

2019

Project Implementation Review (PIR)

**Rhino Bonds (RII)**

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# Basic Data

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| **Project Information** | |
| UNDP PIMS ID | 5382 |
| GEF ID | 5721 |
| Title | Rhino Impact Investment (RII): An Innovative Financing Mechanism for Site-Based Rhinoceros Conservation |
| Country(ies) | New York - GEF, New York - GEF |
| UNDP-GEF Technical Team | Ecosystems and Biodiversity |
| Project Implementing Partner | The Zoological Society of London |
| Joint Agencies | *(not set or not applicable)* |
| Project Type | Medium Size |

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| **Project Description** |
| This project addresses the global environmental problem of the illegal hunting and poaching of rhinoceros and the resulting risks to rhinoceros population growth and persistence. The main threat to rhinoceros conservation is caused by the increasing demand and very high prices being paid for rhinoceros horn, which fuels escalating poaching. In Vietnam, retail prices of USD 50,000 to USD 65,000 per kg have been quoted in the media, which is higher than the price of gold. Demand for illegal wildlife products is reportedly increasing in Southeast Asia due in part to the region's economic boom and resulting affluence . Vietnam imported USD 10 billion worth of luxury products in 2010 and the current trade in rhinoceros horn reflects this new consumption pattern. The demand for rhinoceros horn in Vietnam will continue to rise as its economy grows and more people can afford this high-status commodity. |

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| **Project Contacts** | |
| UNDP-GEF Regional Technical Adviser | Ms. Penny Stock (penny.stock@undp.org) |
| Programme Associate | Ms. Cathy Maize (cathy.maize@undp.org) |
| Project Manager | Mr. Oliver Withers (oliver.withers@zsl.org) |
| CO Focal Point | *(not set or not applicable)* |
| GEF Operational Focal Point | *(not set or not applicable)* |
| Project Implementing Partner | *(not set or not applicable)* |
| Other Partners | *(not set or not applicable)* |

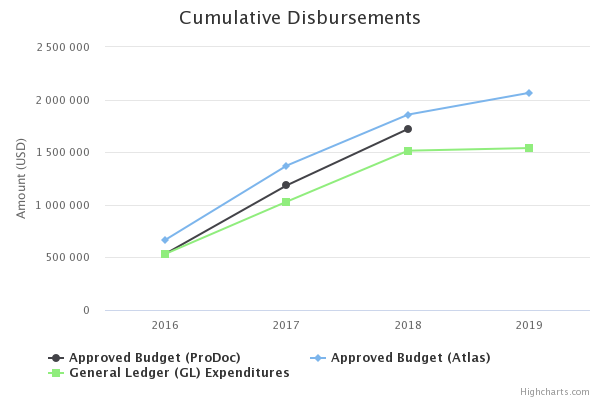
# Overall Ratings

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| --- | --- |
| Overall DO Rating | Satisfactory |
| Overall IP Rating | Satisfactory |
| Overall Risk Rating | Low |

# Development Progress

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| **Description** | | | | | | |
| **Objective**  **To demonstrate a scalable outcomes-based financing mechanism that directs additional private and public sector funds to improve management effectiveness of priority rhino populations** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| Establishment of a novel Payment by Results mechanism for species conservation, with endorsement by key conservation and financial stakeholders | No funding mechanisms combining.  Payment by Results with upfront capital provision exist for species conservation | *(not set or not applicable)* | One novel Payment by Results mechanism established and market-ready for potential launch in 5 - 10 sites holding populations of rhinoceros, and endorsed by each of the following stakeholder groups:  a) Local site stakeholders, including communities  b) National governments  c) Financial institutions  d) Investors  e) Donor agencies  f) Conservation agencies  g) Independent rhinoceros experts | On track.  Activities and results to date supporting the RII product development process include:  Pilot site results to date support the feasibility of a rhino outcomes-based financing mechanism  Assessed 15 key 1 rhino sites across Kenya, Zimbabwe and South Africa which represented ~50% of the continent’s rhino  Shortlisted 7 sites covering ~17% of the world’s black rhino for investment readiness based on consensus from a group of technical rhino experts convened by RII, including the IUCN SSC African Rhino Specialist Group  Shortlisted sites contracted for investment readiness scoping  Draft investment readiness criteria developed  Site monitoring and reporting framework developed  Management, monitoring and reporting database and system scope developed  Established a governance and management framework  Appointed Finance Manager and Performance Manager following a public RfP process  Key performance indicators and statistical models for use as payment triggers developed  Developed a draft financial structure and model, informed by the results of the site assessments | On track.  Following 3 years of testing, piloting and structuring, the RII Project is now at the exciting juncture of fundraising for a launch targeted in Q1 2020. There is already significant investor appetite and we are currently focusing on securing outcome-payer commitments of approximately $50m.  5 sites, 3 in Kenya and 2 in South Africa, are currently in the investment readiness phase of the project. 3 of the sites are publicly owned protected areas and 2 are private conservancies. Investment readiness (IR) entails the sites receiving funding and technical assistance to ensure the sites are ready to deploy funding and implement interventions to maximise rhino growth rates. The governance and management framework of the rhino impact bond is also being piloted and refined under the implementation of the investment readiness phase. Another key aspect of investment readiness is that sites are able to effectively monitor their rhino populations with enough statistical confidence to trigger payments back to investors.  RII has developed a multi-state model in order to produce an abundance estimation of rhino populations. This model is currently undergoing the peer-review process, following review and sign-off from the Scientific Officer of the IUCN SSC African Rhino Specialist Group as well as other technical experts.  This model has been integrated into the Rhino Outcome Management System (R-OMS), a bespoke a rhino management and performance analysis database and system. Rhino-OMS is designed to enable better management information leading to better management decisions and better rhino outcomes. Whilst developed for the RII portfolio of sites, it is scalable to be used by other non-RII sites.  In addition, Rhino-OMS has been designed to streamline the outcome verification or audit process, and in so doing make it more cost-effective. In this vein, RII has been working with a big 4 global auditing firm to develop and finalise the rhino outcome verification and audit process. It is expected that the big 4 audit firm will conduct the independent outcomes verification and impact assurance during the life of the rhino bond. Rhino-OMS is already in beta version.  The project published “A Theory of Change to grow numbers of African rhino at a conservation site”, https://onlinelibrary.wiley.com/doi/full/10.1111/csp2.40, which was established in consultation with the IUCN SSC African Rhino Specialist Group and other technical experts. This serves as framework for developing 5-year conservation plans to maximise rhino growth rates in each site.  Initial numbers indicate a 5-year target of 5.6% p.a. net rhino growth rate across the portfolio of sites which represents over 65% increase in growth rate against the calculated counterfactual (if RIB does not exist) rate of 3.2%. In fact, these numbers suggest that over the 5-year term of the rhino impact bond we hope to generate ~100 additional rhino on top of the counterfactual performance of ~120 rhino, so 84% more rhino.  Over a 20-year term, to reflect long-term species recovery periods, at these growth rates, ~775 additional rhino on top of the counterfactual performance of ~615 rhino, so 125% more rhino. ~775 additional rhino is a c.14% increase on today’s global population of black rhino, estimated to be 5,500.  To support sites in managing and securing their rhino populations to maximise their growth rates and achieve the targets, RII has co-financed the development of a rhino managers handbook. This includes concise best practice guidelines for the biological management of African rhino. This is expected to be published in Q3 2019.  A draft legal structure has been developed based on the International Finance Facility for Immunisation so it is known in the market which provides stakeholders with a degree of comfort that it is a proven model. The structure will only be incorporated once outcome-payers and investors are secured, and the product is ready to be launched. |
| **The progress of the objective can be described as:** | | **On track** | | | | |
| **Outcome 1**  **Gap analyses of priority rhino sites conducted, shortlist of rhino sites identified for inclusion in the live investment and RII investment performance metrics tested and demonstrated in Tsavo West, Kenya** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| Feasibility of a RII determined based on information gathered from demonstration sites | Zero feasibility studies for a RII conducted | *(not set or not applicable)* | One feasibility study conducted based on lessons from demonstration site | On track.  The pilot officially completed at the end of March 2018. The close out activities were conducted over Q2 2018 to inform the draft pilot close out report which is due for circulation to the Project Board in Q3 2018 before being finalized and used as a fundraising tool in demonstrating the feasibility of a rhino outcomes-based financing mechanism. The final report is expected to be available in Q3/Q4 2018.  Established a governance and management framework  Appointed Finance Manager and Performance Manager following a public RfP process  Key performance indicators and statistical models for use as payment triggers developed  Developed a draft financial structure and model, informed by the results of the site assessments | Completed.  The RII Pilot was conducted from March 2016 to March 2018 and the RII Pilot – Public Close-Out Report has been submitted. This report demonstrates the feasibility of an impact bond model based on lessons from the pilot. The report has redacted rhino data which is considered sensitive and confidential.  RII PILOT CLOSE-OUT EXECUTIVE SUMMARY:  The project management framework was tested by conducting interventions that fit the RII Theory of Change. Interventions addressed both potential downside risks e.g. fire and law enforcement as well as risks that limit upside e.g. water availability and investigations of density dependence.  The most important interventions for improving monitoring performance were:  1. Establishing dedicated and resourced monitoring teams;  2. Deploying an increased number of camera traps;  3. Fitting transmitters in free-ranging rhinos to enhance regularity of monitoring.  The RII pilot phase significantly improved rhino monitoring in Ngulia Rhino Sanctuary (NRS) and the Intensive Protection Zone (IPZ). The percentage of the estimated population observed each month increased from 44% to 90% in NRS, and from 6% to 47% in the IPZ. Average sightings intervals for an individual rhino decreased from 137 to 23 days in NRS, and from 1,390 to 48 days in the IPZ.  NRS demonstrated improved law enforcement performance for all targets, based on a scoring system that involved field rangers achieving performance-related targets. Average ranger scores increased by 300%, number of monthly patrols increased 1,466%, distance patrolled per month increased 1,823%, and monthly area coverage increased by 916%. Strong platoon leadership from January 2017 was a clear driver of improvements. There was an increase in law enforcement in the IPZ. Number of patrols per month increased by 740%, distance patrolled increased 338%, and area coverage increased 318%.  Historic monitoring data could be interrogated for NRS and IPZ. The RII model allows preparation of abundance estimates factoring in detection rates for live and dead rhinos. In NRS, the median model estimate for 2017 is XXX individuals, matching the confirmed population (evidence provided). Analysis showed there is a significant probability (98%) that NRS is experiencing density dependence, indicating this population needs to reduce to stimulate improvement in growth rates.  The median estimate of rhino for both NRS and the IPZ is XXX rhinos. However, the verified number of rhinos for these two populations combined is XXX. The error in IPZ estimates indicate the poor quality of historic monitoring. The RII model allows estimation of probability of individual rhinos still being in the population, providing management with the ability to understand which unobserved rhinos are most likely to still be in the population.  Given the length of time required to demonstrate impact, the expansion and translocation of rhinos from NRS in 2008 offered an historic intervention to measure change in growth rate. Pre-intervention (2003-2007), the median growth rate was 1.41%. However, the 10th percentile was only -3.03%. Post-intervention (2008-2012), the median growth rate was 5.13% while the 10th percentile was 0%. The 2013-2017 period shows a slowing on growth rate, with median of 0%. Measuring against a 90% probability of achieving a target, the intervention achieved “theoretical payment milestone 1”, from a starting point below milestone 1, limiting the financial return to an investor. However, the median growth rate achieved 5.15%, which is above “theoretical payment milestone 3.” If the median had been used rather than the 10th percentile, the continental benchmark and the hypothetical counterfactual targets were most likely met. NOTE: The payment triggers used are illustrative to allow the pilot phase to test performance against a theoretical financial mechanism. This discrepancy is due to historically low monitoring, highlighting the importance of achieving and maintaining strong monitoring for the RII project success.  The TWNP RII investment has the potential to generate significant impact over 5 years; estimated at 4-6% growth, assuming biological growth is maximized, most likely through reducing densities; and ensuring limited poaching by upgrading security. It will be important to avoid losing more than 1% of rhinos per year to poaching through a fit-for-purpose security operation.  These pilot learnings have informed the focus on sites achieving the monitoring criteria under the investment readiness phase of the project, as this underpins the feasibility of the impact bond model. |
| Key stakeholders of demonstration site understand the RII concept | Stakeholders have not been fully introduced to the RII mechanism –‘understanding of RII’ to be defined at start of project | *(not set or not applicable)* | 100% of key stakeholders in demonstration site within each range state understands the RII concept, including from the following groups:  a) National governments  b) Key conservation agencies (government, NGO, private, community)  Other local stakeholders, including communities | On track.  This will be completed as part of finalizing the pilot close out and feasibility report in Q3/Q4 2018. Kenya Wildlife Service have actually already signed the RII Investment Readiness Scoping Memorandum of Understanding in Q1 2018.  The Project Board approved minor amendments to this strategic results framework (logframe) which are:  1. Adding details which were supposed to be specified at the start of the project, namely stakeholder groups and targets  2. Combining stakeholder understanding and stakeholder endorsement as a single indicator to make it more efficient in practically executing with stakeholder groups  The approved updated versions are:  Description of Indicator: Key stakeholders of demonstration site understand the RII concept and endorse the performance monitoring and management framework  Baseline Level: Stakeholders have not been fully introduced to the RII mechanism and there is zero endorsement by stakeholders.  End of project target level: 100% of key stakeholders in demonstration site understand the RII concept and endorse the framework, specifically:  a) Kenya Wildlife Services Board and/or Executive  b) Kenya Wildlife Services Tsavo Conservation Area and Tsavo West National Park Management  c) Kenya Wildlife Services Rhino Programme Coordinator  d) Tsavo Trust  e) IUCN SSC African Rhino Specialist Group    Source of Information:  a) Signed RII Investment Readiness Scoping Memorandum of Understanding  b) RII feasibility report sign-off  c) Letter of support  d) Letter of support  e) RII feasibility report sign-off | Completed, target achieved per the Project Board approved revised logframe and supporting documentation submitted:  a) Kenya Wildlife Services Board and/or Executive – KWS signed RII Investment Readiness Scoping Memorandum of Understanding on 28 Mar 2018 as well as KWS signed RII Investment Readiness Collaboration Agreement on 4 Mar 2019  b) Kenya Wildlife Services Tsavo Conservation Area and Tsavo West National Park Management - RII Pilot – Public Close-Out Report sign-off received and permission granted to submit to Rhino Programme Coordinator for review and sign-off.  c) Kenya Wildlife Services Rhino Programme Coordinator – Letter of Support and sign-off of RII Pilot results on 19 Feb 2019 and submitted  d) Tsavo Trust - Letter of Support and sign-off of RII Pilot results on 19 Feb 2019 and submitted  e) IUCN SSC African Rhino Specialist Group – independent audit of RII Pilot results conducted and signed-off by AfRSG Vice-Chair in the RII Pilot Rhino Monitoring Audit Report on 21 Jan 2019.    The Project Board approved minor amendments to this strategic results framework (logframe) which are:  1. Adding details which were supposed to be specified at the start of the project, namely stakeholder groups and targets  2. Combining stakeholder understanding and stakeholder endorsement as a single indicator to make it more efficient in practically executing with stakeholder groups  The approved updated versions are:  Description of Indicator: Key stakeholders of demonstration site understand the RII concept and endorse the performance monitoring and management framework  Baseline Level: Stakeholders have not been fully introduced to the RII mechanism and there is zero endorsement by stakeholders.  End of project target level: 100% of key stakeholders in demonstration site understand the RII concept and endorse the framework, specifically:  a) Kenya Wildlife Services Board and/or Executive  b) Kenya Wildlife Services Tsavo Conservation Area and Tsavo West National Park Management  c) Kenya Wildlife Services Rhino Programme Coordinator  d) Tsavo Trust  e) IUCN SSC African Rhino Specialist Group    Source of Information:  a) Signed RII Investment Readiness Scoping Memorandum of Understanding  b) RII feasibility report sign-off  c) Letter of support  d) Letter of support  e) RII feasibility report sign-off |
| Performance-based payment triggers simulated | Zero performance-based payment triggers simulated | *(not set or not applicable)* | At least 1 performance-based payment trigger has been simulated per demonstration site | On track.  All results will be captured in the RII pilot site close-out report expected to be published in Q3 2018. Additionally, all pilot site results will be audited in Q3 2018 and the audit results and findings will also be included in the close-out report.  The pilot results, thus far, not only support the feasibility of an outcomes-based financing mechanism but have also delivered critical rhino conservation outcomes in Tsavo West.  More than 84% of Ngulia’s rhinos are seen each month. At project start, Ngulia had 74% confirmed rhino, 14% probable and 12% possible. Now, that figure is 96% confirmed and 4% probable. 12% of Ngulia rhinos were ear-notched in November 2017.  91% of the expected IPZ population has been confirmed to date. At project start, only 7% of IPZ rhinos were confirmed. 54% of IPZ rhinos were caught with transmitters attached in November 2017. Since then, these rhinos are being seen weekly.  Both areas have seen continued improvement in law enforcement coverage (over 1000% improvement in Ngulia since project start).  Summary of activities below:  Rhino Monitoring  125 camera traps have been purchased for monitoring rhino in Ngulia, and the IPZ, resulting in a large decrease in average critical sightings intervals (number of days since last seen) of rhinos in these areas. RII has strengthened camera trap housings to prevent elephant and hyaena damage to camera traps.  Ngulia and IPZ rhino monitors received dedicated Suzuki Maruti monitoring vehicles (including fuel and driver), training and equipment (GPS, binos and cameras).  20 security blocks in Ngulia and IPZ have been issued with binoculars and GPS units to assist with rhino monitoring and protection.  Training of 150 rangers in rhino monitoring techniques has been provided by RII in 2015 and 2016.  40 monitoring rangers from all of Kenya’s rhino populations were sent to Lewa for a National Rhino train-the-trainers workshop.  The RII project has funded the Annual Night Census at Ngulia Rhino Sanctuary since 2015, a critical rhino monitoring survey that enables KWS and RII to estimate total population numbers and demography.  Regular monthly reports are produced for KWS Senior and Park Management on rhino monitoring for both rhino areas to track progress.  RII has created master ID booklets of all rhinos to be provided to each ranger in the rhino areas.  The RII project financed a National Rhino Audit, evaluating the accuracy and quality of rhino monitoring, security and logistics of all of Kenya’s rhino populations. The findings of this audit have been instrumental in guiding recommendations for adapting rhino monitoring and security programmes as Kenya has been developing the next 5-year National rhino strategy (2018-2022).  The RII Project Conservation Biologist has begun to analyse the data on rhino population demographics back to 1992. This data has informed an analysis of rhino population growth, mortality rates to better inform how to achieve highest growth rates with Tsavo West’s rhino population. Historic rhino population data has been able to inform the role of previous interventions on rhino population performance e.g. impact of expansion of Ngulia Rhino Sanctuary / destocking of rhino from Ngulia for creation of IPZ / destocking the competing elephants from Ngulia. Large growth rate spike following the above activities.  Security  RII has provided two Toyota Landcruisers to the Ngulia platoon for security detail, one of which is complete with fuel and driver. Tsavo Trust have also provided one Toyota Landcruiser to the IPZ platoon.  20 security blocks in Ngulia and IPZ have been issued with binoculars and GPS units to assist with rhino and security monitoring. Each block has been issued with rugged portable charging stations and rechargeable AA batteries for ensuring GPS units are powered.  Annual training of all rangers in security monitoring has been provided (2015 and 2016).  57 rangers and staff completed advanced first aid training.  Two 900 ltr water bowsers have been purchased by the RII project to support mobile ranger teams in the IPZ.  Regular monthly reports on security patrol coverage are prepared for both rhino areas, providing security commanders with detailed reports on strategic deployments, and allowing commanders to easily observe gaps in coverage.  Both areas have seen continued improvement in law enforcement coverage (over 1000% improvement in Ngulia since project start).  All rangers in rhino areas have their performance reviewed and scored on a monthly basis. Monthly incentive rewards are provided to best performing rangers in each rhino area such as leatherman tools, bed rolls, camp beds and torches.  Our partner, Tsavo Trust, provides over 70 hours of aerial support to Tsavo per month. The RII project is supporting 10 hours of aerial surveys per month in Tsavo West with a particular focus on rhino monitoring. This security function allows for rapid identification of threats, detection of carcasses, recovery of ivory, monitoring of high value species, and aerial support during poacher contacts.  Infrastructure and Operations  RII provided 70% of the funds to build the new Ngulia base office. The office includes an office for the Platoon Commander and researchers, a radio room, a reinforced armoury, an equipment store container, and a 4kW solar system to ensure 24 hour power supply for Ngulia. The office has been constructed to be termite-proof. RII constructed a 100,000 ltr ferrous cement water tank to collect rainwater from the office roof, providing drinking water for Ngulia rangers.  RII are constructing a new base for the IPZ platoon. The office will be complete with meeting area and water tanks for rainwater collection.  The RII team have renovated several waterholes around the IPZ to distribute water around Tsavo.  Construction is complete on a 5-room accommodation block at Ngulia base. This building is being constructed to be termite-proof, and will have rainwater tanks to provide more drinking water for the men housed at Ngulia base.  All the concrete wildlife viewing bunkers at the waterholes within Ngulia sanctuary were renovated for the annual full moon night census.  The dog kennels were renovated and extended for the arrival of a second working canine, with an outside run area constructed for the dogs.  RII has a dedicated mechanic, who is responsible for maintaining the fleet of vehicles to ensure these are regularly maintained.  Road repairs have been carried out by the RII tractor and work team on the Ndawe, Mugange and Tsavo River roads, reopening previously impassable tracks.  Fire breaks have been cut in and around Ngulia to reduce the risk of wildfires. The internal fire breaks have been cut, with a major 12m-wide firebreak being cut around the perimeter of the sanctuary currently (35km completed to date).  RII are renovating ranger camps to ensure rangers have access to proper facilities in the field.  RII has purchased a 4x4 80HP case tractor, with 5 ton non-tipping trailer and 3,000l water bowser. The water bowser carries a water pump to fill the bowser, and to support fighting fires. RII is providing a tractor driver, and fuel and maintenance for the operations of this tractor.  A 4.5km pipeline was installed from NW borehole to Waterhole 2, with the pipeline buried to a depth of 1m to avoid damage by elephants. This replaced an aging and unreliable pipeline which previously required daily maintenance. This pipeline provides drinking water to more than 50% of Ngulia’s rhinos. | Completed, target achieved as part of the RII Pilot Close-Out process and included in the RII Pilot Public Close-Out Report. The report has redacted rhino data which is considered sensitive and confidential.  USING HISTORIC NRS DATA TO MIMIC PAYMENT TRIGGERS:  The RII pilot utilized historical data to illustrate if an increase in growth rate, due to a management intervention, can be detected. NRS provides a good example; In 2007, NRS was expanded by 48% and in 2008, XXX animals were translocated from NRS to the newly formed IPZ. These interventions served to alleviate density dependence in NRS. We used the 24-year NRS dataset to retrospectively test the model as a method to inform impact and outcomes. The net rhino growth rate is highly variable, year-on-year, and so we utilize a 5-year time period either side of the intervention, over which we generated an average, indicated in the graphic as vertical dashed lines. Simulations showed posterior distributions were often not normally distributed; the median was more accurate.  The impact metric for the RII is “more rhino as soon as possible.” The payment mechanism for RII is based on achieving a target growth rate, with 90% confidence. Therefore, we calculated the 10th percentile from the posterior distribution of the impact metric (net rhino growth rate) to illustrate what growth rate the population achieved with 90% confidence. We also estimated the 5-year median from the combined posterior distributions. We present the median value for the impact metric as well as the 10th percentile to illustrate how imprecise estimates can jeopardise the ability of a site to achieve a payment trigger.  Under the RII, the 10th percentile triggers payments to investors, as it provides 90% probability that a target has been achieved. Using this 10th percentile, the hypothetical investment into the expansion and destocking of NRS by an investor would only have yielded the “Sustain” component of the principal back. Essentially, the investors would receive only 60% of their principal back in this scenario. The reason for this result is an artefact of low monitoring effort historically at NRS, with low detection probabilities prior to the intervention in 2007, and somewhat better but still low detection probabilities post-interventions. This results in low confidence in the estimates of animals, as there may be animals in the population that are not being counted. The result indicates how important monitoring is for the RII and how the loss of monitoring effort can have financial consequences for investors and the sustainability of the product.  Pre-intervention (2003-2007), the median growth rate was 1.41%. However, the 0.1 percentile was only -3.03%. Post-intervention (2008-2012), the median growth rate was 5.13% while the 0.1 percentile was 0%. The most recent time period, 2013-2017, shows a slowing on growth rate, with median being 0%. The impact metric has been influenced by the sub-standard monitoring at this time, and the increased rhino poaching experienced in Kenya over this period. There was an additional 1.8-2% loss per year during the post intervention period.  The 5-year average median biological growth rate pre-intervention (2003-2007) is 1.04% and post-intervention (2008-2012) is 5.7%, providing evidence that increased biological growth rates were achieved by the interventions.  The KPI for the most recent 5 years (2013- 2017) shows a slowing of average growth rate to 0%. It is likely that another removal will result in an increase in growth rate.  The TWNP RII investment has the potential to generate significant impact over the 5 years. There is potential to achieve 4-6% growth, but only if the biological growth is maximized. The TWNP Theory of Change will be based on improving the outcomes of good biological management of the NRS, by reducing rhino densities and increasing the biological growth rate. Additionally, this must be achieved while increasing the capacity for good security. It will be important to avoid losing more than 1% of rhinos per year to poaching through a fit-for-purpose security operation.  A major challenge for the Tsavo West estimations is the uncertainty associated with the IPZ population, this is shown by the wide credible intervals in the abundance estimates for the population. Increased monitoring capacity is needed in the IPZ. We propose the formation of multiple rhino monitoring units with a lead monitoring officer, under the RII.  These pilot learnings have informed the focus on sites achieving the monitoring criteria under the investment readiness phase of the project, as this underpins the feasibility of the impact bond model. |
| Stakeholder endorsement of the performance monitoring and management framework by relevant conservation agencies involved in demonstration | Zero endorsement by stakeholders (since the framework has not been fully developed – however, stakeholders have endorsed the development of this framework) | *(not set or not applicable)* | 100% of key stakeholders for demonstration site (to be defined at the start of project) endorse the framework:  a) National governments  b) Key conservation agencies – government, NGO, private, community  c) Other local stakeholders, including communities  d) Independent rhinoceros experts | On track. Indicator has been integrated into indicator "Key stakeholders of demonstration site understand the RII concept".  The Project Board approved minor amendments to this strategic results framework (logframe) which are:  1. Adding details which were supposed to be specified at the start of the project, namely stakeholder groups and targets  2. Combining stakeholder understanding and stakeholder endorsement as a single indicator to make it more efficient in practically executing with stakeholder groups  As such, this line in the strategic results framework has been deleted and integrated into indicator “Key stakeholders of demonstration site understand the RII concept” which has been expanded to include “and endorse the performance monitoring and management framework”.  The Project Board approved additional amendments to reflect this integration, namely:  Baseline Level: Stakeholders have not been fully introduced to the RII mechanism and there is zero endorsement by stakeholders.  End of project target level: 100% of key stakeholders in demonstration site understand the RII concept and endorse the framework, specifically:  f) Kenya Wildlife Services Board and/or Executive  g) Kenya Wildlife Services Tsavo Conservation Area and Tsavo West National Park Management  h) Kenya Wildlife Services Rhino Programme Coordinator  i) Tsavo Trust  j) IUCN SSC African Rhino Specialist Group    Source of Information:  f) Signed RII Investment Readiness Scoping Memorandum of Understanding  g) RII feasibility report sign-off  h) Letter of support  i) Letter of support  j) RII feasibility report sign-off    Kenya Wildlife Service actually already signed the RII Investment Readiness Scoping Memorandum of Understanding in Q1 2018. | Completed, target achieved per the Project Board approved revised logframe and supporting documentation submitted:  a) Kenya Wildlife Services Board and/or Executive – KWS signed RII Investment Readiness Scoping Memorandum of Understanding on 28 Mar 2018 as well as KWS signed RII Investment Readiness Collaboration Agreement on 4 Mar 2019  b) Kenya Wildlife Services Tsavo Conservation Area and Tsavo West National Park Management - RII Pilot – Public Close-Out Report sign-off received and permission granted to submit to Rhino Programme Coordinator for review and sign-off.  c) Kenya Wildlife Services Rhino Programme Coordinator – Letter of Support and sign-off of RII Pilot results on 19 Feb 2019 and submitted  d) Tsavo Trust - Letter of Support and sign-off of RII Pilot results on 19 Feb 2019 and submitted  e) IUCN SSC African Rhino Specialist Group – independent audit of RII Pilot results conducted and signed-off by AfRSG Vice-Chair in the RII Pilot Rhino Monitoring Audit Report on 21 Jan 2019.  Indicator has been integrated into indicator "Key stakeholders of demonstration site understand the RII concept".  The Project Board approved minor amendments to this strategic results framework (logframe) which are:  1. Adding details which were supposed to be specified at the start of the project, namely stakeholder groups and targets  2. Combining stakeholder understanding and stakeholder endorsement as a single indicator to make it more efficient in practically executing with stakeholder groups  As such, this line in the strategic results framework has been deleted and integrated into indicator “Key stakeholders of demonstration site understand the RII concept” which has been expanded to include “and endorse the performance monitoring and management framework”.  The Project Board approved additional amendments to reflect this integration, namely:  Baseline Level: Stakeholders have not been fully introduced to the RII mechanism and there is zero endorsement by stakeholders.  End of project target level: 100% of key stakeholders in demonstration site understand the RII concept and endorse the framework, specifically:  f) Kenya Wildlife Services Board and/or Executive  g) Kenya Wildlife Services Tsavo Conservation Area and Tsavo West National Park Management  h) Kenya Wildlife Services Rhino Programme Coordinator  i) Tsavo Trust  j) IUCN SSC African Rhino Specialist Group    Source of Information:  f) Signed RII Investment Readiness Scoping Memorandum of Understanding  g) RII feasibility report sign-off  h) Letter of support  i) Letter of support  j) RII feasibility report sign-off |
| Change in site management effectiveness (PAME) in shortlisted investment ready sites (specific aspects of management effectiveness to be determined during project inception, but likely to include:  Law enforcement  Protection systems  Staff training  Management of budget  Monitoring and evaluation) | METT scores for demo site  Tsavo West: 53 | *(not set or not applicable)* | PAME has improved in demonstration site  Target METT scores:  Tsavo West: 62 | Target achieved. Total score of 62.5 versus a baseline of 53 and an end of project target level of 62.  Summary of change in indicator scoring - baseline to actual:  5. Protected area design: 1 to 2  7b. Additional points – Planning: 0 to 1  7c. Additional points – Planning: 0 to 1  Resource inventory: 1 to 2  18. Equipment: 1 to 2  21b. Additional points - Land and water planning: 0 to 1  21c. Additional points - Land and water planning: 0 to 0.5  25. Economic benefit: 1 to 2  28. Commercial tourism operators: 1 to 2  30. Condition of values: 1 to 2 | Completed, target achieved and supporting documentation submitted. Total score of 62.5 versus a baseline of 53 and an end of project target level of 62.  Summary of change in indicator scoring - baseline to actual:  5. Protected area design: 1 to 2  7b. Additional points – Planning: 0 to 1  7c. Additional points – Planning: 0 to 1  Resource inventory: 1 to 2  18. Equipment: 1 to 2  21b. Additional points - Land and water planning: 0 to 1  21c. Additional points - Land and water planning: 0 to 0.5  25. Economic benefit: 1 to 2  28. Commercial tourism operators: 1 to 2  30. Condition of values: 1 to 2 |
| Change in financial sustainability of shortlisted investment ready sites, totaling 1,970,982 ha, with regards to:  Business planning and tools for cost-effective management;  Tools for revenue | Scores for relevant aspects of financial sustainability scores for the demonstration sites:  Tsavo West: 6  (out of a possible 30) | *(not set or not applicable)* | Financial sustainability has improved in the demonstration sites    Target scores (for relevant aspects of financial sustainability):  Tsavo West: 16    NB. Improving the financial sustainability of site is not a specific aim of this project and may not be a reliable indicator of the project’s overall success | Target achieved. Total score of 19 versus a baseline of 6 and an end of project target level of 16. | Completed, target achieved and supporting documentation submitted. Total score of 19 versus a baseline of 6 and an end of project target level of 16. |
| Change in capacity of demo site specific aspects of capacity to be determined during project inception | Total scores for capacity of the three demonstration sites:  Tsavo West: 20 | *(not set or not applicable)* | Capacity has improved in three demonstration sites. Target scores to be identified during project inception | Target achieved. Total score of 25.5 versus a baseline of 20 and an end of project target level of 25.    Summary of change in indicator scoring - baseline to actual:  Indicator 2 – Existence of operational co-management mechanisms: 0 to 1  Indicator 14 – Adequacy of the project/programme monitoring process: 0 to 2.5  Indicator 15 – Adequacy of the project/programme evaluation process: 0 to 2    The Project Board approved minor amendments to this strategic results framework (logframe) which are adding details which were supposed to be specified at the start of the project, namely stakeholder groups and targets. Namely, the “End of project target level” was set at 25 | Completed, target achieved and supporting documentation submitted. Total score of 25.5 versus a baseline of 20 and an end of project target level of 25.    Summary of change in indicator scoring - baseline to actual:  Indicator 2 – Existence of operational co-management mechanisms: 0 to 1  Indicator 14 – Adequacy of the project/programme monitoring process: 0 to 2.5  Indicator 15 – Adequacy of the project/programme evaluation process: 0 to 2    The Project Board approved minor amendments to this strategic results framework (logframe) which are adding details which were supposed to be specified at the start of the project, namely stakeholder groups and targets. Namely, the “End of project target level” was set at 25 |
| **The progress of the objective can be described as:** | | **Achieved** | | | | |
| **Outcome 2**  **Bring 5-10 rhino sites up to investment readiness and prepare sites to deliver against the RII** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| Percentage of relevant stakeholders (to be defined at start of project) in selected sites who understand and support the RIB mechanism | 0% of relevant stakeholders understand and support the RIB mechanism (however, following the PPG, stakeholders support the development of the RIB mechanism (see letters of support) | *(not set or not applicable)* | 100% of relevant stakeholders understand and support the RIB mechanism | On track.  The RII Conservation Selection Panel considered 7 sites as significantly important to the continental and national rhino strategies as well as having the capability to deliver against an RII outcomes-based financing mechanism. These 7 sites were formally invited to participate in the investment readiness Component of the RII Project.  The shortlisted sites and the respective management agencies were further sensitized to RII through follow up site visits conducted in Q4 2017. This provided an opportunity for RII to update sites on the Project’s progress, including explaining the RII outcomes-based financing model, as well as outline the next steps in the project and specifically discuss the terms of reference for investment readiness scoping. And also it served to address any further questions from the management agencies.  The specific scope of work to be conducted in the investment readiness phase is ultimately dependent on the context, needs and status of each of the underlying sites selected. These are being identified through the investment readiness (IR) scoping process.  The IR scoping process entails the RII team traveling to each of the site and management office to meet with relevant personnel to review legal and governance structure, property rights, processes and procedures, to get acquainted with the site and to determine the major risks facing it from a financial and organisational point of view.  Following the site visits, the team undertook further meetings as required, continued engagement with the sites and requested the provision of supplementary documentary evidence.  6 of 7 sites had signed the RII Investment Readiness Scoping Memorandum of Understanding (MoU) by Q2 2018 and 1 remains outstanding. 6 of the 7 shortlisted sites began investment readiness scoping in Q2 2018, and 4 of the 6 were complete before the end of the quarter. | Completed.  5 of the 7 sites originally shortlisted for the investment readiness phase of the RII Project have proceeded and been formally contracted into the investment readiness phase of the Project over Q4 2018-Q1 2019. The 2 sites which dropped out did not meet the requirements of an impact bond and so did not qualify for the formal investment readiness phase.  The specific scope of work to be conducted in the investment readiness phase was ultimately dependent on the context, needs and status of each of the underlying sites selected. These were identified through the investment readiness (IR) scoping process, which was conducted over Q2-3 2018. This work was enabled by each site’s respective management agency signing an IR Scoping MoU with ZSL, to collaborate and share the necessary information with the common objective of successfully launching a rhino outcomes-based financing mechanism.  Contracting and the start of implementation of these IR work plans was staggered across the portfolio of 5 sites over Q4 2018 – Q1 2019 and will continue until Q 1 2020. The 5 site management agencies, and 2 sites’ implementing partners, have all signed the RII IR Collaboration Agreements which again share the common objective of successfully launching a rhino outcomes-based financing mechanism.  It is important to note that whilst 100% understanding and support of relevant stakeholders has been achieved from the respective management agencies and implementing partners, as evidenced by both the IR Scoping MoU and IR Collaboration Agreements being signed, this formal buy-in through contracting has not always been timely and has sometimes caused delays in Project implementation with certain sites.  The next and final assessment of sites’ understanding, support and willingness to engage with the rhino impact bond will be when it is time for sites to be formally contracted into the impact bond’s legal structure. This captured under the next indicator, “Willingness of key stakeholders (to be defined at start of project) to engage with the Rhino Impact Partnership”.  Project Team will be proposing to the Project Board minor amendments to this strategic results framework (logframe) which are adding details which were supposed to be specified at the start of the project, namely stakeholder groups and sources of information.  Namely, “relevant stakeholders” to be defined as site management agencies, and implementing partners where appropriate, and source of information is the status of the RII Project Investment Readiness Scoping MoU and the RII Investment Readiness Collaboration Agreements. contracts with site management agencies. |
| Willingness of key stakeholders (to be defined at start of project) to engage with the Rhino Impact Partnership | 0% of key stakeholders are willing to engage with the Rhino Impact Partnership (this stage of the process has not been reached yet, since the project is to develop and test the exact structure of the RIB first) | *(not set or not applicable)* | 100% of key stakeholders are willing to engage with the Rhino Impact Partnership | On track.  In order to proceed with investment readiness, the RII Project contractually engaged with shortlisted sites through an RII Investment Readiness Scoping Memorandum of Understanding (MoU) signed with ZSL, the official implementing agent of the RII Project, to exchange the information necessary to establish agreed, budgeted investment readiness work plans.  6 of 7 sites had signed the MoU by Q2 2018 and 1 remains outstanding. 6 of the 7 shortlisted sites began investment readiness scoping in Q2 2018, and 4 of the 6 were complete before the end of the quarter.  The outstanding site is delayed due to a requirement from the management agency to have a specific level of data security which required the project to move forward and fast track this already planned work. These data security requirements were met in Q2 2018, and the project has been advised that it will need to resensitise the board to RII as there is a new Chairperson. Engagement with the new Chairperson is planned for Q3 2018. | On track.  5 sites been formally contracted into the investment readiness phase of the Project over Q4 2018-Q1 2019.  The final assessment of sites’ key stakeholders’ engagement with the rhino impact bond will be when it is time for sites to be formally contracted into the impact bond’s legal structure.  The Project Team is already engaging with the sites’ management agencies on what the contracting requirements under the rhino impact bond will be. This is in order mitigate the potential for implementation delays due to contracting delays.  Project Team will be proposing to the Project Board minor amendments to this strategic results framework (logframe) which are adding details which were supposed to be specified at the start of the project, namely stakeholder groups and sources of information.  Namely, “relevant stakeholders” to be defined as site management agencies, and implementing partners where appropriate, and source of information is the status of the rhino impact bond contracts with site management agencies. |
| Percentage of selected sites verified as having met investment readiness criteria (to be defined at start of project) | Baseline level to be assessed during the project | *(not set or not applicable)* | 100% of selected sites meet criteria for investment readiness (assumption: 5 – 10 sites selected) | On track.  A RII Project Technical Conservation Site Ranking and Selection Workshop was conducted in Q3 2017 in South Africa where, together with the IUCN SSC African Rhino Specialist Group and other experts in the RII Conservation Technical Committee, the 15 priority sites were assessed according to a set of site-selection criteria and drawing on the results of the gap assessments conducted in Q2 2017.  Sites were not expected to be at a level of investment readiness by the time of the workshop. If they had the potential to be investment ready within the life of the Project they were considered for the second component of the RII Project where they would receive the necessary technical assistance to meet the investment readiness requirements.  The RII Conservation Selection Panel membership included:  • RII Technical Rhino Conservation Committee members  • Dual RII Project Board and AfRSG members  • AfRSG Approved Country Security Experts  • RII Project Management Unit  The Conservation Selection Panel was an oversight committee comprised of recognized experts in rhino management, Protected Area management, and security with experience of conservation in Africa.  The purpose of the committee was to ensure that the Rhino Impact Investment Financing Mechanism responsibly funds sites and interventions, in “solid investments” that are likely to provide a return by achieving targeted rhino growth rates, and the other Key Performance Indicators.  This was similar to a traditional investment manager analysing listed stocks to select and construct a diversified portfolio of stocks to invest into. This stock analysis crudely entails screening the stock to ensure the company meets your minimum requirements (e.g. perhaps you do not want to invest into tobacco companies or you want to invest in the healthcare sector) and then modelling the stock’s potential return versus the risks associated with achieving this potential return.  In summary, this committee evaluated the likelihood of success, potential impact, and value for money of a proposed rhino conservation plan that was summarized in the site assessment reports. The approach needs to balance prioritising sites with critical populations with selecting sites which have the ability to meet the investment readiness requirements.  The Conservation Selection Panel evaluated sites based on five criteria:  1. The importance of the site/ proposal for rhino conservation: What is the relative importance (size / sub-species present) of the population for global rhino conservation (guided by the AfRSG technical criteria)  2. Intervention strategy: Is there a logical, well thought out intervention strategy (Theory of Change) which in your opinion is likely to produce the desired results, and how large will the impact of these interventions likely be?  3. Agency and site manager track record: Does the track record and status of the management agency and individuals involved engender confidence that the intervention strategy will be delivered on? (There is a risk that agencies take the upfront funding and digress from the RII Project, as there may be no vested interest of the individuals in the project)  4. Cost effective: Can the proposed intervention strategy be implemented more efficiently, or is there any obviously aspirational expenditure? i.e. expenditure that is not aligned to a tight Theory of Change. It should be remembered that approaches and costings will vary across sites and that these plans have been developed by the management agency.  5. Risk profile: How do you assess the risk of failure of the plan, and therefore the investment?  These are inherently subjective estimates, and each site was discussed to generate consensus, but the ranking was done on an individual basis per site. Each Conservation Selection Panel member ranked each of the above categories from 0-10 based on their opinion after discussions. The ranks for all categories were summed, and each site scored accordingly.  The results were then aggregated to plot expert driven scoring of site importance versus evaluation of confidence in the site theory of change and intervention strategy presented in the assessment reports.  This allowed for the obviously ‘good fit’ and ‘bad fit’ (i.e. would not suit an RII type outcomes-based financing model) sites to be easily identified, and highlight the ‘marginal’ sites to be debated. The marginal sites were then discussed, and consensus reached as to which sites should be included into the next phase of the RII Project.  The Conservation Selection Panel considered 7 sites as significantly important to the continental and national rhino strategies as well as having the capability to deliver against an RII outcomes-based financing mechanism. These 7 sites were invited to participate in the investment readiness Component of the RII Project.  The specific scope of work to be conducted in the investment readiness phase is ultimately dependent on the context, needs and status of each of the underlying sites selected. These are being identified through the investment readiness (IR) scoping process.  In order to proceed with investment readiness, the RII Project contractually engaged with shortlisted sites through an RII Investment Readiness Scoping Memorandum of Understanding (MoU) signed with ZSL, the official implementing agent of the RII Project, to exchange the information necessary to establish agreed, budgeted investment readiness work plans.  6 of 7 sites had signed the MoU by Q2 2018 and 1 remains outstanding. 6 of the 7 shortlisted sites began investment readiness scoping in Q2 2018, and 4 of the 6 were complete before the end of the quarter.  The contracting of shortlisted sites to implement IR activities will begin in Q3 2018. | On track. Of the original 7 sites shortlisted, ultimately 5 sites were formally contracted into the Investment Readiness (IR) phase of the RII Project and all 5 are on target to achieve the IR criteria.  The 2 sites which dropped out did not meet the requirements of an impact bond and so did not qualify for the investment readiness phase.  IR is the ability of a site to absorb the planned investment, and deploy the resources efficiently and accountably to deliver and report on targeted rhino outcomes according to a defined theory of change. The investment readiness criteria that each site needs to achieve are defined as:  Criteria 1: Theory of Change - A budgeted rhino conservation and intervention strategy determined to meet the requirements of the RIB, and signed-off by relevant management at a site and national (where appropriate) level, and by the RIB Investment Committee (IC).  Criteria 2: Monitoring - A monitoring capability that is adjudged to meet the requirements of the RIB in respect of reporting and auditing, and in particular:  • Achieving an appropriate confidence interval on the rhino population estimate and demonstrating the ability to retain the same (or higher) confidence interval throughout the lifetime of the RIB.  • Demonstrating the capacity to provide evidence of all rhinos once per annum during the RIB, in a date-stamped photo format, and passing an independent verification of these evidence files.  Criteria 3: Enabling Conditions - Demonstrating that all Enabling Conditions activities identified to take place at sites in the IR phase have been completed and all issues in respect of the same have thereby been resolved.  Each site has a budgeted work plan to achieve these IR criteria. The specific scope of work to be conducted in the investment readiness phase was ultimately dependent on the context, needs and status of each of the underlying sites selected. These were identified through the investment readiness (IR) scoping process, which was conducted over Q2-3 2018. Contracting and the start of implementation of these IR work plans was staggered across the portfolio of 5 sites over Q4 2018 – Q1 2019 and will continue until Q 2020.  The 5 sites will be assessed in Q4 2019 as to whether they have achieved the IR criteria and ultimately qualify for inclusion in the Rhino Impact Bond.  Mid-term assessments are being conducted in Q2-3 2019 which provides an opportunity for RII to identify. The RII Team felt it prudent to track progress against pre-agreed timelines in order to provide an interim assessment of “how things are going” with a view to maximizing the likelihood of the 5 sites achieving the IR Criteria in a timely fashion. In short, this is an opportunity to provide early feedback to address any identified issues in a timely manner. It is also an opportunity for each site to provide feedback on their engagement to date with the RIB team. The format of the Report is to provide a run-through of each site’s performance measured against the IR Criteria, and in addition, against more general indicators.  All sites rhino Theories of Change were developed over Q1-2 2019, including sign-off from key stakeholders. Following this, the Project Team worked with the relevant stakeholders to develop each site’s budgeted rhino conservation and intervention work plan which is being finalized over Q2-3 2019.  Each site’s Monitoring and Enabling Conditions criteria have also been assessed and feedback provided to each site. Generally, all sites are on track to achieve these criteria however it must be noted that Enabling Conditions are dynamic and often influenced by exogenous drivers which are largely out of the control or remit of the RII Project. |
| **The progress of the objective can be described as:** | | **On track** | | | | |
| **Outcome 3**  **Investment Blueprints developed, financial structure built, management, legal, and governance structure developed** | | | | | | |
| **Description of Indicator** | **Baseline Level** | **Midterm target level** | **End of project target level** | **Level at 30 June 2018** | **Cumulative progress since project start** |
| 5 Investment Blueprints developed Financial, payment and MRV structures of RII endorsed by relevant stakeholders | No financial, payment or MRV structures have been established for the RII | *(not set or not applicable)* | Financial, payment and MRV structures finalised for RII and endorsed by at least 2 potential investors, 1 potential outcome payer, both project technical committees and the main conservation implementation agencies for each site included for the RII | On track.  A Theory of Change (ToC) is a technique used in all fields to ensure a causal framework linking a status quo to activities which are implemented in order to lead to a pre-defined desired outcome.  The RII ToC was presented and endorsed by a meeting of 50 rhino specialists (managers, researchers and consultants) from Namibia, Kenya, Botswana, Zimbabwe, Mozambique, Swaziland, South Africa and the UK at the March 2018 African Rhino Science and Management Meeting. Of the participants eleven are members of the IUCN/SSC African Rhino Specialist Group including the chair and scientific officer. Based on the results of this meeting, an African Rhino Science and Management Best Practice Handbook will be published in Q4 2018 which references this ToC. In addition, the ToC has been submitted for academic scrutiny and publication through two peer-reviewed papers.  Within the species-centric Theory of Change (ToC), four actions (inputs) stand out that are best supported by data, and show the causal link, that when optimised, can lead to the outcomes that enable rhino population growth.    Species-centric actions: inputs to maximise growth rates  1. Habitat management -> Suitable rhino habitat  2. Range availability -> Adequate range availability  3. Containment/attrition -> Normal rhino attrition  4. Biological management -> Normal rhino demographics  Underpinning the rhino ToC framework for turning inputs into impact, a set of enabling conditions categories have been identified:  1. Land  2. Governance  3. Management  4. Operations  5. Finance  6. Policy & Procedures  7. Monitoring  8. Reporting  These factors are typically organisational and structural in nature and hence should be addressed ex-ante. From the perspective of an investor, these will be viewed as clear contributors and prerequisites to the potential success of an investment.  The RII ToC has allowed the Project to understand all proposed site interventions within this framework, and ensured that all agreed activities work towards the impact of “more rhino as soon as possible”.  The Project is working with the sites through investment readiness scoping and implementation to develop site-specific ToCs and 5 year work plans and budgets to be implemented under the RII financing mechanism. It is projected that the majority of these 5 year investment blueprints will be completed by the end of Q4 2018.  It is crucial that this process is driven and approved by the site management, and that there is further sign-off from the site board, and from the government wildlife authority, where applicable.  The RII key performance indicators (KPIs) for measuring success have been identified and informed by this RII ToC.  How do we measure more rhino as soon as possible? More rhino as soon as possible = Net Growth Rate. Net Growth rate = (Rhino(y2) - Rhino(y1)) / Rhino(y1). Rhino(y2) = Rhino (y1) + births (y1) - death (y1) + immigration (y1) - emigration (y1).  How do we manage for more rhino as soon as possible? Maximize the natural biological growth and minimize the unnatural mortality rate.  The RII measure of success is the % of target net rhino growth rate achieved.  Primary % of KPI Target Achieved = (Actual Net Growth rate – Baseline Net Growth Rate) / (Target Net Growth Rate – Baseline Net Growth Rate)  To achieve investment readiness, rhino sites must meet the defined RII monitoring standards, and must pass a rhino population audit at the end of the investment readiness phase, which will serve as the baseline for rhino numbers.  RII has used the following categories to define monitoring activity type:  1. Management Information – much of the traditional “rhino monitoring” provides management information for site management to understand its rhino population for security purposes or for making better adaptive management decisions based on knowledge of biological performance or rhino densities. Better management information informs better rhino management and decision making which can drive an increase in biological growth rates and a decrease in poaching rates.  2. Monitoring & Evaluation – these are the activities and line items that are essential for the RII to report to investors to what degree the RII portfolio is achieving its target KPIs, or which are needed to ensure cost effectiveness. This does not include the development of the RII database (MRV systems) to automate this.  3. Measuring, Reporting and Verification (MRV) systems – these are the data collection and collation systems put in place or refined at each site to ensure sites have the capability to deliver the data and evidence through the RII MRV database.  4. Rhino Audit – these are the costs associated for the rhino site to pass the first audit of the rhino population at the end of the Investment Readiness phase, which in turn will verify the population baseline used in the calculation of RII KPI targets and for measuring RII’s performance in achieving these targets.  An outcomes-based financing mechanism requires auditable monitoring & evaluation to demonstrate to investors and outcome-payers that outcomes have been achieved and verified. The Project defined a data management process that allows the RII financing mechanism to use auditable evidence in measuring, reporting and valuing KPI performance.  1. Data collection – Management agencies provide evidence of all rhinos (evidence is provided as time stamped photos).  2. Data collation – Management agencies combine all evidence into a single place and ensure errors are removed.  3. Data verification – A representative of the management agency signs off that what is reported to the PM is accurate.  4. Data upload – Data are submitted to a single database (the RII MRV system), verified for errors by the PM and thereby become an official set of data for RII KPI analysis.  5. Data storage – Data are kept secure and offsite to remove risk of data loss.  6. KPI analysis- The verified and signed off information are used by the PM to calculate the KPIs.  7. Provision of aggregated KPI reporting to the FM and investors in deidentified format.  8. Provision of important management reporting to managers related to: monitoring success, security, and biological management of the rhino population.  The defining of this process allowed the project to scope the technical specifications for an auditable measuring, reporting and verification (MRV) system in Q1 2018. A public Request for Proposals was issued, evaluations conducted and a developer selected in Q2 2018. Development of the bespoke RII MRV system will begin in Q3 2018.  This system will largely automate the evaluation of RII KPI performance based on site rhino conservation monitoring data. Included in this is developing a secure cloud-based database for each site which will allow sites to store this sensitive and confidential rhino related data. Each site will manage permissioning for their respective database.  The project has also identified another complementary benefit of the development of the MRV system. The development of the RII ToC has highlighted the crucial role management information (e.g. sex ratios and ranger patrol coverage) plays in maximizing biological growth rates and minimizing the poaching rate (unnatural deaths). On this basis, RII is also including the development of rhino management tools into the system development which will enable management agencies to make informed rhino management decisions. This will in turn increase the probability of maximizing biological growth rates, minimising poaching rates and achieving the RII KPI targets. | On track.  RII published “A Theory of Change to grow numbers of African rhino at a conservation site” on 23 Apr 2019, which provided a standardised framework and approach for planning for desired rhino outcomes, https://onlinelibrary.wiley.com/doi/10.1111/csp2.40.  All 5 sites in investment readiness have developed site specific rhino Theories of Change over Q1-2 2019, including sign-off from key stakeholders. Following this, the Project Team worked with the relevant stakeholders to develop each site’s budgeted rhino conservation and intervention work plan which is being finalized over Q2-3 2019. These budgeted work plans inform the quantum of funding required across the Rhino Impact Bond portfolio of 5 sites, which in turn informs the quantum of funding needed from investors and outcome-payers in order to launch the impact bond. Initial versions indicated a portfolio level investment of approximately $40 million and an outcome-payer commitment of approximately $46 million, assuming the targeted rhino outcomes are achieved.  KPIs for monitoring rhino outcomes are based on the rhino conservation theory of change, namely net rhino growth rate per annum = net biological growth rate – unnatural death (poaching) rate. Each site has its own 5-year costed theory of change and annual rhino population percentage growth target. The consolidated portfolio level target is a weighted average of each site’s target, reflecting the fact that larger base population sites with larger growth rates will drive this rate upwards and vice versa.  Assessing sites performance potential is being conducted under monitoring activities of investment readiness so a work in progress and these numbers are indicative but certainly in the right ballpark (it depends exactly on what the rhinos do but between now and launch), but we’re targeting a 5.6% p.a. net rhino growth rate across the portfolio of sites this would represent over 65% increase in growth rate against the calculated counterfactual (if RIB does not exist) rate of 3.2%. This suggests over the 5-year term of the RIB ~100 additional rhino on top of the counterfactual performance of ~120 rhino, so 84% more rhino.  RII has elected to use an abundance estimation as the means of reporting on each of its Partner Site’s black rhino population. Abundance estimation means estimating the number of individuals in a population rather than counting each and every individual. It is a common monitoring technique in conservation and is used across fauna and flora species. Abundance estimation ensures that each site interprets its information in the same way – which not only keeps costs down, but allows easier scalability of the model to new sites (and new species). RII has developed a multi-state model in order to produce an abundance estimation for each Partner Site. The core rationale for a model-based abundance estimation methodology is to more accurately capture the reality of wildlife population growth dynamics. This model is currently undergoing the peer-review process, following review and sign-off from the Scientific Officer of the IUCN SSC African Rhino Specialist Group.    RII has also developed a rhino management and performance analysis database and system. The Rhino Outcomes Management System (Rhino-OMS) is designed to make life easier for rhino managers through management tools and reporting, including: home range mapping; average sightings intervals; date since last sighting; rhino evidence files; spatial location of animals of concern; age sex ratios; historical growth rates relative to density; cow-calf history; inter-calving intervals; age at first calving; KPI performance analysis against targets; and monitoring precision. So Rhino-OMS is designed to enable better management information leading to better management decisions and better rhino outcomes.  In addition, Rhino-OMS has been designed to streamline the outcome verification or audit process, and in so doing make it more cost-effective. In this vein, RII has been working with a big 4 global auditing firm to develop and finalise the rhino outcome verification and audit process. Reporting Criteria for the Rhino Impact Bond have been developed and it is expected that this will be finalized in Q3 2019 and to be followed by a pre-issuance report issued by the auditing firm which will include review and sign-off of the population estimate model, Rhino-OMS and the broader M&E framework. It is expected that this auditing firm will perform testing of the data and issue an assurance report under ISAE 3000, as well as verify reporting is in accordance with the Rhino Impact Bond framework and issue an outcome/impact assurance opinion. |
| Management, legal and governance structures of RII endorsed by relevant stakeholders | No management, legal or governance structures have been established for the RII | *(not set or not applicable)* | Management, legal and governance structures finalised for RII and impact investor capital secured, 1 outcome payer secured, both project technical committees and the main conservation implementation agencies for each site included for the RII | On track.  In Q3 2017, working in conjunction with the Conservation Finance Technical Committee, the project developed Terms of Reference, based on the proposed governance and management framework for the RII financing mechanism, for the RII Finance Manager (FM) and Performance Manager (PM). In Q4, the Project Board approved the issuing of a Request for Proposals (RfP) for the FM and PM roles. The Project Board also approved a FM and PM proposal evaluation and selection framework.  The RfP was issued in November 2017 and submission deadline was in January 2018. 4 proposals were received for the FM role and 3 for the PM role.  An initial review by the Project Management Unit resulted in a shortlist of 2 FMs and 2 PMs submitted to the Project Board Selection Panel (PBSP). The PBSP conducted their own proposal evaluations, conducted interviews of the shortlisted organisations and ultimately voted.  Following this process, the PB Selection Panel selected Conservation Capital to be the RII Finance Manager.  The appointed FM was then tasked with evaluating the PM proposals and making their recommendation to the Project Board for ratification.  Following this process, the PB Selection Panel selected Conservation Alpha to be the RII Performance Manager.  The Finance Manager was contracted to RII in Q1 2018 and is leading the development of the financial, legal, governance and management structures for the RII Financing Mechanism. The FM is also leading and co-ordinating the RII fundraising efforts targeting both outcome-payers and investors. Off the back of this work, a draft RII product will be tested and refined in the market in Q3/Q4 2018.  The Performance Manager will be formally contracted in Q3 2018 and will lead on the implementation of investment readiness activities, to be conducted from Q3 2018.  During investment readiness the project will pilot the governance and management framework proposed for the RII financing mechanism. This allows the FM and PM to refine the way in which they best work with one another and will also support the fundraising efforts by developing a track record of the FM and PM working together. | On track.  Following the procurement process and Project Board approval, both the RII Finance Manager (Conservation Capital) and the RII Performance Manager (Conservation Alpha) have been formally appointed and contracted under a management and governance framework which is what is envisioned for implementation of the impact bond. The Finance Manager was contracted to RII in Q1 2018 and is leading the development of the financial, legal, governance and management structures for the RII Financing Mechanism. The FM is also leading and coordinating the RII fundraising efforts targeting both outcome-payers and investors. The Performance Manager was contracted in Q4 2018 and leads on the implementation of investment readiness activities, specifically relating to investment readiness criteria 1 (theory of Change) and 2 (Monitoring). This proposed Rhino Impact Bond management and governance framework is being piloted and refined under the RII investment readiness phase which ensures that key stakeholders, e.g. site management agencies and implementing partners, are aligned with and endorse the ultimate management and governance framework adopted by the rhino impact bond. RII acknowledges that investors and outcome-payers may need adaptations to this in the process of finalizing their commitments but thus far there is broad endorsement of the proposed management and governance framework by potential investors and potential outcome-payers.  A draft legal structure has been developed, acknowledging that investors and outcome-payers will have the ability to shape this further. This proposed structure is based on the International Finance Facility for Immunisation so it is known in the market which provides stakeholders with a degree of comfort that it is a proven model. The structure will only be incorporated once outcome-payers and investors are secured, and the product is ready to be launched. Working assumptions and notes to the legal structure as currently proposed:  • To be incorporated as a private company limited by guarantee under the laws of England and Wales and registered as a charity with the Charity Commission.  • To be certain types of sophisticated investors (e.g. professional investors or high net-worth individuals) to avail of exemptions to prospectus and other regulatory regimes.  • Fund raising structure to be set up as a standalone issuance; listing of the Notes to be considered in order to avail of exemptions from withholding tax.  • Note proceeds flow into the Transaction Account or Disbursement Account (each held at Account Bank) depending on use of funds.  • At two sites (Tsavo West and Addo Elephant), the disbursement will be applied via an implementing partner.  Key documents for the proposed legal structure have also been identified and will be developed and finalized with key stakeholders over Q3 2019 – Q1 2020, including:  Grant Agreements:  • Parties: (1) Outcome Payer (as Grantor), (2) Company (as Beneficiary)  • Purpose: Evidences legally enforceable undertakings by the Outcome Payer to make payments outlined in the agreement based on certain project-specific KPIs being met.  • Key operative provisions: To include - undertaking to make grant payments; conditions to payment; the payment mechanics; tax gross-up and indemnities; termination of obligations.  • Other considerations: Can outcome payments can be secured or pre-funded to enhance investor protection.  Framework Agreements:  • Parties: (1) Company (as Beneficiary and Issuer), (2) Finance Manager, (3) Project Manager  • Purpose: Evidences the respective roles of the three principal parties in raising funds from investors, securing grants from Outcome Payers and managing all cash and information flows.  • Key operative provisions: To include: Co-ordination of grant arrangements including payments; disbursement review and approval process; treasury management; co-ordination of note issuances; adding additional grantors; termination of arrangements.  • Other considerations: Will the activities be regulated and therefore require the entities performing such roles to be appropriately authorised.  Note Documents:  • Comprising: (1) Note Trust Deed, (2) Dealer Agreement and Final Terms (if programme – see assumption (3) on previous slide), (3) Subscription / Note Purchase Agreements (as applicable)  • Parties: To include (1) Company (as Issuer), (2) other transaction parties (including Note Trustee, Dealers or Investors, as applicable)  • Purpose: Evidences the terms upon which the Notes will be issued, subscribed for, and operate on an on-going basis.  • Key operative provisions: Market standard terms except for the mechanics around payment which will be driven by project-specific KPIs.  • Other considerations: Will the activities be regulated and therefore require the entities performing such roles to be appropriately authorised.  Other documents to include:  • Constitutional documents of Company  • Paying Agency Agreement  • Account Bank Agreement |
| **The progress of the objective can be described as:** | | **On track** | | | | |

# Implementation Progress



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| Cumulative GL delivery against total approved amount (in prodoc): | 89.43% |
| Cumulative GL delivery against expected delivery as of this year: | 89.43% |
| Cumulative disbursement as of 30 June (note: amount to be updated in late August): | 1,539,473 |

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| **Key Financing Amounts** | |
| PPG Amount | 100,000 |
| GEF Grant Amount | 1,721,500 |
| Co-financing | 5,164,500 |

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| **Key Project Dates** | |
| PIF Approval Date | Mar 31, 2014 |
| CEO Endorsement Date | Oct 9, 2015 |
| Project Document Signature Date (project start date): | Mar 11, 2016 |
| Date of Inception Workshop | May 5, 2016 |
| Expected Date of Mid-term Review | *(not set or not applicable)* |
| Actual Date of Mid-term Review | *(not set or not applicable)* |
| Expected Date of Terminal Evaluation | Oct 14, 2019 |
| Original Planned Closing Date | Mar 10, 2019 |
| Revised Planned Closing Date | Mar 10, 2020 |

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| **Dates of Project Steering Committee/Board Meetings during reporting period (30 June 2018 to 1 July 2019)** |
| 2018-09-12 |
| 2019-12-10 |
| 2019-03-26 |
| 2019-05-16 |

# Critical Risk Management

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| Current Types of Critical Risks | Critical risk management measures undertaken this reporting period |

# Adjustments

**Comments on delays in key project milestones**

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| **Project Manager: please provide comments on delays this reporting period in achieving any of the following key project milestones: inception workshop, mid-term review, terminal evaluation and/or project closure. If there are no delays please indicate not applicable.** |
| No significant delays to report. The project was granted an extension request to reflect the largely unknown and unquantifiable length of time it will take to successfully complete fundraising to have both outcome-payers and investors committed. Otherwise, all other activities and deliverables are on track to this revised timeline. |

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| **Country Office: please provide comments on delays this reporting period in achieving any of the following key project milestones: inception workshop, mid-term review, terminal evaluation and/or project closure. If there are no delays please indicate not applicable.** |
| N\A Global Project |

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| **UNDP-GEF Technical Adviser: please provide comments on delays this reporting period in achieving any of the following key project milestones: inception workshop, mid-term review, terminal evaluation and/or project closure. If there are no delays please indicate not applicable.** |
| No significant delays to report. The project was granted an extension request to enable the project team and Performance Manager to successfully complete fundraising to have both outcome-payers and investors committed. Otherwise, all other activities and deliverables are on track to this revised timeline. |

# Ratings and Overall Assessments

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| **Role** | **2019 Development Objective Progress Rating** | **2019 Implementation Progress Rating** |
| **Project Manager/Coordinator** | Satisfactory | *- IP Rating provided by UNDP-GEF Technical Adviser and UNDP Country Office only -* |
| Overall Assessment | Following 3 years of testing, piloting and structuring, the RII Project is now at the exciting juncture of fundraising for a launch targeted in Q1 2020. There is already significant investor appetite and we are currently focusing on securing outcome-payer commitments of approximately $50m.    5 sites, 3 in Kenya and 2 in South Africa, are currently in the investment readiness phase of the project. 3 of the sites are publicly owned protected areas and 2 are private conservancies. Investment readiness (IR) entails the sites receiving funding and technical assistance to ensure the sites are ready to deploy funding and implement interventions to maximise rhino growth rates. The governance and management framework of the rhino impact bond is also being piloted and refined under the implementation of the investment readiness phase. Another key aspect of investment readiness is that sites are able to effectively monitor their rhino populations with enough statistical confidence to trigger payments back to investors.    RII has developed a multi-state model in order to produce an abundance estimation of rhino populations. This model is currently undergoing the peer-review process, following review and sign-off from the Scientific Officer of the IUCN SSC African Rhino Specialist Group as well as other technical experts.  This model has been integrated into the Rhino Outcome Management System (R-OMS), a bespoke a rhino management and performance analysis database and system. Rhino-OMS is designed to enable better management information leading to better management decisions and better rhino outcomes. Whilst developed for the RII portfolio of sites, it is scalable to be used by other non-RII sites.    In addition, Rhino-OMS has been designed to streamline the outcome verification or audit process, and in so doing make it more cost-effective. In this vein, RII has been working with a big 4 global auditing firm to develop and finalise the rhino outcome verification and audit process. It is expected that the big 4 audit firm will conduct the independent outcomes verification and impact assurance during the life of the rhino bond. Rhino-OMS is already in beta version.    The project published “A Theory of Change to grow numbers of African rhino at a conservation site”, https://onlinelibrary.wiley.com/doi/full/10.1111/csp2.40, which was established in consultation with the IUCN SSC African Rhino Specialist Group and other technical experts. This serves as framework for developing 5-year conservation plans to maximise rhino growth rates in each site. All 5 sites in investment readiness have developed site specific rhino Theories of Change over Q1-2 2019, including sign-off from key stakeholders. Following this, the Project Team worked with the relevant stakeholders to develop each site’s budgeted rhino conservation and intervention work plan which is being finalized over Q2-3 2019. Interventions being funded straddle the 4 main themes of the ToC to maximise growth rates, but the specific allocations differ across the 5 sites, acknowledging each site’s uniqueness. These main themes being:  1. Habitat management -> Suitable rhino habitat  2. Range availability -> Adequate range availability  3. Containment/attrition -> Normal rhino attrition  4. Biological management -> Normal rhino demographics    Practically this means interventions such as around water management, range expansion, rhino population management such as translocations to improve carry capacity, containment and counter-poaching so rangers and training, community engagement and development programmes, and monitoring but also practical infrastructure and equipment. So both opex and capex.    These budgeted work plans inform the quantum of funding required across the Rhino Impact Bond portfolio of 5 sites, which in turn informs the quantum of funding needed from investors and outcome-payers in order to launch the impact bond. Initial versions indicated a portfolio level investment of approximately $45 million and an outcome-payer commitment of approximately $50 million, assuming the targeted rhino outcomes are achieved. The funding will be directed into a special purpose vehicle for disbursement by the RII Finance Manager, Conservation Capital. A draft legal structure has been developed, acknowledging that investors and outcome-payers will have the ability to shape this further. This proposed structure is based on the International Finance Facility for Immunisation so it is known in the market which provides stakeholders with a degree of comfort that it is a proven model. The structure will only be incorporated once outcome-payers and investors are secured, and the product is ready to be launched. Working assumptions and notes to the legal structure as currently proposed:  • To be incorporated as a private company limited by guarantee under the laws of England and Wales and registered as a charity with the Charity Commission.  • To be certain types of sophisticated investors (e.g. professional investors or high net-worth individuals) to avail of exemptions to prospectus and other regulatory regimes.  • Fund raising structure to be set up as a standalone issuance; listing of the Notes to be considered in order to avail of exemptions from withholding tax.  • Note proceeds flow into the Transaction Account or Disbursement Account (each held at Account Bank) depending on use of funds.  • At two sites (Tsavo West and Addo Elephant), the disbursement will be applied via an implementing partner.    Initial numbers indicate a 5-year target of 5.6% p.a. net rhino growth rate across the portfolio of sites which represents over 65% increase in growth rate against the calculated counterfactual (if RIB does not exist) rate of 3.2%. In fact, these numbers suggest that over the 5-year term of the rhino impact bond we hope to generate ~100 additional rhino on top of the counterfactual performance of ~120 rhino, so 84% more rhino.  Over a 20-year term, to reflect long-term species recovery periods, at these growth rates, ~775 additional rhino on top of the counterfactual performance of ~615 rhino, so 125% more rhino. ~775 additional rhino is a c.14% increase on today’s global population of black rhino, estimated to be 5,500.  To support sites in managing and securing their rhino populations to maximise their growth rates and achieve the targets, RII has co-financed the development of a rhino managers handbook. This includes concise best practice guidelines for the biological management of African rhino. This is expected to be published in Q3 2019.  So there is clear feasibility for using a impact bond model to improve management effectiveness and cost-effectiveness in delivering rhino outcomes for all stakeholders. Sites and investors are at the table and want to participate but the whole model is underpinned by outcome-payers, or donors, who are currently not secured. | |
| **Role** | **2019 Development Objective Progress Rating** | **2019 Implementation Progress Rating** |
| **UNDP Country Office Programme Officer** | *(not set or not applicable)* | *(not set or not applicable)* |
| Overall Assessment | *(not set or not applicable)* | |
| **Role** | **2019 Development Objective Progress Rating** | **2019 Implementation Progress Rating** |
| **GEF Operational Focal point** | *(not set or not applicable)* | *- IP Rating provided by UNDP-GEF Technical Adviser and UNDP Country Office only -* |
| Overall Assessment | *(not set or not applicable)* | |
| **Role** | **2019 Development Objective Progress Rating** | **2019 Implementation Progress Rating** |
| **Project Implementing Partner** | *(not set or not applicable)* | *- IP Rating provided by UNDP-GEF Technical Adviser and UNDP Country Office only -* |
| Overall Assessment | *(not set or not applicable)* | |
| **Role** | **2019 Development Objective Progress Rating** | **2019 Implementation Progress Rating** |
| **Other Partners** | *(not set or not applicable)* | *- IP Rating provided by UNDP-GEF Technical Adviser and UNDP Country Office only -* |
| Overall Assessment | *(not set or not applicable)* | |
| **Role** | **2019 Development Objective Progress Rating** | **2019 Implementation Progress Rating** |
| **UNDP-GEF Technical Adviser** | Satisfactory | Satisfactory |
| Overall Assessment | In 1970, there were 65,000 black rhino in the wild. As poaching intensified and pressure on their habitat increased, rhino numbers have declined to only 5,500 remaining today. Black rhinos are listed as critically endangered, meaning they are extremely vulnerable to extinction in the wild. In response, the RII project – the first of its kind in single species conservation – is seeking to bridge the gap between conservation and impact investment. It is a highly innovative project but highly complex in its implementation. An initiative of United for Wildlife, an unprecedented partnership between seven of the world’s leading wildlife charities and The Royal Foundation, implementation is led by ZSL with financing from the GEF, UK Government (through the IWT Challenge Fund), United for Wildlife and ZSL. UNDP is the GEF Implementing Agency responsible for technical and implementation support. Other notable partnerships include Credit Suisse, DLA Piper, Fauna & Flora International, IUCN SSC African and Asian Rhino Specialist Group, Kenya Wildlife Service, TNC, UBS and WWF-UK.    A strong project team, led by a committed Project Manager, has played an important role in driving forward this unique global project, which has required a large amount of work to create the body of knowledge and enabling environment for the impact bond product development process. The project is not only building the world’s first species focused impact bond, but is essentially building 7 impact bonds across 7 different sites and 7 different management agencies (private and state organisations, sometimes with implementing partners) and across 3 African countries which are then aggregated into a single portfolio.    Through 2019, significant progress has been made to advance the project – which has been clearly and comprehensively described in the distinct sections of this PIR.    Important highlights include:    • When launched, the Rhino Impact Bond (RIB) will be a precedent-setting model for outcomes-driven conservation, transferring the risk of funding conservation from donors to impact investors by linking conservation performance to financial performance, with opportunities to be scaled and replicated. RIB is the first wildlife impact bond in the world. It will help to ensure the recovery of the critically endangered black rhino, improve management of more than 1 million hectares and secure vital ecosystem services that support economies and people.  • The RIB will be implemented in five conservation areas in South Africa and Kenya, collectively responsible for managing more than 12% of the world’s entire black rhino population.  • The RIB team (which includes members of the IUCN’s African Rhino Specialist Group) has worked with the conservation managers on the ground at each of those conservation areas to develop 5-year black rhino conservation strategies that can deliver on an ambitious but achievable black rhino population growth targets. These rhino conservation strategies are based on best practice, focusing on habitat and biological management, community empowerment, counter-poaching, and robust monitoring protocols.  • The combined cost of these five-year strategies is approximately US$40 M.  • Through the RIB, Investors pay upfront for the implementation of the conservation strategies. Donors, or outcome-payers, commit upfront to reimburse those investors their principal plus a coupon if the population growth target is achieved after five years. Should the black rhino growth target not be reached, the investors will bear a proportional loss in the capital invested. The black rhino growth target for the portfolio of sites is c.5.6 % p.a. This is based on 50+ years of rhino data, detailed calculations and risk analyses, projected growth based on scenario modelling and best practice as highlighted above. Launch of the RIB is targeted for early 2020.    It is also important to note the following achievements:    • Five sites, three in Kenya and two in South Africa, are currently in the investment readiness phase of the project. Three of the sites are publicly owned protected areas and 2 are private conservancies. Investment readiness (IR) entails the sites receiving funding and technical assistance to ensure the sites are ready to deploy funding and implement interventions to maximize rhino growth rates. The governance and management framework of the rhino impact bond is also being piloted and refined under the implementation of the investment readiness phase. Another key aspect of investment readiness is that sites are now able to effectively monitor their rhino populations with enough statistical confidence to trigger payments back to investors.  • The RII project has embraced a multi-state model in order to produce an abundance estimation of rhino populations. This model is currently undergoing the peer-review process, following review and sign-off from the Scientific Officer of the IUCN SSC African Rhino Specialist Group as well as other technical experts. It has been integrated into the Rhino Outcome Management System (R-OMS), a bespoke a rhino management and performance analysis database and system. Rhino-OMS is designed to enable better management information leading to better management decisions and better rhino outcomes. Whilst developed for the RII portfolio of sites, it is scalable to be used by other non-RII sites. In addition, Rhino-OMS has been designed to streamline the outcome verification or audit process, and in so doing make it more cost-effective. In this vein, RII has been working with a big 4 global auditing firm to develop and finalise the rhino outcome verification and audit process. It is expected that a big 4-audit firm will conduct the independent outcomes verification and impact assurance during the life of the rhino bond. Rhino-OMS is already in beta version.  • The project published “A Theory of Change to grow numbers of African rhino at a conservation site”, https://onlinelibrary.wiley.com/doi/full/10.1111/csp2.40, which was established in consultation with the IUCN SSC African Rhino Specialist Group and other technical experts. This serves as framework for developing 5-year conservation plans to maximize rhino growth rates in each site. All five sites in investment readiness have developed site-specific rhino Theories of Change over Q1-2 2019, including sign-off from key stakeholders.  • Following this, the project team worked with the relevant stakeholders to develop each site’s budgeted rhino conservation and intervention work plan, which is being finalized over Q2-3 2019. Interventions being funded straddle the 4 main themes of the Theory of Change to maximize growth rates, but the specific allocations differ across the 5 sites, acknowledging each site’s uniqueness.  • These budgeted work plans inform the quantum of funding required across the Rhino Impact Bond portfolio of 5 sites, which in turn informs the quantum of funding needed from investors and outcome-payers in order to launch the impact bond. Initial versions indicated a portfolio level investment of approximately $45 million and an outcome-payer commitment of approximately $50 million, assuming the targeted rhino outcomes are achieved.  • The funding will be directed into a special purpose vehicle for disbursement by the RII Finance Manager, Conservation Capital. A draft legal structure has been developed, acknowledging that investors and outcome-payers will have the ability to shape this further. The structure will only be incorporated once outcome-payers and investors are secured, and the product is ready to be launched.  • Initial numbers indicate a 5-year target of 5.6% p.a. net rhino growth rate across the portfolio of sites which represents over 65% increase in growth rate against the calculated counterfactual (if RIB does not exist) rate of 3.2%. In fact, these numbers suggest that over the 5-year term of the rhino impact bond we hope to generate ~100 additional rhino on top of the counterfactual performance of ~120 rhino, so 84% more rhino.  • Over a 20-year term, to reflect long-term species recovery periods, at these growth rates, ~775 additional rhino on top of the counterfactual performance of ~615 rhino, so 125% more rhino. ~775 additional rhino is a c.14% increase on today’s global population of black rhino, estimated to be 5,500.  • To support sites in managing and securing their rhino populations to maximize their growth rates and achieve the targets, RII has co-financed the development of a rhino managers handbook. This includes concise best practice guidelines for the biological management of African rhino. It is hoped that this will be published in Q3 2019.    As a result of significant progress during the reporting period, Component 1 is now complete. Component 2 is split between 2.1 investment readiness, funded by The Royal Foundation, and 2.2 product development and fundraising, funded by GEF and ZSL. Work to progress this Component is the current focus of the project.    The project is on track to deliver key milestones on time in the process of demonstrating a scalable outcomes-based financing mechanism that directs additional private and public sector funds to improve management effectiveness of priority rhino populations. An overall rating of Satisfactory is more than justified.    However, a number of challenges have recently emerged, which must be registered in this PIR. Mitigating/adaptive action will be taken to address these challenges and manage the project towards success as noted:    • Whilst the Project Board has approved the fundraising approach and process proposed by the RII Finance Manager, not every Board Member has not actively engaged or been able to ‘open doors’ to identify potential outcome payers, which has not helped advance the Financing Strategy as rapidly as hoped. Securing outcome-payers is already a complex task, given that the engagement of potential outcome-payers and investors cannot be dictated by project timelines but depends on each outcome-payer and investor’s governance and decision-making framework. This ‘unknown’ element is magnified by the fact that RII is so innovative that it does not always fit within the official outcome or investment mandates of potential outcome-payers and investors. For this reason, the project was granted a 12-month project extension to end in April 2020. The extension will provide the project with the flexibility needed around fundraising timelines to ensure project success in launching the RIB.  • The Project Manager contract was expected to expire at end Dec 2018 with negative consequences for continuity and capacity. Happily, ZSL have seen fit to recently appoint the current PM as Head of Conservation Financing at ZSL and the responsibility for RII remains with the same person for the duration of the project.  • UNDP was approached to play a role through GEF7 NGI program to take a role as Credit Guarantor for the Outcome Payers. The conclusion was this would not be possible, and RII will now most likely work through the World Bank to provide the Credit Guarantee.    Over the last quarter, the focus of the RII project has moved to financing the RIB, primarily through securing outcome payers. Conservation Capital, with the support of the project team, RTA and Project Board, is fully focused this aspect of the project, with the intention to bring the RIB successfully to market by 3Q 2020.    Most recently, the RIB was featured on the front page of the Financial Times, in Bloomberg news, on CNBC and in a NPR podcast (among others).    More information on the RII Project can be found at: https://www.zsl.org/conservation/our-priorities/wildlife-back-from-the-brink/animals-on-the-edge/rhino-impact-investment; and in the UNDP Exposure Essay: Results for Rhinos. | |

# Gender

**Progress in Advancing Gender Equality and Women's Empowerment**

This information is used in the UNDP-GEF Annual Performance Report, UNDP-GEF Annual Gender Report, reporting to the UNDP Gender Steering and Implementation Committee and for other internal and external communications and learning.  The Project Manager and/or Project Gender Officer should complete this section with support from the UNDP Country Office.

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| **Gender Analysis and Action Plan:** *not available* |
| **Please review the project's Gender Analysis and Action Plan. If the document is not attached or an updated Gender Analysis and/or Gender Action Plan is available please upload the document below or send to the Regional Programme Associate to upload in PIMS+. Please note that all projects approved since 1 July 2014 are required to carry out a gender analysis and all projects approved since 1 July 2018 are required to have a gender analysis and action plan.** |
| *(not set or not applicable)* |

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| **Please indicate in which results areas the project is contributing to gender equality (you may select more than one results area, or select not applicable):** |
| Contributing to closing gender gaps in access to and control over resources: No |
| Improving the participation and decision-making of women in natural resource governance: Yes |
| Targeting socio-economic benefits and services for women: No |
| Not applicable: No |

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| **Atlas Gender Marker Rating** |
| **GEN1:** some contribution to gender equality |

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| **Please describe any experiences or linkages (direct or indirect) between project activities and gender-based violence (GBV). This information is for UNDP use only and will not be shared with GEF Secretariat.** |
| N/A |

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| **Please specify results achieved this reporting period that focus on increasing gender equality and the empowerment of women.**    **Please explain how the results reported addressed the different needs of men or women, changed norms, values, and power structures, and/or contributed to transforming or challenging gender inequalities and discrimination.** |
| The nature of the Project’s work in this reporting period has limited the results achieved on increasing gender equality and improving the empowerment of women.    It is in the strategy, governance and management of the Project itself where arguably the best results relating to gender equality and the empowerment of women have been achieved.    The Project Board, the most senior governance mechanism, has a 33% female representation on it (4 out of 12 members), whilst 55% (6 out of 11) of the Project’s Conservation Finance Technical Committee are women and the committee is also chaired by a woman. And 40% (2 out of 5 members) of the Project Management Unit are women and the RII Technical Conservation Site Selection Panel, which shortlisted sites for the investment readiness stage of the Project, comprises 18% women. Whilst this may appear low, it is considered by many to be a relatively high ratio of female representation for rhino conservation in Africa.    The Project has already integrated gender equality and mainstreaming into the draft investment readiness criteria which sites need to meet in order to be included in the RII Financing Mechanism. Capacity building at systemic, institutional and individual levels is one of the key strategic interventions of the Project and targets all stakeholders that have the potential to be involved in implementation of the future live RII. Depending on the nature of the interventions to be undertaken in each site shortlisted for investment readiness, women and indigenous / minority groups will be proactively targeted for capacity building activities based on specific needs assessments. This will be done in accordance with respective national regulations and objectives.    The Project will work closely with the respective management agencies of sites selected for both the investment readiness stage of the Project as well as for inclusion in the live RII Financing Mechanism to develop policies which are deliberate giving visibility and support to both women’s and men’s contributions individually, rather than assuming that both groups will benefit equally from gender-neutral development interventions.    Gender relations play a key role in the access to and use of biological resources, as well as their management within protected areas and in production landscapes. There is some evidence to suggest that biodiversity conservation efforts become more effective and efficient when women and vulnerable groups are empowered to participate as equal partners in information sharing and generation, education and training, technology transfer, organizational development, financial assistance, and policy development. In the context of the implementation of the RII Financing Mechanism, more effective and efficient conservation efforts would arguably increase the probability of the RII Financing Mechanism achieving its target outcomes and thus provide an improved risk-return offering for private investors. This would arguably increase the potential for catalysing additional investment capital into conservation.  In this light, the Project will work with the investment community to incorporate gender equality and the mainstreaming of women as well as vulnerable and indigenous people into the RII Financing Mechanism’s investment standards and ESG framework    The Project’s efforts to achieve gender equality results would be hugely supported with more evidence and data to support the hypothesis that the gender mainstreaming approach does indeed deliver more effective and efficient conservation efforts. |

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| **Please describe how work to advance gender equality and women's empowerment enhanced the project's environmental and/or resilience outcomes.** |
| Please describe how work to advance gender equality and women's empowerment enhanced the project's environmental and/or resilience outcomes.    Having gender diversity in the governance structures has ensured that a gender lens has been applied to strategic decision making. In particular, this has resulted in a more conclusive adoption of a community intervention element being incorporated into the 5-year ToC intervention plans which will include social assessments of RII protected areas process which will not just identify desired interventions but will also highlight where regular engagement needs to be supported e.g. liaison processes with communities. Identified interventions can be agreed upon based upon a Free and Prior-informed Consent process to ensure communities are engaged in development of engagement programmes which provides a framework for integrating gender equality and women’s empowerment. |

# Social and Environmental Standards

**Social and Environmental Standards (Safeguards)**

The Project Manager and/or the project’s Safeguards Officer should complete this section of the PIR with support from the UNDP Country Office. The UNDP-GEF RTA should review to ensure it is complete and accurate.

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| **1) Have any new social and/or environmental risks been identified during project implementation?** |
| No |

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| **If any new social and/or environmental risks have been identified during project implementation please describe the new risk(s) and the response to it.** |
| N/A |

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| **2) Have any existing social and/or environmental risks been escalated during the reporting period? For example, when a low risk increased to moderate, or a moderate risk increased to high.** |
| No |

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| **If any existing social and/or environmental risks have been escalated during implementation please describe the change(s) and the response to it.** |
| N/A |

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| **SESP:** [PIMS 5382 Rhino Impact Bonds SESP 9th March 2016.docx](https://undpgefpims.org/attachments/5382/214106/1707222/1708060/PIMS%205382%20Rhino%20Impact%20Bonds%20SESP%209th%20March%202016.docx)  **Environmental and Social Management Plan/Framework:** *not available* |
| **For reference, please find below the project's safeguards screening (Social and Environmental Screening Procedure (SESP) or the old ESSP tool); management plans (if any); and its SESP categorization above. Please note that the SESP categorization might have been corrected during a centralized review.** |
| *(not set or not applicable)* |

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| **3) Have any required social and environmental assessments and/or management plans been prepared in the reporting period? For example, an updated Stakeholder Engagement Plan, Environmental and Social Impact Assessment (ESIA) or Indigenous Peoples Plan.** |
| Not Applicable |

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| **If yes, please upload the document(s) above. If no, please explain when the required documents will be prepared.** |
| N/A |

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| **4) Has the project received complaints related to social and/or environmental impacts (actual or potential )?** |
| No |

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| **If yes, please describe the complaint(s) or grievance(s) in detail including the status, significance, who was involved and what action was taken.** |
| N/A |

# Communicating Impact

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| **Tell us the story of the project focusing on how the project has helped to improve people’s lives.**  **(This text will be used for UNDP corporate communications, the UNDP-GEF website, and/or other internal and external knowledge and learning efforts.)** |
| The nature of the RII Project is such that thus far the Project has focused on interventions within the Tsavo West, Kenya pilot site. These interventions have been focused on achieving measurable rhino conservation impact and outcomes.    However, some of the RII Project interventions have also delivered impact and outcomes specifically for staff of Tsavo West, Kenya. The increase in available budgets alongside proactive management and strategic oversight from the RII Project has improved the lives of the people at the front line of rhino conservation in Tsavo West. This includes:    1. Opportunity for increased staff remuneration through a rhino related incentive programme  2. Upgraded staff accommodation following much needed renovation  3. Upgraded basic staff equipment such as tents, sleeping bags, torches etc.  4. Improved rhino conservation equipment and infrastructure which has created an enabling environment for staff to achieve their rhino conservation objectives  5. Training provided to improve staff skills specifically relating to monitoring and law enforcement    In summary, despite focusing on achieving rhino conservation outcomes, the RII Project has improved people’s lives by improving the quality of employment whilst creating an enabling environment to deliver rhino conservation in Tsavo West. |

**Knowledge Management, Project Links and Social Media**

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| **Please describe knowledge activities / products as outlined in knowledge management approved at CEO Endorsement /Approval.**    **Please also include: project's website, project page on the UNDP website, blogs, photos stories (e.g. Exposure), Facebook, Twitter, Flickr, YouTube, as well as hyperlinks to any media coverage of the project, for example, stories written by an outside source. Please upload any supporting files, including photos, videos, stories, and other documents using the 'file lirbary' button in the top right of the PIR.** |
| http://www.rhinoimpact.com/  https://undp-biodiversity.exposure.co/results-for-rhinos  https://www.unitedforwildlife.org/#!/2018/03/united-rhinos  https://www.zsl.org/conservation/conservation-initiatives/animals-on-the-edge/rhino-impact-investment-project  https://www.cnbc.com/2019/07/18/what-is-a-rhino-bond-here-is-all-you-need-to-know.html  https://www.bloomberg.com/news/articles/2019-07-17/rhinos-come-to-the-bond-market-other-species-may-follow  https://www.ft.com/content/2f8bf9e6-a790-11e9-984c-fac8325aaa04  https://www.malaysiasun.com/news/261770307/rhinos-come-to-the-bond-market-and-other-species-may-follow  https://www.scmp.com/business/banking-finance/article/3019141/endangered-black-rhinos-come-bond-market-worlds-first  https://www.businesslive.co.za/bd/national/science-and-environment/2019-07-18-rhinos-may-find-refuge-in-the-impact-bond-market/  https://www.sectorpublishingintelligence.co.uk/news/2395992/rhinos-come-to-the-bond-market-and-other-species-may-follow  https://headtopics.com/za/rhino-may-find-refuge-in-the-impact-bond-market-6960650  https://www.fin24.com/Companies/Financial-Services/rhinos-come-to-the-bond-market-and-other-species-may-follow-20190718  http://www.thedopeuniversity.com/rhino-bond-markets-in-everything/  https://www.fa-mag.com/news/rhinos-come-to-the-bond-market--and-other-species-may-follow-50629.html  https://clubofmozambique.com/news/rhinos-come-to-the-bond-market-and-other-species-may-follow-137117/  https://www.financialbuzz.com/five-year-rhino-bond-protection/  https://www.businesstelegraph.co.uk/new-rhino-bonds-to-allow-investors-to-help-with-wildlife-conservation/  https://marginalrevolution.com/marginalrevolution/2019/07/rhino-bond-markets-in-everything.html  https://www.bignewsnetwork.com/news/261770307/rhinos-come-to-the-bond-market-and-other-species-may-follow  https://www.thehindubusinessline.com/markets/stock-markets/rhinos-come-to-the-bond-market-and-other-species-may-follow/article28549755.ece  https://www.pressreader.com/  https://uk.finance.yahoo.com/news/apos-rhino-bonds-apos-allow-132405815.html?guccounter=1&guce\_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce\_referrer\_sig=AQAAAI0L7lv2gzmHePzMKLCg7N1nTDksc8lHJ13rPhMlokffJClAmJsQBM3Gf4rPG4069bV-my2ecwe2dYLJXZgd\_2fkpZ\_6d8sNEWpEr8xEN6RRdea6JO3rfeNAeokpGkxPhy9GqtGGnVuLpeWVx8PYPf\_KjqDd0IxOTDau08rtO0G4  https://europa.eu/capacity4dev/b4life/document/rhino-impact-bond  http://www.sfgeneva.org/index.php/rhino-impact-bond-project/  http://www.biodiversityfinance.net/sites/default/files/content/publications/undp-biofin-web\_0.pdf  https://www.environment.gov.za/sites/default/files/strategic\_plans/africanrhino\_conservationplan.pdf  http://dev-wp.nexchange.com/lions-and-tigers-and-rhinos-oh-my-zoological-society-of-london-taps-big-city-finance-to-support-endangered-species/  http://www.rhinoresourcecenter.com/pdf\_files/149/1498295853.pdf |

# Partnerships

**Partnerships & Stakeholder Engagment**

Please select yes or no whether the project is working with any of the following partners. Please also provide an update on stakeholder engagement. This information is used by the GEF and UNDP for reporting and is therefore very important!  All sections must be completed by the Project Manager and reviewed by the CO and RTA.

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| **Does the project work with any Civil Society Organisations and/or NGOs?** |
| Yes |

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| **Does the project work with any Indigenous Peoples?** |
| No |

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| **Does the project work with the Private Sector?** |
| Yes |

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| **Does the project work with the GEF Small Grants Programme?** |
| No |

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| **Does the project work with UN Volunteers?** |
| No |

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| **Did the project support South-South Cooperation and/or Triangular Cooperation efforts in the reporting year?** |
| Yes |

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| **Request for MSP Approval:** [5382 Rhino Impact Bonds CEO Endorsement GEF resubmission 5Oct15 2pm.doc](https://undpgefpims.org/attachments/5382/214106/1690196/1690505/5382%20Rhino%20Impact%20Bonds%20CEO%20Endorsement%20GEF%20resubmission%205Oct15%202pm.doc) |
| **Provide an update on progress, challenges and outcomes related to stakeholder engagement based on the description of the Stakeholder Engagement Plan as documented at CEO endorsement/approval (see document below). If any surveys have been conducted please upload all survey documents to the PIR file library.** |
| Stakeholder engagement has generally been a success for the project. Much of this can be attributed to positioning the project as a multi-partner initiative instead of having a single lead organisation. A practical consideration is that stakeholders timelines are not always aligned with project timelines which can create minor delays despite best efforts to manage expectations. It is mainly outcome-payers, specifically bilaterals, which have proven to be more challenging to engage than what was originally expected and scoped. This is a function of relatively slow internal processes as well as the innovative nature of the rhino impact bond not falling into traditional funding buckets. More senior project partner leadership is required to convene senior donor decision-makers than was originally scoped in order to unlock these bilaterals as potential outcome-payers. |

# Annex - Ratings Definitions

**Development Objective Progress Ratings Definitions**

(HS) Highly Satisfactory: Project is on track to exceed its end-of-project targets, and is likely to achieve transformational change by project closure. The project can be presented as 'outstanding practice'.

(S) Satisfactory: Project is on track to fully achieve its end-of-project targets by project closure. The project can be presented as 'good practice'.

(MS) Moderately Satisfactory: Project is on track to achieve its end-of-project targets by project closure with minor shortcomings only.

(MU) Moderately Unsatisfactory: Project is off track and is expected to partially achieve its end-of-project targets by project closure with significant shortcomings. Project results might be fully achieved by project closure if adaptive management is undertaken immediately.

(U) Unsatisfactory: Project is off track and is not expected to achieve its end-of-project targets by project closure. Project results might be partially achieved by project closure if major adaptive management is undertaken immediately.

(HU) Highly Unsatisfactory: Project is off track and is not expected to achieve its end-of-project targets without major restructuring.

**Implementation Progress Ratings Definitions**

(HS) Highly Satisfactory: Implementation is exceeding expectations. Cumulative financial delivery, timing of key implementation milestones, and risk management are fully on track. The project is managed extremely efficiently and effectively. The implementation of the project can be presented as 'outstanding practice'.

(S) Satisfactory: Implementation is proceeding as planned. Cumulative financial delivery, timing of key implementation milestones, and risk management are on track. The project is managed efficiently and effectively. The implementation of the project can be presented as 'good practice'.

(MS) Moderately Satisfactory: Implementation is proceeding as planned with minor deviations. Cumulative financial delivery and management of risks are mostly on track, with minor delays. The project is managed well.

(MU) Moderately Unsatisfactory: Implementation is not proceeding as planned and faces significant implementation issues. Implementation progress could be improved if adaptive management is undertaken immediately. Cumulative financial delivery, timing of key implementation milestones, and/or management of critical risks are significantly off track. The project is not fully or well supported.

(U) Unsatisfactory: Implementation is not proceeding as planned and faces major implementation issues and restructuring may be necessary. Cumulative financial delivery, timing of key implementation milestones, and/or management of critical risks are off track with major issues and/or concerns. The project is not fully or well supported.

(HU) Highly Unsatisfactory: Implementation is seriously under performing and major restructuring is required. Cumulative financial delivery, timing of key implementation milestones (e.g. start of activities), and management of critical risks are severely off track with severe issues and/or concerns. The project is not effectively or efficiently supported.