outside the conservation world seems essential, especially development organizations working on the production landscape that increasingly overlaps with the conservation landscape.

A set of threats emanates from China. As noted in our hotspot reports, the increased availability of Chinese financing for large-scale infrastructure projects risks undermining 20 years of Foundation investment in conservation in Asia, Africa, and Latin America. Some NGOs, including CSD grantees, have begun to focus on this huge challenge, which the official development agencies have been disappointingly slow to take up (China is a member of these organizations and even implied criticism would be highly political). China's expatriate investments in energy and raw materials are an enormously challenging area to try to influence, but the issues are so important that an explicit decision should be made on about how to proceed on China, possibly in conjunction with other Foundation grant programs and/or other foundations.

China is also an important source of the demand for wildlife and natural resource products that threaten biodiversity in the hotspots. While both the USA and the European Union have recently made some progress in limiting illegal imports of timber especially, the effectiveness of these measures will be much less than it would have been even 10 years ago. Largely-unregulated exports of both legal and illegal natural products from the hotspot countries to China and other Asian countries are growing rapidly, fuelled by these countries dramatically increasing income levels. CSD did not make grants during the 2000s to address the illegal wildlife trade.

CSD has made some grants in China's Yunnan province, although a 2008 evaluation commissioned by CSD concluded that the portfolio had not responded adequately to an increase in dam construction or invested sufficiently in the emerging local NGO community (this disappointing result appears uncharacteristic of the CSD Asia-Pacific portfolios and also differs sharply from our 2006 review of CEPF's impressive grantmaking in China). While grantmaking *within* China continues to appear both

challenging and worthwhile, our evaluation has highlighted China's extraordinary and growing impact beyond its national boundaries as a potentially more important focus.

CSD has invested in some relatively risky and politically unstable places, notably Colombia, Cuba, Myanmar and the Democratic Republic of the Congo. These countries are so important for biodiversity, however, that carefully-judged grants do seem fully justified and the CSD program officers deserve considerable credit for persisting in these areas. Madagascar has also proven risky, illustrating the value of the Foundation's commitment to taking a long-term view even when this requires a continuing presence during distinctly unpromising periods of time.

Some observers have suggested that CSD no longer seeks out sufficiently new and unknown organizations in remote places, in other words being too risk adverse. Our field visits do not confirm this as a viable complaint, although this is an important issue as small grants (e.g., <\$20,000) to encourage emerging organizations appear to be one of the most promising approaches to inducing changes in conservation or development practice. The Foundation did reduce the number and increased the average size of grants during the 2000s, and then invested in CEPF which is better positioned to support smaller local organizations with smaller grants through its on-site intermediary NGOs (known as Regional Implementation Teams, page 25). CSD should explore making grants to capable NGOs for re-granting in smaller amounts to emerging local organizations, and should be alert to the possibility of supporting grantees' adaptation of successful microfinance models and/or for mentoring local organizations to help them meet international donor standards. Our evaluation team is very familiar with the GEF Small Grants Programme managed by UNDP that makes grassroots environmental grants in over 100 countries and could be a useful collaboration partner for CSD.

A final risk of a different type originates from our earlier observation that too much key CSD information resides either in the heads of the program officers or in their own personal and inconsistent recordkeeping systems. This risks a loss of institutional memory every time a staff member leaves and a replacement comes in, compounded by the lack of formalized or documented learning processes.

### What Next?

#### **Should CSD continue with its current set of priorities?**

How should CSD maintain its leadership? This question was asked in the 2000 Strategy and is even more pressing today. An answer requires consideration of CSD's comparative advantages in relation to changes in context and opportunities.

The strengths of CSD grantmaking are (a) the scientific credibility and popularity of the hotspots approach, (b) demonstrable gains from staying involved over the longer term, (c) a strong and highly-regarded grantmaking team, (d) a focus on people and institutions rather than short-term projects, (e) a track record in moving the mainstream or shifting

conventional wisdom into new and productive directions, (f) in-depth knowledge of the conservation world and its key NGO actors, most of whom are grantees, (g) more flexibility and less bureaucracy than official agencies with greater resources, (h) an excellent reputation amongst civil society organizations, and (i) a willingness to innovate and take measured risks. These strengths are amplified by the lack of other donors in the field who combine these characteristics. Future CSD priorities should take advantage of and build on these positive attributes; altering or giving up one or more of them may risk diluting the Foundation carefully-acquired brand.

Conversely, the greatest challenge to effective grantmaking is the limited financial resources and influence of the Foundation and its grantees relative to the magnitude and changing nature of the threats to biodiversity. This places a significant premium on the careful and strategic use of grants, and has implications for the formulation of goals and expectations.

Although there are many examples of local successes, inspiring efforts and promising initiatives in conservation, convincing signs of progress are still elusive. For example, discussions about biodiversity in most of the hotspot countries are limited to ministries of environment and sometimes forestry, agriculture and fisheries. Ministries of finance, construction, planning, energy, etc. largely remain uninvolved, their decision making barely influenced by environmental and social concerns, let alone biodiversity. Today this is a particular concern as large infrastructure projects (roads, dams, mines, etc.) with direct impacts on biodiversity escalate throughout the tropics. In the private sector, conservation engagement with major corporations having an impact on tropical biodiversity has been limited, with perhaps the most impressive results being achieved by investigative, advocacy NGOs highlighting destructive supply chains in US- or European-based multinational firms that are increasingly conscious of their environmental image.

Conservationists working in developing countries have been striving for a broader approach: to have an influence beyond protected area boundaries, to generate tangible benefits for neighboring communities, to build economic arguments for biodiversity conservation as an integral part of sustainable economic development and to establish links to the poverty reduction agenda, most recently by promoting payments for ecosystems services. CSD has been a catalyst and supporter of these efforts, which increasingly highlight the need to focus at larger spatial scales, to consider the full range of land uses from conservation to intensive production, to expand the range of partners beyond specialized conservation organizations, and to engage more effectively on economic development issues and decisions.

Climate change adaptation may provide a key entry point for CSD grantees to this expanded agenda. Climate change, and specifically adaptation, seems likely to be one of *the* defining issues for the next decade, even as local impacts remain frustratingly unpredictable. Adaptation seems likely to force massive changes in human behavior, including how and where people live, produce food, find fresh water and source energy. Undoubtedly there will be substantial site-specific impacts on biodiversity.

Our field visits confirmed that people working on conservation are very interested in obtaining useful examples of tools, training and approaches to climate change adaptation, and especially information on promising models already being tested. This demand for information among NGOs is mirrored among governments, especially recently-decentralized local governments that have acquired decision-making authority but often lack capacity and resources.

Even the larger international NGOs are reorganizing or reorienting their operations to address climate change (and CSD can certainly claim some credit for the adaptation emphasis of these changes). While the nature of these changes is specific to the individual organizations, they are all based on the realization that not only does biodiversity conservation work need to happen on a broader spatial scale that goes well beyond protected area boundaries, but such broader-scale efforts need to become much more effective within the near future if the gains from conservation investments made so far are to be sustained. Of course it would be naïve to think these NGO reorganizations were not at least partly driven by donors' emerging fascination with climate change.

We strongly advocate that CSD maintain the hotspot anchor that prioritizes sites based on their biodiversity significance. Within selected hotspots we suggest a gradual shift encouraging grantees to study methods and build capacity to have more of an impact on decision making at larger spatial scales, including landscapes, seascapes and large river basins. This will likely involve more effective grant clustering, working with an expanded range of grantees and partners, more emphasis on networks and coalitions, and encouraging existing grantees to broaden their skill sets or to partner with others with complementary skills and experience. This should be an incremental rather than a dramatic departure, as early prototypes of all of these initiatives can already be found within the CSD grant portfolio, including the CEPF partnership, even though insufficient efforts have been made to report on or learn from these. Such an approach would also build logically on the early progress made by CSD's climate change grant portfolio.

Many organizations working on environment and development already have or will soon have climate change programs as significant resources start to flow into this area (most American foundations moving into climate change have so far limited their grantmaking to within the USA). Some programs will be well thought through, others less so. Given the tentative state of the science and lack of reliable models to predict local climate change impacts, any major investments should be undertaken with considerable caution. It will be important for CSD to continue to be wise in selecting a niche within this vast and complex area, and not to prematurely move away from the areas where it has a clear comparative advantage. We recommend CSD stay focused on adaptation and explicit links to biodiversity within larger-scale land and water management initiatives where conservation and production intersect.

### **What, if anything, should CSD management and staff do differently?**

CSD's achievements of the last decade probably owe as much to the ingenuity and persistence of the program officers as to the guidance provided by the 2000 Strategy. This strategy, a solid document that was innovative at the time, did raise some important questions and elaborated an approach that was already in place. But beyond identifying and justifying the priority hotspots, it is hard to see a significant impact on subsequent grantmaking; in practice the strategy was elaborated by Working Drawings for each hotspot that were used to direct grant making within limits already imposed by grant budgets. If portfolio evaluations became part of each Working Drawing three-year refresh and then provided the basis for the next round of grant making, this would represent a strong step towards results-based management that is well within the capacities of the current CSD team to implement.

Senior management should formally define what is wanted from CSD in terms of performance reporting. If the main emphasis is to continue making worthwhile and interesting grants in defined geographic areas by identifying grantees with potential, then another open-ended strategy may suffice. But if CSD is to be held more accountable for the individual and collective impacts of its grants together with the associated learning process, then a more structured strategy may be appropriate. This does not exclude the possibility of taking big bets on people with big ideas, but would give more direction on how to do this.

The R&D portfolio appears an essential complement to site specific work, allowing important flexibility to address complementary emerging issues, but the management and oversight of these projects needs to be strengthened. The R&D title may be somewhat of a misnomer, however, and we recommend that the strategy and guidelines for this portfolio be revisited, together with a more explicit statement of future grants for open-ended research, networks and/or operational support. Experience to date suggests that CSD also needs to work out how to involve its program officers more directly in managing and monitoring R&D grants, including the outputs, and build these into a learning strategy that identifies, analyzes and disseminates CSD grantee experiences. Articulation and implementation of an overall learning strategy that takes advantage of grantmaking experiences while informing future directions for CSD, grantees and the wider conservation world should be a high priority.

### **How far should performance assessment go in CSD, what should be done?**

During the last 10-15 years large international agencies have been pushed by the governments financing them into substantial shifts towards results-based management closely linked to a dramatic expansion and professionalization of monitoring and evaluation efforts. Several foundations have followed along this route. Despite some worthwhile gains and the overdue improvement of some underperforming programs, however, many of these public agencies and foundations have found that the costs of more rigorous monitoring and evaluation were higher and the benefits less clear than anticipated. In the worst cases staff are now using exorbitant amounts of time collecting

and recording data on indicators that are largely meaningless. It is therefore important to ask why performance monitoring is important and how it might be useful before advocating large investments that might be counterproductive.

There are no easy options or short cuts to assessing progress in biodiversity conservation, despite considerable investments in new methodologies by some of the organizations shifting towards results-based management. CEPF is working at the cutting edge in this field and is currently testing a new monitoring system that is the result of considerable investments over many years. CSD has supported some attempts to develop better measures of conservation success with R&D grants, but with undistinguished results to date. The impacts of capacity building grants, one of CSD's major strengths, are especially hard to assess rigorously. A further complication is that CSD has targeted long-term conservation gains (outcomes) that lie considerably beyond its direct sphere of influence. This doesn't mean such aims are not worth pursuing, but it is hard to *attribute* gains (other than short-term local gains) when so many other actors are involved.

The evaluation team asked ourselves the question: what would have been gained or done better in terms of grantmaking if CSD had had a state-of-the-art monitoring system in place since 2000? The answer is "probably not very much". The reasons for this have a lot to do with (i) sensible choices of where to focus, (ii) the excellent work of the program officers, who were largely continuing along a path their predecessors had mapped out, (iii) selection of good grantees, and (iv) strong leadership, with very detailed attention to grantmaking being paid by the Foundation's President. What *is* missing, however, is (i) a clear sense of where progress has been made, where ground has been lost, and what has been learnt along the way, or (ii) performance or progress reporting in a form that would allow senior management and the Board to make policy decisions and provide guidance and oversight, especially with respect to grant clusters and relatively large long-term grants. Had grants in any of these areas gone significantly off track or been ineffectual during the 2000s, it is not clear how senior management or the Board would have detected this.

In our view, worthwhile progress could be made quickly by giving CSD program officers the time, tools and incentives to carry out additional monitoring activities themselves at a *strategic portfolio level*. Periodic monitoring of grant performance within the biodiversity hotspots could follow the rather simple logic pursued by the evaluation team for the hotspots we sampled:

1. Compile a snapshot of the overall *prospects for biodiversity conservation* at the beginning of the period under consideration, including key political and socio-economic factors, levels and types of threats, states of conservation institutions, protected area networks, etc.
2. Repeat this process for the current date and use the two analyses to identify the major changes in the *prospects for biodiversity conservation*, which will usually include a mix of positive and negative developments; and then

3. Explore the extent to which activities supported by the Foundation have contributed to the positive changes that have taken place or appear likely to do so in future. These contributions would logically include both the steps actually taken to conserve biodiversity and the lessons learned and shared in how to do so, including the implications for future grantmaking.<sup>16</sup>

Performed periodically as an internal monitoring procedure, such analyses could provide a basis for reporting progress to senior management as well as a valuable input into the next round of grantmaking for a geographic or thematic portfolio. The CSD program officers clearly have the knowledge and capacity to conduct such exercises. To obtain an appropriate overview of *all* CSD impacts, cost-effective ways of including the impacts of CEPF programming in assessment and performance reporting should also be explored.

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<sup>16</sup> Tentative and illustrative “before” and “after” analyses for each hotspot visited were prepared by the evaluation team and shared with CSD.

## Annex 1 - Acronyms

ACSC	Advancing Conservation in a Social Context
CEPF	Critical Ecosystem Partnership Fund
CI	Conservation International
CSD	Conservation and Sustainable Development
DRC	Democratic Republic of the Congo
ELAN	Ecosystems and Livelihoods Adaptation Network
EoL	Encyclopedia of Life
GEF	Global Environment Facility
IIRSA	Initiative for the Integration of the Regional Infrastructure of South America
Laos	Lao PDR
LMMA	Locally Managed Marine Area
M&E	Monitoring and Evaluation
NGO	Nongovernmental organization
REDD	Reduced Emissions from Deforestation and Forest Degradation in developing countries
RIT	Regional Implementation Team (of CEPF)
R&D	Research and Development
SPDA	Peruvian Society for Environmental Law
UC	University of California
WCS	Wildlife Conservation Society

## Annex 2 - Evaluation Approach and Methodology

### **Approach**

Our evaluation sought to answer questions four headings:

1. Approach – has grantmaking been well planned?
2. Deployment – can implementation be improved?
3. Results – what has been achieved?
4. What next?

We were guided by the OECD/DAC evaluation criteria now widely accepted as best practice in the evaluation of international programs. These criteria are:

1. Relevance – consistency with overall objectives (have we done the right things?).
2. Effectiveness – comparing performance with objectives (have we done things right?). For CSD this included management of the Initiative as well as the selection and performance of grantees.
3. Efficiency – whether the selected approaches were the best available and how cost-effectively resources have been converted into results.
4. Impacts – assessing the changes that have occurred, whether intended or unintended, and the contributions of program interventions.
5. Sustainability – what appears to be the likelihood that benefits and gains will persist?

The approach and scope of the evaluation were designed to allow the evaluation team to develop findings and come to a conclusion about the Foundation’s environmental program *as a whole*, and not to evaluate individual grants or grantee organizations on a standalone basis.

### **Methods**

Our evaluation primarily used the following methods:

1. Reviews of key CSD documents.
2. A launch workshop with CSD staff followed by interviews with Foundation management
3. Interviews with CSD staff, grantees, partners and “wise men and women”, i.e., informed observers and participants in conservation who were not grantees and could be expected to have a reasonably independent perspective.
4. An online survey of all CSD grantees, with respondents guaranteed anonymity to encourage frank responses.
5. A results synthesis workshop for the evaluation team, including sessions with CSD staff, to check facts and test findings and emerging conclusions.

### **Scope**

The evaluation team carried out field visits and on-site assessments of the CSD grant programs in Madagascar, Lower Mekong (Cambodia, Lao PDR, Thailand and Vietnam) and the Northern and Southern Andes (we visited Colombia, Ecuador and Peru but not

Bolivia). Melanesia grants were assessed without a field visit. Together these hotspots account for 64% of the geographic grant portfolio.

These hotspots were selected using several criteria. Initially one hotspot was selected from each major region of Africa, Asia and Latin America. The Eastern Himalayan hotspot was not considered due to seasonally unfavorable travel conditions during the evaluation time frame. Melanesia was added later to provide additional coverage of the marine conservation area that was also a focus in Madagascar. The choice between southern and northern Andes was resolved by expanding the evaluation scope to include both of these hotspots. The Albertine Rift and the Insular Caribbean were not included.

The 2006 independent evaluation of CEPF (also carried out by Michael P. Wells & Associates) was reviewed, together with CEPF's responses to the recommendations of that evaluation. Key CEPF reports and a more limited 2010 evaluation of CEPF were also reviewed, and CEPF staff and Regional Implementation Teams were interviewed during our field visits.

Within the R&D portfolio we assessed CSD grants in excess of \$500,000 plus a sample of smaller grants. General Program grants managed outside CSD were reviewed, although not in detail. Pre-2003 Unclassified grants that comprise less than 5% of the overall portfolio were not reviewed by the evaluation team (Table 1 on page 3).

## Annex 2 - Evaluation Team

**Michael Wells** is an independent consultant with a background in natural resource economics and policy, working at all levels from international agencies to community-based organizations. He has worked extensively on the links between biodiversity conservation and economic development. Michael has assembled and led several teams conducting complex and high profile international evaluations, including the Millennium Ecosystem Assessment, the UN Development Programme's \$3 billion energy and environment program, the Critical Ecosystem Partnership Fund, several Global Environment Facility (GEF) programs, and two major environmental grant programs of the Gordon and Betty Moore Foundation. He has published more than 30 articles and books on the environment and sustainable development. He recently helped the World Bank's Development Marketplace set up a monitoring and evaluation system. Currently he is advising the Norwegian Government on their investments in 'Reducing Emissions from Deforestation and Degradation in developing countries' (REDD).

**Claudia Alderman** is an independent consultant. She served as project team leader in the World Bank's Latin America and the Caribbean environment sector for 15 years where she was responsible for World Bank projects on protected area management, conservation funds, adaptation to climate change and solid waste management. Claudia has led evaluations of several projects including the Peru Protected Areas Trust Fund, the Kenya Protected Areas Project, and the Mesoamerica Barrier Reef System Project. Claudia is a Colombian national based in Washington, DC. In addition to her Spanish mother tongue she is fluent in English and speaks Portuguese.

**Jyotsna (Jo) Puri** is the Impact Assessment, Monitoring and Evaluation Advisor at the Earth Institute, Columbia University where she leads five professional staff and reports to Professor Jeffrey Sachs. An economist by training, Jo has set up monitoring and evaluation systems for the high-profile Millennium Village Project initiative in Africa. Jo teaches at Columbia's School of International and Public Affairs where she is Adjunct Assistant Professor. Jo worked with the United Nations Development Programme (UNDP) Evaluation Office for several years on country and thematic evaluations, including some focused on biodiversity and climate change, and she was a key team member for the most recent evaluation of the GEF Small Grants Programme. She is an Indian citizen based in New York. Bilingual in English and Hindi, she also speaks Punjabi, Sanskrit and some Spanish.

**Sarah (Sally) Timpson** is an independent consultant on community-based initiatives for the environment and sustainable development. Culminating a distinguished career with the UNDP, Sally led the UNDP/GEF Small Grants Programme, which supports biodiversity, climate change and other environmental goals in over 100 countries worldwide and is widely recognized as a flagship initiative within and beyond the GEF. She has been a leader and manager of UNDP efforts to refocus on people-centered development, environmental sustainability and equity, and continues to advise UNDP on programs involving civil society organizations and community action. At UNDP she led the Social Development Division, was Deputy Assistant Administrator of the Bureau for

Development Policy, established the NGO Division, served as Resident Coordinator of UN system operational activities in both the Philippines and Costa Rica, and was Deputy Representative in Argentina. She conducted the Madagascar case study for the independent evaluation of CEPF. She has recently undertaken management reviews of UNIFEM's support structure as well as an 11-country GEF/Bird Life International conservation project in Africa. Sally is a US citizen based in New York and is fluent in Spanish and French.

#### Additional Resource People

**German Andrade** is Professor in the School of Management at the University of the Andes in Colombia and was formerly head of Fundación Natura Colombia. A Colombian citizen, he is a regional specialist in protected areas and biodiversity conservation.

**Meg Gawler** is an independent consultant deeply experienced in project and program monitoring and evaluation in a wide variety of contexts, but with special emphasis on Africa and Madagascar. She is an ecologist and conservationist with American and French citizenship.

**Cecilia Larrosa de Fernandez** is an Argentinean graduate student in conservation biology based in London. She is bilingual in Spanish and English.

**Kathy MacKinnon** is a biologist and conservationist who recently retired after 20 years with World Bank as coordinator of GEF biodiversity projects. She is a British citizen fluent in Indonesian.

#### Field Assignments

Andes	Claudia Alderman, German Ignacio Andrade
Lower Mekong	Michael Wells, Jo Puri
Madagascar	Sally Timpson, Meg Gawler

#### Other Grant Portfolio Reviews & Tasks

ACSC	Michael Wells, Kathy MacKinnon
CEPF	Michael Wells, Claudia Alderman, Jo Puri, Sally Timpson
General Program	Michael Wells
Melanesia	Sally Timpson, Meg Gawler
Online Survey	Jo Puri, Cecilia Larrosa de Fernandez
Research & Development	Michael Wells, Sally Timpson