

**Mid-Term Evaluation of the MacArthur Foundation's  
Conservation and Sustainable Development Program (CSD)**

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## **Introduction**

This report contains the findings and recommendations of the CSD Mid-Term Evaluation, following the successful completion of the Evaluation in late 2015.

Our approach and methodology followed the plan we submitted to the Foundation dated May 8, 2015. All of our evaluation objectives and plans have been met.

We conducted field work and carried out extensive interviews in CSD's priority regions of the Andes and the Great Lakes of East and Central Africa, and expanded the work conducted earlier in 2015 by a separate evaluation of the Greater Mekong region. We conducted desk reviews and interviews for CSD's Coastal and Marine, and Global portfolios. Our work also included discussions with Foundation Board members Jack Fuller and Paul Klingenstein, and with President Julia Stasch.

This is an edited and somewhat expanded version of our Board Briefing Note dated November 18, 2015. This report includes some alterations that reflect further information provided by Foundation staff subsequent to the December 7, 2015 Board meeting where the evaluation results were presented and discussed. There are no major changes in our findings or conclusions from the Board Briefing Note.

We have shared more detailed draft evaluation reports on our findings on each CSD grant program with Foundation staff, amounting to over 200 pages.

We received excellent cooperation from the CSD leadership and staff, and we appreciated the effective liaison with and guidance from Chantell Johnson, Director of Evaluation.

## Major Overall Findings and Recommendations

### *Findings*

The loss of biodiversity remains a key challenge facing humanity. Reinforcing the CSD strategy's continuing relevance, an increasingly coherent argument is emerging that natural ecosystems, which depend on biodiversity, will be critically important in protecting humanity against the intensifying impacts of climate change, i.e., adaptation.

For biodiversity conservation, the urgency of mitigating the social and environmental impacts of accelerating infrastructure development and expanding food production in countries with weak governance systems can hardly be overstated. CSD is pursuing a vital, credible role in these areas, building on a legacy of earlier grantee work while continuing to innovate impressively.

The prioritized regions, while very large, are appropriate scales for CSD and its grantees to demonstrate and catalyze the potential for change in carefully-targeted niches and, critically, to respond effectively to emerging conservation opportunities and challenges.

The strategy led CSD to an increased focus on social and economic development issues, including large scale infrastructure projects and the expansion of agricultural frontiers which threaten to roll back earlier conservation gains. The last five years of grant making has included attention to these highly challenging topics and, based on this experience, a priority challenge for CSD now is to identify, articulate and pursue more precise niches within these larger program areas where the Foundation can reasonably expect to have a significant impact.

A reduced focus on protected areas should now be reconsidered. Since the 2010 strategy was approved, several other donors have reduced their direct support for protected areas, which remain a fundamental building block of biodiversity conservation. This change in the funding landscape suggests a need for CSD to reconsider its level of investment in protected areas, including community conservation areas and related innovations where CSD has a strong track record.

CSD has faced significant challenges in implementing the current strategy:

- Significant delays in disbursing the initial payments for Expenditure Responsibility grants, notably to NGOs in developing countries
- Three program officer (PO) personnel shifts, out of four PO positions
- Significant CSD management time was invested in developing and then modifying the Foundation's new climate initiative outside CSD.
- Events preceding the Foundation's transition in leadership led to significant disruption of CSD's work.
- This mid-term evaluation was advanced by one year and has assessed progress at a relatively early stage in the strategy implementation.

Most of the regional portfolios and global grants appear solid. This means that the grant portfolios are convincing and generally aligned with the strategy. Grants are well considered and grantees appear highly capable. In a few cases individual grantee achievements can be described as remarkable. As would be expected at such an early stage, some areas of focus show more progress than others within each regional portfolio. In both the Andes and Mekong, CSD has built upon its own impressive history, deep knowledge and comprehensive set of relationships to build promising grant programs. Synergies among multiple grantees resulted in a particularly impressive set of grants focused on hydropower dam building in the Mekong basin.

An exception is East and Central Africa where several grants are inconsistent with the strategy and/or have lacked necessary oversight. The result is an unbalanced and unconvincing portfolio. However, the rationale for working in this region of Africa and the potential for achievement remain high, notably linked to emerging oil development issues.

Given the relatively modest size of the grant program, the small CSD staff and the constraints faced, the overall achievements to date under the current strategy are impressive, with new and anticipated grants promising further progress. Notably impressive grantmaking areas (not in order) are:

Prioritized regions:

- Strengthening the land management capacities of indigenous groups throughout the Andes.
- Mounting some effective challenges to the relentless advance of hydropower dam construction on the Mekong.
- Early work on oil development issues in East Africa and its potential threats to both nature and society.
- Legal challenges to governments' violating their own environmental laws and gains from more confrontational engagement with companies on their environmentally-threatening actions (all regions).

Globally:

- Building the field of 'sustainable commodities production' with its considerable potential to both conserve forests and reduce carbon emissions.
- Analysis and tracking of China's increasing investments in ecologically-sensitive areas, providing key tools for conservation efforts worldwide.
- Continued innovation in remote sensing, assessment and monitoring of forest-based carbon.
- Key advances in collaborative shark and ray conservation, notably in Indonesia.
- Marine protected area conservation in Cuba and Madagascar, building on earlier CSD work.

CSD has made some progress in addressing specific drivers or underlying factors causing biodiversity loss, notably through support for grantees working on commodities, hydropower and China's international footprint. However, it will be hard for CSD to

fulfill its stated intent to “move ecosystem conservation from the periphery to the center of development agendas”. Many organizations working on social and economic development have far greater resources and experience than CSD, and an appropriate niche for CSD in this sector has not yet been persuasively identified in all regions.

There may be urgent and compelling opportunities in climate change adaptation linked to biodiversity conservation. We are aware that the Board called for the Foundation’s new Climate Initiative to focus on mitigation and not adaptation, with the result that CSD staff seem somewhat apprehensive about highlighting the obvious adaptation gains from their grants. Key conceptual and practical links between biodiversity and adaptation are now emerging and CSD is well positioned to be at the forefront of work in this area.

The ‘commodities’ grants in CSD’s Global portfolio have probably had more significant greenhouse gas (GHG) mitigation impacts than the CSD grants explicitly made for ‘Climate Change’ (i.e., the forest carbon grants made within the last 12 months). Large-scale commodity buyers are increasingly demanding that products be certified as ‘sustainable’ with ‘no deforestation’ commitments that are starting to reduce emissions. CSD’s recent ‘climate change’ grants focus on REDD+ (performance-based forest conservation), the success of which is more generally tied to (a) the questionable availability of climate finance, and (b) the unclear readiness of tropical forest nations to implement ‘avoided deforestation’ strategies.

### ***Recommendations***

While we point out areas where the strategy could be modified and grantmaking strengthened, CSD’s grantmaking would probably benefit most from (a) a breakthrough in speeding up the Foundation’s processing of Expenditure Responsibility grant disbursements, or even an explicit statement that this is infeasible and instructions to staff to change their plans accordingly, and (b) a period of stability to continue developing the several exciting components of the program that are already underway.

We see the CSD staff distracted by concerns that (a) the Board does not appreciate the complexities or unique aspects of their work, and (b) CSD’s future survival depends on identifying exciting new ideas, big bets, etc., in the very near future. We see signs that the perceived pressure – to come up with new and convincing grantmaking ideas that satisfy criteria that are not yet clear to the staff – is having detrimental effects on current grantmaking. This appears to be compounded by the staff’s efforts to try to anticipate reactions to new proposals and ideas from a Board that the CSD team has not had extensive opportunities to discuss their work with.

Experience to date suggests the strategy and its implementation are generally sound, with some adjustments needed:

- The likelihood of having meaningful impacts on many of the incentives that ultimately drive social and economic development processes currently seem limited. Priorities should be revisited in this area.

- The options for adopting scientific assessment methodologies that would add rigor to the process of monitoring progress towards regional grantmaking targets has been thoroughly explored. Future investments should focus on specific products with well defined audiences and uses.
- The Africa portfolio requires rethinking and a decision made on whether and how to proceed on the potential East African oil development issue.
- We suggest further developing CSD's Theory of Change for greater compatibility with the strategy and further elaboration of underlying assumptions, especially at regional levels.
- To strengthen the emerging Evaluation Framework, CSD could convene a small working group of staff, grantees and outside experts to clarify impact measurement and reconsider indicators. This should help ensure CSD's monitoring approaches remain efficient while suited for their intended audience and purpose.

We find the strategic mix of global and regional grantmaking to be conceptually strong, although now seems a logical time to consider how findings from the global grants can benefit and influence the regional programs, especially commodities and the China analytics, both of which are potentially high impact, and especially in continuing to focus on understanding and influencing China's overseas investments and commodity demand. The value of extending the current approach to REDD+ grants seems less compelling, and an approach that addresses the intersection of biodiversity conservation and nature-based climate mitigation may be more productive given CSD's investments thus far.

There appear to be urgent and productive opportunities in climate change *adaptation* linked to biodiversity conservation. The key argument here is that biodiversity and ecosystem services can contribute to helping people adapt to the adverse effects of climate change. As climate change increases the frequency and intensity of extreme weather and climate events, ecosystems can provide protection from these extremes by stabilizing land and water, and buffering climatic impacts and hazards. CSD has already achieved a major impact in helping build the field of climate adaptation science and further work could achieve biodiversity gains while providing a key complement to the Foundation's new climate mitigation initiative. Adaptation provides a strong entry point to getting the attention of concerned national and local governments and provides clear links to engaging on all kinds of land uses, including critical ecosystems, especially in Africa. There are also key opportunities to be pursued by CSD in helping assure that climate *mitigation* measures do not damage biodiversity and ecosystems.

Looking further forward to potential new program initiatives or directions, we will briefly mention four biodiversity-related topics where we consider CSD has a strong comparative advantage and could potentially achieve significant gains if additional resources were to be mobilized:

1. Keep building NGO capacity within selected key biodiversity countries, especially where there are opportunities for legal compliance challenges to governments and companies pursuing destructive development practices. CSD's previous work in countries as diverse as Brazil and Madagascar has demonstrated the extraordinary

importance and potential of such capacity building for local partners over extended time periods.

2. Expand CSD's coastal work to include Cuba's largely intact reefs, building on current and previous grantmaking and established contacts in that country combined with the effective Locally Managed Marine Area experience from the South Pacific and Madagascar. This could help establish sound management practices and build capacity in advance of the rapid, and potentially highly destructive growth of coastal zone development anticipated as relations with the USA are normalized and inward investment escalates.
3. Freshwater ecosystems (the neglected sibling of terrestrial conservation) as a stronger topic of focus, as part of adapting to the changing world where living with large dams will not be a choice.
4. A rapid response fund to support NGOs and individuals on the front lines of conservation who are threatened or persecuted, a growing and pervasive problem affecting NGOs in all sectors.

## Responses to main evaluation questions

### 1. *How relevant and compelling is the current strategy<sup>1</sup>?*

We found the strategy highly relevant and partially compelling. The loss of biodiversity remains, and will continue to be, one of the key challenges facing humanity. Reinforcing the strategy's continuing relevance, an increasingly coherent argument is emerging that natural ecosystems, which depend on biodiversity, will play increasingly important roles in protecting or buffering humanity against the intensifying impacts of climate change.

Some of the more immediate biodiversity challenges can be addressed with well-tried methods (e.g., protected areas) combined with advocacy for more effective laws and policies based on strong science. The urgency of continuing efforts to mitigate the social and environmental impacts of accelerating infrastructure development and expanding food production (both terrestrial and marine) in countries with weak governance systems can hardly be overstated. CSD has identified and is pursuing a credible niche in these areas, building on a legacy of earlier grantee work while continuing to innovate impressively.

CSD's well-established focus on building the capacities of local and national civil society organizations seems more implicit than explicit in the strategy. Important precedents include Brazil, where more than a decade ago CSD invested in small, local emerging organizations that are now among the world's most sophisticated and effective conservation NGOs, and Madagascar where CSD invested in a generation of conservation biologists, several of whom now hold influential positions in that country's civil service. Some key negotiators at the December 2015 Paris Climate COP21 were also supported by CSD at early stages in their careers. While philanthropy that helps build the domestic demand *and* capacity for conservation does not have a fast or easily predictable payoff, it seems a necessary ingredient of conservation success in developing countries, and it is becoming harder to identify other donors addressing this need.

CSD's strategy aims to continue "our focus on conserving ecosystems and biodiversity, but emphasizes making the value of healthy ecosystems more visible to economies and societies". Consistent with this aim, the geographic focus was shifted from the eight biodiversity hotspots supported earlier to three "vulnerable ecosystems that play a critical role in sustaining human well-being". The basis for this revised approach to priority setting was carefully analyzed and documented by CSD.

The geographic areas targeted by CSD are vast, each including several countries. The question arises as to whether grantmaking can expect to make a difference in such large regions or whether impacts will inevitably be isolated and diffused. Our view is that these regions do provide logical sets of countries that – while far from identical – do share comparable characteristics, face similar conservation challenges and are within the capacity of individual Foundation program officers to operate effectively in. The selected regions are therefore appropriate scales for CSD and its grantees to demonstrate and

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<sup>1</sup> "Strategy" and "strategic framework" are used interchangeably throughout this report.

catalyze the potential for change in carefully-targeted niches and, most important of all, to respond effectively and in an informed way to emerging conservation opportunities and challenges. The strategy could have been more careful in saying that there would not be regional biodiversity gains in these geographies but very clearly identified, relevant and much-needed niche outcomes.

Any kind of long-term biodiversity solution probably requires modifying current models of social and economic development combined with more effective and equitable governance in the countries where biodiversity is concentrated. In the current strategy CSD has bravely ventured into this large and complex arena, emphasizing the dependence of human development on healthy ecosystems and trying to work out ways to change the often powerful incentives driving biodiversity loss. This involves working in a massive and complex institutional landscape with many large and influential actors, public and private, national and international, all playing different roles. This explicit strategic shift represented an ambitious departure for CSD and, to have any chance of being effective, seems almost certain to require clearly conceived and carefully managed partnerships with organizations already active in development. While CSD has developed some strong and productive partnerships with other foundation donors, there appear less prospects of doing so with significant actors in mainstream development.

In a related move, the strategy also called for less investment in protected areas than CSD had made previously. This change in emphasis towards what has become known as ‘drivers’ and away from what is sometimes simplistically referred to as ‘traditional’ biodiversity conservation is a controversial and complex topic. While we appreciate the arguments for such a shift, we are not totally convinced that CSD has identified a compelling niche where it has a comparative advantage.

CSD’s decision to develop strategies at the level of river basins, watersheds and seascapes is an exciting and well justified concept. This led to an increased focus on social and economic development issues, including large scale infrastructure projects and the expansion of agricultural frontiers which threaten to roll back earlier conservation gains. The last five years of grant making has included attention to these highly challenging topics and, based on this experience, a priority challenge for CSD now is to identify, articulate and pursue more precise niches within these larger program areas where the Foundation can reasonably expect to have a significant impact.

The reduced focus on protected areas should now be reconsidered. Since the 2010 CSD strategy was approved, several other philanthropic donors and large conservation NGOs (“the BINGOs”) have reduced their direct support for protected areas, which remain a fundamental building block of biodiversity conservation. This change in the funding landscape suggests a need for CSD to reconsider its level of investment in protected areas, including community conservation areas and related innovations where CSD has a strong track record.

The strategy continues a CSD practice of combining regional grants programs with a program targeting global issues. The four thematic global issues identified in the strategy

were subsequently amended in practice, as explained below. We find this strategic mix of global and regional grantmaking to be conceptually strong and a logical complement to the regional work.

Partly in response to a recommendation of the 2010 evaluation, CSD for the first time developed an explicit theory of change that was included in the portfolio and later elaborated in regional planning documents as a link between the strategy and individual work programs, including targets. We have worked with philanthropies and other organizations that are wrestling with theories of change for their environmental work, with some emphasizing the process and others the end products (whether diagrams, a simple statement or a complex analysis). This is a challenging task and there are few clearly successful examples. While this was a worthy effort to undertake, the CSD theory of change end product still needs work, with attention to ensuring that the regional theories are consistent with the overall theory. The targets, objectives and the theories of change seem over optimistic and poorly linked. To partially anticipate our findings on implementation, in general we found the grants themselves and the clear thinking that usually lay behind most of the grants (reflecting program officers' knowledge and insights) to be more convincing than the documented theory of change.

CSD experiences combined with those of others working in biodiversity conservation suggest key lessons that we see reflected in CSD's grantmaking and that may help to both capture and justify CSD's niche and successes to date. These lessons could perhaps usefully be spelled out more explicitly in the strategy:

- Individual actions can inspire. Only local and national citizens, communities and institutions can “decide” to conserve. Outsiders cannot make this happen.
- Serious efforts on the ground are the only hope. Many organizations are looking for the holy grail of ‘replication’ and ‘scaling up’. No organization has yet worked out the secret to making this happen.
- The critical links between tangible work on the ground and that at policy levels is always essential. Each are needed to inform the other and neither makes sense in isolation.
- It is not possible to assess the contribution and value and of CSD's regional work without in-depth immersion in the political and societal issues on the ground which often have direct implications for where and when to deploy conservation efforts, as well as the outcomes of these efforts and how they should be assessed.

## ***2. How effectively has CSD's 2011-2020 strategic framework been implemented so far?***

CSD has faced significant challenges in implementing the current strategy:

- Significant delays in disbursing the initial payments for Expenditure Responsibility grants, notably to NGOs in developing countries, have hampered progress and in some cases caused considerable operational problems for grantees.
- These delays have disrupted CSD's regional grantmaking where different themes in each region were to be addressed progressively, building on prior years. As a result, the value of this approach, previously a major strength of CSD, is diminishing.

- CSD’s grantees, like NGOs in many parts of the world are facing markedly more hostile operating environments, limitations on their freedom and, in some cases, threats to their safety.
- Three program officer (PO) personnel shifts, out of four PO positions, were inevitably disruptive and had impacts that were clearly perceived by grantees in terms of reduced feedback and, in some cases, necessary guidance. The transitions were well organized and planned for the Andes and Coastal/Marine, less so for Africa where the former PO left and the incoming PO took on a troubled portfolio.
- Significant CSD management time was invested in developing and then modifying the Foundation’s new climate initiative outside CSD.
- Events preceding the Foundation’s transition in leadership led to significant disruption of CSD’s work, with a fall in morale among staff for several months.
- Until 2013 CSD moved towards investing substantial resources into China’s global resource footprint (mainly through the development of a multi-donor fund) and continuing its focus on climate change *adaptation* (pioneered by CSD since 2004). However, since 2013 CSD has shifted away from its work in China while switching the remaining funding (\$15m) to REDD+ program development by the BINGOs (discussed below under Global), a climate change *mitigation* strategy in the forest sector. This was a major change in direction.
- Compounding these challenges, this mid-term evaluation was advanced by one year and has assessed progress at a relatively early stage in the strategy implementation.
- Compared to other major foundations that we work with, the Foundation’s Board as a whole appears to have limited exposure to the CSD program. Appreciating the complex and challenging political realities that CSD and their grantees are constantly grappling with seems essential to guiding, supporting and assessing the Foundation’s contribution to global biodiversity conservation. While the Foundation has invested significantly in external evaluations for CSD, periodic internal portfolio reviews with the Board could be valuable in communicating the program’s experiences.

Despite these challenges, our overall assessment of grant making and impacts to date during the relatively brief period of implementation is positive:

- The grant portfolio contains numerous examples of grantees achieving considerable success, often while working under difficult circumstances with modest resources, confronting serious problems and/or operating in increasingly antagonistic situations.
- Most of the regional portfolios and global grants appear solid (elaborated below). An exception is the Great Lakes of East and Central Africa, particularly where grantmaking reflected CSD’s general shift away from protected areas and ‘direct’ conservation investments and towards development interventions. Here, relatively large CSD investments in several new grantees – in some cases jointly with other Foundation programs – have not led to a balanced or convincing grant portfolio.
- Given the relatively modest size of the grant program, the small CSD staff and the constraints highlighted above, the overall achievements to date under the current strategy are impressive, with new and anticipated grants promising further progress. Notably impressive grantmaking areas are as follows (not in order):

*Prioritized regions:*

- Strengthening the land management capacities of indigenous groups throughout the Andes.
- Mounting some effective challenges to the relentless advance of hydropower dam construction on the Mekong.
- Early work on oil development issues in East Africa and its potential threats to both nature and society.
- Legal challenges to governments' violating their own environmental laws and gains from more confrontational engagement with companies on their environmentally-threatening actions (all regions).

*Globally:*

- Building the field of 'sustainable commodities production' with its considerable potential to both conserve forests and reduce carbon emissions.
  - Analysis and tracking of China's investments in ecologically-sensitive areas, providing key tools for conservation efforts worldwide.
  - Continued innovation in remote sensing, assessment and monitoring of forest-based carbon.
  - Key advances in collaborative shark and ray conservation, notably in Indonesia.
  - Marine protected area conservation in Cuba and Madagascar, building on earlier CSD work.
- A key reason why positive impacts have been achieved at an early stage in the implementation of the new strategy is that CSD has continued to demonstrate the major strengths that it has become renowned for in the conservation world: (i) flexibility and responsiveness to emerging issues and unanticipated opportunities, (ii) maintaining long-term relationships with grantees, and (iii) emphasizing process over projects.
  - New opportunities and threats are constantly emerging in biodiversity conservation. In this context, CSD's strategic approach, sustained engagement and flexibility have yielded some notable benefits. In particular, grantmaking has been flexible enough to respond to rapid political changes based on the insights and assessments of CSD's deeply knowledgeable program officers and their relationships with key governmental and civil society actors. In some cases this has led to opportunities already having been identified and grasped that were not even anticipated in the current strategy – for example in Africa (responding to recent oil discoveries), in the Andes (responding to rapid shifts in national politics) and the Mekong (creative innovations to block, slow or redesign dams), as well as globally (breakthroughs in shark and ray protection).
  - Grantees generally report less communication and guidance from CSD than they were used to previously, and consistently call for more opportunities to be better informed about and to learn from each other's work
  - CSD has entered into some regional partnerships with other foundation donors and continues to work closely with the Critical Ecosystem Partnership Fund (CEPF) in which the Foundation was a founding partner. While these partnerships represent a cost in terms of program officer time, they have yielded considerable benefits, notably (a) giving new donors a greater sense of security and willingness to invest in CSD priorities, (b) sharing intelligence about on-the-ground developments – a

valuable supplement to regional program management for an organization based in Chicago, (c) referring and being referred to potential grantees, and (d) leveraging greater impacts through aligned funding based on a common strategy – often developed by CEPF with CSD support.

- A significant proportion of CSD’s grants have been made to US-based international conservation NGOs vs. the local and national NGOs generally considered to be a key constituency of CSD. Of the 221 grants to date totaling \$83m, 44 grants amounting to \$21m were awarded to Conservation International, World Wildlife Fund, Wildlife Conservation Society and The Nature Conservancy. While the CSD team is well aware that supporting local NGOs to build local capacity in priority regions is key to achieving its objectives, the Foundation’s increasingly stringent compliance procedures for Expenditure Responsibility grants now provide a disincentive to supporting local and national NGOs. An exception may be noted for the Mekong where CSD views CEPF’s niche in the donor partnership as supporting local NGOs. In other cases using intermediary organizations for re-granting has proven effective, often the BINGOs, although this is not always the most efficient option.
- We prepared a separate paper on CSD’s contributions to climate change mitigation and adaptation. Somewhat unexpectedly, we consider that CSD’s most significant contribution to the mitigation of GHG emissions so far has almost certainly come from the commodities grants in the Global portfolio.

Reverting to the question of how effectively the strategic framework has been implemented, the answer becomes more nuanced:

- According to the strategy, “policy research will be a higher priority than in the past, particularly at the global level where we will aim to influence key drivers of pressure on ecosystems”. The global work on commodities and on analyzing China’s international infrastructure investments are impressive examples of this policy focus.
- Other attempts to address the drivers or underlying factors causing biodiversity loss have proven hard to operationalize and at this stage look overly ambitious, notably the intent to “move ecosystem conservation from the periphery to the center of development agendas”. While it would be hard to argue against the importance of “making the value of healthy ecosystems more visible to economies and societies” and “assisting the rural poor in managing their resources for multiple benefits”, these seem better conceived as long-term visionary goals rather than achievable gains on any meaningful scale in a single decade. A more serious constraint is that many organizations working on social and economic development have far greater resources and experience than CSD, and an appropriate niche for CSD in this sector has not yet been persuasively identified.
- The strategy required CSD to adopt a “more rigorous and systematic approach to assessment, including the identification of strategic targets and indicators for positive change in the state of biodiversity/ecosystems, the pressures we hope to influence, and the responses supported by our grants”. This has proven to be a complex area, both for CSD and the evaluation team. Some progress has been made and course corrections already made based on the early experiences. .
- CSD has already taken corrective action following the recommendations of the Mekong evaluation completed in early 2015, notably by (a) modifying the theory of

change and new grant/grantee guidelines, (b) improving the coordination and focus of science grants, (c) investing more in site-level conservation, and (d) making an exploratory wildlife trade grant.

**3. *Are CSD's priorities and allocation of grant resources clear and well justified?***

CSD's priorities and allocation of grant resources are generally well justified and documented, with one exception. While the individual countries in the Andes and Mekong regions share some socio-ecological characteristics, the opportunities and threats are quite different in each country and their recent history and politics differ considerably (this is less true in East Africa). These variations and their implications for conservation could be documented more explicitly by CSD in justification of resource allocation and grantmaking decisions.

**4. *Is CSD working in any thematic or geographic areas that are not adding significant value or showing strong potential?***

Some thematic and geographic areas naturally appear more convincing than others (the highlights from each region and the global program are included below). But there are no current areas of investment that we would describe as "not adding significant value or showing strong potential". While the balance between regional and global grantmaking will always be debatable, the current division of resources is defensible. As discussed elsewhere, we did not find the Africa Great Lakes portfolio convincing, although the rationale for working in this region and the potential for achievement remain high.

**5. *Are there urgent and compelling opportunities that CSD is not pursuing in biodiversity conservation?***

There is no shortage of compelling areas of investment in biodiversity conservation. There is little doubt that the illegal wildlife trade is a huge problem, apparently rivaling narcotics and human trafficking in scale and misery. Poaching of flagship species has reached epidemic levels and demonstrated that even refuges formerly regarded as safe are in practice vulnerable. We know that it is a frustration to the CSD team not to work more in these areas, but we agree that there seem to be limited opportunities for individual philanthropies to have a major impact. CSD's plans to make some exploratory wildlife trade grants in the Mekong region appear well considered and appropriately cautious.

The one area where we do think there may be urgent and compelling opportunities are in climate change adaptation linked to biodiversity conservation. We are aware that the Board called for the Foundation's new Climate Initiative to focus on mitigation and not adaptation, with the result that CSD staff seem somewhat apprehensive about highlighting the obvious adaptation gains from their current grants.

CSD achieved a major impact in building the field of climate adaptation science. More recently CSD has developed and convened organizations better able to communicate the imperative of, and challenges associated with, adapting to climate change at multiple

scales. Taking the long view, CSD started by funding biodiversity vulnerability assessments in response to climate change, then played a major role in defining the field for adaptation practitioners, and now has supported work communicating the importance of adaptation science and practice.

Key conceptual and practical links between biodiversity and adaptation are receiving increasing attention, and CSD is well positioned to be at the forefront of work in this area. The key argument is that biodiversity and ecosystem services can contribute to helping people adapt to the adverse effects of climate change. As climate change increases the frequency and intensity of extreme weather and climate events, ecosystems can provide protection from these extremes by stabilizing land and water, and buffering climatic impacts and hazards. Taking ecosystem-based approaches therefore enables people to adapt to the impacts of climate change by using opportunities created by sustainably managing, conserving and restoring ecosystems to provide ecosystem goods and services.

***6. Should the strategy continue to be implemented in its current form? If so, can the strategy and its implementation be strengthened for the next phase of grantmaking?***

The implementation experience to date suggests some adjustments to the strategy and its implementation:

- The likelihood of having meaningful impacts on the incentives that drive social and economic development processes currently seem limited. CSD has made progress on policy issues in some specific regional and global areas and priorities should be realigned accordingly to further develop these areas, as noted here, where progress now appears most feasible.
- The options for adopting scientific assessment methodologies that would cost-effectively add rigor to the process of monitoring progress towards grantmaking targets has been thoroughly explored by CSD. We would caution against continued large-scale investment in this area unless specific products with defined audiences and uses can be clearly identified.
- We suggest further developing the Theory of Change for greater compatibility with the strategy and further elaboration of underlying assumptions.
- The Africa portfolio requires rethinking and a decision made on whether and how to proceed on the potential oil development issue. We consider this a high priority opportunity where CSD is uniquely positioned to make an important contribution under the current strategy. Some momentum has already been lost after a promising start and the opportunities to make a difference here may diminish fairly quickly over time.

***7. Does CSD's approach seem optimal, including strategic priority setting, regional grantmaking cycles, relationships with partners and grantees, choice of grantees and collaboration with other Foundation programs?***

Strategic priority setting has been addressed under question 1 above.

Regional grantmaking cycles: CSD has a well-established and proven approach to its grantmaking cycles, building on the original “moving spotlight” methodology with a 3-year focus. This approach has more recently been refined to incorporate specifically targeted annual grantmaking that progressively builds on the anticipated prior year’s work. Unfortunately the general and sometimes severe delays in disbursing approved grants has started to seriously disrupt these annual cycles.

Relationships with partners and grantees are, in general, exemplary, although grantees have reported a decline in responsiveness to enquiries and ‘handholding’ from their POs during the last 2-3 years. In mitigation, it is clear that CSD staff time devoted to moving grants through the compliance system in Chicago is time that cannot be devoted to providing ‘after-grant service’.

The choice of grantees is a clear CSD strength. The preponderance of international versus national NGOs is discussed elsewhere.

The collaboration with other Foundation programs, mainly in Africa, was a worthy experiment that does not appear particularly successful. The jointly-funded grants were in innovative areas that required more intensive monitoring and oversight of grantees than either CSD or the co-funding departments were able to provide.

***8. Are there significant and compelling opportunities to strengthen and improve CSD’s approach?***

The overall CSD approach appears sound and represents a solid combination of building on long-term engagement and innovative thinking.

The CSD team has been through a troubled phase during which the program has still managed to assemble an impressive grant portfolio in some complex and highly challenging grantmaking environments. This would be impressive in any circumstances, but particularly when considering the formidable challenges arising from personnel changes, delayed grant disbursements, disruption preceding the change in Foundation leadership and the allocation of significant management time to a new program.

While we have identified areas where the strategy could be modified and grantmaking strengthened, CSD’s grantmaking would probably benefit most from (a) a breakthrough in speeding up the Foundation’s processing of Expenditure Responsibility grant disbursements, or even an explicit statement that this is infeasible and instructions to change their plans accordingly, and (b) a period of stability to continue developing the several exciting components of the program that are already underway.

We see the CSD staff distracted by concerns that (a) the Board does not understand or appreciate the complexities or unique aspects of their work, and (b) CSD’s future survival depends on identifying exciting new ideas, big bets, etc., in the very near future. While this is an exciting time for CSD as the Foundation explores and assesses new program

priorities, we see signs that the perceived pressure – to come up with new and convincing grantmaking ideas that satisfy criteria that are not yet clear to the staff – is having detrimental effects on current grantmaking. This appears to be compounded by the staff's efforts to try to anticipate reactions to new proposals and ideas from a Board that the CSD team appears not to have had extensive opportunities to discuss their work with. This does not seem an optimal situation.

**9. *The evaluation team was also asked to provide its perspective on questions related to climate change:***

- ***What contributions to climate change mitigation or adaptation has grantmaking under the current strategy made and seem likely to make? This includes impacts on the ground and improving knowledge, policies and practices.***
- ***Are there ways to increase CSD's contribution to climate change mitigation and adaptation, by modifying the strategy or its mode of implementation?***

Briefly, we have concluded that CSD has thus far made relatively modest contributions to climate change *mitigation* – mainly through the Commodities grants in the Global portfolio, has made important contributions to climate change *adaptation*, and could potentially increase its contributions to both.

The 'Commodities' grants in the Global portfolio have probably had more significant greenhouse gas (GHG) mitigation impacts than the CSD grants explicitly made for 'Climate Change' and REDD+. Large-scale commodity buyers are increasingly demanding that products be certified as 'sustainable', and at least some commodity producers are now implementing 'no deforestation' commitments that are starting to reduce land-based emissions. Recent 'climate change' grants focus on REDD+, the success of which is more generally tied to the questionable availability of climate finance and the so far unclear readiness of tropical forest nations to implement 'avoided deforestation' strategies.

CSD currently invests where there is a balance of high biodiversity, immediate threat, and high carbon stock landscapes and coastal ecosystems. Other foundations with a mitigation interest have instead prioritized high carbon forest and agriculture areas without emphasizing biodiversity or the immediacy of threats, often measuring program impacts in terms of tons of avoided emissions. This usually leads to a focus on Brazil, Indonesia and Central Africa where the largest emission gains from 'avoided deforestation' can potentially be achieved, even though actually realizing these benefits has turned out to be extraordinarily difficult.

There is a limit to the extent that a biodiversity-focused portfolio can be expected to provide climate change mitigation benefits that are significant at a global scale. If CSD tried to increase mitigation benefits of its biodiversity portfolio, this would necessitate a change in focus, with the risk that the Foundation might (a) lose its position and reputation as one of the few global funders who still uses biodiversity value as a prominent investment criterion, and (b) miss opportunities to invest in other landscapes

where there are large stores of carbon that are at greater immediate risk, such as the dry forests of Brazil, Southeast Asia and Southern Africa. The Foundation would also need to decide whether its contributions are more valuable and best leveraged in REDD+ activities and geographies where other donors are already congregated, or whether an approach that addresses the intersection of biodiversity conservation and nature-based climate mitigation is more desirable, given CSD's investments thus far.

CSD's REDD+ grants currently go to well-established organizations with well-developed programs. Making those 'safe' grants does not require much staff time. Shifting this strategy could require an increase in staff resources. If the Foundation is convinced it would like to pursue a CSD strategy that puts more weight on climate change mitigation, we strongly recommend a more systematic look at what the other donors and actors in this crowded field have been able to achieve and broadly consider mitigation options beyond the narrow confines of REDD+.

## **Main Findings by Geography and Theme**

### **Watersheds of the Andes**

- The Andes Strategy 2011-2020 includes comprehensive and insightful analysis, elaborating the importance of conserving biodiversity, the criteria used to target specific watersheds, and the major threats from extractive industries, new infrastructure, and the expansion of agriculture and export crops.
- Watersheds as investment targets in the Andes offers an appropriate framework for linking the wider production landscape with areas of high conservation value. They are also a suitable vehicle for addressing freshwater and carbon storage ecosystem services and related incentive mechanisms. On the other hand, working at this scale poses challenges. Watersheds often cross multiple political boundaries (in particular bi-national watersheds, which are a specific target of the Strategy, such as the Mira) and may encompass very large areas (e.g. the Magdalena-Cauca basin in Colombia). These factors complicate conservation efforts and make it more difficult to ascertain the impact of interventions.
- While the Andean countries share some socio-ecological characteristics, the combination and degree of threats are currently quite different in each country. As elsewhere, these variations and their implications for conservation could be documented more explicitly by CSD in justification of resource allocation and grantmaking decisions.
- The strategy is generally sound and being implemented effectively. The external operating environment in the region has deteriorated since 2011 and other donors have pulled back (and USAID was ejected from Bolivia). The Foundation's continued leadership is highly appreciated throughout the region.
- The Andes Strategy is generally being implemented effectively and all grants reviewed address important issues consistent with the strategy. The Foundation has a well-founded reputation for being receptive to the needs of grantees, allowing them to adapt their activities and project budgets as conditions change.
- Two areas of weakness of the Strategy/Work Plans for the Andes are the Theory of Change, and the Assessment Plan. Both should be revisited to ensure that it will be possible to assess the Foundation's grant making impact at the end of the ten-year Strategic Framework.
- Political conditions have deteriorated and civil society has come under increasing pressure throughout the region, notably in Bolivia and Ecuador, while well-connected commercial interests have weakened environmental laws in Colombia and Peru. Grantees seem increasingly at risk when addressing environmental challenges and linked human rights violations facing their communities. Funding alternatives for grantees have become scarcer. USAID, a strong supporter of conservation projects, is no longer in Bolivia or Ecuador, and other US foundations have cut back on biodiversity conservation.
- The Foundation's extensive support to civil society has helped develop and maintain a broad-based constituency which serves as counterbalance to powerful economic interests at odds with conservation priorities. Support to local organizations, particularly those working on indigenous and marginalized communities' rights and land tenure, has allowed these groups to have a voice when government decisions adversely impact their lives, cultures and livelihoods. The Foundation has a long track record in the tropical

Andes and actually building the capacities of civil society organizations for conservation, through institutional strengthening as well as project financing.

- Environmental legislation in the region is relatively strong, although destructive practices routinely flout the law. A growing body of experience shows that supporting NGOs to mount legal challenges to compel environmental law compliance is a key grantmaking opportunity.
- In 2015 China announced \$250 billion investment plans for the region. The governments have naturally welcomed such investment, not least because it is often free from social and environmental safeguards. Boston University, a grantee, has prepared powerful case studies demonstrating how China is driving economic change in Latin America, with potentially devastating environmental and social consequences.
- Dramatic recent increases in gold prices have escalated threats to ecosystems. CSD grantees have pinpointed and highlighted large-scale degradation of previously intact forests due to gold mining as well as related abuses of vulnerable forest communities.
- Notable gains supported by CSD include:
  - Discouragement of Chinese hydropower investments in Colombia by International Rivers and TNC.
  - Helping governments understand the environmental impact of infrastructure development projects by the Conservation Strategy Fund.
  - Continued use of the Global Greengrants Fund to channel small sums to local organizations and NGOs has delivered a stream of impressive projects.
  - Impressive strengthening of the capacities of multiple indigenous groups in several countries to establish legal rights, land titling, manage forested areas, achieve environmental justice and protect diversity.
  - Following widespread decentralization, grantee NGOs have helped local government agencies – which often lack capacity and resources – to fulfill their new responsibilities.
  - A remarkable specific achievement is the recent upgrading of the *Sierra del Divisor* into a National Park, adding 1.35 million hectares to the Peruvian protected area system as the final link for the Andes-Amazon Conservation Corridor (Brazil and Peru) that connects 27 million hectares, thereby helping many indigenous communities secure their land rights.
- As elsewhere, the effectiveness of the three-year regional grant-making cycles have been undermined by longer than expected delays in grant processing. Andes portfolio data shows that it takes on average 154 days from the time a grant is approved to the date funds are transferred to the grant recipient, and 223 days in the case of Expenditure Responsibility grantees.
- The Andes Strategy recognizes the importance of building the capacities of organizations in the target geographic areas and states that preference would be given to funding national groups. However, 70% of grants, and 65% of the total funding have been awarded to international organizations since 2011, a significant increase from 2000-2009.
- Grantees in the Andes were notably more satisfied than elsewhere with the guidance, support and feedback they have received from their CSD program officer until the recent several month gap in replacing the former PO.

- We found concrete examples of grantees productively working together or coordinating on key topics. But some grantees felt that their lack of knowledge of other grantees' activities represented a missed opportunity for effective collaboration.
- The Foundation made excellent use of its participation in the “Funders of the Amazon Basin” group to draw on the knowledge and experience of colleagues from other foundations, and to promote coordination among donors.
- Grants to national entities are essential to building local capacity and ultimately the sustainability of local organizations and conservation movements. National grantees consistently emphasized the importance of Foundation support to their institutional development.
- A significant new grantmaking opportunity may emerge in connection with the Colombian peace process, which is expected to have significant social and environmental implications if former guerilla fighters are demobilized and resettled, potentially in ecologically-sensitive areas. CSD seems uniquely positioned to tackle this issue with its experience and network in the region.
- While the geographic range covered is already considerable, there are good arguments for increasing grantmaking in the Páramo ecosystems and the Orinoco basin.

### **Great Lakes of East and Central Africa**

- CSD's Great Lakes Region Strategy (GLRS) and work plan, which guides grantmaking, is largely based on a participatory process which many grantees identify with as contributors. The GLRS fills gaps in the current CEPF strategy, particularly in lowland watershed areas, climate change adaptation and ecosystem services. The strategy remains relevant, especially in addressing environmental pressures exacerbated by climate change, addressing emerging threats, knowledge generation for informing and influencing policy, community benefits, enhancing protected area and key biodiversity area management and monitoring of biodiversity.
- The grant portfolio itself is less convincing, with some work plan targets receiving considerable attention and others little or none. In some cases resource allocation has been poor and implementation ineffective. There has been no direct investment in protected areas and less than 10 of the 51 grants made address issues at a site level in key biodiversity areas. The Lake Victoria basin has received by far the greatest share of CSD funding while Lake Turkana and Lake Nyasa/Malawi received little. The Lake Victoria Basin has received massive international development assistance over recent decades, while Turkana and Nyasa have not. Furthermore, significant investments had been made by others in community livelihoods, the thematic area where CSD's grants were largely focused. While we accept CSD's argument that much of this official development assistance around Lake Victoria was on a large scale and not particularly effective, we are not convinced CSD has identified a viable niche and we recommend redoubled efforts in the other lake basins, which would be more consistent with CSD's own strategy.
- Grants with broad and diverse themes appear scattered over a wide area and it is hard to detect any portfolio effect greater than the sum of the parts. A shift of geographical focus from the Albertine Rift to Lake Victoria, between the two funding rounds since 2010, while based on a clear rationale, was not well implemented in grantmaking terms and disrupted the continuity and cohesion of the portfolio. Some grants do not fit clearly with

the work plan targets, such as the Fund for War Affected Children and New Course grants on developing a school curriculum on sustainable livelihoods and natural resource management in post-conflict situations in Africa's Great Lakes region.

- Useful progress has been made in understanding threats to watersheds and the potential impacts of both economic development and climate change, largely through modeling and research by the BINGOs (CI, WCS and BLI). While much of this work is recent and there are a few examples of policy influence (notably CI's work on the Gaborone Declaration), it is not always evident that (a) the conservation NGOs have the requisite skill sets to influence policy or (b) that the research studies have been set up to engage decision makers at an early enough stage to be likely to change policies. Such work requires more up-front planning on how to actually influence policy.
- The strategy explicitly targeted assisting the rural poor to manage their resources, with the intention of reducing pressure on biodiversity and ecosystems, and half of CSD's grants (by value) are pursuing this objective. Several of these projects do show progress in generating community-level benefits from improved environmental management. But in most cases the links to biodiversity or ecosystem conservation are weak, and the grantees – mainly development-oriented NGOs – have too often simply absorbed the funding into their existing programs without demonstrating integration with CSD's main areas of interest, in some cases with relatively large grants (notably to Pathfinder).
- If the strategy was to bridge the gap between protected areas and landscapes through community-level approaches, which CSD has recently suggested to us and which we do see merit in, this does not appear in the regional work plan and was not clear either in project documentation or implementation. We reviewed some of the community conservation grants within Key Biodiversity Areas (a concept that does not indicate any level of protection) and found these generally were not well designed or adequately linked to biodiversity conservation, although we have recently been informed of a more promising community-level conservation effort being supported by CSD in Uganda.
- Some of the more development-focused projects were funded jointly with other Foundation programs (Population, and Reproductive Health and CSD's global programs), although this did not work particularly well. Hampered by a lack of oversight and then a protracted CSD program officer transition, these grants did not receive the timely, hands-on guidance that might have helped them become more effective in contributing to CSD's objectives. Given the considerable experience in the conservation world with such integrated or cross-sectoral projects, this expensive experiment was disappointing.
- While CSD documents emphasize Payment for Ecosystem Services (PES) mechanisms as a key tool for more effective resource management, there is no authentic PES example in the region and the PES-related grants we reviewed were unconvincing, with one providing funds to pay for ecosystem services in a way that appears unsustainable.
- A key emerging issue in the region results from the recent discovery of oil under several lakes as well as offshore gas fields. There are solid reasons to anticipate rapid infrastructure development to exploit these resources and, in the case of the oil, cross-country transportation to new deep-water coastal ports, all of which threatens to have a devastating effect on ecologically-sensitive areas, including those that CSD has invested in previously. An impressive set of 'oil governance' grants were made to NGOs in Uganda and Kenya to start mobilizing communities and exploring potential legal action (all in the face of considerable government hostility to activism), some of which were

notably successful in halting harmful practices. While the drop in oil prices seems to have provided a breathing space by slowing investment, CSD has not yet followed up the initial grants (partly due to complications linked to cofinancing from the Foundation's Human Rights program's now-ended International Justice work) and several grantees who had been encouraged to enter into potentially risky confrontations with governments and oil companies have been left feeling somewhat abandoned. However, the Foundation is still uniquely placed as one of very few donors interested in and knowledgeable about oil governance and biodiversity conservation in the region.

- Whilst there is strong collaboration between MacArthur and CEPF, coordination with official donor agencies (USAID, DFID, etc.) in the region is weak. This is especially unfortunate as many of the Foundation's grants involve thematic areas that, while relatively new to CSD, have long been central to the work of these other donors.
- While grantee coordination has improved under the current Program Officer, many grantees would like to know what other grantees are doing in the geographical areas they operate in, so as to enhance networking and knowledge. They are also keen to receive regular feedback from MacArthur about their work. While we understand that PO time is limited, experience suggests there could be considerable added value from better coordination and synergy building among grantees.
- Whilst the CSD GLR work plan did not prioritize direct investment for PAs, there is need for reconsideration. This is because investment in and around protected areas provides an opportunity to demonstrate that direct support to PA/KBA management with complementary activities in the adjacent surrounding areas will fulfill some of the 10 year targets of the strategy.
- There are also opportunities in the GLR such as; assisting African governments with their climate change adaptation priorities, as most bilateral donors are focusing on mitigation, and enhancing agricultural commodities in order to reduce the pressure of livelihood needs on PA/KBAs.

### **Greater Mekong and its Headwaters**

*Grantmaking in this region was subject to a separate external evaluation concluded early in 2015. Within the global mid-term evaluation this work was extended to include (a) more recent grants, including those in the Upper Mekong, (b) further consideration of CSD's niche among international donor organizations, and (c) CSD's responses to the earlier evaluation.*

- The strategy remains relevant and compelling. The region's biodiversity and human development are threatened by plans, and now actual projects, to dam the Mekong River. Regional politics as well as dam financing are dominated by China. Dams and other large-scale developments will have enormous impacts on biodiversity and ecosystem services, threatening the food security of millions of people.
- Grant making in the Mekong has been concentrated in the Lower Mekong (the Upper Mekong is basically in SW China, the most ecologically important region of the country). Two landscapes, mainly within Cambodia, were prioritized, based on openness to civil society engagement in conservation activities and in order to concentrate resources for greater impact. This pattern will continue with the next grant

- cycle in the Lower Mekong, where 75% of available grant resources will be directed to Cambodia, which is clearly the most ‘NGO-friendly’ country in the region.
- Despite major conservation challenges, recent CSD investments have yielded significant achievements in just a few years, notably the broad mobilization of civil society to tackle hydropower issues and significant advances in securing the conservation of important sites. In fact there have been some remarkable recent achievements by grantees, several of which would have been regarded as inconceivable only a few years ago:
    - The Lao PDR government’s decision to proceed with the Xayaburi dam was a setback for conservation. But advocacy campaigns led by multiple CSD grantees slowed the pace of dam building, helped to force a more environmentally-friendly \$200m redesign and led the Thai Supreme Court to reaffirm environmental assessment requirements for Thai state-owned companies funding international projects (Thailand is by far the largest consumer of electricity in the Lower Mekong).
    - The Natural Heritage Institute (NHI) has achieved unprecedented access to government agencies and dam developers in China, Lao PDR, Cambodia and Vietnam, and appears on the brink of forcing a key dam relocation in Lao PDR’s Sekong Basin. NHI is also helping redesign the Lower Sesan 2 dam in Cambodia and working with that government to relocate/redesign the massive Sambor dam which, if built as planned, would have devastating consequences for the most biologically productive parts of the Mekong Basin.
    - Investigative work by Global Witness showed that two of Vietnam’s largest companies had illegally obtained land concessions and were logging illegally. As a direct result, pressure from international investors and an IFC investigation appear to have forced at least one of these companies to change its practices.
    - WCS and CI succeeded in persuading the Asian Development Bank to cancel funding for a new road which would have bisected the most ecologically sensitive zone of Cambodia’s Tonle Sap floodplain.
    - Key conservation sites have recently been protected in Cambodia.
  - The effective challenges to dam construction on the Mekong were largely attributable to the ‘portfolio effects’ of coordinated grantmaking to multiple grantees, amounting to more than the sum of the individual grantee contributions.
  - What have to be described as extraordinary delays in the disbursement of the Upper Mekong grants (sometimes 1-2 years) have disrupted the planned grant cycles for the Mekong and jeopardized achieving a portfolio effect. Serious implications for grantees have included loss of staff and problems with auditors.
  - Despite these disbursement delays, the small grants program run by the Shanshui Conservation Center (a key national Chinese conservation NGO that had been supported by CSD through CEPF at a critical early stage in its history). The re-granter awarded 48 small grants in its first year, helping establish five new CSOs.
  - CSD’s regional Mekong partnership with CEPF and two other foundations is working well. The benefits for CSD have included identifying project co-financing opportunities, avoiding duplication of effort, and addressing more priorities. The gains appear due to being small, informal, low cost and built on personal trust.

- CSD has made a deliberate decision to fund mostly international organizations in the Lower Mekong, partly as a result of the difficulties in making grants to local organizations and helped by the decision of CEPF and the McKnight Foundation to mainly fund local groups. CSD considers it is filling a distinct niche here by funding international organizations, which are more suited to the international policy and advocacy work that CSD has prioritized.
- The early 2015 evaluation findings and recommendations were taken seriously by CSD and several changes made as a result. The evaluation raised concerns about the amount of resources going into science, which was very sophisticated but not tied to policy process and therefore of questionable impact. CSD's science investments in the next Lower Mekong cycle have been refocused on key policy questions although these still constitute more than 1/3 of the available budget.
- Grantees receive little feedback and communication from CSD. They greatly desire opportunities to share experiences and develop collaborations with other MacArthur grantees. A 2015 workshop addressed this concern to some extent, although few grantees were able to travel from outside Cambodia.
- Grantees report that they save their 'hardest stuff' for MacArthur; its flexible, hands-off approach reassures grantees that they are trusted to do what is most strategic and gives them opportunity to plan over a longer time horizon, adapt to changing conditions, and incubate ideas and interventions that other donors lack the flexibility, patience or risk tolerance to fund.
- The strategy remains relevant and compelling. Dams and other infrastructure will have enormous impacts on biodiversity and ecosystem services, threatening the livelihoods of millions of people. Change is happening very rapidly and there is a limited window to act before the basin is utterly transformed.

## **Coastal and Marine**

- Continuing a long and successful history of CSD involvement in this thematic area, CSD has effectively identified and prioritized places where it was best equipped to take a leadership position amongst donor organizations, i.e., in Madagascar, Cuba and parts of Melanesia, where other donors tend to take their lead from what CSD does and does not fund. In other cases CSD wisely chose to play a more supportive role, filling important niches to complement other donors with more funds, a deeper history or greater capacity for interaction in a place or in a particular discipline, notably in Indonesia and 'illegal, unreported and unregulated' (IUU) fishing. CSD's expertise in coastal and marine areas is widely recognized and drawn on by both practitioners and other funders.
- Recent grants have already contributed significantly to (i) shark and ray conservation; (ii) marine protected area (MPA) designations and improved management; (iii) near-shore fisheries management networks in Madagascar, the Caribbean, and Melanesia; and (iv) donor partnerships in Madagascar and in Indonesia (where CSD joined three other US foundations in designing a pioneering grantmaking strategy).
  - Some of the Foundation's biggest recent marine-related wins have to do with shark and ray conservation. Globally, shark populations have crashed – driven by the overharvest for shark fin for Chinese and Chinese-diaspora markets.

Grantees contributed significantly to enforce a shark finning ban in Raja Ampat, Indonesia and enabled data collection on manta ray fishing that helped realize a 2015 nationwide ban which was a major win.

- Madagascar expanded its MPA network, giving enhanced management roles to local communities. This directly followed work supported by the CSD, which almost alone supported grantees bringing the widely-heralded ‘Locally Managed Marine Areas’ (LMMA) approach – which the Foundation had helped initiate in 2000 and build thereafter – from the Asia-Pacific to Madagascar and the wider Western Indian Ocean.
- CSD supported a unique community-based fisheries management project in Cuba through a combination of government and NGO partners. Positive results have already achieved in regulating near-shore fisheries.
- Most of the work in the field has been delayed by about 6-12 months as the result of delayed grant disbursements due to slower-than-anticipated internal compliance processes and a change in program officer within CSD.
- The program now has about \$17 million to spend over 5 years, across four large and complex regions and 9-11 diverse island nations. This subdivides into smaller amounts very quickly. It may be advisable to add funding or phase out one region.
  - Remaining funding for the Caribbean does not appear sufficient to take advantage of the opportunity offered by Cuba situation, building on Foundation’s unique, long-term involvement.
  - While PNG has among the most biodiverse coastal systems on the planet and other private foundations are cutting back, it is becoming increasingly difficult to make change there. Fiji and the Solomon Islands appear more likely to be a rewarding focus.
  - The current allocation for Indonesia appears sufficient unless new political situation and fisheries activism reveals new opportunities.
- A plausible case for climate contributions can be based on (i) near shore fisheries contributions to food security, (ii) the conservation and resilience of key coastal ecosystems that act as natural barriers to sea level rise and storm surges, and (iii) improving coastal governance to address future climate impacts.
- Recognizing the enormous spatial scale being covered with modest funding, the Coastal Marine program should continue its current approach: (i) focused on the replication of successful projects at provincial or national levels, (ii) not working on too many disparate activities at different sites, and (iii) investing in the skills and capacity of local people, organizations, and institutions.

## **Global**

To complement the site-specific work in priority regions, global grantmaking portfolios were established around a selection of external drivers of biodiversity and ecosystem loss, essentially continuing the previous CSD practice of allocating funds “toward issues that advance biodiversity conservation at the global scale and that reinforce regional portfolio objectives”.

***Understanding and influencing China's natural resource use and consumption patterns.***

CSD supported a two-year effort to establish to create a Multi-Donor Fund (MDF) to focus on the international consequences of China's resource demands, through grants for preparatory work to WWF-US. Following a substantial amount of solid and well thought out preparatory work this effort was put on hold in 2013 due to a lack of matching contributions from potential partners, although the Foundation Board's anticipated or perceived lack of support was also cited by CSD as a key factor. From a 2015 perspective the MDF still appears an excellent initiative, although recent developments in China would require new thinking for any comparable effort today.

CSD also made a very effective series of grants analyzing and tracking the impact of Chinese investment flows in ecologically-sensitive areas. These grants will help give the environmental field as well as the Foundation a potential seat at the table in any future discussions of the impacts of Chinese overseas investments. The topics covered included:

- New sector standards, particularly in hydropower, based on CSD's Mekong work.
- Developing a database of China's overseas investment in priority geographies.
- Advocating with host governments *not* to reduce social and environmental protection as a way of attracting foreign investment.
- Civil society training and capacity building to work on these issues.

The biodiversity and climate change consequences of China's role in global physical and financial commodity product chains remain a huge issue, even with recent signs of the Chinese economy slowing down. CSD grantees, notably International Rivers, Friends of the Earth, and Global Witness, have demonstrated that China can be sensitive to regional and international criticism of the ecological harm caused by particular investment approaches.

***Integrating environmental and social considerations into commodities markets.***

Roundtables have been developed for soy, oil palm, sugar, and beef, and over the past several years have had success in shifting production systems and market demand systems toward greater sustainability. WWF-US notes that "by showing that commodities can be produced at affordable costs with measurably reduced environmental impacts, and by creating a significant demand for such products, we can shift entire commodity markets towards greater sustainability, and deliver large-scale environmental benefits".

CSD has contributed to building the field of 'sustainable commodity production' via (i) Commodity Roundtables led by WWF-US, at which commodity producers, commodity buyers, conservation organizations, and labor groups can sit together to discuss ideas and implementation plans for reducing the social and environmental impacts of commodity production, (ii) commissioning biodiversity vulnerability assessments in relation to commodity production, (iii) field testing how to bundle commodities and carbon together for improved financial returns from a given production landscape, and (iv) grantee Forest Trends has built a sophisticated online platform that tracks the 'no-deforestation'

commitments made by major commodity producers and buyers, and relates those to actual long-distance commodity supply chains.

These grants have already contributed to impressive advances and the WWF-US work has recently been extended. The commodity grants arguably constitute CSD's major contribution to GHG emission mitigation, even though they were not established primarily with this objective. Each of CSD's priority geographies has been heavily impacted by commodity demands, especially from China, but there has not yet been any systematic linkage of the commodity grants with the regional program work.

### ***Climate change adaptation, which in practice became REDD+***

Climate change work was undertaken within CSD in two distinct phases. An experimental phase until 2013 examined the interrelation between biodiversity conservation and climate change as well as 'blue carbon' in marine environments. In the second phase, since 2014, CSD has provided core support for five large NGOs' separate REDD+ programs, using funding redirected from the discontinued China multi-donor trust fund work.

REDD+ has emerged as *the* major focus of international tropical forest conservation efforts during the last decade, offering relatively low cost GHG emission savings through improved forest protection incentivized by performance payments. The attraction from CSD's perspective is that forest protection and GHG emission mitigation are joint products, and especially when the "+" in REDD+ explicitly includes a focus on biodiversity and the rights of forest-dwelling peoples.

But the prospects for REDD+ are still unclear as official/national funding commitments remain orders of magnitude below needed levels, while implementation has proven more politically and logistically complex than originally anticipated. While REDD+ represents an important potential stream of additional financial support, the additional forest conservation funding mobilized through fully operation REDD+ performance payment mechanisms has so far been small.

It is not feasible to make even rough estimates of the climate mitigation impacts of CSD's REDD+ grants, which were not site specific nor made with the intention of delivering measurable short-term GHG gains. CSD has deliberately not pushed these partners to ensure that the REDD+ activities supported focuses on the Foundation's geographic priority areas, but rather allowed them to develop program ideas consistent with their own institutional strengths.

As noted in the 2010 evaluation, CSD achieved a major impact in building the field of climate adaptation science. More recently CSD has developed and convened organizations better able to communicate the imperative of, and challenges associated with, adapting to climate change at multiple scales. Taking the long view, CSD started by funding biodiversity vulnerability assessments in response to climate change, then played

a major role in defining the field for adaptation practitioners; and finally now has supported work communicating the importance of adaptation science and practice.

Recent CSD *climate change* grantmaking has shifted decisively toward an emphasis on climate change *mitigation*. However, the support for U.S. and global practitioner networks focused on climate change *adaptation* helped consolidate a considerable learning in this important area of addressing the climate challenge. Some of this work took place under CSD auspices, and some outside in more US-focused grantmaking. Because of this support over the last decade, the Foundation has achieved a substantial ‘portfolio effect’ on adaptation, and this learning contributed to the new climate change initiative’s ‘Theory of Change’ regarding U.S. public engagement in responding to climate change.

Important conceptual and practical links between biodiversity and adaptation are receiving increasing attention, and CSD is well positioned to be at the forefront of work in this area. The key argument is that biodiversity and ecosystem services can contribute to helping people adapt to the adverse effects of climate change. As climate change increases the frequency and intensity of extreme weather and climate events, ecosystems can provide protection from these extremes by stabilizing land and water, and buffering climatic impacts and hazards. Taking ecosystem-based approaches therefore enables people to adapt to the impacts of climate change by using opportunities created by sustainably managing, conserving and restoring ecosystems to provide ecosystem goods and services.

### ***Responding to marine fisheries’ overexploitation and/or illegal, unreported and unregulated (IUU) fishing.***

Under IUU Fishing, a single large grant to Pew provided this organization with core program support that helped leverage other, more targeted support from other donors.

This topic was subsequently expanded to include shark and ray conservation, which has been discussed under Coastal and Marine.

### ***Monitoring***

In response to the 2010 Evaluation, CSD committed to a “more rigorous and systematic approach to assessment, including the identification of strategic targets and related indicators” and to evaluating progress at the strategic portfolio level.

The largest of seven grants within the \$5.6 million global CSD monitoring portfolio is of \$2.8m to the Carnegie Institute. This continues CSD support to an important remote sensing technology for tropical forests, widely heralded as a game changer. It supports detailed evaluation of the condition and characteristics of forests, enabling quantification of aboveground carbon stocks for over 128 million hectares of Peru. Subsequent CSD grantmaking helped raise counterpart funding from the governments of Peru and

Ecuador, as well as further donor support, all of which should increase the scale of application of this innovative work.

A recent \$900K grant was made to WCS to develop a monitoring system for CSD's priority marine regions. Considerable progress has been made on a marine dashboard.

This dashboard concept was first explored by CSD through four awards to NatureServe (totaling \$1.8m). These aimed to develop indicators for measuring progress towards its 10-year targets in terrestrial priority regions, and a dashboard tool for displaying these. The dashboard is an attractive, interactive web-based platform for displaying indicators at different spatial scales over time and will enable CSD to monitor broad-scale change in conservation context.

However, the dashboard still appears to be aimed at too diverse a set of audiences, both inside and outside the Foundation, compromising its ability to perform optimally for any one. Grantees are not required to report against relevant CSD indicators, making delivery challenging. Sustainable support for costly indicator collection and display will require this tool to speak strongly to an audience that want to pay for it.

The dashboard's potential value to a range of stakeholders, including The Global Environment Facility (GEF) and governments reporting on Aichi Targets, offers promise for financial sustainability that CSD could explore with NatureServe.

A global dashboard will rarely have the resolution necessary to provide a clear sense of progress or performance of MacArthur's grant making without significant additional investment in the compilation of finer-scale data (as in an impressive pilot counterfactual analysis by NatureServe in Cambodia).

The Foundation's 2014 *Evaluation Framework* makes a good start at laying out the outcomes and objectives CSD is trying to achieve and a suite of indicators that can be used to assess progress towards these objectives. Work is now required to consider gaps in the framework, and to ensure that CSD has the full set of monitoring approaches necessary for its efficient implementation.

To strengthen the Evaluation Framework, CSD could convene a small working group of staff, grantees and outside experts to clarify what CSD means by measuring "impact", reconsider indicators, and improve logical linkages. This would help ensure CSD's monitoring approaches remain efficient but are fit for audience and purpose.

### ***The Global Portfolio as a Whole***

A significant mid-term shift in priorities is identifiable: in the first two years of grantmaking under the new Strategy Framework, it appeared that the Foundation would put substantial resources into its work on China's global resource footprint and that its focus on *adaptation* within the climate change program area would continue. However, in the last two years (2014-2015) CSD has shifted away from its work in China while

focusing its climate change program work on REDD+, which is a climate-change *mitigation* strategy in the forestry sector.

The grantmaking conducted under the global headings *climate change*, *commodities*, and *China's resource footprint* has a narrower foci than might be concluded from looking at these headings, and that narrower approach has in many cases mitigated against the establishment of a broader global 'portfolio effect'. Overall, the programs are compelling and the portfolio headings remain highly relevant.

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