

# CAN CONSERVATION AGREEMENTS CATALYZE PRIVATE SECTOR SUPPORT FOR COMMUNITY-LED CONSERVATION?

Lessons learned and recommendations for replication



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# EXECUTIVE SUMMARY

## Can conservation agreements catalyze private sector support for community-led conservation, benefiting both nature and people?

**YES, BUT it takes time—and maybe not in the way we think.**

From 2015 to 2020, Conservation International, in partnership with the United Nations Environment Programme and with support from the Global Environment Facility, implemented the Conservation Agreements Private Partnership Platform with the aim of using conservation agreements to engage the private sector in community-based conservation. By 2020, the CAPPP had supported 10 sub-projects in nine countries (Bolivia, Cambodia, China, Colombia, Ethiopia, Guatemala, India, Peru and South Africa), conserving 1.2 million hectares through partnerships with 27,000 community stewards. This is what we learned.

First, supply chains, market dynamics and enterprise development can be new and tricky topics for both conservation groups and communities. Conservation organizations need to double-down on these topics when analyzing feasibility and thinking about strategy. It may be necessary to build capacity within the organization or partner with someone else who has this expertise. Markets also bring an additional level of uncertainty, so these groups also need to communicate transparently with their community partners. When people’s livelihoods are part of the intervention, we have an increased responsibility to do our due diligence, assess risk and ensure that everyone has access to the best information available.

Second, partnering with companies can present its own challenges. It is true that companies seek products and partnerships which can tangibly demonstrate positive environmental and social co-benefits and that conservation agreements (CAs) can clearly define the methods of production, strategies for sustainable land management, how partners will enable community capacity and how impacts will be monitored. That said, private sector actors may have their own priorities and preferences affecting which partnerships will work for them. Not every partnership will be a match. In fact, we found the matchmaking process to be one of the most nuanced areas, frequently as much dependent on trust as economics.

When we began this initiative, we thought that CAs might help bring the private sector into conservation because their deal-like nature would resonate, provide transparency and potentially de-risk the partnership. However, it may be that the utility of CAs is less about bringing the private sector to the table (they are already at the table because they want a responsible brand and a sustainable supply of inputs) and more about enabling communities to conserve and produce sustainably so that they can be partners for the private sector. The real power of CAs is in overcoming the opportunity cost of choosing a sustainable development pathway—enabling sustainable production over unsustainable, for example.

We learned that all of this works best when the implementer and the community take the time to define shared commitments, where supply chain and market processes were well understood, where the roles and responsibilities of intermediaries and other key stakeholders were clear and those parties also bought into the agenda, and in the case of linking community producers to markets, where natural products could be delivered with the necessary level of quality, consistency and quantity.

When these key elements are lacking, we find that companies will not be committed—and the co-benefits of such partnerships will not be realized. When partners get it right, conservation can be unlocked. Ultimately, our analysis suggests that the conservation agreements model of transparent and equitable deals based on shared commitments, along with the presence of a trusted and skilled partner, lays a strong foundation for leveraging private sector support for community-led conservation initiatives.

**The next two pages provide a short summary of lessons learned and recommendations.  
For more detail, context, and insight, we hope you will benefit from the full report.**





## First, matchmaking is not that easy.

It should come as no surprise that companies will seek conservation partnerships that meet their own preferences in terms of what they want to achieve. Environmental and social outcomes may be of principal importance, or they may be considered co-benefits which are secondary to a producer-purchaser relationship. Many companies will wish to support interventions geographically close to their customer base to boost the reputational benefit. In fact, for some prospective partnerships, finding geographic overlap is the first and ultimately uncrossable barrier.

## Risk management is important.

Depending on their sector, some companies may have a bigger or smaller tolerance for risk, and the type of risk that matters most might vary. For example, companies that depend on their brand might be wary of any reputational risk, whereas those that operate in areas where brand does not matter so much, or where they already face negative perceptions around their business, might actually be less averse to reputational risk. Companies that operate in risky business environments (like extractives) might also have well-developed risk assessment methodologies which go well beyond what conservation organizations are used to. All of this is simply to say, getting to know one another—and getting comfortable—matters a lot.

## Risk management extends all the way through the type of activities that can be supported.

CAs lend themselves to contexts where the threat is internal to the community rather than external, notwithstanding the common inclusion of community patrolling and enforcement of outsiders in many agreements. This aligns well with the fact that many private sector partners will be less comfortable getting involved in situations that involve enforcement-based strategies that typically are important in countering external threats.

## Managing supply chains, engaging in markets and building enterprise are all challenging, even for companies. For conservation organizations, this is a real area of concern.

Implementers may need to facilitate targeted training to improve how communities interact with private sector entities as business partners—and invest in their own capacity to implement specific types of market related strategies. Supply chain analysis, business planning, navigating business development and growth, marketing, ensuring quality and quantity of product are all critically important areas. We found across the board that feasibility analysis—a key element of the conservation agreements process—needed to emphasize these topics with far more depth and rigor. For many conservation organizations, external expertise will be a necessity.

At the same time, we identified areas where a little effort can go a long way. For community enterprise, for example, small investments in upgrading local skills with respect to market participation (e.g., training on how to access publicly available pricing information) have led to outsized impacts.

## Fostering a real partnership means investing in trust.

Although an emphasis on private sector engagement reflects a belief that arms-length transactions mediated by market forces offer an alternative to individualized interactions built on interpersonal relationships and trust networks, the CAPPP experience shows that the latter remain vital to conservation, development and also market participation. NGOs should take the time to build strong relationships with communities *and* private sector partners, acting as a trusted relationship broker where these relationships seem robust.

## It can also mean designing the intervention together

In most instances, finding external private sector partners to graft on to an already-designed CA initiative proves to be challenging. As mentioned above, many private sector actors have specific needs or philanthropic interests (types of projects, conservation goals, communities, etc.) that may not correspond completely to the context offered by the implementer and their community partners. There is a real difference between designing a partnership together and finding a partner for your project.

## Alternative livelihoods are an incredibly common strategy, but they rarely firm up financial sustainability

How alternative livelihoods support links to conservation bears deeper analysis with respect to effective strategy. For example, a conservation agreement strategy could be to create a new resource use dynamic that is financially sustained by alternative livelihoods, meaning the financial return from that livelihood is high enough to cover the cost of all the behavior change (production practices, monitoring, enforcement, etc.) that makes the livelihood activity possible. This is a win-win-win scenario.

In our experience, however, this is quite rare. Frequently, activities necessary for sustainability are difficult to absorb via price premiums. Finding the right price for a sustainable product is the first challenge. Finding someone to pay that price in a competitive market is the second.

A contrasting, and more common strategy, involves continued support for alternative livelihoods as an ongoing incentive within a conservation agreement that, in itself, requires ongoing financing (e.g., the livelihood does not cover the cost of conservation, but it does incentivize it to some degree). Whether or not to invest in a project in which market forces cannot cover the full cost of conservation is a matter of choice. It must be recognized that these costs need to be covered somehow, often in the long term.

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**The CAPPP has been a powerful learning experience for the implementers, communities and companies that participated. Despite the relatively short investment phases, the partnerships continue to see progress towards real environmental and socio-economic impact.**

**What we take away from this experience is that CAs—as is the core intent—enable communities to conserve and produce more sustainably, giving them the ability to provide what a private sector partner wants, be that an input for a product, tangible outcomes from a philanthropic investment, or both. In the end, the CAPPP has shown that CAs can effectively unlock private sector forces for community-based conservation not because they bring new private sector partners to the table, but rather because they provide a structure for aligning stakeholders through shared commitments to clear conservation outcomes.**

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With support from the Global Environment Facility (GEF) Earth Fund, and in collaboration with the United Nations Environment Programme as implementing agency, the Conservation Agreements Private Partnership Platform (CAPPP) (2015-2020) sought to forge mutually beneficial links between the private sector and local communities or landowners who commit to achieve biodiversity conservation, reduce land degradation, support climate regulation efforts and promote sustainable natural resource management.

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# ABBREVIATIONS

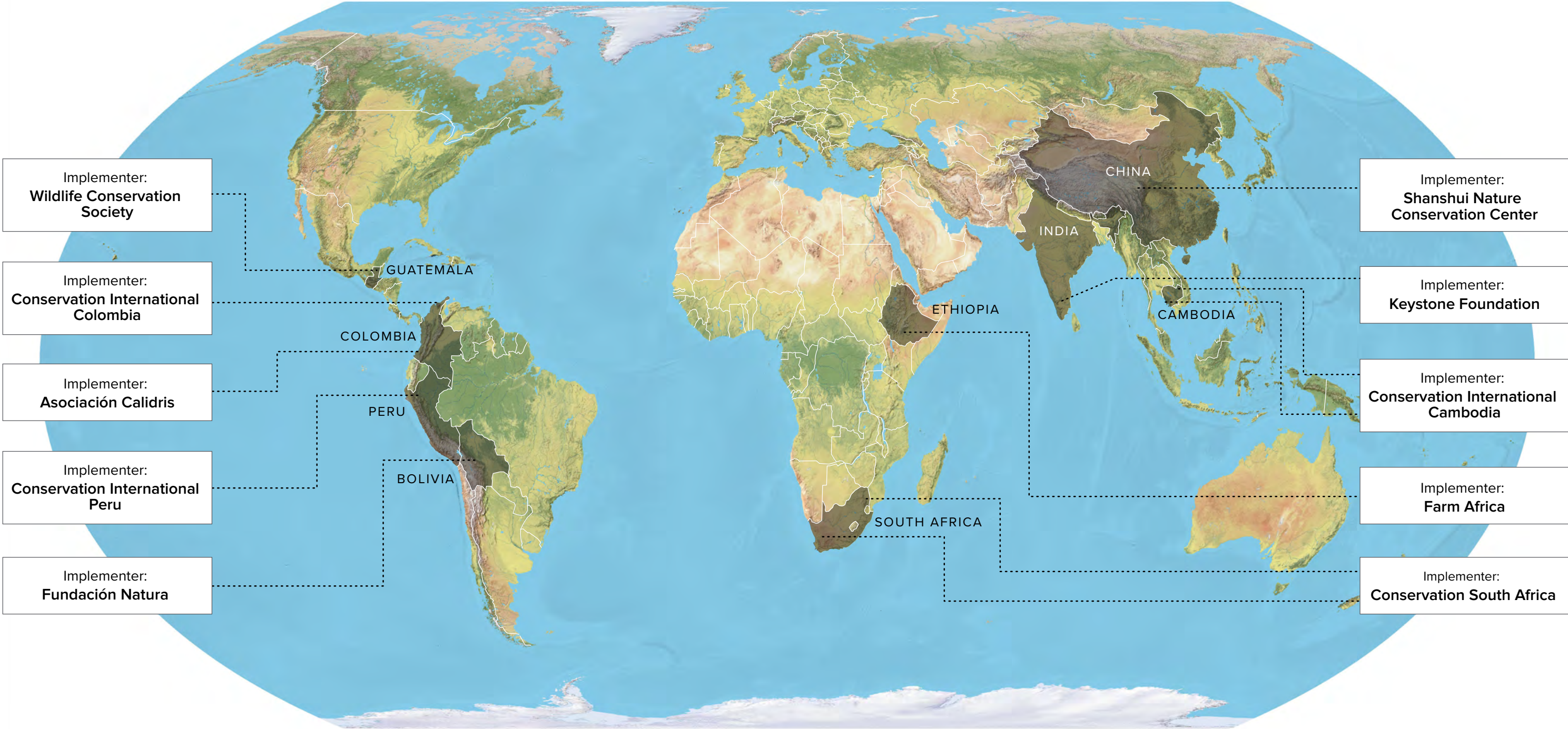
- AL:** Alternative livelihoods
- CA:** Conservation agreement
- CAPPP:** Conservation Agreements Private Partnership Platform
- CSP:** Conservation Stewards Program
- CSR:** Corporate social responsibility
- FA:** Feasibility assessment
- NTFP:** Non-timber forest product
- PS:** Private sector
- PSE:** Private sector engagement
- SME:** Small or medium enterprises



# 10 PROJECTS IN 9 COUNTRIES

27,000+ PEOPLE  
directly benefiting

>1.2 MILLION HECTARES  
sustainably managed





# INTRODUCTION

## Conservation Agreements: Fair deals for community-led conservation

In many parts of the world, communities use their land, water and other natural resources in unsustainable ways—simply because there is no economic alternative.

When conservation offers concrete benefits to rural farmers and local communities, protecting the environment becomes an increasingly viable and attractive choice. Since 2005 Conservation International’s Conservation Stewards Program (CSP) has supported communities who agree to protect their natural resources, as well as the benefits they provide, in exchange for a steady stream of compensation from investors. This approach helps to conserve biodiversity while improving the quality of life for local communities.

CSP’s conservation agreements (CA) model offers direct incentives for conservation through a negotiated benefit package in return for conservation actions by communities. Thus, a conservation agreement links conservation funders—governments, bilateral agencies, private sector companies, foundations, individuals, etc.—to people who own and use natural resources.

Benefits typically include investments in social services like health and education as well as investments in livelihoods, often in the agricultural or fisheries sectors. Benefits can also include direct payments and wages. The size of these benefit packages depends on the opportunity cost of changes in resource use, as well as conservation performance. Rigorous monitoring verifies both conservation and socioeconomic results.

### THE CONSERVATION AGREEMENTS MODEL



**For 15 years, CSP has worked with communities and NGO partners worldwide to sign more than 3,000 community and individual agreements in 20 countries—benefiting a total of 90,000 people and leading to the protection of 3 million hectares of key habitat.**

- Emphasizing that participation in a CA is voluntary for all parties, and that the design and negotiation processes must be transparent and inclusive of all parties, the main steps of the CA model itself are summarized in CSP’s Field Guide for Implementers as follows:
- Choose sites based on a rapid **feasibility analysis** conducted prior to agreement design
  - Begin engagement by **building a relationship** with interested resource users in a transparent and participatory manner
  - Build on this relationship to **design and formalize an agreement** that is: a) **win-win** (benefits both biodiversity and resource users) and b) **quid-pro-quo** (provision of benefits depends on conservation performance)
  - Before implementation, **build socio-economic and biodiversity baselines and define a monitoring system** for both
  - During the **implementation** phase, meet commitments punctually and facilitate the resource users in meeting theirs
  - Consider an initial short-term “trial” agreement to allow both parties to **evaluate and refine agreement** for the long term
  - If a long-term agreement is sought, work together to **secure long-term financing**
  - Throughout the implementation of the agreement apply **biological and socio-economic monitoring** systems
  - Throughout the process, help improve the model through **participation in a global learning network of implementers**

### Conservation Agreements Private Partnership Platform (CAPPP)

Given the popularity of the conservation agreements model with private sector partners, Conservation International launched the Conservation Agreements Private Partnership Platform (CAPPP) in 2015 to catalyze private sector support for biodiversity conservation and maintenance of ecosystem services in globally important sites. With support from the Global Environment Facility (GEF) Earth Fund, and in collaboration with the United Nations Environment Programme as implementing agency, the CAPPP sought to forge mutually beneficial links between the private sector and local communities or landowners who commit to achieve biodiversity conservation, reduce land degradation, support climate regulation efforts and promote sustainable natural resource management. The CAPPP concluded as a program in June 2020, and at closure, consisted of 10 conservation agreement projects in nine countries.

**This report aims to disseminate key lessons learned through the implementation of the CAPPP. By sharing what we have learned, we hope to inform and improve the practice of community-driven, incentive-based conservation.**

### CAPPP Theory of Change

- The CAPPP was based on the hypothesis that the private sector offers untapped potential for financing community-based conservation and that increased private sector funding for conservation could be catalyzed using the CA model. This perspective is well aligned with the GEF’s Earth Fund, which sought to demonstrate innovative ways to engage the private sector by establishing strategic partnerships for addressing specific environmental problems.
- We designed the CAPPP as a 5-year full-sized GEF project, later extended by nine months, with US\$ 5 million in GEF financing and US\$ 15 million in co-financing. The project aimed to catalyze private sector support for biodiversity conservation and maintenance of ecosystem services in globally important sites in at least 10 countries using conservation agreements with local land and resource users.
- The conceptual framework behind the project is summarized as follows:
- Noting barriers to partnerships between the private sector and local communities in sites of significance for global conservation of biodiversity and ecosystems, including perceived risk, high transaction costs and uncertain returns;
  - If conservation agreements can serve as efficient and effective mechanisms that strengthen community capacity in a way that reduces transaction costs, risks and uncertainty;
  - Then private sector actors will have the confidence to enter into relationships with communities, including investment in conservation.



An immediate and key point relates to the broker function alluded to above. To overcome the barriers to partnerships between the private sector and local communities, there is a role for a mutually trusted party; while the CA model serves as the framework for these partnerships, applying the model requires a trusted intermediary. Typically, this broker will be an NGO working in the conservation and sustainable development space; government agencies and academic research institutions may also play contributing roles.

The project logic reflects a set of assumptions:

- The CA model is an effective means to transparently define mutually agreed commitments with respect to conservation actions and compensatory benefits (including investment in sustainable livelihoods and enterprises).
- Given appropriate incentives, local communities are prepared to undertake conservation activities and cease unsustainable land- and resource-use activities.
- Local community contexts can offer commercially viable, environmentally sustainable livelihood/enterprise prospects that can serve as links to private sector partners; given investment, communities are able to produce the goods and services in quantities and qualities needed to secure private sector relationships.
- There are private sector partners motivated by commercial interests and/or corporate values to partner with communities predicated on conservation outcomes.

Based on these assumptions, the CAPPP project design identified three types of private sector engagement (PSE) that the platform could support.

**1. Frame product sourcing agreements between companies and communities.**

CAs can assess opportunities to establish product sourcing agreements between communities and companies interested in sourcing their inputs from a community’s nature-based goods and services. These CAs established sustainable management regimes for such goods or services in return for guaranteed payments upon delivery. The CAPPP design envisioned investments to (i) support feasibility assessments for the long-term management of the community-provided good or service (e.g., analyses to identify sustainable off-take amounts); and (ii) build the capacity of local communities to establish the necessary community architecture to contract directly with the private sector and manage the resulting investments.

The role of CAs here is to provide a fair and transparent process to reach shared commitments (expectations) around production practices—inclusive of conservation—as well as to detail the types of support and purchasing terms communities can expect and will accept and to select a clear monitoring framework and a system for adaptively managing the partnership over time. One important principle here is the CA’s intention to create fairness, transparency, inclusion and to achieve specific conservation and human well-being outcomes.

**2. Develop conservation partnerships between private sector actors and communities that produce social and**

**environmental results to meet corporate responsibility commitments.**

CAs between communities and private sector companies seeking Corporate Social Responsibility (CSR) projects. The CAPPP design envisioned investments to (i) support communities to develop the necessary architecture to negotiate with and manage investments from the private sector; (ii) identify conservation projects in which the private sector could invest and through which the community can reasonably deliver conservation outcomes that also provide community co-benefits such as food security, other income opportunities and enhanced resilience against adverse impacts of climate change.

These agreements are more like traditional donor investments based on CSR commitments and may not include the purchasing of community goods or services by the private sector. The real “service” in these agreements is the production of specific environmental outcomes.

**3. Build capacity of small and medium enterprises to**

**Methods: Learning from doing**

This was not an evaluation exercise. Our process did not assess the CAPPP or the sub-projects against the model and platform design documents or collect quantitative metrics on project or sub-project performance. A separate project evaluation was undertaken for the GEF Earth Fund. Instead, we used the model and the design to structure a series of collaborative discussions in which implementers and CSP staff helped distill lessons from actual implementation experience. An independent party, EcoAdvisors, conducted all interviews and drove the compilation of lessons learned.

The key objective of the analysis is to learn from the CAPPP experience to inform replication. Of course, this presupposes that replication is desirable and that CAs and the private sector make a good fit with positive outcomes for communities and conservation objectives. We implemented the CAPPP based on the following assumptions:

1. CAs are an effective means to elicit behavior change on the part of local owners.
2. Socioeconomic impact can be assumed positive since beneficiaries are virtually always interested in renewing.
3. CAs can be shown to attenuate forest clearing or other sources of pressure on ecosystems,

**ensure increased community participation in product/service supply chains that benefit conservation and economic development.**

CAs between local small or medium enterprises (SMEs) that operate in key biodiversity areas and capital investors. These CAs define conservation outcomes that the enterprise agrees to deliver in exchange for technical assistance for business development, and thus focus on enhancing local level private sector engagement in biodiversity conservation. In some sub-projects, this could converge with the first type of PSE as the CA model can link local SMEs to large corporate partners.

Each sub-project under the CAPPP sought to use CAs to structure one or more of these types of PSE to achieve conservation outcomes while improving socioeconomic conditions of communities. Several sub-projects were existing conservation agreement initiatives incorporated into the CAPPP as pre-existing sites, while others began as wholly new agreement projects.

but wider ecosystem impacts will take longer to manifest.

4. Whether behavior change persists in the long term, particularly in a post-CA phase, remains to be seen.

We re-evaluated these assertions in further examining the sub-projects to help justify a focus on whether CAs are an effective tool for engaging the private sector and therefore merit replication. We did this by asking the following three questions:

**Do CAs secure the involvement of private sector actors that otherwise would not become involved in conservation?**

**Does the CA model keep private sector actors engaged longer or more effectively?**

**Does private sector engagement using CAs increase the amount of funding available for conservation?**

While we tried to explore these questions qualitatively through interviews, the bulk of our effort focused on “how to” considerations relating to use of the CA model to involve the private sector—how to establish partnerships, how to structure relationships, how to address conflicts, how to communicate effectively, how to catalyze scale and how to buttress (financial, social, institutional) sustainability.



# THE PROJECTS

The CAPPP supported 10 sub-projects in nine countries (Bolivia, Cambodia, China, Colombia, Ethiopia, Guatemala, India, Peru and South Africa). Table 1 summarizes context and design variables for the sub-projects in the CAPPP portfolio. Each of these sub-projects adapted the CA model and involved at least one of the three types of private sector engagement (PSE). However, sub-projects did not formulate explicit Theories of Change to map out in concrete terms how the intervention (and the PSE component within the overall intervention) was expected to lead to the desired outcomes. Here we identify our **second key lesson**:

While private sector partnership was the goal of the CAPPP, for implementers it is often a strategy for financing projects (CSR) or delivering incentives for conservation (purchasing agreements) which can be pursued when useful, or not. **If the CAPPP were to be replicated, the motivation and design (the Theory of Change) would bear reflection, particularly in terms of alignment between the platform and sub-projects.**

For the platform, increased PSE is a headline objective, with the hypothesis that this unlocks additional funding for conservation. For individual projects, PSE is instead a means to an end, namely the sustainability of CAs. This difference is subtle but significant; for instance, if PSE fades for a project but a different long-term financing

solution is secured, the project is successful without contributing to platform success.

Compiling Table 1 revealed a definitional challenge with bearing on lessons learned from the CAPPP. It was not always obvious whether the PSE component of a sub-project is better described as local or community-based enterprise development, or as building a supply chain relationship. For example, organizing producers into a co-operative seems more like enterprise development, but functionally may be integral to the process of facilitating outside company purchases of farmers’ products.

This is particularly the case in early stages, as support for new enterprise development rarely makes for a complete strategy without also facilitating purchasing relationships. This raises the question of whether the distinction is necessary or useful, when the point is new and/or improved local livelihoods, potentially with a stronger position in the overall value chain. The point of these CAs is to create a relationship between conservation outcomes and market-based activities, whatever particular form they might take. A topic of inquiry then might be whether that relationship is enhanced through formal enterprise creation or other institutional capacity building (such as establishing a co-operative).

TABLE 1. PROJECT CHARACTERISTICS.

CHARACTERISTICS OF AGREEMENTS	NUMBER OF AGREEMENTS <sup>1</sup>			
Biome	Forest 11	Rangelands 11	Marine 1	Mangrove 1
Type of conservation target <sup>2</sup>	Habitat 11	Species 3	Freshwater production 1	
Type of private sector engagement <sup>3</sup>	CSR 6	Supply chain 12	Enterprise development 6	
Agreement stewards <sup>4</sup>	Individual 2	Community 12	Both 1	
Integration into markets (labor; goods & services; credit; land)	Low 3	Medium 11	High 1	
Degree of linkage between PS activity and conservation objectives	Low 4	Medium 6	High 5	
Financial sustainability outcomes (weight of PS role in covering long-term CA costs)	Low 4	Medium 8	High 3	
	YES		NO	
Agreement was pre-selected for CAPPP	9		6	
PS relationship (external to community) established before CAPPP	7		8	
PS is a social enterprise	5		10	
PS is a signatory to agreement	4		11	
Government is a signatory to agreement	7		8	
PS payments address opportunity cost <sup>5</sup>	12		3	
PS funds spent on conservation activities <sup>6</sup>	6		9	
PSE is implementer exit strategy <sup>7</sup>	3		12	
Current agreements continuing <sup>8</sup>	15		0	
CAPPP sub-project led to replication and/or scale-up	9		6	
PS still involved	15		0	

<sup>1</sup>An agreement may encapsulate more than one biome or more than one type of PSE. Some sub-projects also relied on more than one agreement.

<sup>2</sup>One would expect habitat to predominate, as the CAPPP targets were defined as number of hectares. Arguably, PSE could be easier with more evocative targets (charismatic species, iconic places, critical ecosystem services, etc.). Nevertheless, each sub-project presents a compelling story in its own case.

<sup>3</sup>The distinction between supply chain investment and enterprise development is not always clear, and several sub-projects featured multiple types of PSE.

<sup>4</sup>“Community” can be a co-operative or other sub-group of resource owners/users who do not necessarily comprise the entire community.

<sup>5</sup>Yes indicates that privileged access to buyers, fairer prices or sustainability premiums help offset the opportunity cost of conservation.

<sup>6</sup>No indicates that PS funds (from sale of nature-based products/inputs) contribute to household incomes but not to conservation management budget.

<sup>7</sup>In many instances the implementer envisions a long-term relationship with the community rather than an exit strategy as such.

<sup>8</sup>Yes includes active and dormant agreements, the latter being those where the agreement may have lapsed but the implementer is seeking funds to continue.



# CONSERVING WATERSHEDS IN BOLIVIA

**IMPLEMENTER:** Fundación Natura Bolivia

**SCOPE:** 500+ families; 64,000+ ha

## COMMITMENTS

- Set aside a formal conservation area avoiding logging, forest conversion and hunting therein
- Control fire throughout
- Keep cattle out of both conservation area and water bodies

## INCENTIVES

- Tools and inputs for agroforestry (beekeeping, fruit trees)
- Tools for improved cattle management (fencing, etc.)
- Water storage and distribution systems for household consumption and irrigation

agreements is on clean water, the private sector here is not a donor but rather an investor and a beneficiary; Coca Cola draws water from the aquifer underneath the project's participating communities. One enabling condition for the project's successful PSE was that when Coca Cola approached the NGO seeking a supply of 1 million cubic meters of water, Natura knew where/how to be able to provide it because they had invested in hydrology research and had run randomized control trials, and thus had the data needed to demonstrate additionality. It will take time to see meaningful change in water quality and quantity, but support

from the CAPPP has enabled Natura Bolivia to set up an implementation and monitoring system for the long term.

A key lesson relates to participatory negotiations and co-design to ensure that incentives match community needs and interests. In this case, farmers indicated a strong preference for something akin to a private sector transaction (e.g. an investment to help increase corn production) rather than compensation for corn lost to macaws. In this case, conservation agreements do appear to clarify the commitments and incentives required to produce an environmental service (water production and indirectly habitat preservation) for a private sector partner (Coca Cola).



Despite the rich biodiversity of Bolivia's inter-Andean valleys—including the endemic and critically endangered red-fronted macaw—local farmers often have no other alternative than to deforest their land for agriculture and livestock due to a lack of alternative economic development options, which also diminishes the quality of downstream water. To break this cycle, Fundación Natura Bolivia pioneered “Watershared”—known locally as Acuerdos Recíprocos por Agua—a model to develop long-term (10-year) agreements which enable long-term financing, emphasizing municipal institution-building for sustainability. Since political terms are five years, this period covers at least two mayors and helps to create a water conservation culture within the municipality. The agreements are designed as a joint venture; farmers contribute 30% of the resources and the municipality contributes 30% and provides development projects to farmers. The municipalities (and/or local water providers) in a sense are thus additional “private sector” representatives, as they channel demand for watershed maintenance.

A key feature of the model is that rather than calculating value and paying opportunity cost (i.e. framing as an economic transaction), the partners frame it as a reciprocal arrangement, whereby the farmers are helping society and receiving public recognition and benefits in appreciation.

The Watershared model was expanded through CAPPP to incorporate biodiversity within the water agreements. For example, rather than being compensated for crops lost to the macaw, farmers wanted to be paid to produce extra corn for the birds. In this way, the critically endangered macaws were seen as helping farmers to earn more money, rather than as a pest. This focus on birds as positive then provided an entry point for biodiversity with communities, i.e. help the birds by protecting the forest, monitoring nests, etc.

In terms of PSE, as part of its corporate social responsibility, Coca Cola has partnered with Fundación Natura Bolivia to support the program. Because the focus of the

# PROTECTING CAMBODIA'S FORESTS

**IMPLEMENTER:** Conservation International Cambodia

**SCOPE:** Central Cardamom Mountains National Park: 591 people; 403,130 ha  
Prey Lang Wildlife Sanctuary: 490 people; 360,000 ha

## COMMITMENTS

- Establish an oversight committee
- Commit to sustainable management of riparian zones and other important areas
- End agricultural expansion into forested areas beyond established boundaries
- Avoid hunting for commercial trade and poaching of illegal species
- Avoid unregulated logging or timber trading

## INCENTIVES

- Technical and financial support for diversifying income from non-timber forest products, ecotourism and agroforestry
- Improved market access including capacity building on packaging, business planning, marketing and linkages to private sector
- Agricultural training to increase production in approved zones



Cambodia's forest cover decreased from 72 percent in 1973 to 48 percent in 2014, the world's fifth-fastest rate of deforestation. The Central Cardamom Mountains National Park (CCMNP) and Prey Lang Wildlife Sanctuary (PLWS) are two hotspots facing widespread land conversion and poaching driven significantly by poverty, population growth and poor law enforcement.

With support from CAPPP, CI Cambodia worked with CCMNP's Tatai Leu community, providing a framework for collaboration with park authorities to help protect the forest and diversify the community's income-generating opportunities through market development of agarwood, turmeric, lemongrass, cardamom and ecotourism. In Prey Lang, the project also supported the design and negotiation of agreements with nine additional communities

to reduce deforestation which would be signed towards the end of CAPPP and continue to be implemented.

Leveraging the financial power of corporate social responsibility and market pressures, Japanese corporate group Mitsui invested US\$ 1.1 million for three years to help set up the PLWS program with the aim of purchasing future REDD+ forest carbon credits for 10 years. Additionally, late in the CAPPP investment in PLWS, CI Cambodia partnered with IBIS Rice, an established ethically minded conservation enterprise. IBIS Rice facilitates sustainable rice production in the PLWS landscape, working towards an income generator for communities who comply with the sustainable vision for the area. Organic and wildlife-friendly certification for rice production lends itself to a clear agreement with a price premium for compliance. This venture capitalizes on an activity that people were already doing, and the activity yields near-term rewards.

Meanwhile in the Cardamom Mountains, several private sector partners with varying roles support the community conservation agreement holders in the sustainable production and marketing of goods aligned with the goals of the protected area landscape. Krassna Kambodi focuses on an agarwood oil production component by providing technical training to local communities, treating the agarwood trees with inoculant, and helping to market the products. Two companies, Bodia and Green Garden Shop, buy other community products, including lemongrass oil and vegetables. These companies also conduct product testing and provide technical recommendations for improved quality.

A lesson here is that implementers, particularly conservation NGOs, frequently do not have all the necessary expertise in house to deliver a product



ready for market at a competitive price (quality, quantity, viable transportation). The initiative in CCMNP relies on private sector partners and intermediaries to help meet these requirements. Yet, the initiative is not without its challenges, particularly those around establishing new products and linking them to markets where questions of quality and quantify dictate price and partnership.

Particularly in the Cardamom Mountains, significant piloting of activities, testing of quality and brokering

of PS-buyer relationships was required. In addition, in the case of planned agarwood development, labor was put into production in the absence of clear pricing commitments, which can constitute a risk if community expectations are not met at market. Implementers must make sure that community expectations are aligned with the range of possible development trajectories. An initial agreement with communities that specified realistic potential prices could help to ensure expectations are aligned with market dynamics.

# SUPPORTING PEOPLE, PANDAS AND FORESTS IN CHINA

IMPLEMENTER: Shanshui Nature Conservation Center

SCOPE: 3 villages: (1) Guanba: 387 people; 4,000 ha (2) Xiong'er: 500 people; 2,510 ha (3) Liziba: 728 people; 6,500 ha

## COMMITMENTS

- Conduct daily patrols to control hunting and fishing within the conservation area
- Community patrolling to protect forests and water sources
- Controlling fires, logging, pests and other specific environmental threats

## INCENTIVES

- Support for alternative livelihood activities and marketing local products
- Capacity building/training for local leaders
- Financial support for patrols



Around the southwestern Chinese villages of Guanba, Xiong'er and Liziba, forests which are home to the giant panda and other wildlife are threatened by illegal hunting and logging, primarily for firewood for tea production and timber. These communities need avenues to generate income while protecting, rather than encroaching on, habitats deemed essential for nature by local authorities. Since 2009 the Shanshui Nature Conservation Center has used conservation agreements to stop deforestation while also improving the capacity and income of local communities.

To reduce pressures on the forest, Shanshui used the CAPPP to support the communities in establishing

conservation-based livelihoods, such as honey production, improved tea quality and to form paid patrol teams to combat illegal poaching and logging. The communities in return formulate and comply with local land-use plans which align with official protected area management plans such as refraining from illegal fishing and wild herb harvesting, reducing the use of chemicals for tea cultivation, and carrying out community patrols and monitoring. The agreements also contained provisions for technical training, improving market access and branding for products such as honey and tea, and building capacity of local leaders.

In Guanba and Xiong'er, Shanshui focused on sustainable honey production. Shanshui's social enterprise, Shanshui Partner Company, and Xiong'er Dongdong Co-operative provided technical assistance, purchasing and expansion of markets, such as connections with L'Oreal China. **In this case, Shanshui already had relationships with the private sector, the specific products were ones that the communities already knew, and buyers were already identified. Therefore, these projects were not subject to the degree of trial and error seen in some of the other CAPPP projects.** In Liziba, Kiehl's LLC (owned by L'Oreal) provided funding and trainings on pesticide hazards, standardized use of chemical fertilizers, solar insecticidal lamps and watershed management to reduce the use of chemicals on tea farms and support farmers.

# SAVING MANGROVES TO SAVE LIVELIHOODS IN COLOMBIA

IMPLEMENTER: Asociación Calidris

SCOPE: 2,300 people; 12,500 ha

## COMMITMENTS

- Regulation of piangua collection (size, area restrictions)
- Establish zoning plans including non-use areas and rotational harvesting
- Participate in monitoring of piangua and mangroves

## INCENTIVES

- Training on monitoring, leadership and local legislation
- Annual supplies for sustainable piangua extraction (boots, gloves, etc.)

The Colombia project addresses the unsustainable harvesting of natural resources by two very different communities. In Bahia Hondita, on the Caribbean coast, the population of five endangered species of sea turtles was drastically diminished after centuries of uncontrolled exploitation for food, as well as for use in folk medicine and religious rituals important to the native Wayuu community. Meanwhile, in Iscuandé, on the Pacific coast, mangrove forests and important species living in these mangroves—particularly a mollusk known locally as piangua, an important food source—have been threatened by unsustainable logging by outsiders and harvesting for fuelwood and other resources (including overharvesting of piangua) from both within the community and from neighboring villages.

Through the design of conservation agreements, the community in Bahia Hondita agreed to stop hunting sea turtles and disturbing nests and to develop and implement a community-driven monitoring system on nesting beaches. To support the community in their conservation efforts, Conservation International (CI) Colombia agreed to provide capacity-building for a women-led local handicraft enterprise; trainings to create a local tourism association; and new equipment such as legal fishing nets, wood and tar for boat repairs and buoys for sustainable fishing activities.

In Iscuandé, Asociación Calidris supported the community in developing and implementing improved piangua harvesting controls (such as size restrictions) and rotational harvesting plans. The community committed to adherence to these plans as well as to monitor illegal activities inside

the ethnic territory and mangrove areas. Key activities were trainings on monitoring ecosystem and species identification, strengthening community leadership, and legislation, securing annual supplies for piangua extraction (boots, gloves, t-shirts, balaclavas, etc.) and support for enterprise development and market access.

In terms of PSE, Cerrejón Coal funded the initiative in Bahia Hondita between 2012 and 2019 through formal agreements with Conservation International. Cerrejón's CSR strategy emphasized building local community capacity to drive sustainability efforts in the region. The women's handicrafts business provides a critical source of household income in an otherwise remote and economically depressed area.

Given the Iscuandé community's reliance on fishing for daily survival, the project emphasized alternative income generators and is currently exploring the creation of an endowment. Alternative economic opportunities for local associations provide additional income and reduce direct threats to mangrove ecosystems.

The Bahia Hondita agreement is ongoing post-CAPPP funding. CI Colombia's exit strategy includes the strengthening of two local enterprises with clear responsibilities to keep supporting conservation actions around sea turtles in the community and engaging other private sector partners following the cessation of Cerrejon's participation. This includes creating a







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circular economy that maintains conservation action over time. CI Colombia expects that at least 30% of the cost of conservation activities can be covered by local small-scale enterprises such as tourism, supply of drinking water, handicrafts, and PET plastic recycling. Meanwhile in Iscuandé, the piangua trade doesn't easily lend itself to financial sustainability for the project, as funding is necessary for monitoring and harvesting inputs and a good portion of the harvesting is for household consumption. CI and partners are working on a national blue carbon program with the Government of Colombia which could one day support the project at scale. The CAPPP investment helped strengthen a key demonstration site in Iscuandé, while CI and Calidris continue to raise philanthropic funds to bridge towards an eventual sustainable financing framework via blue carbon and the potential inclusion of the project in an endowment fund and a sinking fund designed to guarantee the

they may also bring complexities to the project. In Bahia Hondita, litigation between Cerrejón and other local Wayuu communities created tension in the project community which had to be addressed. Finally, CSR commitments change over time. Cerrejón's eventual withdrawal drove CI to develop a sustainability plan that involves the possibility of government funding and the ongoing community-based economic activities (tourism, handicrafts, recycling). A percentage of the proceeds from these economic activities currently supports 30% of the agreement's activities.

While this agreement is small in geographic scope (7 ha of nesting beach) it is critical to the people's livelihoods, to the survival of endangered species, and as a framework for the relationship between a major extractive industry player the Indigenous communities who steward the territory.

financial sustainability of a community-driven network of protected areas across Colombia.

In these initiatives, developing large enterprises and supply chain relationships is infeasible, largely because of remoteness and high transportation costs for potential products, highlighting the importance of site context when thinking through enterprise and markets as a mechanism for driving conservation. Another challenge when working with local private sector partners is that

## SEA TURTLE HUNTERS TURNED GUARDIANS IN COLOMBIA

**IMPLEMENTER:** Conservation International Colombia

**SCOPE:** 567 people; 7 ha

### COMMITMENTS

- **No hunting, consumption or mistreatment of sea turtles**
- **No marketing of turtles or products derived from them**
- **Return of sea turtles caught during fishing**
- **Community monitoring of nesting beaches**

### INCENTIVES

- **Wages for monitoring**
- **Training to improve local products (handcrafted bags) and to improve local associations**
- **Improved sustainable fishing gear**
- **Support for basic ecotourism activities**

## PROMOTING WILD COFFEE TO SAVE ETHIOPIA'S FORESTS

**IMPLEMENTER:** Farm Africa

**SCOPE:** 8,871 people; 112,000 ha

### COMMITMENTS

- **Forgo forest conversion**
- **Avoid cutting shade trees in forest buffer zones**
- **Participate in seedling production and tree planting**
- **Set up local monitoring and patrolling and enforce violation of forest management agreements**
- **Manage for forest fires**

### INCENTIVES

- **Training and equipment for coffee harvest/handling/processing**
- **Construction of a central coffee warehouse**
- **Organizational capacity building for forest management cooperatives**
- **Training in biodiversity monitoring**

Ethiopia's Bale Eco-region gave the world Arabica coffee, the most consumed species of coffee. Coffee continues to grow wild in forests that harbor important biodiversity and ultimately deliver water to millions of people in Ethiopia, Kenya and Somalia. Intense poverty, however, has forced local people to convert forest into croplands and fell trees for timber—and while annual deforestation is expected to accelerate due to more people moving into the Bale region from drought-stricken areas, the primary threat at hand is forest degradation due to slashing of the undergrowth for wild coffee to thrive.

To incentivize conservation of Bale's forests, Farm Africa through CAPPP worked with local wild coffee farmers to improve the quality of their harvest and link them to premium buyers, helping to improve their livelihoods. This support was contingent upon compliance with sustainable harvesting and processing techniques. In Bale, Farm Africa has facilitated sales between wild coffee producers and Beharu PLC, a company that purchased the coffee at a premium.

Increased income from the wild coffee enterprise, coupled with conditional market access, is expected to drive the sustainability of the conservation agreements beyond CAPPP funding. Committed in the long term to the Bale region, Farm Africa continues its fundraising efforts to support initiatives that boost coffee production in the area—such as increasing the shaded coffee plantations along the forest buffer zone—and to build more formal

links to national and international markets.

A strong theme to emerge from the Bale project relates to benefits and strategy with a focus on improving quality versus increasing output. In this case, higher coffee quality leads to higher prices and provides a very clear differentiation between CA participants and others, thereby reinforcing the incentive impact. As in other projects in the CAPPP portfolio, Farm Africa initially emphasized upgrading the capacity of community-based institutions in the form

of Forest Management Cooperatives; this echoes lessons about the need to invest in strengthening institutions as CA counterparts, with wider benefits in the form of ability to participate in market relationships.

Parts of the Bale project design proved to be too ambitious for the CAPPP timeframe. In particular, creating direct links to the international coffee market was not possible, though a purchasing

relationship (including a price premium) was established with a domestic aggregator/buyer. This suggests a lesson about phasing and sequencing, within realistic timelines, especially when starting from significantly under-developed initial conditions with respect to market participation. Effective strategy might start with a focus on local companies, and only seek links to larger and international companies after more stringent feasibility considerations are met.



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An external project evaluation reported behavior of non-CA participants that undermined the CA objectives, namely by expanding production to increase volumes using destructive methods. The presence of a new buyer under the project effectively increased competition and drove prices up across the board. Thus, other, non-signatory community members were able to take advantage of the project, though it is unclear how their productive practices may affect the forest over time. This points to the importance of thoroughly analyzing the value chain, to understand the different incentives at work and design the intervention in such a way that it does not lead to greater benefits from “cheating” or “free riding.” This also includes analysis of transaction and facilitation costs, to assess the degree to which premiums cover the additional costs of conservation-friendly behavior.

Perhaps the strongest message to emerge from the Bale project is that the CA model was successfully applied to achieve behavior change and community-based conservation in Ethiopia, a new frontier for this type of conservation approach. Farm Africa is now incorporating this approach into other work and is also working with other organizations and the government to promote incentive-based conservation models. One lesson here is that simply granting rights to communities through Forest Management Cooperatives (mainly the right to collect and sell non-timber forest products) is not sufficient for sustainable resource management or livelihood improvements; for these rights to result in positive impacts requires investment in institutional and technical capacity strengthening, and that people see concrete benefits from conservation management.

## HELPING VILLAGES KEEP GUATEMALA’S FORESTS INTACT

**IMPLEMENTER:** Wildlife Conservation Society (WCS)

**SCOPE:** 2 sites: (1) Paso Caballos: 1,167 people; 15,000 ha (2) Uaxactún: 1,060 people; 83,558 ha

### COMMITMENTS

- Prevention of fires, monthly surveillance activities
- Zoning of cattle and management of new housing
- No rental or sale of land to people from outside the community
- No deforestation in a 3km buffer around the village boundary
- No encroachment in protected areas or neighboring forest concessions

### INCENTIVES

- Support for education including infrastructure improvements
- Provision of a visiting nurse for reproductive health care
- Support to development council to make direct requests of government
- Fruit tree seedlings for improved food security

The Guatemala project led by Wildlife Conservation Society took place in two distinct communities in the Maya Biosphere Reserve, the villages of Paso Caballos and Uaxactún. The village of Paso Caballos is a Q’eqch’í community located in the south east of Laguna del Tigre National Park and surrounding forest. In 1997 the community signed an accord with the Guatemalan National Protected Areas Council (CONAP) which prescribed certain rules to continue living inside the park’s boundaries. Over the years, deforestation, fire and renting/selling lands to people outside the community for agriculture threatened the accord’s status.

The village of Uaxactún lies in the Petén Basin region of the Maya lowlands. In 2000 the Guatemalan government issued a 25-year, 83,558-hectare forest concession to the community

organization of Uaxactún, the Organization, Management and Conservation Civil Society (OMYC). Despite proper management and Forest Stewardship Council certification, OMYC had accrued a substantial debt by 2009 (with support via two first phases of conservation agreements with WCS, the debt was completely paid four years later in 2013); and deforestation, fires and overexploitation of xate palm threatened the concession’s status.

Prior to CAPPP, in 2010, WCS engaged Paso Caballos in a conservation agreement to help the community meet its commitments to CONAP, as well as to maintain the forest buffering their boundary, all the while improving their livelihoods. In 2009 WCS, Conservation International (CI) and the national protected areas council implemented a conservation agreement to

help strengthen OMYC’s administrative and financial capacities to manage the concession and again improve local livelihoods. Support from the CAPPP helped to consolidate results of these agreements in readiness for renewal of both long-term concessions.

In terms of PSE, in 2017 WCS began engaging with two Guatemalan palm oil companies that are members of the Roundtable on Sustainable Palm Oil and wanted to implement a compensation project in an area of Laguna del Tigre National Park that includes Paso Caballos. The companies and WCS proposed the project to the government’s National Council for Protected Areas (CONAP) and received approval. This was in large part because they had already accepted the CA model as a management tool within the national park, due to successful proof of concept. The project supports the protected area over 25 years, and the compensation provides long-term financing for the conservation agreement in Paso Caballos. With PS support, the initiative enables the protection of a 28,715-hectare area of Laguna del Tigre National Park that includes the Paso Caballos Q’eqch’í Maya community, as well as an important Mayan archaeological site and El Peñon de Buena Vista, a vital nesting area for turtles and the scarlet macaw. Community components include control and surveillance, fire prevention measures, and capacity building and benefits such as health support are distributed equally among women and men.

In Uaxactún, WCS used CAPPP activities to focus on natural products with emphasis on the improvement of xate palm harvesting practices which improved the quality of the product. This improvement directly benefited the value chain and the experience strengthened OMYC as an enterprise. The support of conservation agreements in Uaxactún helped to strengthen administrative skills and ensure transparency in informing key stakeholders (government, NGOs, community members, etc). Post-CAPPP, WCS continues to support OMYC and Uaxactún

and the positive experience has resulted in a new project to expand conservation agreements in the Maya Biosphere reserve as an efficient management and benefit sharing tool.

In terms of lessons, one challenge in this project was in presenting the corporate partnership to community leaders. The reputation of palm oil companies was an issue for the communities and the environmental sector (despite the fact that both companies are part of the Roundtable on Sustainable Palm Oil), requiring WCS to invest in dialogue with these stakeholders, as well as communicating clearly with the National Protected Areas Council and the companies to explain the nature of working in communities. Transparency with communities about the source of funds and dialogue around the palm oil sector and reasons for compensation payments were essential for building trust and laying the groundwork for the long-term relationship. The companies relied on WCS to work with the community and adapt the compensation model as needed, preferring to stay out of the design process, while WCS’s history of effective implementation gave the companies the confidence to invest.

This experience shows the potential for effective CAs to secure long-term (in this case 25-year) CSR support; this represents a significant return on investment for the continuous fundraising efforts of the preceding 10 years. Second, it suggests continued discomfort with the private sector and PSE on the part of key stakeholders, emphasizing the need for careful dialogue.





# BOOSTING INDIAN FARMERS' INCOMES AND SAVING TIGERS

**IMPLEMENTER:** Keystone Foundation

**SCOPE:** 4,848 people; 54,313 ha

## COMMITMENTS

- Observe protocols for sustainable NTFP harvesting
- Conversion to organic farming practices
- Following a planned grazing system and sustainable fuelwood collection protocols

## INCENTIVES

- Premium prices for sustainably harvested NTFPs
- Subsidized organic agriculture inputs
- Tools and technical support for agriculture and NTFP collection
- Monitoring of water quality
- Training and equipment for local environmental monitors

The Sathyamangalam Tiger Reserve (STR), home to forest habitat, Bengal tigers, Indian elephants, leopards and many other flora and fauna, spans 140,000 hectares across southern India. The STR harbors biodiversity facing many threats including unsustainable harvesting of non-timber forest products (NTFPs), soil and water pollution due to chemical-intensive agriculture, and habitat loss due to unregulated livestock grazing and fuelwood collection. Under CAPPP, this project engages the reserve's indigenous communities in sustainable harvesting of NTFPs (namely wild honey and gooseberries), organic agricultural practices, improved fuelwood collection plans, and fodder cultivation to reduce grazing pressures, all to protect the forest and its wildlife. While the communities commit to improving their practices, in exchange, the project provides premium market access for their products.



On PSE, the Aadhimalai Pazhangudiynar Producer Company (APPC) supports local marketing and branding of the sustainably harvested and organic produce. Aadhimalai is fully owned by the farmers through shareholding. A second PS partner, Last Forest Enterprises, supports national marketing and branding of the produce and is the primary buyer of Aadhimalai products. The CAPPP investment has driven the formalization of an incentive-based community conservation program for the STR.

Early lessons and learning emerged during CA design and negotiation phase when the Keystone Foundation team confirmed that community-level agreements would not work because 1) there is no body or organization that legitimately could represent the whole community; 2) not all households were engaged in the income-generating activities that appeared most appropriate to support

via the agreements; and 3) the timebound nature of negotiation meant that the partnership would take place as it had in the past, with individual families as opposed to a community writ-large. The plan therefore evolved to develop agreements with individual households. During implementation, the Forest Department restricted the harvest of NTFPs, requiring a shift in focus to agriculture, while Keystone pursued advocacy and negotiations with the government. A third arising issue related to the use of household level agreements was that the Producer Company found itself in a position of providing extra incentives to some of its members (agreement signatories) and not others, despite the fact that they were producing the same goods. Although Keystone increased the planned number of agreements, excess demand for participating remained.

Several lessons emerged from the STR experience. First, some communities have very little opportunity for income generating activities. In this case, NTFP collection and sale was a common activity but changes in policy related to harvesting NTFPs within a protected area meant that support of this livelihood had to be halted, leaving agriculture as the primary activity which could be leveraged for both nature and people. Aadhimalai and Last Forest, as two PS partners, also had to adapt to changes in their sourcing and strategy for supporting the communities. Second, despite the commonality of NTFP harvesting, not all community members engage in this activity. Because it is the key incentive at hand but not necessarily the primary threat, the project strategy had to be revisited to try to find ways to engage more people to ensure compliance with the principles and laws of the protected area.

# REDUCING DEFORESTATION IN PERU

**IMPLEMENTER:** Conservation International Peru

**SCOPE:** 185 people; 3,000 ha

## COMMITMENTS

- Forgo renting primary forest land to others
- Avoid deforestation, agrochemicals and contamination of water sources
- Provide surveillance and issue corresponding sanctions for non-compliance
- Promote the conservation, recovery and reforestation of degraded areas through agroforestry and restoration using native species

## INCENTIVES

- Technical assistance, supplies and fertilizer for coffee and cacao plots
- Support for medical campaigns
- Support to create a new association to assist in product marketing

In the Alto Mayo basin—one of Peru's most deforested areas—nearly 30 percent of original tropical forest has disappeared. Here, scarce economic opportunities have led the indigenous Awajun people to rent their community lands to migrant farmers who, after extracting most fine timber and usable trees, cultivate cacao and coffee, supplanting important natural and cultural resources. Unsustainable agriculture and the use of agrochemicals, herbicides and pesticides have also led to soil degradation and water contamination.

Since 2013 Conservation International (CI) Peru has worked with two Awajun indigenous communities in an approach to community-based territorial planning and development. This approach was intensified in 2016 under the CAPPP. Through the implementation of conservation agreements, this initiative strengthened the Awajun communities' governance and capacity to sustainably manage their territories and, importantly, reduce deforestation and restore key areas. To improve livelihoods and help families avoid economic dependency on land rentals, the project emphasized building indigenous capacity for sustainable management of cacao, coffee and banana crops. Rental agreements were also enhanced to prohibit deforestation and the use of agrochemicals. The creation of Life Plans (Planes de Vida) provided a vision for a sustainable future driven by the Awajun.

In terms of PSE, a newly formed co-operative brings

together the Awajun and migrant farmers, improving their practices and crops and linking them for the first time to COOPBAM, the broader conservation-minded coffee cooperative for communities in the Alto Mayo landscape. The project also benefits from funding by BHP Foundation, linked to the Australian mining company BHP that, in late 2018, committed US\$ 12 million in implementation funds for carrying on the CAPPP agreements and another \$5 million for a non-sinking endowment.



Overall, the project created a model which can be replicated with other Awajun communities—and in other communities across Peru. In addition, the signing of these conservation agreements generated the conditions necessary for the Programa Nacional de Conservación de Bosques y Mitigación del Cambio Climático (National Plan for Forest Conservation and Climate Change Mitigation) to identify the Alto Mayo native community as a beneficiary, providing US\$ 10,000 a year.

In terms of learning, from the development of the CAPPP proposal to ultimate implementation of the project, thinking on the approach changed a fair amount, driven mainly by a realization that far greater initial effort would be required with respect to community governance and capacity building. This may reflect some omissions in the conservation agreement feasibility assessment. Nevertheless, more emphasis was needed on enabling conditions before proceeding to actual private sector



engagement and cultivation of enterprise activities and links. The project came to believe that strengthening of the local co-operative, and the ability of people to participate as members of the co-operative, was essential to effective and efficient links between local farmers and private sector counterparts. Institution building was an essential precursor to developing livelihoods, enterprises and market links.

While CI Peru found that the CA approach has proven effective for community engagement and catalyzing behavior change, attracting private sector relationships required substantial thinking and design work. The presence of the co-operative facilitated private sector engagement, but some private agents along the value chains questioned why they should take on additional complexities (and costs) of the CA. This highlights the importance of values alignment and careful partner selection, as well as clear communication surrounding expectations with respect to costs. Challenges notwithstanding, private sector dynamics are demonstrably

increasing in the project area, as community-level production has expanded from basic agricultural crops to a range of niche products (e.g., dragonfruit, sustainable coffee), and more companies are visiting the area to explore opportunities.

Perhaps the most surprising lesson from this sub-project relates to the role of migrants who rent land from Awajun communities and are typically viewed as a challenge to be addressed or an agent of nature’s loss. However, in Alto Mayo these migrants also have private sector relationships (as well as relationships with the Awajun), they have agricultural experience and skills, and they also benefit from enabling investments. Some migrants benefited from CAs through their Awajun landlords, and many are now co-operative members. This motivates a change in thinking from migrants as threat to migrants as potential allies and avenues to opportunities.

means of securing conservation commitments; e.g. showing beneficiaries the difference in pasture conditions between their managed lands versus nearby non-CA communities dramatically showed positive conservation impacts, with clear implications for animal health and consequent income potential. Nevertheless, these are still people whose incomes depend on narrow margins, such that they are reluctant to incur any avoidable expenses, including marketing fees to a co-operative. They prefer direct individual transactions with speculators, the potential boost in negotiating power through the cooperative notwithstanding or wages for Ecorangers to verify proper herd management (despite the clear evidence that this is beneficial; as a result, compliance monitoring remains a cost for CSA).

The project’s participation in the CAPPP provided a strong impetus to sharpen thinking about market participation and private sector links; among other things, this helped lead to the creation of Meat Naturally Pty which ultimately became a successful independent social enterprise and now is a private sector partner for other projects including the CAPPP initiative in Kruger to Canyon. Another lesson learned in the Namaqualand

experience is the importance of establishing a comprehensive monitoring framework and baseline from the outset. Impact-level data can be extremely important for raising the funds to secure investments in social-enterprise or PS participation. Conversely the absence of data can be a significant detriment.

Perhaps the biggest lesson learned from this sub-project derived from the fact that efforts to create new purchasing relationships for livestock farmers (e.g. by lining up the NAMMEAT abattoir or linking to specialty meat suppliers) were consistently challenging; the quantity demanded by the former was too large, while the quantity desired by the latter was too small. A more effective strategy proved to be to strengthen farmers in their pre-existing relationships with speculators to whom they already were selling (e.g. by providing price information directly and through regional radio, and by showing how farmers can find price information using smartphones). This points to the importance of fully understanding the value chain, including volume considerations for different market segments, to design a project that responds to realistic conditions and opportunities.

## IMPROVING LANDSCAPES AND LIVEILHOODS IN SOUTH AFRICA

**IMPLEMENTER:** Conservation South Africa

**SCOPE:** 2,724 people; 88,289 ha

**COMMITMENTS**

- Adhere to a planned grazing system
- Avoid plowing virgin land and wetlands
- Participate in ecological monitoring
- Provide data on livestock predation

**INCENTIVES**

- Improved livestock including special breeding rams, medicine and livestock dosing tools/ equipment
- Support for farmers’ organizations
- Training for improved farming practices
- Improved market access for livestock

In South Africa’s Namaqualand region, an important ecosystem known as the succulent karoo faces threats such as unsustainable livestock production which drives the local economy. Decades of overstocking communal rangelands with small livestock and ploughing for fodder have led to extensive degradation, negatively affecting both agricultural productivity and ecosystem health.

Conservation South Africa’s (CSA) CAPPP project in Namaqualand provided benefits such as improved stock quality, market access, training and capacity building to farmers who committed to sustainable rangeland management, including conserving critical wetlands. The project also linked farmers to new and better markets and embedded conservation agreements into the Namaqualand Municipality’s by-laws for communal grazing areas. Under these bylaws, community co-operatives have a formal role in overseeing the compliance and will

receive enforcement support from the local municipality as necessary. Post-CAPPP, CSA continues to offer technical advisory to the co-operatives for both market and policy engagements.

Regarding PSE, this project connected farmers to Meat Naturally Pty, a social enterprise that provides market access facilitation. Their organized livestock sales, inviting both buyers and sellers to participate, has led to increased prices for the farmers by eliminating middlemen. NAMMEAT, a local abattoir, meat trader and major buyer of lamb in the region, bought livestock from the farmers, ensuring direct market access and thus better returns at the household level.

In terms of lessons from implementation, CSA’s Namaqualand team found that learning exchanges and visual demonstration of conservation benefits are effective





# HELPING SOUTH AFRICAN FARMERS TURN GRASS INTO GOLD

**IMPLEMENTER:** Conservation South Africa

**SCOPE:** 322 people; 7,600 ha

## COMMITMENTS

- Adhere to a planned grazing system, resting of overgrazed areas
- Erosion control to reduce flooding and runoff
- Bush clearing to decrease encroachment and alien species
- Resting important riparian areas to improve infiltration and reduce flooding

## INCENTIVES

- Improved market access for livestock
- Training and design of planned grazing systems
- Employment of eco-rangers to oversee planned grazing and invasive species removal
- Traceability services for commodity-based trade in Food and Mouth Disease areas
- Provision of fodder during dry season

Years of unplanned grazing by the cattle dependent Mnsi community adjacent to the iconic Kruger National Park has led to severely eroded rangelands. Moreover, the area’s designation as a foot-and-mouth (FMD) disease zone due to livestock-wildlife proximity limits farmers’ access to livestock markets, further exacerbating poverty. Conversely, when livestock lands are well-managed, the rangelands perform crucial water catchment and soil retention services that are essential for the broader South African population and economy as well as for the health of the park and its wildlife.

Following on the experience in Namaqualand, this project incentivized farmers to change their approach to grazing management in exchange for assistance with subsidized fodder, vaccinations and market access for meat. The conservation agreement idea behind this project was the following: by demonstrating that conservation agreement commitments are effectively and consistently carried out, stewards will have access to the services of a social enterprise, Meat Naturally Pty (MNP), both in the terms of market access as well as through shareholding. This would enable Conservation South Africa (CSA) to exit while still ensuring conservation priorities are met. The CAPPP/PSE strategy was deemed applicable based on earlier experience in Namaqualand and South Africa’s Eastern Cape (outside of CAPPP). Thus, this project reflects replication and adaptation of the model, internally by an organization to a new site (this was a completely new landscape for CSA).

Early in the project, a unique mobile abattoir was piloted in an effort to make year-round hygienic and safe meat production and trade possible despite FMD, and the project facilitated livestock auctions, enabling the farmers to sell their product in the formal market for the first time. The key private sector partner was MNP, which held evolving roles over the course of the project reflecting

adaptation to learnings and changing conditions. Initial efforts involving MNP as purchaser and processor of animals using a mobile abattoir did not work as volume/capacity constraints undermined financial viability. Further MNP’s mobile abattoir was so new that South Africa’s meat regulatory system didn’t have the policies and processes in place to sustain certification, a hurdle that MNP continues to work on. Ultimately, MNP’s key role proved to be as a conduit for affordable inputs (fodder at below market prices).

Despite MNP proving unsuitable as a purchaser due to the economics of the overall context, the attempt had positive impacts as it led to farmers being better informed about market prices and exerting competitive pressure that increased the prices they received for their animals in other transactions. Local enterprise/supply chain development thus need not focus on market access, but can be centered on strengthening market participation, better information, access to inputs to improve quality, and meeting phytosanitary and other management requirements. This does not need to rely on price premiums as an incentive, as the incentive is a stronger ability to participate in the market. Moreover, the core livelihood support strategy can generate ancillary market opportunities; for example, fodder provision to support livestock keeping can become a potential opportunity itself (for example, CSA is examining work with private landowners to allow fodder collection as an alternative to burning to create firebreaks; the spin-off of MNP itself from CSA is a compelling example of successful private sector engagement/incubation).

Additionally, in this project investment in institutional development (i.e. cooperative) proves valuable. Even if a cooperative (initially) is weak, it provides the basis for a common voice for the producers, recognition from government (municipality, Department of Agriculture),

potentially better interaction with buyers, people starting to think and operate like a business, and access to more opportunities (like MNP). Generally, a cooperative (or other institutions) may economize on transaction costs and can help mitigate an outsized NGO coordinating/intermediary role.

Finally, one of the most prominent lessons from the K2C initiative is that, like Cambodia and other projects,

including commitments in CAs based on unproven market participation requires very clear and careful communication about the trialing/experimental nature of the investment in new market-based activities. In addition, agreements may need to include other incentives in case of failure of the enterprise or the need to adapt more generally.





# EMERGING LESSONS: REOCCURRING THEMES

The discussion below focuses on key themes that continuously emerged in project reporting and interviews. This should not be taken to mean that other characteristics are not important; rather, these themes seem to warrant emphasis.

## Theme 1. Context

A host of contextual factors shapes each conservation agreement (CA) sub-project. Of the many aspects of context, the most prominent appear to be the principal threats to which the CA responds: the legal, tenure and social conditions prevailing in the partner community. With respect to threats to biodiversity or ecosystem integrity, the CAs predominantly focus on sources of pressure internal to the community, such as community members’ own decisions about how to use grazing land or forest resources. Less prevalent are CAs designed to respond to external threats, such as outsiders coming into community territory to extract resources. This is consistent with the CA model’s focus on incentives for behavior change to promote sustainable resource use. **CAs lend themselves to contexts where the threat is internal to the community than external, notwithstanding the common inclusion of community patrolling and enforcement of outsiders in many agreements.** For CAPPP sub-projects, this is also consistent with a hypothesis that **some private sector partners might be less comfortable getting involved in situations that involve enforcement-based strategies that typically are important in countering external threats.** On the other hand, the Bolivia project found that (in the case of municipalities and water users as investors) the people investing their own scarce resources wanted to know that the beneficiaries were in compliance with their commitments, and if not, that support would be withdrawn.

Legal and tenure conditions represent a recurring theme as this part of the context is critical to the viability of resource management regimes and shapes options for market participation. For example, securing investment in an agroforestry enterprise typically requires clear property rights; however, property rights need not be held individually, as collectively held rights can be sufficiently well-defined and legally protected. Several sub-projects address issues of managing common-pool resources (e.g., communal grazing land in Namaqualand, South Africa, or community forests in Ethiopia), such that legal context and tenure arrangements are instrumental in defining options for collective action and management. **Although conservation practitioners are well-attuned to the importance of these factors for resource management, they may be less accustomed to considering how they affect prospects for private sector relationships and enterprise development.** Fundación Natura Bolivia, for example, was quite clear that neither the municipalities nor Coca Cola would invest in watershed protection in the

absence of clear tenure.

Finally, a clear (and unsurprising) theme is that social conditions within communities have an enormous impact on CA design and implementation. Specific conditions range from the degree of economic and political marginalization and social cohesion to the level of technical and institutional capacity to customary governance mechanisms and relationships between sub-groups within the community (gender, age, resource users, etc.). These shape the form of CA benefit packages (communal or individual/household engagement) and of plans for capacity strengthening—and dictate the fact that each CA needs to be tailored to local needs and priorities. For the CAPPP, to the conventionally understood aspects of social conditions we may add familiarity and comfort with norms and business culture in the private sector; in this regard, **implementers may need to facilitate targeted training to help communities become better able to interact with private sector entities as business partners.** That said, the emphasis on livelihoods in the CA sub-projects is effective in demonstrating to communities that the implementer appreciates their priorities and helps persuade communities that participation in the project is relevant to their social context.

## Theme 2. Design

The **first key lesson from the CAPPP** is that the program’s **timeframe of roughly two- to three-year investments per project might not be ideal in terms of how long it takes to assess feasibility, negotiate and design agreements, launch them and achieve results under the three PSE pillars.** The CAPPP was able to consolidate strategies and partnerships, but sustaining them is a more long-term endeavor.

With respect to CA design features, the most prominent theme was that most sub-projects represented an implicit Theory of Change that emphasizes sustainable livelihoods as a path to conservation outcomes and socioeconomic outcomes. However, the question of whether the sustainable livelihood on its own provides a sufficient incentive for sustainable choices, or whether a sustainable livelihood or enterprise strategy can cover conservation management costs, warrants explicit attention in intervention design. **How alternative livelihoods support links to conservation bears deeper analysis with respect to effective strategy. For example, a conservation agreement strategy could be to create a new resource-**

**use dynamic that is financially sustained by alternative livelihoods, meaning the financial return from that livelihood is high enough to cover the cost of all the behavior change (production practices, monitoring, enforcement, etc) that makes the livelihood activity possible. In contrast, continued support for alternative livelihoods could be an ongoing incentive within a long-term conservation agreement that, in itself, requires ongoing financing (e.g. the livelihood doesn’t cover the cost of conservation, but it does incentivize it to some degree). Whether or not to invest in a project in which market forces cannot cover the full cost of conservation is a matter of choice. But it must be recognized that these costs need to be covered somehow, often in the long term.** Implementers appear to turn to PSE as a sustainability strategy for alternative livelihoods (AL) (e.g., by facilitating a supply chain relationship), which can contribute to human well-being but is not necessarily equivalent to sustainability for the CA and conservation commitments. Consequently, the degree to which PSE can support an exit strategy for the implementer in a given project must be intentionally assessed.

A theme throughout the portfolio was the limited role of the private sector in the process of designing CAs, regardless of which PSE type a sub-project pursued. An exception was the Cerrejón mining company in Colombia, which thanks to an internal champion was closely involved in design and execution. More typically, implementers worked with communities in participatory processes to design the CAs, and then sought to add links to the private sector later. In sub-projects focused on community enterprise development or improved community participation in supply chains, the enterprise or community itself is the private sector partner such that there is a form of private sector involvement in design. **In most instances, finding external private sector partners to graft on to an already-designed CA initiative proves to be challenging, with the exception of sub-projects that benefited from a relationship with a social enterprise.** Creating a bespoke initiative with a private sector partner certainly has its benefits but similarly requires an element of time and flexibility which may not align with existing community and NGO priorities. **Still, NGOs should emphasize building relationships with private sector partners in the same way they prioritize building relationships with communities, prior to launching into market-based projects.**

Working with social enterprise partners (e.g., in South Africa and India) also helped in other ways. Natural

alignment of social enterprise values with CA implementer intentions helped maintain an emphasis on the links between private sector/market-oriented activity and conservation objectives; this may be more difficult to do in a meaningful way with other private sector partners. In such cases it is the CA itself which creates an interdependent relationship between markets (the incentive) and conservation action (the prerequisite). Social enterprises also more often take a wider view of socioeconomic progress, beyond a strict focus on income; however, it is noteworthy that while the values of the social enterprise may be compelling for customers, ultimately quality is of primary importance if they are to retain customers for more than a one-time purchase. Social enterprises also were generally less prone to shying away from challenges of working with marginalized communities, compared to the reluctance of private sector companies to commit to wholly new partnership efforts in Cambodia, for instance.

Finally, regardless of any other particular design considerations, a strong theme throughout the CAPPP portfolio was that the presence of a trusted intermediary was vital for CAs and building private sector relationships. Beyond the expected importance of technical capacity, the critical aspect of the implementer’s role was trust; this included trust on the part of the community, that the implementer had their best interests at heart, and trust on the part of companies, that they were getting involved in a situation

with a committed party who would work through issues. **Although an emphasis on PSE reflects a belief that arms-length transactions mediated by market forces offer an alternative to individualized interactions built on interpersonal relationships and trust networks, in fact the CAPPP experience shows that the latter remain vital to conservation, development and also market participation. NGOs should take the time to build strong relationships with communities AND private sector partners, acting as a trusted relationship broker where these relationships seem robust.**

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Market forces do not always offer an alternative to individualized interactions. Our experience shows that trust networks and personal relationships remain vital to conservation.

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# Theme 3. Implementation, adaptation and process

As private sector partners generally were not very involved in the initial phases of CA sub-projects, PSE efforts were concentrated in the implementation phase. The related theme to emerge most strongly was that implementers found this challenging and thus emphasized the importance of “matchmaking” support from dedicated expertise. For some sub-projects this also meant that as PSE challenges asserted themselves, implementers and communities needed to adapt by considering alternative private sector partners, adjusting expectations and/or changing approaches. **A challenge here is that many private sector actors have specific needs or philanthropic interests (types of projects, conservation goals, communities, etc.) that may not correspond completely to the context offered by the implementer and their community partners.** Organizations with strong links to a variety of communities and implementing partners in various locations and contexts can then effectively play the matchmaking role, merely to offer a diversity of starting points.

The second theme around implementation was a strong emphasis on capacity-building. This related to training and awareness-raising investments in a wide range of areas including sustainable resource management, governance, leadership, core business skills, conflict resolution, negotiation and gender mainstreaming. However, with respect to enhanced participation in value chains, multiple sub-projects indicate the significant value of a focus on improved market information to help communities negotiate fair prices. **Small investments in upgrading local skills with respect to market participation (e.g., training on how to access publicly available pricing information) appear to have outsized impacts; however, how to structure such investments in market participation to support long-term conservation outcomes is not always obvious.** Interventions in which the productive activity itself benefits from conservation (e.g., harvesting of wild coffee in Ethiopia, with a resulting premium price for quality) or market access is conditioned on conservation performance (e.g., nature-friendly meat sales in South Africa) may lend themselves better to such links than others. It is clear that CAs can provide opportunities for producers to link to markets (trade fairs, etc.), but NGOs should be very wary of promising sales, as these are simply not in the control of anyone but the private sector partner.

# Theme 4. Outcomes

In terms of outcomes (environmental and socioeconomic, as well as financial sustainability), perhaps the most prevalent theme was that **the two- to three-year sub-project timelines are generally too short to demonstrate clear outcomes.** There are reasons to believe that the initiatives are contributing to conservation and development progress; the expansion of area under some form of improved conservation management is encouraging, and the fact that communities voluntarily choose to continue their participation in CAs signals that they perceive positive socioeconomic benefits. Some sub-projects offer specific indicators that confirm positive trends such as in Colombia where socioeconomic monitoring is detecting clear positive change. **It may be best to view such sub-projects more as phases within longer-term interventions which require evolution, adaptation, appropriate growth and financial sustenance. In longer-term interventions with robust PSE and alternative livelihoods aspects, such as those**

**in Peru and Colombia, the evidence base does point to robust outcomes for nature and human well-being.**

In multiple projects, after the CAPPP grant closed, implementers continued the initiative with funds secured from other sources; these other sources did not necessarily emphasize PSE, and so in some cases we see a fading of effort on this front and a pivot to

local government or conventional philanthropy as long-term institutional and/or financial sustainability solutions. **Most of the sub-projects include continuing efforts with respect to livelihood and enterprise development that the CAPPP supported, but do not appear to emphasize PSE as the core means of sustaining the intervention in the long term. This again points to the question of whether or not PSE is an integral strategy in and of itself, or an option within a broader integrated financing approach.** The Bolivia project provides a clear case where private sector engagement is fundamental to long-term sustainability. In this case, Fundación Natura Bolivia’s partnership with Coca Cola involves using initial investments to build local capacity across municipal water users to make future payments, such that the partnership can then move to new areas, engaging new water stewards and replicating the process.

Nevertheless, several sub-projects appear to have generated momentum for replication and scale-up of the CA approach including PSE, particularly sustainable

livelihood investments with attention to market linkages. Growing numbers of practitioners see the value of linking livelihood support to explicit conservation commitments in a CA, as a basis for setting and communicating expectations for the project by and between stakeholders and potential partners. In the end, the analysis comes down to the size of the opportunity cost associated with behavior change by the community, the relative amount of that cost that can be covered through community enterprise activity, and the relative ease of covering the remainder of the cost with other means (like philanthropy).

**The theme here is that although maintaining clear links between livelihood strengthening and conservation can be a challenge, conservation practitioners see clear strategic benefits to positioning livelihood support within a CA framework.**

# Theme 5. Facilitators and barriers

Identifying themes relating to facilitating factors and barriers for constructive PSE was the primary motivation of this study. As already indicated above, the CAPPP sub-projects experienced challenges in securing partnerships with outside commercial entities. The CA model appears to resonate with social enterprises in particular. **The most consistently expressed perspective around this is simply that PSE is very difficult: markets are highly competitive, private sector actors are risk averse, and unless the benefits of trying something new are significant and clear, getting a company involved is an uphill battle.** Of course, this is not news; the question now is whether the CA model makes this process any easier. It does appear that the CA model and process can help to clarify those benefits. But this also requires NGOs to analyze markets and supply chains, something many groups will not be used to. In the absence of such clarity, NGOs will continue to find it difficult to truly leverage the power of the private sector.



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TABLE 2. SYNTHESIS OF LESSONS LEARNED FROM THE CAPPP PORTFOLIO

For each row, an X in the column for a sub-project indicates that the sub-project illustrates that row’s lesson/theme.

LESSON/THEME	SUB-PROJECT									
	Bolivia	Cambodia	China	Colombia	Ethiopia	Guatemala	India	Peru	South Africa (Namaqualand)	South Africa (K2C)
Applying the Conservation Agreement (CA) model										
CAs are an effective tool for securing community commitments to conservation and achieving behavior change.	X	X	X	X	X	X	X	X	X	X
Conservation NGOs gravitate towards alternative livelihoods interventions as their private sector strategy (relates to both local enterprise development and building supply chain links). There is a need to be very clear about where behavior change comes from and how it is maintained, and the place of AL within that Theory of Change.		X	X	X		X	X		X	
Successful CAs benefit from the presence of strong community leadership/local champions; this can overlap with successful/entrepreneurial community membership, which then aligns with PSE ambitions.	X	X	X	X					X	
Building trust with communities and assisting with conflict resolution is time consuming yet necessary; a great deal of investment may need to occur before embarking on other project activities. (Closely related to the recurring theme of needing to devote considerable attention to institutional capacity-building and governance strengthening as enabling conditions).	X			X	X	X	X	X	X	X
Government perception of the CA model can affect implementation; in areas where government plays a role in conservation, government engagement and facilitating public-private relations may be necessary for project success.	X		X		X	X	X	X	X	
Engaging the private sector										
Most NGOs need specific expertise to properly understand value chains, supply chains, market dynamics, and the real scope for interventions based on local enterprise development or purchasing agreements.	X	X	X	X		X	X	X	X	
When searching for/screening potential private sector partners, a key factor to include is values alignment (with respect to conservation, community development, gender issues, etc.).		X	X	X			X		X	X
Engagement with a private sector partner that is purchasing fair trade, organic or otherwise certified products at a premium readily aligns with the CA model (also see Table 1).		X	X			X	X	X		X
Building community business/enterprise capacity first depends on building institutional/governance capacity; co-operatives are one example. This also can yield other benefits, as a co-op (for instance) can end up serving more functions than just the initial roles (e.g. initial focus on buying agricultural/livestock inputs, then expanding to youth programs, micro-credit initiatives, etc.).	X		X	X	X	X	X	X	X	X
To support local enterprise development and/or market participation, among the most powerful measures is the provision of market information (e.g. on prices) that enables CA beneficiaries to better negotiate with buyers. Training people to do their own market research to enter into transactions with better information is even more powerful. (Though not mentioned in interviews, training in negotiation skills would seem closely related). In addition, a clear understanding of costs and how to produce for competitive markets is important for implementers and community enterprises.					X				X	X
Financing and replication										
Using PSE as the sole LTF strategy is unlikely to succeed in most cases; at a minimum, an ongoing need for NGO or government roles is pervasive (for technical support, monitoring, fundraising, etc., and/or to ensure that the actors do not lose sight of conservation objectives as a result of emphasis on market activities). This could be taken as a lesson that the conditions under which PSE can be a sufficient stand-alone financial sustainability strategy are not sufficiently understood. PSE is probably best seen as one component of a larger financial sustainability plan.	X	X	X	X	X	X	X	X	X	X
A PSE strategy that is built on CSR support needs to provide adequate opportunities for publicity in the form of compelling stories, photos and branding.	X		X	X		X		X		
When expanding to additional communities, note that every community is different so NGOs need to apply the CA model from the first steps and different communities will progress at different speeds (noting that some projects were further along in terms of expanding a replicable model (Bolivia’s Watershared agreements for example) while others were taking an idea that had been tested and exploring how to adapt it to a new context (as in the case of Conservation South Africa addressing rangelands degradation first in Namaqualand and then in Kruger to Canyon). Still others (CI Cambodia in Cardamom Mountains and Prey Lang) were attempting to define brand new strategies for complex and quite dissimilar landscapes.								X	X	X
It is easy to underestimate the time required for projects to bear fruit (in terms of showing impact, achieving sustained business capacity and beneficiary behavior change persisting with less emphasis on incentives.) For this reason, no-regrets scenarios where investments get communities to certain points of development where, even if they went no further, the benefits would be worth it, are a good way to structure thinking about project phasing.	X	X		X	X			X	X	
Several implementers noted the value of learning from other projects in the portfolio, particularly through the CAPPP’s built-in Learning Network, and expressed a desire for additional tools to facilitate learning.	X			X	X	X	X	X	X	X



# SUMMARY OF MAIN LESSONS LEARNED BY CA MODEL PHASE

## Feasibility assessment

The principal lesson learned at the portfolio level with respect to feasibility assessment is that conservation implementers are not always well-positioned to or may lack a clear and concise framework by which to conduct robust analysis of prospects for sustainable livelihoods and enterprise development. Many implementers lack technical expertise for a rigorous feasibility assessment of the PSE strategy, and most of the sub-project feasibility assessments seem to have devoted less attention to the feasibility of the PSE component of the project strategy than on feasibility of the conservation intervention; PSE featured more as a potential contribution to financing. This may be legitimate from the perspective of a conservation mission in an individual initiative, but a program like CAPPP and a team like CSP may need to double-down on this specific capacity and analysis. Implementers need to go deep on supply chains, costs and benefits of various production methods, economic viability of an enterprise, and community capacity to deliver to market.

## Negotiation and design

With respect to negotiating and designing the incentives or benefit package in a CA, the CAPPP portfolio included (a) projects that seek to enhance local livelihoods by improving on what people already are doing, and (b) projects that seek to help people do new things (and projects that evolved from one to the other). A lesson learned in this regard is that the former may be easier in several respects; training more readily builds on what people already know, and market participation can build on pre-existing relationships with purchasers. That said, the latter type offers important contributions in marginalized contexts with limited opportunities, though it may require a degree of entrepreneurship that is outside community comfort zones, particularly in some indigenous contexts. The difference between these two types of intervention has significant implications with respect to feasibility assessment needs, expectations management and the implementer’s role in facilitating market linkages. Anticipating the social impacts of community enterprises is complex and typically beyond the expertise of conservation implementers.

An intervention strategy based on PSE/AL/enterprise development is subject to impacts from forces outside of implementer control, such as drought or wider economic stress, and embarking on enterprise development is an uncertain endeavor in any case. This presents the implementer with a particular challenge in managing

expectations and in communicating how the CA incentives work (i.e., Is the incentive the AL investment, or is the incentive the potential income from the AL investment?). It also speaks to the value of formulating an explicit theory of change. This ambiguity was found in almost every sub-project; one exception was the K2C initiative in South Africa which explicitly wrestled with the difficulty of incorporating livelihood investments with uncertain outcomes in a CA benefit package.

Several sub-projects illustrated how specific types of support for livelihood strengthening lend themselves to clear incentive and penalty mechanisms. Providing key inputs at subsidized prices or stipulating premium purchase prices for outputs in the benefit package allows the CA to include a formula for those prices as a function of compliance. In the South Africa K2C sub-project, this took the form of subsidized prices for livestock fodder, with the subsidy shrinking or disappearing in the event of infractions. In China, honey producers receive a premium on the sales price of honey that is reduced in the event of breaches. Such arrangements make a CA a powerful framework for direct incentives for conservation.

However, it is critical to know that premiums can’t always withstand fluctuations in markets. As noted above, CAs must also build capacity (organizational, productive), that is beneficial despite market volatility. This will be the case until the cost of conservation is in fact captured in the price charged at market for “sustainable production,” as truly sustainable production can’t include unchecked environmental damage.

Most of the agreements in the portfolio were made with communities, except in Bolivia, some in South Africa and India, where agreements were negotiated with individuals. A private sector partner in India suggested that the agreement would have been more effective if it were at the community level, rather than with individuals, as the link between conservation and benefits becomes clearer when the whole community discusses the agreement and how to work together to conserve their forest. Individual agreements may be more appropriate for incentives intended to shape an individual’s activities on their own property, but to ensure a minimum level of participation to achieve meaningful conservation impact, community agreements may be preferable. The choice of individual versus community agreements will depend on multiple factors to be explored during the feasibility assessment: property rights, traditional resource management practices, community governance arrangements, characteristics of particular enterprises and livelihood activities, and more.

## Implementation

A principal implementation lesson learned at the portfolio level is that making alternative or sustainable livelihood investments succeed requires concerted effort, does not always work and can come at the expense of disconnect from, or at least under-emphasis on, conservation objectives. However, several implementers noted that the clarity provided through explicit conservation commitments in CAs is an aid in maintaining focus on environmental objectives.

## Monitoring

The main lesson learned from the CAPPP portfolio with respect to monitoring is that aggregating disparate sub-projects to monitor meaningful portfolio level impacts or outcomes is likely not possible. This should come as no surprise when examining a global set of sub-projects that use a common model that is highly tailored to local specifics. However, there is some tension between this reality and donor expectations for monitoring. We can clearly aggregate indicators such as hectares conserved, jobs provided, beneficiaries participating, etc.; but beyond this, more specific indicators will be unique to project contexts.

It is taken as a truism that best practice includes community-based monitoring. However, communities do not necessarily want to absorb the costs of monitoring, so a lesson learned is that implementer exit requires a long-term financing solution to cover these costs. The portfolio does not include clear examples of success on this front, as monitoring (both managing/overseeing monitoring systems and covering costs such as wages and equipment) is largely an implementer-driven activity. The CAPPP portfolio does not show clear instances of the private sector absorbing monitoring costs, such that PSE does not appear to offer a solution. In theory, certified sustainable production should cover monitoring costs (including those related to traceability) through premiums, but even here many examples around the world continue to depend on additional philanthropic grant funding; generally, when the PS does cover monitoring costs, this reflects corporate philanthropy rather than acceptance of monitoring as a core cost of sustainable enterprise.

## Replication/Scaling up

For PSE endeavors (whether through supply chain relationships or enterprise development) throughout the CAPPP portfolio, a lesson learned regarding the stylized conservation intervention trajectory of “pilot- adapt-consolidate-expand” is that effective market participation typically requires reliable minimum volumes, but a pilot may not be able to satisfy such minimum volume requirements. Attempts to quickly reach commercially

viable scale run into issues of absorptive capacity and struggle in terms of business development, effective CA implementation and conservation objectives. At the same time, as noted by multiple projects, it is difficult to engage the private sector without something concrete to show as a potential business/market/supply link. In theory, this chicken-egg situation justifies donor-funded subsidization of pilots to achieve proof of concept, but the leap from small demonstration project to commercial scale remains an enormous challenge; the CAPPP experience suggests that this requires substantially more time and funding than is frequently anticipated. However, few sub-projects explicitly addressed commercial scale as an aim or in their activities, likely reflecting gaps in expertise and comfort with PSE strategies.

Finding the right market partner for the context is critical. In very few cases would a large multinational be the right partner for these types of purchasing projects (CSR projects may be fine). Rather, local/national partners who value a sustainability brand appear more likely to get close and partner with these types of projects. We wouldn’t expect to find a multinational coffee company to buy small quantities of Ethiopian wild coffee, for example. But a robust local market for coffee would be a good place to look.

Replication by others can bring challenges, raising the question of responsibility for quality/appropriate implementation after others adopt the model. In South Africa, for example, Conservation South Africa and Meat Naturally continue to engage others working with CA approaches to ensure that key model elements are maintained. Even if not always an explicit or formal CA, effective PSE benefits from the incorporation of CA thinking. Similarly, CSP plays a standard bearing role convening a global network of implementers. CSP’s emphasis must include facilitating the definition of best practice and the tools by which to assess success.

## Financing strategy

A key lesson learned from the overall CAPPP experience is that expectations for PSE to result in meaningful funding to cover conservation costs need to be tempered. For example, incorporating premiums as a financing strategy can face considerable challenges. Even for high value niche products, competitive pressures can limit PS partner appetite for extending premiums based on social or environmental considerations (as in the example of dragonfruit in Alto Mayo, Peru). To support sustainable livelihoods, more promising avenues might focus on achieving better prices through quality improvements (e.g., coffee in the Bale, Ethiopia, project) or increasing income through productivity improvements (e.g., livestock in the South Africa projects). However, the project design needs to be clear about how this serves as a conservation



incentive, as it does not clearly result in funding earmarked for conservation activities. Where it clearly works is when quality and productivity gains are obviously nature dependent.

A second significant lesson learned regarding financing under the CAPPP is that major successes (such as significant support secured from Disney and BHP for CI’s Alto Mayo work) are unique and appear to be more usefully understood as philanthropic fundraising success, rather than as replicable market-based PSE. Thus, the CSR component of the platform was important, and CSR featured prominently in some projects, but significant success in securing such support appears to have depended less on project implementers and CAPPP as on highly effective centralized fundraising capacity.

CSR-based partnerships appear to warrant more co-design with the private sector than partnerships based on purchasing. In the latter, if the risks are minimal, the product meets quality, quantity and consistency metrics, the the co-benefits are clear, the project design process might not be so important to the buyer.

CSR as a financing strategy can allow the implementer to focus on what it does best (e.g. conservation and providing benefits to communities) without getting sidetracked by the many issues, risks and costs of SME development. However, CSR support entails risks of its own, as corporate partner priorities can easily change such that they direct their support elsewhere. In addition, CSR relationships can be vulnerable to perceptions of greenwashing and can be fraught with conflict related to

## RECOMMENDATIONS

The overarching lesson to emerge from the CAPPP is that true PSE is very difficult, though not impossible. Moreover, the three forms of PSE under the CAPPP appear to be relevant across the portfolio for different contexts. Several implementers felt that CSP could have acted more assertively as a matchmaker, bringing potential private sector partners to the table for individual projects. However, over its history CSP has made considerable efforts to do just that and has had some real success; limited results therefore are not for lack of trying.

So why is PSE so challenging? One recurring theme is that private sector actors do not want to participate in “any old” project. Many companies want specific, almost bespoke, projects. Common desires are to align with specific commitments in CSR strategies, to locate projects geographically near the consumer base and to minimize risk to the utmost degree, particularly reputational risk. This all requires a collaborative design process—and that requires time and funding.

All of this might lead one to query whether this simply needs more time, or if there is a better way to forge links

the private sector partner’s own corporate activities (such as the extractive industry) and how those are perceived by community and other stakeholders. Additionally, in remote geographies it may be difficult to find local private sector partners.

In summary, with respect to financing, the main lessons are:

- Investment in sustainable livelihoods through sourcing links to private sector partners can be an important component of overall intervention strategy and can reward improved production practices and natural resource use choices, but rarely covers other conservation costs.
- Likewise, investment in sustainable enterprise offers important contributions to human well-being and can engender a dynamic of green economic development but may leave a need for other financing to cover conservation costs.
- Corporate philanthropy can cover a wide range of costs, including investment in sustainable livelihoods and enterprise as well as conservation activities, monitoring and the like but can leave project finances vulnerable to the risk that a donor decides to end their support.
- Finally, compensation programs such as those related to infrastructure development driven by corporate entities and extractive industry can also be harnessed for potentially longer-term financing.

with the private sector (including more deliberate steps by implementers), or if implementers’ time and energy are better focused on other strategies. However, based on this analysis, we feel confident in asserting that:

1. In many settings, community-based conservation cannot be divorced from work on sustainable livelihoods and strengthened market participation; the CA model provides a way to enhance the probability that such work will help achieve conservation outcomes.
2. Structuring relationships between communities and social enterprises using CAs seems to offer a viable path to unlocking private sector dynamics to support conservation.
3. Although the CAPPP experience to date does not support a focus on PSE as a long-term financing solution, despite the relatively uncommon successes, it does indicate that PSE can be an important ingredient in a diversified sustainable financing strategy.

## Recommendations by CA model phase

### Feasibility assessment

Feasibility assessments (FAs) need to include more rigorous analysis of the PSE strategy, applying appropriate expertise with respect to market prospects, capacity requirements for market participation, etc. FAs should include concrete analysis of demand for the goods/ services community-level farmers or enterprises intend to sell and should also apply specific technical expertise to analyze and scope for interventions in value chains. FAs should also be updated frequently as many such dynamics will change. FAs also need to be very realistic about the true opportunity cost of conservation and sustainable production. If the cost can’t be covered, the project will in all likelihood fail. A platform like CAPPP could invest in centralized capacity to provide this support or compile a list of resources (consultants and partners) for implementers.

### Negotiation

Implementers may need guidance on the need to negotiate and design enterprise development components of CAs in ways that (a) accommodate the possibility that the enterprise will not succeed (expectations management), and (b) ensure that the investment nevertheless yields a concrete benefit for communities (identify no-regrets investments like training in basic business skills).

Moreover, given that sustainable livelihood or enterprise development investments may not pan out, any benefit package should include other elements that address community needs and priorities to ensure that they see positive results from participating in the CA.

### Implementation

Given the factors that influence PSE/AL/enterprise success, many of which cannot be anticipated or controlled, project design should include explicit attention to risk identification and risk management strategy, for example provisions for renegotiation of benefits in case ALs do not succeed.

### Monitoring

Planning for monitoring and communications should be coordinated to pursue synergies; some private sector partners need to see concrete measurement of impacts; some emphasize effective storytelling (i.e., to back up CSR or cause-related marketing programs). Investment in suitable methods can simultaneously achieve progress on both these fronts (e.g. through use of drones and camera trapping).

Early on in project design and PSE processes,

implementers should dedicate attention to information management protocols. In some settings there may be concerns/issues surrounding the use of information that is generated through a project. For some private sector actors, there are information concerns connected to competitive advantage and market strategy; for others, there are issues related to managing branding and reputational risk. For some communities, there are sensitivities surrounding traditional knowledge or cultural factors; in some settings information relates to risk of speculation or illegal activity. Therefore, incorporate open discussions and clear agreements on how information (including information generated by monitoring efforts) into the overall CA process.

### Replication/Scaling up

Design PSE activities early in the process to ensure ability to scale. Earlier private sector participation can help structure a path toward solutions that act over larger geographies, e.g., the combination of the Meat Naturally model, rangelands restoration and market access across Southern Africa, or large-scale water agreements in Bolivia. Doing so will identify economies of scale and help overcome challenges associated with the small pilot issue.

### Financing strategy

The importance of diversification as best practice for a strong financing strategy is common knowledge; this also should be reflected in a diversity of PSE approaches within a financing strategy, for instance including local enterprise development as well as pursuit of CSR support from larger corporate actors. Any project should explore potential for each type of PSE.

The importance of cost control in a financing strategy cannot be underestimated, including to ensure credibility in the eyes of potential PS partners operating under significant competitive pressures and slim margins. While it seems basic, there can be significant “business culture” differences between NGOs and companies, beginning with the tension between mission and bottom line.

### Platform execution

Multiple interviewees noted that the CAPPP has driven internal institutional change, making the conservation organizations more attuned to needs and potentials with respect to the PS as a component of their intervention strategies, and leading them to upgrade their own capacity with respect to PSE and understanding market context and functioning.



Platform execution could benefit from housing greater centralized expertise with respect to PSE, value chain analysis, and other technical capacity relevant to market-based strategies, to provide more direct support to projects particularly in the early feasibility assessment and project design phases.

Another suggestion is for the CAPPP platform to operate as a centralized marketing and matchmaking operation to cultivate and connect private sector partners with field projects that have demonstrated success and only lack financial support.

A modus operandi for most conservation organizations is to package ongoing projects for different funding opportunities, while changing implementation approaches as little as possible; this is not conducive to effective PSE. Adapting to PSE requires that a project apply actual business standards and principles, operating in a competitive environment, streamlining costs with private sector (rather than NGO) discipline, being careful of gaps between marketing and delivery, and being realistic about ‘hidden subsidies’ that are crucial to the potential for long-term sustainability.

Some interviewees noted that the goals of the CAPPP platform were not clearly communicated and some

were unaware that they were part of a larger program until much later in the funding period. This suggests that platform execution could benefit from increased communication around goals and theory of change at the platform and project/subproject level, as well as ongoing discussion and review amongst CSP and CAPPP implementers. In particular, exchange between implementers operating in similar contexts (e.g. in the same region) could be an efficient learning model.

The portfolio does not exhibit many examples of significant private sector partner input into project design. Thus, private sector actors typically are treated less as partners than as business counterparts. This may be entirely appropriate in a particular project, but in others, earlier PSE involvement in project development might be beneficial. Project selection (e.g. through pointed questions in proposal templates, or even explicit requirements) could steer projects to seek such PS collaboration earlier on. Deeper engagement could also result in greater impact within private sector practices and greater investment in conservation agreements.

Finally, several conversations suggested that a program like CAPPP might benefit from more explicit framing in relation to impact investment.

## Recommendations by audience

Here we arrange the main findings discussed above by relevance to four audiences: 1) the CAPPP/CSP, 2) implementers, 3) donors such as the GEF and 4) the private sector.

### CAPPP/CSP itself, for further replication

#### PSE and financing CAs

- Expectations for PSE to result in meaningful funding to cover the full conservation costs need to be tempered. To support sustainable livelihoods, more promising avenues might focus on increasing income through quality or productivity improvements for existing economic activities rather than new products. However, the project design needs to be clear about how this serves as a conservation incentive, as it does not necessarily result in funding earmarked for conservation activities.
- Making alternative or sustainable livelihood investments succeed requires concerted effort and can come at the expense of disconnect from, or at least under-emphasis on, conservation objectives. Several implementers noted, though, that the clarity provided through explicit conservation commitments in CAs helps maintain focus on environmental objectives.
- Most major financing successes are unique and reflect effective philanthropic CSR fundraising, rather than

replicable market-based PSE. Significant success in securing CSR support appears to depend less on implementers or CAPPP than on strong centralized institutional fundraising capacity.

#### Centralized roles

- Platform execution could benefit from housing greater centralized expertise with respect to PSE, value chain analysis, and other technical capacity relevant to market-based strategies, to provide more direct support to projects.
- A valuable role for the CAPPP is as a centralized marketing & matchmaking operation to cultivate and connect private sector partners with field projects.
- A key area of technical support is guidance for implementers on negotiation and design of enterprise development components of CAs in ways that (a) accommodate the possibility that the enterprise will not succeed (expectations management), and (b) ensure that the investment nevertheless yields concrete community benefits (identify no-regrets investments like training in basic business skills).

#### Communications/framing

- Platform execution would have benefited from increased communication with implementers around goals and theory of change at the platform and project/sub-project level.
- Several conversations suggested that a program like CAPPP might benefit from more explicit framing in relation to impact investment.

#### Sub-project selection

- Selection (e.g. through pointed questions in proposal templates or even explicit requirements) could steer projects to seek PS collaboration earlier on and include significant PS partner input into project design. Private sector actors typically were treated less as partners than as business counterparts.
- Feasibility assessments (FAs) need to include more rigorous analysis of the PSE strategy, applying appropriate expertise with respect to market prospects, value chains, capacity requirements for market participation, etc. FAs should include concrete analysis of demand for community-produced goods/services, as well as more rigorous attention to risk identification and management.

#### Replication/Scaling up

- PS partnerships typically require reliable minimum volumes, but a pilot project may struggle to satisfy such requirements. Attempts to quickly reach commercially viable scale run into issues of absorptive capacity that can compromise business development and conservation objectives. However, PSE without evidence of viable potential business/market/supply links is difficult. This justifies donor support for pilots to achieve proof of concept, but the leap from small demonstration project to commercial scale remains an enormous challenge; the CAPPP experience suggests that this requires substantially more time and funding than anticipated.
- Earlier PS participation can help structure a path toward solutions that act over larger geographies, e.g., the combination of the Meat Naturally model, rangelands restoration and market access across Southern Africa, or large-scale water agreements in Bolivia. Doing so will identify economies of scale and help overcome challenges associated with the small pilot issue.
- CSP needs to address the challenge of ensuring quality of implementation by others who adopt the CA approach. Impact at scale depends on replication by others, but this may jeopardize consistency across the model’s core aspects.

## Implementers who wish to incorporate PSE in their interventions

- Most conservation organizations are adept at packaging projects for different funding opportunities while changing implementation approaches as little as possible; this is not conducive to effective PSE. Meaningful PSE requires a project to embrace actual business standards and principles, operate in a competitive environment, streamline costs with private sector (rather than NGO) discipline, prevent gaps between marketing and delivery, and be realistic about hidden costs that affect long-term sustainability. This begins with a more rigorous FA that is firmly grounded in market and business expertise.
- CAPPP sub-projects included (a) efforts to enhance local livelihoods by improving on what people already are doing and (b) efforts to help people do new things. The former may be easier in several respects; training more readily builds on what people already know, and market participation can build on pre-existing relationships with purchasers. That said, the latter type offers important contributions in marginalized contexts with limited opportunities, though it may require an unrealistic degree of entrepreneurship. The difference between these two types of intervention has significant implications with respect to Theory of Change, feasibility assessment needs, expectations management, and the role of the implementer in facilitating market linkages.
- Given the factors that influence PSE/AL/enterprise success, many of which cannot be anticipated or controlled, project design must include explicit attention to risk identification and risk management strategy, e.g., provisions for renegotiation of benefits in case ALs do not succeed. Moreover, given that sustainable livelihood or enterprise development investments may not pan out, any benefit package should include other elements that address community needs and priorities to ensure that they see positive results from participating in the CA.
- Planning for monitoring and communications should be coordinated to pursue synergies; some PS partners need to see concrete measurement of impact, while others emphasize effective storytelling. Investment in suitable methods can achieve simultaneous progress on both these fronts, while also generating information relevant for the community.
- Early in project design and PSE processes, implementers should dedicate attention to information management protocols, as there may be concerns/ issues surrounding the use of information that is generated through a project. Open discussions and clear agreements on how information (including information generated by monitoring efforts) should be incorporated into the overall CA process.



- Diversification as best practice for a strong financing strategy is common knowledge; this also should be reflected in a diversity of PSE approaches within a financing strategy, such as including both local enterprise development and pursuit of CSR support from larger corporate actors. More generally, under most circumstances expectations for PSE to result in meaningful funding to cover conservation costs need to be tempered. Also, financing strategies must address cost control to ensure credibility in the eyes of PS partners.

## Donors to programs like CAPPP

- Multiple interviewees noted that the CAPPP has driven internal institutional change. As they grow more attuned to needs and potentials with respect to the PS as a component of their intervention strategies, they have upgraded their own capacity and understanding of market context and functioning. This is a clear, positive outcome of the CAPPP, even if prospects for PSE as a conservation financing solution remain mixed.
- That said, a *modus operandi* for many conservation organizations is to package ongoing projects for different donors while changing the actual project as little as possible. This precludes reshaping a project with PS input and is not conducive to effective PSE. PS actors typically are treated less as partners than as business counterparts. A platform like CAPPP needs to incorporate specific measures that compel implementers to meaningfully embrace PSE (i.e., in criteria for sub-project selection and feasibility assessment).
- In many settings, community-based conservation cannot be divorced from work on sustainable livelihoods and strengthened market participation, as communities in marginalized contexts understandably prioritize income generation and socioeconomic concerns. The CAPPP experience clearly shows that the CA model provides a way to enhance the probability that such work will help achieve conservation outcomes.
- Few conservation implementers are well-equipped to conduct robust analysis of prospects for sustainable livelihoods and enterprise development, and thus rigorous feasibility assessment of the PSE strategy can lack. Future design of initiatives like CAPPP require dedicated attention to which needed capacities should be part of centralized execution (as technical support for sub-projects), which should be required of sub-project implementers and which can be contracted out (and budgeted for accordingly).
- Although the CAPPP experience to date does not support an exclusive focus on PSE as a long-term financing solution, it does indicate that PSE can be a useful ingredient in a diversified sustainable financing strategy. Specifically, structuring relationships between communities and social enterprises using CAs seems to offer a viable path to unlocking private sector

dynamics to support conservation.

- Aggregating disparate sub-projects to monitor meaningful portfolio-level conservation impacts or outcomes is likely not possible. This should come as no surprise when examining a global set of sub-projects that use a common model that is highly tailored to local specifics. Moreover, PSE does not appear to offer a solution for covering monitoring costs; generally, when the PS does cover monitoring costs, this reflects corporate philanthropy rather than acceptance of monitoring as a core cost of sustainable enterprise.
- The stylized conservation intervention trajectory of “pilot-adapt-consolidate-expand” can present a challenge for effective PSE, due to the mismatch between community-level capacity and commercial volume and quality requirements. This highlights the importance of risk- and failure-tolerant capital to subsidize pilots until they mature for impact investment and/or true commercial relationships. The CAPPP experience suggests that this requires substantially more time and funding than anticipated.

## Private sector actors interested in an initiative like CAPPP

- Implementers are eager for a deeper partnership with the private sector, including early involvement in project design. This could create greater shared understanding of constraints and opportunities and lead to more efficient project execution.
- Several CAPPP sub-projects suggest that for values-aligned private sector actors, especially social enterprises, the CA model offers a constructive way to work with communities to reach a transparent, mutually agreed understanding of commitments and expectations. This is particularly important with respect to conservation outcomes beyond immediate sustainability measures surrounding a specific livelihood or resource use.
- Monitoring plays an essential role in CAs, as well as in effective natural resource management in general—but is costly. Therefore, true PS commitment to sustainability requires that the costs of monitoring become incorporated into the cost of doing business; otherwise these relationships continue to rely on outside financial support which is inherently unsustainable.
- Noting that private sector actors operate under pressures and constraints imposed by markets and competition, they need to work with communities and implementers to create the space needed to achieve quality standards and volumes for viable relationships. One way to do so is to signal long-term commitments while working with implementers to secure donor and/or impact investments.

# CONCLUSION

To begin this analysis, we posed three key questions with respect to lessons learned about PSE and CAs:

1. Do CAs secure the involvement of private sector actors that otherwise would not become involved in conservation?
2. Does the CA model keep private sector actors engaged longer or more effectively?
3. Does private sector engagement using CAs increase the amount of funding available for conservation?

To the first question, frankly, we do not know. Many private sector actors are seeking ways to do business and create environmental and social co-benefits. The CAPPP experience clearly demonstrates that the clarity, transparency and accountability inherent in the CA model frequently resonates with private sector actors and provides a framework for engaging communities in conservation or sustainable production. Would they still find community partners in the absence of CAs? Clearly, all across the globe, they do. We also know that the private sector is already motivated to provide technical assistance and partnership for these types of programs in the absence of CAs because they need a sustainable supply.

**What we can take away from this experience is that CAs—as is the core intent—enable communities to conserve and produce more sustainably, giving them the ability to provide what the private sector wants.**

**In the end, the CAPPP has shown that CAs can effectively unlock private sector forces for community-based conservation not because they bring new private sector partners to the table, but rather because they provide a structure for aligning stakeholders through shared commitments to clear conservation outcomes.**

Following this alignment, the CA method enables the re-alignment of the incentives, costs and benefits across stakeholders to promote conservation and/or sustainable production. This process is particularly powerful in the absence of traditional incentivization schemes such as product certification (e.g. organic, fair-trade) or as a way of structuring more scalable incentivization schemes such as payment for ecosystem services.

Through sustainable livelihood investments, CAs secured conservation commitments from livestock keepers, farmers and non-timber forest product collectors. With respect to enterprise development, CAs were the framework for organizing producers into co-operatives with conservation commitments. In both these applications, it is easy to envision that most producers would otherwise have pursued conventional economic activities without sustainability considerations. Likewise, several sub-projects involved purchasers that now are rewarding sustainable choices but otherwise would not be in a relationship with the community or would have been happy to pay for

conventional products. Even where a significant private sector actor was already investing in sustainable resource management (e.g. Coca Cola supporting watershed management in Bolivia), CAs were effective in expanding this investment to include biodiversity conservation.

The second question is more difficult to answer given the limited time horizon of the CAPPP. Rather, the question points to another question of closer involvement of PS partners in project design and as CA signatories; co-design could foster stronger engagement and including PS partners as a party in agreements could signal a deeper and longer commitment. The portfolio includes examples of private sector actors who see a clear benefit in working with communities or producers who have adopted sustainable practices; it is reasonable to expect that sustained or strengthened mutual benefit will promote longevity and effectiveness of private sector partner engagement.

**Finally, with respect to whether PSE through CAs increase the funding available for conservation, the CAPPP sub-projects suggest a mixed set of lessons. Investment in sustainable livelihoods and local enterprises may be essential to align with community prioritization of income generation but do not necessarily generate funding for conservation activities.** While the adoption of sustainable practices does contribute to conservation outcomes, budgets for conservation activities such as monitoring and enforcement typically require ongoing financial contributions secured by the implementer. While the diversity of co-financing sources seen in the sub-projects suggests that CAs are effective in attracting other donor support, it cannot be asserted that this support would not have been forthcoming otherwise. Thus, the CAPPP experience cannot yet be used to formulate a definitive lesson about PSE as a means to expand conservation funding.

In summary, recognizing that PSE of some kind features in most community-based conservation interventions due to the need to address economic development concerns, the CAPPP experience strongly suggests that CAs are effective in ensuring that PSE is accompanied by an emphasis on conservation outcomes. Realistic business models for the PS component of an intervention may not be able to internalize all the costs of conservation activities, and thus PSE alone may not suffice for an implementer exit strategy. Most of the CAPPP projects envision a continuing role for the implementer for the foreseeable future, reflecting an implicit conviction that conservation values warrant continued subsidization of transaction costs by the implementer. This signals the continued importance of contributions provided under the CAPPP—not only financial support but technical guidance, relationship brokering and inter-project exchanges of experiences and lessons learned.





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