



# REQUEST FOR CEO APPROVAL

PROJECT TYPE: MEDIUM-SIZED PROJECT

TYPE OF TRUST FUND: GEF TRUST FUND

## PART I: PROJECT INFORMATION

Project Title: <b>Rhino Impact Bonds: An Innovative Financing Mechanism for Site-Based Rhinoceros Conservation</b>			
Country(ies):	Global	GEF Project ID: <sup>1</sup>	5721
GEF Agency(ies):	UNDP	GEF Agency Project ID:	5382
Other Executing Partner(s):	Zoological Society of London	Resubmission Date:	September 30, 2015
GEF Focal Area (s):	Biodiversity	Project Duration(Months)	36
Name of Parent Program (if applicable):	N/A	Agency Fee (\$):	163,543
• n/a			

### A. FOCAL AREA STRATEGY FRAMEWORK<sup>2</sup>

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	Trust Fund	Grant Amount (\$)	Cofinancing (\$)
BD-1: Improve Sustainability of Protected Area Systems	<b>Outcome 1.1:</b> Improved management effectiveness of existing and new protected areas	New protected areas and coverage of unprotected threatened species	GEFTF	820,239	2,868,222
	<b>Outcome 1.2:</b> Increased revenue for protected area systems to meet total expenditures required for management	Sustainable financing plans	GEFTF	820,239	2,868,222
Sub-Total				1,640,478	5,736,443
Project Management Costs			GEF TF	81,022	677,557
<b>Total project costs</b>				1,721,500	6,414,000

<sup>1</sup> Project ID number will be assigned by GEFSEC.

<sup>2</sup> Refer to the [Focal Area/LDCF/SCCF Results Framework](#) when completing Table A.

## B. PROJECT FRAMEWORK

Project Objective: To demonstrate a scalable financing mechanism for site-based actions to conserve globally important rhinoceros populations						
Project Component	Grant Type	Expected Outcomes	Expected Outputs	Trust Fund	Grant Amount (\$)	Confirmed Cofinancing (\$)
<b>1. Demonstrating Payment by Results for improved rhinoceros conservation at selected sites</b>	TA	<p><b>Proof of concept of Payment by Results in three demonstration sites is contributing to the development of the RIB</b></p> <p><i>Indicator: Improvement in METT scores for each of the three pilot sites</i></p>	<p><b>1.1.1:</b> Performance monitoring and management framework for developing theory of change developed and tested with buy-in of global conservation community</p> <p><b>1.1.2:</b> Quantified KPIs developed for interventions in three Key 1 rhinoceros sites</p> <p><b>1.1.3:</b> Three sites are prepared for demonstration of performance monitoring and management</p> <p><b>1.1.4:</b> Performance monitoring and management demonstrated in Tsavo West National Park, Kenya, based on the theory of change developed in 1.1.1 (including implementation of priority interventions).</p> <p><b>1.1.5:</b> Performance monitoring and management demonstrated in Chitwan National Park, Nepal, based on the theory of change developed in 1.1.1 (including co-financed management interventions).</p> <p><b>1.1.6:</b> Performance monitoring and management demonstrated in Hluhluwe-iMfolozi Park, South Africa, based on the theory of change developed in 1.1.1 (including co-financed management interventions).</p> <p><b>1.1.7:</b> Site-level financing, performance management and KPIs monitored, reported and independently verified to learn lessons for the full RIB.</p> <p><b>1.1.8:</b> Full feasibility study conducted of RIB including lessons learned from</p>	GEF TF	994,302	3,206,999

			three demonstration sites			
<b>2. Development of the RIB structures and enabling conditions</b>	TA	<b>Between five and 10 priority rhinoceros sites selected, assessed and prepared for RIB investment</b>  <i>Indicator: Percentage of sites verified as having met investment readiness criteria (to be defined at the start of the project)</i>	<b>2.1.1.</b> Between five and 10 priority rhinoceros sites selected based on assessment against specific readiness criteria (to be defined at start of project) to participate in RIB investment readiness activities  <b>2.1.2.</b> On-site capacity assessments conducted of each site using performance monitoring and management framework  <b>2.1.3.</b> Performance monitoring and management capacity built in selected sites  <b>2.1.4.</b> Intervention plans for rhinoceros conservation designed for each site (using framework) for implementation under a RIB.	GEF TF	420,741	1,603,500
	TA	<b>The RIB structures are established in readiness for market</b>  <i>Indicator: Signed letters of endorsement from relevant stakeholders for the financial, legal, management and governance structures of the RIB</i>	<b>2.2.1:</b> Financial structure, payment mechanism and MRV system developed for the RIB  <b>2.2.2:</b> Management, legal and governance structures developed for the RIB	GEF TF	225,435	925,045
Subtotal					1,640,478	5,736,443
Project management Cost (PMC) <sup>3</sup>				GEF TF	81,022	677,557
<b>Total project costs</b>					<b>1,721,500</b>	<b>6,414,000</b>

<sup>3</sup> PMC should be charged proportionately to focal areas based on focal area project grant amount in Table D below.

**C. SOURCES OF CONFIRMED COFINANCING FOR THE PROJECT BY SOURCE AND BY NAME (\$)**

Please include letters confirming cofinancing for the project with this form

Sources of Co-financing	Name of Co-financier (source)	Type of Cofinancing	Cofinancing Amount (\$)
Foundation	The Royal Foundation of the Duke and Duchess of Cambridge and Prince Harry	Cash	1,250,000
Non-Governmental Organisation	The Zoological Society of London, UK	Cash	749,500
Foundation	The Blakey Foundation	Cash	500,000
National Government	Kenya Wildlife Service, Kenya	In-kind	1,000,000
Provincial Government	Ezemvelo KZN Wildlife, South Africa	In-kind	1,000,000
National Government	Department of National Parks and Wildlife Conservation, Nepal	In-kind	500,000
National Government	The Department for Environment, Food and Rural Affairs, UK	Cash	720,346
Non-Governmental Organisation	The Zoological Society of London, UK	In-kind	354,154
Non-Governmental Organisation	The National Trust for Nature Conservation, Nepal	In-kind	250,000
Foundation	African Wildlife Foundation, Kenya	In-kind	50,000
Foundation	Wilderness Foundation South Africa	In-kind	40,000
<b>Total Co-financing</b>			<b>6,414,000</b>

**D. TRUST FUND RESOURCES REQUESTED BY AGENCY, FOCAL AREA AND COUNTRY<sup>1</sup>**

GEF AGENCY	TYPE OF TRUST FUND	FOCAL AREA	Country name/Global	Project amount (a)	Agency Fee (b)	Total c=a+b
UNDP	GEFTF	Biodiversity	Global	1,721,500	163,543	1,885,043
<b>Total GEF Resources</b>				<b>1,721,500</b>	<b>163,543</b>	<b>1,885,043</b>

<sup>1</sup> In case of a single focal area, single country, single GEF Agency project, and single trust fund project, no need to provide information for this table. PMC amount from Table B should be included proportionately to the focal area amount in this table.

<sup>2</sup> Indicate fees related to this project.

**F. CONSULTANTS WORKING FOR TECHNICAL ASSISTANCE COMPONENTS:**

Component	Grant Amount (\$)	Cofinancing (\$)	Project Total (\$)
International Consultants	278,176	834,528	1,112,704
National/Local Consultants	233,472	700,416	933,888

**G. DOES THE PROJECT INCLUDE A “NON-GRANT” INSTRUMENT? No**

(If non-grant instruments are used, provide in Annex D an indicative calendar of expected reflows to your Agency and to the GEF/LDCF/SCCF/NPIF Trust Fund).

**PART II: PROJECT JUSTIFICATION**

**A. DESCRIBE ANY CHANGES IN ALIGNMENT WITH THE PROJECT DESIGN OF THE ORIGINAL PIF<sup>4</sup>**

**A.1 National strategies and plans or reports and assessments under relevant conventions, if applicable, i.e. NAPAS, NAPs, NBSAPs, national communications, TNAs, NCSA, NIPs, PRSPs, NPFE, Biennial Update Reports, etc.**

In addition to the project’s consistency with national priorities described in the PIF, the project is strongly aligned

<sup>4</sup> For questions A.1 –A.7 in Part II, if there are no changes since PIF and if not specifically requested in the review sheet at PIF stage, then no need to respond, please enter “NA” after the respective question

with country commitments under the CBD Strategy for Resource Mobilisation – in contribution to Aichi Target 20 – as shown in the table below:

Strategic Goal	Objective
1. Improve information base on funding needs, gaps and priorities	1.3. To improve priority-setting for guiding resource allocation to biological diversity and its associated ecosystem services
2. Strengthen national capacity for resource utilization and mobilize domestic financial resources for the Convention’s three objectives	2.6. To establish enabling conditions for private sector involvement in supporting the Convention’s three objectives, including the financial sector
3. Strengthen existing financial institutions and promote replication and scaling-up of successful financial mechanisms and instruments	3.3. To mobilize public sector investments in biological diversity and its associated ecosystem services
	3.4. To mobilize private sector investments in biological diversity and its associated ecosystem services
4. Explore new and innovative financial mechanisms at all levels with a view to increasing funding to support the three objectives of the Convention	4.4. To explore opportunities presented by promising innovative financial mechanisms such as markets for green products, business-biodiversity partnerships and new forms of charity

The project is also well aligned with each pilot site country’s national wildlife policies and commitments. Kenya has recently significantly strengthened its wildlife laws; the Wildlife Conservation and Management Act 2013 acknowledges the need to increase protection of its wildlife against illegal harvesting, and now has much stronger penalties against the poaching or dealing in trophies of endangered species than previously, with life imprisonment in some cases (including if involving rhinoceros). This project may include activities to increase capacity in judiciaries and knowledge of these laws, for more effective application on the ground. As part of Kenya’s commitment to fulfil its obligations to the Convention on Biological Diversity (CBD), its National Biodiversity Strategy and Action Plan (NBSAP) includes a long-term goal to adopt best practices in biodiversity management and conservation. In addition, in order to ensure there are adequate financial resources for biodiversity conservation, the plan includes a strategy to mobilise financial support from the private sector and other stakeholders.

Nepal’s NBSAP includes several strategic approaches towards fulfilling its commitment to the CBD, which this project will support, including to adopt programme-based, adaptive and multi-stakeholder approaches in the management of biodiversity; explore sustainable biodiversity financing mechanisms; and promote effective response measures against natural and anthropogenic threats to biodiversity loss.

A particularly relevant strategic objective of South Africa’s NBSAP is that ‘Enhanced institutional effectiveness and efficiency ensures good governance in the biodiversity sector’, components of which include adequate financial resources for biodiversity management which are effectively and efficiently used, and the use of information management systems, research priorities and monitoring and evaluation frameworks.

**A.2. GEF focal area and/or fund(s) strategies, eligibility criteria and priorities.**

In addition to contributing to the GEF BD focal area Objective 1 Outcome 1.2, as described in the PIF, this project will also contribute to Objective 1 Outcome 1.1: Improved management effectiveness of existing and new protected areas. It will do this by developing and testing a performance monitoring and management framework (which will form part of the pay-for-performance mechanism), which is aimed at strengthening adaptive protected area management and monitoring of results. It will test this framework in three pilot sites, undertaking priority management interventions in Kenya, and tracking the impacts of these and co-financed interventions in Nepal and South Africa, and in doing so improve the management of those sites. In addition, the project will establish and/or improve performance monitoring systems (using tools such as the Spatial Monitoring and Reporting Tool (SMART)) as necessary in between five and 10

protected areas selected for potential future Rhino Impact Bond investment (possibly including the three pilot sites), in order to bring these sites up to a management capacity level required for investment.

A.3 **The GEF Agency’s comparative advantage:** N/A

A.4. **The baseline project and the problem that it seeks to address:** N/A

A. 5. **Incremental /Additional cost reasoning**: describe the incremental (GEF Trust Fund/NPIF) or additional (LDCF/SCCF) activities requested for GEF/LDCF/SCCF/NPIF financing and the associated [global environmental benefits](#) (GEF Trust Fund) or associated adaptation benefits (LDCF/SCCF) to be delivered by the project:

**Incremental reasoning:** Since PIF stage, a number of significant changes have been made to the project strategy. The PPG phase has enabled detailed exploration of how best to apply the development impact bond mechanism to the conservation sector, to facilitate sustainable financing and improved management effectiveness of protected areas with important rhino populations. At PIF stage it was envisaged that a *pilot* bond mechanism could be made operational during the project period, with a trust fund up-and-running with secured funds from 3 investors for up to 10 sites, in 5 of which voluntary guidelines would be applied. The objective of the project has remained consistent – to demonstrate this scalable financing mechanism for site-based rhino conservation action — but the outcomes have been refined. The end point is now a *full* bond mechanism (rather than a pilot) at market-ready stage (rather than operational), to be launched in 2018. The changes to the outcomes, and the reordering of the components of work, are based on a detailed feasibility study and extensive consultations with stakeholders from the finance and conservation sectors during the PPG phase. An outcome on establishment of the full RIB structure and enabling conditions is now in Component 2 and combined with an outcome on the selection and preparation of up to 10 sites for RIB investment, while Component 1 has an outcome on demonstrating the Payment by Results principle in three sites through a Performance Monitoring and Management Framework. By the end of the project period the objective of demonstrating the mechanism will have been achieved and the mechanism will be ready for market, based on a solid demonstration of the Payment by Results mechanism and the full preparation of investment sites. Participation as pilot sites and in readiness activities for investment sites will also enable key protected areas to enhance their management effectiveness, strengthening adaptive management for enforcement on the ground.

Specific changes at the objective, component and outcome level are summarized in the table below:

PIF	Changes/rationale	CEO Approval
<b>Objective</b>		
To demonstrate a scalable financing mechanism for <u>standardized</u> site-based actions to conserve globally important rhinoceros populations	Since the PIF stage, the word 'standardized' has been omitted from the Objective wording, since it incorrectly implies that all actions to protect rhinoceros in protected areas should be the same, whereas the project recognises that actions should be designed according to the specific requirements of each site	To demonstrate a scalable financing mechanism for site-based actions to conserve globally important rhinoceros populations
<b>Components and outcomes</b>		
Component 1: Diversifying sustainable financing for rhinoceros conservation sites through creation of a Rhino Impact Bond mechanism  Outcome 1: Diversified sustainable funding for	In Component 1, at PIF stage, the expected outcome was for funding to have been successfully diversified through the creation and implementation of a pilot RIB in five sites. Following discussions and the consideration of necessary stages to ensure an effective and cost-efficient mechanism in place, whilst	Component 1: Demonstrating Payment by Results for improved rhinoceros conservation at selected sites  Outcome 1: Proof of concept of

<p>rhinoceros conservation</p>	<p>Component 1 still focuses on demonstrating the RIB mechanism, the expected outcome is now only for the key structures and processes of the RIB to have been demonstrated, in three sites, in view of a Payment by Results financing mechanism potentially being launched in 2018.</p> <p>In addition, at PIF stage, the part of the RIB mechanism focused on improving PA management was to be developed under Component 2; however, this has now been moved into Component 1, as part of the development and testing of the key structures and processes of the mechanism.</p>	<p>Payment by Results in three demonstration sites is contributing to the development of the RIB</p>
<p>Component 2: Setting voluntary international guidelines for site-based rhinoceros conservation</p> <p>Outcome 2: Rhinoceros conservation improved at up to 5 selected sites as a demonstration of the voluntary guidelines (and investment process).</p>	<p>At PIF stage, Component 2 focused on developing and applying new guidelines for improved site-based rhinoceros conservation, and the expected outcome was for five sites to have improved their management effectiveness using the guidelines developed during the project. Following revisions, the development of the guidelines (now referred to as a protected area management ‘checklist’) following stakeholder discussions during the PPG) has been moved into Component 1, and the expected first outcome of Component 2 is that 5 – 10 sites will have improved their management effectiveness having applied these guidelines as part of a wider outcome, being preparation for potential future investment (these sites may or may not include the three demonstration sites, depending on whether they meet initial selection requirements).</p> <p>The second outcome of Component 2, the establishment of a market-ready mechanism, has been added since PIF stage, although its contributing outputs are similar to those outputs originally in the PIF under other outcomes.</p>	<p>Component 2: Development of the RIB structures and enabling conditions</p> <p>Outcome 2.1: Between five and 10 priority rhinoceros sites selected, assessed and prepared for RIB investment;</p> <p>Outcome 2.2: The RIB structures are established in readiness for market</p>

**Project outputs:**

At PIF stage, the focus of Component 1 was to create and implement a pilot impact bond in five sites, using the management effectiveness guidelines to be developed under Component 2, and to prepare up to 10 sites for future RIB investment following successful demonstration of the pilot RIB. This was to entail the following outputs (in brief):

1. Agreed site-level selection criteria for rhino impact bond (RIB) investment, based on voluntary international management effectiveness guidelines (to be developed under Component 2)
2. Established financial structure of a rhino impact bond in at least five rhino sites, and potential investors and donor governments
3. An established rhino impact investing stakeholder group (of both potential initial investors and donor governments), sensitised to the RIB concept
4. An established legal entity, management body, governance policies and procedures and a trust fund (in which to hold funds raised by donor commitments in advance of the launch of a full RIB following the project)
5. Up to five priority rhino sites registered with the management body and committed to make improvements in their management effectiveness, as a requirement for pilot RIB investment
6. Up to three financiers committed to supporting full implementation of the RIB by making performance-based payments in Year 3 following results achieved in 5 pilot sites
7. Five pilot sites funded to make improvements in management effectiveness in line with action plans based on the voluntary international guidelines (developed under Component 2)
8. Performance-based payments into trust fund triggered following achievements in management effectiveness in five sites, reporting using performance metrics
9. An established full implementation phase investment portfolio, based on costed action plans developed by up to 10 sites using the voluntary international management effectiveness guidelines

Accordingly, the focus of Component 2 at PIF stage was to develop, test, publish and socialise new international voluntary management effectiveness guidelines and governance structures in place for improved conservation of high-value species in protected areas; to then apply these guidelines in the five pilot sites and the additional five selected for potential RIB investment. Component 2 contained the following outputs:

1. Published international voluntary management effectiveness guidelines for high-value species conservation, endorsed by key international stakeholders
2. An international governance structure established, with a central committee, national committees and site-level and national stakeholders supporting the use of the guidelines in implementation of site-based activities.
3. Up to five priority rhino sites self-evaluated against the management effectiveness guidelines
4. Management effectiveness gaps, theories of change and action plans identified and documented in five priority rhino sites
5. Guidelines followed and systems in place for rhinoceros conservation in five sites, as a proof of concept of the RIB
6. Up to five rhino sites 'approved' by guidelines committees (based on results from pilot activities in Component 1)

However, following in-depth discussions with stakeholders throughout the PPG phase, the focus of the project has shifted. Whilst Component 1 still focuses on demonstrating the structures and processes of the RIB, it does not aim to establish these structures and processes specifically for a **pilot** RIB. The development of the international voluntary management effectiveness guidelines originally under Component 2 has now been subsumed into Component 1, as part of the development of a 'performance monitoring and management framework', with the guidelines now being referred to as a 'management effectiveness checklist'. Component 2 now focuses on creating the enabling conditions for a **full** RIB to be launched in 2018, through both bringing a selection of priority rhino sites up to investment readiness and establishing the structures and processes of the RIB based on lessons learned in Component 1 and advice from potential investors and outcome payers.

**The alterations made to Component 1 are listed below:**

- i. The performance monitoring and management framework (including the checklist) is to be developed and tested within this component (Output 1.1.1 of revised SRF) rather than Component 2, since it focuses on demonstrating RIB structures and processes (although the framework is not limited to application within a RIB);
- ii. Demonstration activities are now planned for implementation in three priority rhino sites rather than five, due to additional expenditures necessary elsewhere in the project (Outputs 1.1.2 – 1.1.7);
- iii. The project will focus on the demonstration of the performance metrics, the monitoring, reporting and verification of results, and the payment structure of a RIB only, rather than establishing a full financial structure, legal entity, bond management body, and a trust fund, specifically for a pilot RIB (Outputs 1.1.2 – 1.1.7). This change is due to the costs involved in setting up these structures, as to develop such structures for the pilot when new structures would be needed for an actual RIB, was considered an inefficient use of funds;
- iv. The establishment of the above structures has been shifted to Component 2 for the end of the project (Outputs 2.2.1 – 2.2.2), following the demonstration of key processes under Component 1 and ongoing engagement of investors and donors for their input, advice and buy-in;
- v. Rather than establishing a trust fund to hold outcomes funding resulting from the testing of the payment mechanism of the RIB and triggering performance-based payments, and seeking commitments from three financiers by Year 2 to make these payments, the triggering of the payments will be simulated (Outputs 1.1.2 – 1.1.7), a pilot trust fund will not be established and no actual payments will be made, due to the risks of obtaining insufficient funds for achieving the outcome, and the transaction costs involved in order to produce this payment;
- vi. The investing stakeholder group will also not be established under Component 1, nor will investors be identified under this component; instead, donor and investor engagement (already begun during the PPG phase) will be a gradual process, and used to inform the development of the RIB structures in preparation for potential launch of a RIB in 2018. However, the majority of effort to gain funding commitments from financiers for a full RIB will not be made as part of this project; ZSL will pursue this separately, in parallel with the project;
- vii. The agreement of site-level selection criteria for RIB investment has also been moved to Component 2, since this component focuses on preparing sites for RIB investment (Output 2.1.1);
- viii. The establishment of an investment opportunities portfolio has been moved to Component 2 (Output 2.1.4) (although it is not referred to as an ‘investment opportunities portfolio’);
- ix. Component 1 also now includes ‘proof of concept’ of the Payment by Results mechanism based on lessons learned in the three demonstration sites (Output 1.1.8).

**Significant changes have been made to Component 2 of the proposed project. Specific alterations are listed below:**

- i) The development and publishing of the technical support tool for improved management effectiveness (the ‘guidelines’, or ‘management effectiveness checklist’) has been moved to Component 1 (Output 1.1.1 of revised SRF);
- ii) In order to avoid conflicts with existing rhinoceros conservation coordinating systems, separate governance structures are now not needed for this tool and this output has been omitted from the project; there is also no longer an output whereby up to five rhino sites are ‘approved’ based on the guidelines;
- iii) Similarly to the original Component 2, the tool is used for evaluating sites’ management effectiveness, but now in up to 10 sites (possibly including the three pilot sites), in order to assess capacity gaps and improvements needed in PA management capacity in order to reach investment readiness (Output 2.1.2);
- iv) Not part of the project originally, these 5-10 sites will then be supported to improve their capacity during the project in order to reach investment readiness by end of 2017 (Output 2.1.3);

- v) Theories of change and action plans will be drafted for 5-10 sites in preparation for potential RIB investment at the end of the project (Output 2.1.4);
- vi) The establishment of the management, governance, legal, financial and payment structures, originally described under Component 1 for the pilot RIB, are now under Component 2 as part of preparing up to 10 sites for a full RIB (Outputs 2.2.1 – 2.2.2);
- vii) Investors and donor agencies (as potential outcome payers) will be engaged throughout the project in order to help inform the appropriate structuring of the RIB and to gain early buy-in to the concept and maximise chances of securing investor and outcomes funding commitments for the full RIB; however, securing funding commitments will not be an aim specifically of this project; ZSL will undertake these activities mostly alongside the project rather than as a part of it.

As a result of these changes, the budgetary allocation for GEF funds between components has been revised accordingly; however, the total amount of funds requested from GEF remains the same.

**Global environmental benefits:** no changes.

**A.6. Risks, including climate change, potential social and environmental risks** that might prevent the project objectives from being achieved, and measures that address these risks:

In addition to the risks identified at the PIF stage, several more have been identified, and the updated table of risks is as follows:

*Table of Risks and Mitigation Strategies*

<b>Risk</b>	<b>Rating</b>	<b>Mitigation Strategy</b>
Measurability of results (regarding both intervention impact and the counterfactual) is inadequate for investor requirements, and associated costs are too high to be feasible	Medium	<ul style="list-style-type: none"> <li>• In each site selected for RIB implementation, the project will take care to assess the robustness and appropriateness of various performance KPIs. Part of the investment readiness process will focus on building baseline monitoring data and projecting these trends both for expected intervention impacts and business as usual, in order to be able to accurately measure impact. Much of the monitoring will be built into current PA management activities such as regular patrolling, which will minimise the costs of measuring results.</li> </ul>
The integrity of the impact bond performance measuring structure and payment mechanism is undermined by inaccurate reporting of management effectiveness and conservation outcomes	Medium	<ul style="list-style-type: none"> <li>• In theory, PAs could suppress information on decline in rhinoceros status to ensure that they reach or maintain their conservation ‘outcomes’. The quality of monitoring, including the use of conservation technology tools such as SMART (Spatial Monitoring and Reporting Tool), Cybertracker and camera traps, is particularly important to minimise this risk. ZSL and other UfW members have extensive experience with tools such as SMART, and each site to be included for implementation of the impact bond will have such tools institutionalised in preparation. Sites will be asked to sign a written agreement that all data are made available for independent verification on a regular basis.</li> <li>• As interventions are implemented, results reported will be independently verified at specified intervals by experts of each particular field related to the intervention implemented, such as anti-poaching, community development, habitat management, rhinoceros population monitoring.</li> </ul>
The link between intermediate and final outcome-based	Medium	<ul style="list-style-type: none"> <li>• The way in which the intermediate outcome-based KPIs will be formulated during the project will be based on evidence from scientific literature and on a clear theory of change, ensuring that specified intermediate outcomes, if</li> </ul>

Risk	Rating	Mitigation Strategy
KPIs of the demonstration interventions is not sufficiently convincing to potential investors and/or outcome payers, and they are not able to endorse the mechanism		successfully achieved, will lead to the expected final outcome. This will be discussed thoroughly during the investor and donor agency engagement process, and evidence from other Impact Bonds will be used to demonstrate that the achievement of specified intermediate outcomes in the short-term will lead to the desired final outcome in the long-term.
Governments (and/or relevant park management agencies) fail to support the RIB mechanism	Variable	<ul style="list-style-type: none"> <li>• Early and full Government buy-in would be sought. The RIB will be designed to support national priorities for rhinoceros conservation, PA management and for rural development. Government support for the pilot interventions has already been secured during PPG phase and there will be further engagement during project inception. Formal memoranda of understanding will be drawn up as needed.</li> </ul>
Site managers do not support the hiring of Performance Managers and independent verifiers and separate financial management bodies and refuse to participate in investment readiness	Low	<ul style="list-style-type: none"> <li>• Before commencing any work within the selected sites, the project will approach the site managers and other key stakeholders and introduce the RIB concept and the implications for the PAs and rhinoceros populations. The project will ensure that stakeholders understand and support the RIB concept and management mechanism, and seek commitment from key players that they will participate in investment readiness activities, before beginning any activities. If site managers are unwilling to engage, the project will select an alternative site for implementing the investment readiness activities. Engagement with the three demonstration sites has indicated that they will support the Performance Manager.</li> </ul>
Political and/or governance challenges external to the project affect the ability of PA managers and staff to engage in project activities.	Medium	<ul style="list-style-type: none"> <li>• The Project will be demonstrating the RIB mechanism in three sites in two continents, with very different political and governance contexts. It is therefore unlikely that all three sites would experience political and/or governance issues and so lessons regarding the RIB mechanism and its feasibility under different conditions would still be learnt if only 1 or 2 sites continued to be successfully engaged.</li> <li>• The selection of the sites for the launch of the RIB and investment readiness activities are likely to be based on criteria such as PA management and monitoring capacity, and conducted remotely using relevant experts of the field; however, any emerging political or governance challenges which may affect the success of the project will be included as primary factors in the decision-making for site selection. Once the five-to-ten sites have been selected, the project will conduct a thorough capacity assessment in each PA, including of political and governance capacity, which will identify any potential issues and enable mitigation strategies to be developed.</li> </ul>
The lack of certainty of RIB investment may cause PA site managers to lose interest in project activities	Low	<ul style="list-style-type: none"> <li>• The project will ensure that all key stakeholders of sites selected for investment readiness activities understand that a launch of the RIB depends on securing funding, and will seek commitments for full participation on this basis before commencing any activities.</li> <li>• The benefits of the investment readiness activities reach beyond enabling the launch of a RIB – each site’s performance monitoring and management capacity will be improved, making the sites more attractive to other donor agencies; therefore, the project is likely to be strongly supported by PA managers whether or not the activities result in the launch of a RIB.</li> </ul>
Investor and outcome payer commitments for the first RIB are not	Low	<ul style="list-style-type: none"> <li>• Throughout the project’s duration, efforts will be made (both as part of this proposed project and as ZSL’s activities alongside the project) to engage potential investors and outcome payers. For example, an informal investor stakeholder group will be created with a few key stakeholders in order for ZSL to</li> </ul>

Risk	Rating	Mitigation Strategy
secured, meaning that the RIB cannot be launched and project interventions are not able to be sustained.		<p>obtain advice and opinion on the RIB structures and mechanisms, ensuring that such structures and mechanisms are developed with maximum investor buy-in. Potential outcome payers will also be continually engaged, including through international events and bilateral meetings wherever possible (largely outside of the project).</p> <ul style="list-style-type: none"> <li>• The sustainability of several outputs of the project is not dependent on the launch of the RIB; for example, the performance monitoring and management framework to be developed will be able to support PA management across the globe whether or not a RIB is implemented; also, training of in-house trainers in performance monitoring and management will ensure long-term improvements in PA management. In this way, project impacts will be sustained whether or not a RIB is launched.</li> </ul>
Climate change impacts, such as extreme weather events, undermines efforts to improve PAs for rhinoceros by reducing habitat quality	Low	<ul style="list-style-type: none"> <li>• Climate change is a long-term threat to biodiversity and is therefore difficult to mitigate within a 3-year project timeframe. The project will aim to implement whatever intervention is most critical for conserving rhinoceros populations for the long term. For example, during the PPG phase, certain threats related to climate change, including invasive species and water shortages, were identified as being barriers against rhinoceros population growth, and therefore these interventions will be considered as some of the priority options for investment.</li> </ul>

#### A.7. Coordination with other relevant GEF financed initiatives:

Since the PIF stage, the list of GEF-financed initiatives related to this proposed project has been updated. The project will seek to coordinate and/or collaborate with, and share experiences with, several relevant GEF-financed projects:

1. *Strengthening Law Enforcement capabilities to Combat Wildlife Crime for Conservation and Sustainable use of Species in South Africa (target Rhinoceros)* (UNEP). This project will support improvements in rhinoceros security efforts in several PAs holding Key 1 (and possibly Key 2) populations, including Hluhluwe-iMfolozi. Collaboration with this project will be ensured particularly during Component 1, when interventions are demonstrated in HiP. The proposed project will ensure that stakeholder meetings within HiP involve staff from Project 4937 whenever possible, in order to encourage information-sharing and ensure alignment of project activities. Additional skype calls and meetings (co-financed) will be held as necessary. Contacts and professional relationships already exist between the two projects.
2. *Enhancing the Effectiveness and Financial Sustainability of Protected Areas in Malaysia* (UNDP). This project is closely linked to the proposed project as a whole, in that it aims to improve the management of PAs in Malaysia and to establish a performance-based Federal-State financial transfer system to provide incentives for State-level PA authorities. The development of a set of indices on which to measure various aspects of management performance, for performance-dependent financial grants from the Federal budget is a very similar concept to the performance monitoring and management framework developed under this project, upon which are based the measurements of performance and resulting impact-based payments. Regular communication will be established with the leading project staff from the start of the project, through remote communication (such as skype calls) and project report sharing (with coordination support from UNDP Country Offices), to share information on aspects such as the development of indicators, risk analyses, and payment structures, for example.
3. *Enhancing Wildlife Conservation in the Productive Southern Kenya Rangelands through a Landscape Approach* (UNDP). This project, to be implemented in the Greater Amboseli landscape, aims to improve the governance and management framework for multiple-use of resources outside of PAs, through an integrated, landscape approach. There will be some geographical overlap between the two projects (in Component 1), since the Greater Amboseli landscape stretches across to Tsavo West National Park, and is an important stronghold for black rhino. On site, the proposed project will ensure communication and collaboration through inviting attendance of relevant staff to stakeholder workshops and meetings where relevant, in order to optimise the alignment of activities, particularly where the proposed project may work with communities surrounding the PAs.

## **B. ADDITIONAL INFORMATION NOT ADDRESSED AT PIF STAGE:**

### **B.1 Describe how the stakeholders will be engaged in project implementation.**

The table below lists the key stakeholders to be involved with this project. All stakeholders have been engaged continuously during the PPG phase.

#### *Stakeholder roles and responsibilities*

<b>Stakeholder</b>	<b>Type</b>	<b>Anticipated Role in Project</b>
United for Wildlife members: Conservation International, Fauna and Flora International, IUCN, TNC, WCS, WWF (& ZSL)	International NGOs	The project is an initiative of the United for Wildlife collaboration created by the Royal Foundation. UfW members will provide guidance and input into the project through their positions on the Project Advisory Board and two Technical Committees. WWF is a collaborator at specific sites where the project is being implemented; hence, UfW members will be playing the role of both partner and interested and affected party. It is also anticipated that where appropriate UfW members will provide co-financing to certain project activities that are closely aligned with their ongoing activities.
UNDP-GEF Regional Coordination Unit (RCU)	United Nations	The UNDP-GEF RCU will play a key role in the quality assurance of the project as well as in overall coordination and monitoring, evaluation and reporting of project progress from its base in Addis Ababa, liaising with the project management unit, UNDP Country Offices and the GEF where appropriate. A member from the RCU will conduct regular meetings with project staff, and attend key workshops, and conduct visits to project sites for monitoring and evaluation purposes.
GEF Operational Focal Points	Government	The GEF Operational Focal Points in each demonstration country will be represented in the project's national implementation committees and kept informed of project activities, progress and plans through six-monthly meetings.
IUCN SSC African and Asian Rhino Specialist Groups (AfRSG and AsRSG)	Independent scientific advisor	The AfRSG and AsRSG have been key collaborators since the beginning of the project and are key in terms of their contributions both from a technical perspective as well as a strategic one. They will continue to be the major source of advice on scientific and technical matters concerning rhinoceros and management of rhinoceros populations. The AfRSG and AsRSG will sit on the Rhinoceros Conservation Technical Committee and provide guidance and input on the design and implementation of site-based activities, including monitoring, protection, training, community engagement. The Specialist Groups will ensure that the project is consistent with the relevant rhinoceros range state national rhino strategies.
Investors		Investors such as high net worth individuals, philanthropic foundations, asset managers and private banks will be called upon by the project management team and Project Advisory Board to provide guidance and input into the structure of the Impact Bond, including management, governance and financial structures. This will ensure the mechanism is designed with full consideration of potential RIB investors' requirements.

Donor agencies		Providers of Official Development Assistance, including bilateral and multilateral development agencies such as World Bank and the French Development Agency will be called upon by the project management team and Project Advisory Board to provide guidance and input into the structure of the Impact Bond, including management, governance and financial structures. This will ensure that the finance mechanism is designed with full consideration of potential RIB outcome payers' requirements.
<b>Pilot sites selected for project interventions under Component 1</b>		
<b>Pilot I: Tsavo West National Park</b>		
Kenya Wildlife Service (KWS)	Government agency	As the management authority responsible for the National Park, KWS will be responsible for project implementation in collaboration with the project management team. This will include training, monitoring, reporting, protection and community engagement. KWS will be directly involved in finalizing the project design and budget during the inception stage, ensuring harmony with current and planned management activities. KWS senior management have agreed to be part of the process and as the project moves forward will be willing to implement conservation interventions and collect performance data.
UNDP Country Office	United Nations	The UNDP Country Office in Kenya will assist by providing the necessary contacts and links to Government administrative bodies as necessary, and to ensure that the project complements national biodiversity strategies and action plans.
WWF-Kenya	NGO	WWF is involved in conservation activities in the National Park and where appropriate will be involved as a collaborator in the design and implementation of the project, ensuring synergies with their existing and planned activities. Senior representatives have been engaged and expressed a willingness to engage.
AWF	NGO	AWF is involved in conservation activities in the National Park and as such will be involved as a collaborator in the design and implementation of the project, ensuring synergies with their existing and planned activities.
Tsavo Trust	NGO	Tsavo Trust is involved in conservation activities in the National Park and as such will be involved as a collaborator in the design and implementation of the project, ensuring synergies with their existing and planned activities.
Local communities living in and around the protected area		<p>The degree to which local communities will benefit directly from the project will depend on which interventions are implemented (to be decided during project inception). However, since the provision of wildlife-related benefits to communities is critical for combating poaching, interventions involving communities - such as enabling alternative livelihoods, enhancing community informant networks, and strengthening local partnerships – have been drafted and budgeted for and will be given strong consideration for implementation.</p> <p>Any short-term contractors required during the interventions, such as for upgrading infrastructure or for supporting community-based activities, will be hired locally wherever possible.</p> <p>A Social and Environmental Screening Template has also been completed in order to assess any risks of negative impacts of the project on local communities.</p>

<b>Pilot II: Hluhluwe-iMfolozi Park</b>		
Ezemvelo KZN Wildlife	Parastatal agency	As the management authority responsible for the Park, Ezemvelo will be responsible for project implementation in collaboration with the project management team. This will include training, monitoring, reporting, protection and community engagement. Ezemvelo will be directly involved in finalizing the project design and budget during the inception stage, ensuring harmony with current and planned management activities. The Park management have agreed to be part of the process and as the project moves forward will be willing to implement conservation interventions and collect performance data.
UNDP Country Office	United Nations	The UNDP Country Office in South Africa will assist by providing the necessary contacts and links to Government administrative bodies as necessary, and to ensure that the project complements national biodiversity strategies and action plans.
Wilderness Foundation	NGO	Wilderness Foundation are a key collaborator at the pilot site and will be responsible for supporting project implementation, working with Ezemvelo staff and providing capacity-building and equipment to ensure project delivery on time and within budget. Wilderness Foundation has agreed with the process and as the project moves forward will be willing to implement conservation interventions and collect performance data (with Ezemvelo).
Local communities living in and around the protected area	Community	<p>The degree to which local communities will benefit directly from the project will depend on which interventions are implemented (to be decided during project inception). Relationships between the park and communities are considered to be strong; however, additional support for a community informant network has been identified as critical for improving rhinoceros conservation in the park, and will be given strong consideration when finalising interventions.</p> <p>Any short-term contractors required during the interventions, such as for upgrading infrastructure or for supporting community-based activities, will be hired locally wherever possible.</p> <p>A Social and Environmental Screening Template has also been completed in order to assess any risks of negative impacts of the project.</p>
<b>Pilot III: Chitwan National Park</b>		
Department of National Parks and Wildlife Conservation (DNPWC)	Government agency	As the management authority responsible for the National Park, DNPWC will be responsible for project implementation in collaboration with the project management team. This will include training, monitoring, reporting, protection and community engagement. DNPWC will be directly involved in finalizing the project design and budget during the inception stage, ensuring harmony with current and planned management activities.
UNDP Country Office	United Nations	The UNDP Country Office in Nepal will assist by providing the necessary contacts and links to Government administrative bodies as necessary, and to ensure that the project complements national biodiversity strategies and action plans.

Nepalese army		The Nepalese army will be involved in project design and implementation, particularly with respect to National Park patrolling and data collection. The Nepalese army will be directly involved in finalizing the project design and budget during the inception stage, ensuring harmony with current and planned management activities.
NTNC	NGO	NTNC is the main organisation tasked with assisting DNPWC in the implementation of their management plan in Chitwan, and as such will be involved as a key collaborator in the design and implementation of the project, ensuring synergies with their existing and planned activities.
WWF-Nepal	NGO	WWF is involved in conservation activities in the National Park and as such will be involved as a collaborator in the design and implementation of the project, ensuring synergies with their existing and planned activities.
Local communities living in and around the protected area	Community	<p>The degree to which local communities will benefit directly from the project will depend on which interventions are implemented (to be decided during project inception). Interventions drafted during the PPG phase which would benefit communities include the construction of a fence between settlements and wildlife areas; the promotion of tourism-based livelihoods for local communities; and strengthening of community involvement in wildlife security.</p> <p>Any short-term contractors required during the interventions, such as for upgrading infrastructure or for supporting community-based activities, will be hired locally wherever possible.</p> <p>A Social and Environmental Screening Template has also been completed in order to assess any risks of negative impacts of the project.</p>

The planned involvement of these stakeholders in project implementation is detailed below:

### *Stakeholder involvement plan*

<b>Component 1: Demonstrating Payment by Results for improved rhinoceros conservation at selected sites</b>		<b>Stakeholder involvement and engagement</b>
<b>Outcome 1.1: Proof of concept of Payment by Results in three demonstration sites is contributing to the development of the RIB</b>	<b>Outputs:</b>	<p>The performance monitoring and management framework will be designed in consultation with the IUCN AfRSG and AsRSG through the mechanism of the Rhino Conservation Technical Committee. Regular meetings and conference calls will be conducted. Output 1.1.1 will be fed into key international fora, also through engagement of the Technical Committee.</p> <p>Performance metrics for each of the three pilot sites will be developed in collaboration with the relevant stakeholders, primarily the management authority responsible for park management, i.e. DNPWC, KWS and Ezemvelo. This will involve planning workshops and meetings to collate and discuss baseline data at each site collected by each authority. At each site, key additional stakeholders, such as NTNC, Nepalese Army, WWF, AWF, Tsavo Trust, Wilderness Foundation and local communities (as listed in the table above) will be involved in these planning meetings and workshops. In addition, regular project update meetings with key stakeholders</p>
	<b>1.1.1:</b> Performance monitoring and management framework for developing theory of change developed and demonstrated with buy-in of global conservation community	
	<b>1.1.2:</b> Quantified KPIs developed for interventions in three Key 1 rhinoceros sites	
	<b>1.1.3:</b> Three sites are prepared for demonstration of performance monitoring and management	
	<b>1.1.4-1.1.6:</b> Performance monitoring and management demonstrated in three rhino PAs based on the theories of change	

	<p>developed in 1.1.1.</p> <p><b>1.1.7:</b> Site-level financing, performance management and KPIs monitored, reported and independently verified to learn lessons for the full RIB.</p> <p><b>1.1.8:</b> Full feasibility study conducted of RIB including lessons learned from three demonstration sites</p>	<p>(making use of existing governance and outreach structures where possible) will be held to maintain dialogue.</p> <p>UNDP Country Offices of the three pilot site countries will support the project with networking and building contacts with other related initiatives and government bodies as necessary.</p> <p>The GEF OFPs within each demonstration country will be kept fully informed of project plans and activities through attendance to meetings and reporting.</p>
<b>Component 2: Development of the RIB structures and enabling conditions</b>		<b>Stakeholder involvement and engagement</b>
<p><b>Outcome 2.1:</b> <b>Between five and 10 priority rhinoceros sites selected, assessed and prepared for RIB investment</b></p>	<p><b>Outputs:</b></p> <p><b>2.1.1.</b> Between five and 10 priority rhinoceros sites selected based on assessment against specific readiness criteria (to be defined at start of project) to participate in RIB investment readiness activities</p> <p><b>2.1.2.</b> On-site capacity assessments conducted of each site using performance monitoring and management framework</p> <p><b>2.1.3.</b> Performance monitoring and management capacity built in selected sites</p> <p><b>2.1.4.</b> Intervention plans for rhinoceros conservation designed for each site (using framework) for implementation under a RIB.</p>	<p>The IUCN AfRSG and AsRSG will be involved in developing investment readiness criteria and site selection through meetings and conference calls of the Rhino Conservation Technical Committee.</p> <p>Key stakeholders in rhino range states, including relevant government agencies (e.g. KWS, DNPWC, Ezemvelo, the South African Department of Environmental Affairs, South Africa National Parks, Zimbabwe Parks and Wildlife Management Authority, the Namibian Ministry of Environment and Tourism, the Indian Ministry of Environment, Forests and Climate Change, the Indonesian Ministry of Environment and Forestry), as well as national and international NGOs and private owners of rhinoceros conservancies and reserves, will be engaged in conducting PA capacity assessments (Output 2.1.2) alongside project staff and consultants hired by the project, as has been trialed (with success) during the PPG phase. These stakeholders will be involved in subsequent capacity-building exercises, through training workshops and in-field training sessions as required for Output 2.1.3. Similarly, intervention plans (Output 2.1.4) will be developed with government and non-government stakeholders using a workshop process and focus group discussions with local communities, as required.</p> <p>UNDP Country Offices of the countries included for RIB investment will support the project with networking and building contacts with other related initiatives and government bodies as necessary.</p> <p>The GEF OFPs within each demonstration country will be kept fully informed of project plans and activities through attendance to meetings and reporting.</p>
<p><b>Outcome 2.2:</b> <b>The RIB structures are established in readiness for market</b></p>	<p><b>2.2.1:</b> Financial structure, payment mechanism and MRV system developed for the RIB</p> <p><b>2.2.2:</b> Management, legal and governance structure developed for the RIB</p>	<p>Investors and donor agencies will be engaged in meetings from an early stage of the project (having already been engaged during the PPG phase), with the Project Advisory Board (i.e. the Royal Foundation) playing a role in convening these groups through high-level discussions and events. Much of the engagement will be conducted by ZSL in parallel to the project.</p> <p>UNDP Country Offices of the countries included for RIB investment will support the project with networking and building contacts with other related initiatives and government bodies as necessary.</p>

		The GEF OFPs within each demonstration country will be kept fully informed of project plans and activities through attendance to meetings and reporting.
--	--	--

## Long-term stakeholder participation

The project will provide the following opportunities for long-term participation of all stakeholders, with a special emphasis on the active participation of women and indigenous and local communities, where appropriate.

Decision-making – through the establishment of the Project Advisory Board. The establishment of the structure will follow a participatory and transparent process and will ensure that throughout the project all key stakeholders are able to input into project discussions to enable well-informed decision making.

Capacity building – at systemic, institutional and individual levels – is one of the key strategic interventions of the project and will target all stakeholders that have the potential to be involved in implementation of the future live RIB, including demonstration activities at the PA level. Depending on the nature of the interventions to be undertaken in each PA, women and indigenous / minority groups will be proactively considered for capacity building activities based on specific needs assessments.

Communication - will include the participatory development of an integrated communication strategy that cuts across both components of the project. The communication strategy will be based on the following key principles:

- providing information to all stakeholders;
- promoting dialogue between stakeholders;
- promoting access to information.

The project’s design incorporates several features to ensure on-going and effective stakeholder participation in the project’s implementation. The mechanisms to facilitate involvement and active participation of different stakeholders in project implementation will comprise a number of different components:

### i) Project inception workshop

The project will be launched by a multi-stakeholder workshop. This workshop will provide an opportunity to provide all key stakeholders with the most updated information on the project, refine and confirm the work plan, and will establish a basis for further consultation as the project’s implementation commences.

### ii) Constitution of the Project Management structure

The Project Management structure and processes have been designed so that stakeholders have clear points of engagement.

### iii) Establishment of the Project Management Unit

The Project Management Unit will take direct operational responsibility for facilitating stakeholder involvement and ensuring increased local ownership of the project and its results. The PMU will be coordinated from the ZSL offices in London to ensure coordination among key stakeholder organizations at the international level during the project period. Responsibility for in-country liaison with national and local stakeholders will rest with the National Implementation Committees based in each demonstration country.

### v) Project communications

The project will develop, implement and annually update a communications strategy to ensure that all stakeholders are informed on an on-going basis about: the project's objectives; the project's activities; overall project progress; and the opportunities for stakeholders' involvement in various aspects of the project's implementation.

vi) Implementation arrangements

The project organogram shows that the project management structure has been designed to directly involve local stakeholders during implementation. Women and indigenous groups will be proactively considered for participation in decision-making.

**B.2 Describe the socioeconomic benefits to be delivered by the Project at the national and local levels, including consideration of gender dimensions, and how these will support the achievement of global environment benefits (GEF Trust Fund/NPIF) or adaptation benefits (LDCF/SCCF):**

**National benefits**

The project expects to generate significant national benefits. In three demonstration sites, all of which hold priority populations of rhinoceros (stable or increasing populations of 100 individuals or more), in demonstrating the structures and processes of the RIB, the project will work to improve performance management and monitoring capacity as well as fill key gaps in their protection and management of rhinoceros by implementing specific interventions, as defined by the theory of change. Supporting the continued growth of these populations will ensure the persistence of a species that is a key attraction for tourists; furthermore, the improved management of each PA will support the conservation of all biodiversity within. This could play an important part in supporting tourism, an industry that is a significant contributor to the national Gross Domestic Product (GDP) of many countries.

The project will also support between five and 10 priority rhinoceros sites in improving their performance monitoring and management capacity to a level at which they are investment ready. Through developing and demonstrating the application of this Payment by Results mechanism to conservation, the project expects to have the world's first RIB ready for launch in these sites by 2018. Through this RIB, each country involved would receive significant funds for conservation, over a 10-year period. Effective management of protected areas and conservation of natural resources is critical for long term sustainable economic development, as acknowledged in the UN Sustainable Development Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

**Local benefits**

The five surviving species of rhinoceros are emblems for conservation. Given their ecological, economic and conservation importance, rhinoceros are true 'flagship' species whose survival in the landscape is intertwined with the persistence of other wildlife as well as the livelihoods of rural people living in some of the poorest parts of the world, due to the local economic benefits generated through wildlife tourism. In strengthening the conservation of these species, which will lead to greater populations of rhinoceros, this project will help to increase the viability of this species as a key tourist attraction, thereby increasing local income from tourism.

The appropriate management of PAs is critical for supporting the socioeconomic development of local rural communities, who depend primarily on natural resources for both subsistence and income. Accordingly, community considerations in protected area management, such as management of human-wildlife conflict, engagement in park management, equitable sharing of benefits and sustainable livelihoods, are key focal areas of national rhinoceros conservation strategies, PA management plans, and the CA|TS standards. This project aims to harmonise these PA management planning guidelines into one holistic 'management effectiveness checklist' for conservation planning, as part of the performance monitoring and management framework, to provide a means to easily identify gaps in PA management capacity and prioritise interventions accordingly. This will ensure that every aspect of conservation which may impact on communities is taken into account. The table below describes the elements of management under the

CA/TS Pillar 3, Community, which will be absorbed into the checklist; thereby indicating the types of benefits to be gained by local communities through the implementation of this project, both in the short term and in the long term.

*The elements of the CA/TS standards relevant to local communities*

Element	Standard	Example criterion
<b>Pillar 3: Community</b>		
<i>Human-wildlife conflict</i>	Effective mechanisms for dealing with human-wildlife conflict are in place	Community involvement occurs at all stages in the development and implementation of HWC strategies and compensation schemes
<i>Community relations</i>	Conflicts or tensions related to the area are acknowledge and addressed	Monitoring of conflict resolution measures is in place, and measures are adapted if necessary as the result of monitoring and assessment
	Relocation processes are voluntary, equitable and monitored	Any relocation should be undertaken only with: free (voluntary), prior, informed consent; full representation at community level to ensure equity in decision making; fair compensation packages (e.g. in kind or financial); the rationale for relocation being clearly stated and communicated to local communities
	Conservation impacts on the evacuated area are identified managed and monitored	Biological rationale for relocation needs to be clearly stated and communicated to local communities
	Communities are involved and engaged in appropriate areas of area management	Community consultation and involvement in the management of the species conservation area/buffer zone is appropriate, clearly planned, implemented, monitored, assessed and documented
	Benefit-sharing/ alternative livelihood mechanism are in place and monitored	If in place, government policy on benefit sharing/ alternative livelihoods is implemented, monitored and assessed by the species conservation area
	Cultural identity is not compromised	Management activities restrict threats and enable protection of cultural values (e.g. access to sacred sites, trees, temples, springs etc)
	Outreach and awareness programmes are in place and monitored	Outreach activities (e.g. community visits to protected area, environmental clubs, local events, school visits, leaflets, videos) are planned and include a focus on species conservation
<i>Stakeholder relationships</i>	Processes are in place to coordinate and cooperate with stakeholders who may impact area management	Agreements are in place to protect the ecological, biological, social, cultural and economic values from impacts of research activity in the species conservation area (e.g. to protect from biopiracy, maintain dignity of communities in developmental research and activities, etc.)
<b>Additional considerations of community in the CA/TS standards</b>		
<b>Pillar 1: Importance and status</b>		
Social, cultural and biological significance	The ecological, biological, social, cultural and economic values and benefits of the area have been identified and aligned with tigers	Ecosystem service values and/or benefits are interpreted and shared with communities and other stakeholders

Element	Standard	Example criterion
	<i>[adapt for e.g. rhinoceros]</i> as a major conservation target	
Area design	Other management zones are recognized, acknowledged, managed and maintained	Other management zones (e.g. multiple use zones, community use zones, tourism zones, etc.) are defined, mapped and gazette where necessary
<b>Pillar 2: Management</b>		
Element 6: Management processes	Management is transparent and accountable	Systems are in place to ensure timely dissemination of information on management decisions and actions to local communities and other stakeholders
<b>Pillar 4: Tourism</b>		
14. Tourism and interpretation	Communities are involved in tourism operations where appropriate	Training for skills upgrading (e.g. developing skills to enable involvement in managing tourism facilities) to facilitate community involvement in tourism is in place
<b>Pillar 5: Protection</b>		
15: Protection	A protection strategy is included in the management plan/system and is implemented according to the annual operation plan	A suitable protection strategy is planned and considers all of the following: ... community involvement in protection <i>[as one of 13 actions]</i>

**Short term benefits:** This project recognises that, alongside protection and population management, community engagement is a critical factor of successful rhinoceros conservation, for example by increasing monitoring capacity through informant networks, or by mitigating human-wildlife conflict to reduce the incentive to poach threatened species. Therefore, when applying the framework to planning interventions in the project's three demonstration sites, priority consideration will be given to filling gaps in capacity for engaging with local communities. Interventions in the three sites may include employment of additional local staff in PA management, the establishment of a fund for community informants, or the installation of fences between wildlife areas and settlements.

**Long-term benefits:** Through the proof of concept of the RIB mechanism, and the development of the performance monitoring and management framework as part of this mechanism, the potential launch of a RIB and integration of the framework into protected area management globally will ensure that community considerations continue to be given the appropriate level of priority as they will be given during the project.

With regards to consideration of gender dimensions, an appropriate response to gender is integral to the ZSL's approach across its field conservation programmes. Some stakeholders, such as communities in and around PAs and women, have been marginalized in the conservation arena. The project team intends to ensure that the inputs and contributions of these groups are taken into consideration, providing support and opportunities for such contributions where needed.

A Social and Environmental Screening Procedure form has been completed, to ensure the consideration and mitigation of any risks posed by the project to the environment, and/or local communities (see Annex 15 of the Project Document).

### **Contribution to the achievement of global environmental benefits**

The generation of the above national and local socioeconomic benefits will have a significant positive impact on the environment. Overall, the generation of socioeconomic benefits, including by increasing local and national income generation from wildlife tourism, will help to reduce the unsustainable use of wildlife resources as communities and other stakeholders realise the benefits of conserving rhinoceros and other species. In Africa especially, rhinoceros have significant economic value, which has played a key role in providing an incentive for conservation.

The improved conservation of rhinoceros in the project's three demonstration sites and up to 10 additional priority sites will help to ensure the persistence of priority populations of several rhinoceros species. With approximately 34 Key 1

and Key 2 rhinoceros sites conserving approximately 76% of the global population of rhinoceros, the improved conservation of perhaps eight to 12 of these sites will contribute significantly to the long term survival of rhinoceros species diversity.

Importantly, rhinoceros shape ecosystems and support many other species by grazing and browsing vegetation, helping seeds to germinate, and creating mud wallows and nutrient hotspots. In some areas white rhinoceros have been found to be the only grazing species able to maintain short grass patches, which helps to limit fuel loads of wildfire; an absence of this species can result in more extensive and destructive wildfires<sup>5</sup>. Conserving rhinoceros, therefore, which need wide areas of natural habitats, helps to conserve whole ecosystems, supporting the persistence of a host of other species. Similarly, improvements in rhinoceros protection will benefit many other species threatened specifically by poaching for the illegal wildlife trade or prosecution due to human-wildlife conflict.

As a consequence of the improved health and diversity of natural habitats enabled by rhinoceros population growth, entire ecosystems will become more robust against the impacts of climate change as ecosystem processes, such as water flow, show greater resilience against extreme weather events, such as prolonged drought.

### **B.3. Explain how cost-effectiveness is reflected in the project design:**

Impact Bonds are a form of payment for performance mechanism developed in the social sector, but not yet tested within conservation. Investors (e.g. a philanthropic Foundation) provide funds as risk capital for interventions by the service provider (e.g. a non-governmental actor, such as a conservation organisation in this context). Once pre-agreed outcomes have been delivered through the interventions, the outcome payer (e.g. a governmental donor agency) returns capital to the investor, potentially with an interest payment. At the core of the potential Rhino Impact Bond structure is a new entity – a Rhino Impact Partnership – which acts as an intermediary between the three parties and ensures that the service provider(s) meets their performance targets.

Increasing cost-effectiveness in site-based conservation is one of the main benefits of a RIB. The impact bond mechanism is designed to allow for adaptive management and for increased flexibility in budgetary allocations by focusing on measuring impact rather than inputs, as in other PbR mechanisms, but, unlike these, promoting the provision of significant capital upfront, which enables more immediate adaptations in management as threats change. From the point of view of the donor agency who, as an outcome payer, only pays for successful conservation interventions, the RIB will provide a much more cost-effective use of public money, supplemented by private investment. This may in turn give donor agencies the confidence to increase their financial allocations to conservation. The project therefore promotes cost-effectiveness in conservation by developing and demonstrating the RIB model and assessing its feasibility in three different regions globally.

The project's investment into the formulation of a supportive tool for PA management planning (as part of the performance monitoring and management framework) will support government, non-governmental and private conservation managers to clearly identify capacity gaps to fill in order to achieve a particular conservation impact, in line with national conservation strategies and site management plans, and using an evidence-based theory of change. This promotes cost-effectiveness by ensuring the direction of funds to those interventions most needed. Although used for rhinoceros conservation under this project, the tool may easily be adapted for site-based conservation of other species.

Improving the protection of rhinoceros populations, both directly during the project and in the long term through the potential launch of a RIB, will also benefit many other species which may be threatened by poaching for the illegal wildlife trade, such as elephant and tiger, as site staff work to protect all species simultaneously.

The greatest means through which the project demonstrates cost-effectiveness is its investment of USD6.9m into i) demonstrating the key structures of the RIB, ii) preparing priority rhinoceros sites for the launch of a RIB, and iii) in setting up the structures of the RIB and building investor and outcome payer confidence in the concept. Through these means, the project will create the enabling environment for the launch of the RIB, thereby providing a means

---

<sup>5</sup> Waldram, M., Bond, W. and Stock, W. (2007) *Ecological engineering by a mega-grazer: white rhino impacts on a South African Savanna*. *Ecosystems* **11**: 101-112

to diversify and significantly increase the funds available for rhinoceros conservation. Therefore, the initial investment of USD6.9m could result in tens of millions of dollars for effective, site-based conservation of rhinoceros and many other species.

### **C. DESCRIBE THE BUDGETED M & E PLAN:**

Project monitoring and evaluation will be conducted in accordance with established UNDP and GEF procedures and will be provided by the project team with support from the UNDP/GEF appointed Regional Technical Advisor (RTA) in Addis Ababa. The Strategic Results Framework in **Section II Part I** provides performance and impact indicators for project implementation along with their corresponding means of verification. The M&E plan includes: inception report, project implementation reviews, quarterly and annual review reports, and final evaluation. The following sections outline the principal components of the M&E Plan and indicative cost estimates related to M&E activities (see table below). The project's M&E Plan will be presented and finalized in the Project's Inception Report following a collective fine-tuning of indicators, means of verification, and the full definition of project staff M&E responsibilities.

### **Project Inception and Implementation**

A Project Inception Workshop (IW) will be conducted within two months of the commencement of the project. This workshop will be based in London and involve the full project team, in-country Responsible Parties, co-financing partners, other key in-country stakeholders including the GEF OFPs, and the UNDP Regional Technical Advisor, as well as UNDP Country Offices and Head Quarters as appropriate.

A fundamental objective of this Inception Workshop will be to assist the project team to understand and take ownership of the project's goals and objectives, as well as make agreements and sign off on the project's first Annual Work Plan (AWP) on the basis of the project's strategic results framework (SRF). This will include reviewing the SRF (indicators, means of verification, assumptions), imparting additional detail as needed, and on the basis of this exercise finalize the AWP with precise and measurable performance indicators, and in a manner consistent with the expected outcomes for the project.

Additionally, the Project Inception Workshop will: (i) introduce project staff to the UNDP-GEF team which will support the project during its implementation, namely the UNDP/GEF appointed Regional Technical Advisor; (ii) detail the roles, support services and complementary responsibilities of the UNDP-GEF RTA vis à vis the project team; (iii) provide a detailed overview of UNDP-GEF reporting and monitoring and evaluation (M&E) requirements, with particular emphasis on the Annual Project Implementation Reviews (PIRs) and related documentation, the Annual Project Report (APR), Tripartite Review Meetings, as well as final evaluation. Equally, the IW will provide an opportunity to inform the project team on UNDP project related budgetary planning, budget reviews, and mandatory budget re-phrasings.

The workshop will also provide an opportunity for all parties to understand their roles, functions, and responsibilities within the project's decision-making structures, including reporting and communication lines, and conflict resolution mechanisms. The Terms of Reference for project staff and decision-making structures will be discussed again, as needed, in order to clarify for all, each party's responsibilities during the project's implementation phase.

### **Monitoring responsibilities and events**

A detailed schedule of project review meetings will be developed by the PMU, in consultation with project in-country Responsible Parties and stakeholder representatives and incorporated in the Project Inception Report. Such a schedule will include: (i) tentative time frames for Project Advisory Board (PAB) Meetings and (ii) project related M&E activities. Day-to-day monitoring of implementation progress will be the responsibility of the Impact Bond Project Manager (IBPM) based on the project's Annual Work Plan and its indicators. The IBPM will inform the UNDP-GEF appointed RTA of any delays or difficulties faced during implementation so that the appropriate support or corrective measures can be adopted in a timely and remedial fashion. The IBPM will fine-tune the progress and performance/impact indicators of the project in consultation with the full project team at the Inception Workshop with support from the UNDP-GEF RTA and assisted by the UNDP-GEF Regional Coordination Unit (RCU). Specific targets

for the first year implementation progress indicators together with their means of verification will be developed at this workshop. These will be used to assess whether implementation is proceeding at the intended pace and in the right direction and will form part of the Annual Work Plan. Targets and indicators for subsequent years would be defined annually as part of the internal evaluation and planning processes undertaken by the project team.

Measurement of impact indicators related to global biodiversity benefits will occur according to the schedules defined in the Inception Workshop. The measurement of these will be undertaken through subcontracts or retainers with relevant institutions if necessary. Periodic monitoring of implementation progress and quality assurance will be undertaken by the UNDP-GEF RTA through quarterly meetings with the Implementing Partner, or more frequently as deemed necessary. This will allow parties to take stock and to troubleshoot any problems pertaining to the project in a timely fashion to ensure smooth implementation of project activities.

Annual monitoring will occur through the PAB. This is the highest policy-level meeting of the parties directly involved in the implementation of the project. The project will be subject to quarterly Board meetings. The first such meeting will be held within the first six months of the start of full implementation.

The IBPM in consultation with the UNDP-GEF RTA will prepare a UNDP/GEF PIR/APR and submit it to PAB members at least two weeks prior to the PAB meeting for review and comments. The PIR/APR will be used as one of the basic documents for discussions in the PB meeting. The IBPM will present the PIR/APR to the PAB, highlighting policy issues and recommendations for the decision of the Board participants. The IBPM also informs the participants of any agreement reached by stakeholders during the PIR/APR preparation on how to resolve operational issues. Separate reviews of each project component may also be conducted if necessary. Benchmarks will be developed at the IW, based on delivery rates, and qualitative assessments of achievements of outputs.

The terminal PAB meeting is held in the last month of project operations. The IBPM is responsible for preparing the Terminal Report and submitting it to the UNDP-GEF RTA. It shall be prepared in draft at least two months in advance of the terminal PAB meeting in order to allow review, and will serve as the basis for discussions in the PAB. The terminal meeting considers the implementation of the project as a whole, paying particular attention to whether the project has achieved its stated objectives and contributed to the broader environmental objective. It decides whether any actions are still necessary, particularly in relation to sustainability of project results, and acts as a vehicle through which lessons learnt can be captured to feed into other projects under implementation or formulation.

The UNDP-GEF RTA will conduct visits to project sites at the start, middle and end of the project based on an agreed schedule to be detailed in the project's IR/AWP to assess first hand project progress. Any other member of the PAB can also accompany. A Field Visit Report will be prepared by the CO and UNDP-GEF RTA and circulated no more than one month after the visit to the project team, all PAB members, and UNDP-GEF.

## **Monitoring & Reporting**

The Project Management Unit in conjunction with the UNDP-GEF team will be responsible for the preparation and submission of the following reports that form part of the monitoring process. The first six reports are mandatory and strictly related to monitoring, while the last two have a broader function and the frequency and nature is project specific to be defined throughout implementation.

A Project Inception Report: will be prepared immediately following the Inception Workshop. It will include a detailed Annual Work Plan for the first year divided in quarterly time-frames detailing the activities and progress indicators that will guide implementation during the first year of the project. This Work Plan would include the dates of specific field visits, support missions from the UNDP-GEF appointed RTA or consultants, as well as time-frames for meetings of the project's decision making structures. The Report will also include the detailed project budget for the first full year of implementation, prepared on the basis of the Annual Work Plan, and including any monitoring and evaluation requirements to effectively measure project performance during the targeted 12 month time-frame.

The Inception Report will include a more detailed narrative on the institutional roles, responsibilities, coordinating actions and feedback mechanisms of project related partners. In addition, a section will be included on progress to date on project establishment and start-up activities and an update of any changed external conditions that may affect project implementation.

When finalized, the report will be circulated to project counterparts who will be given a period of one calendar month in which to respond with comments or queries. Prior to this circulation of the Inception Report, the UNDP-GEF RTA will review the document.

The Annual Project Report (APR): is a UNDP requirement and part of UNDP's central oversight, monitoring, and project management. It is a self-assessment report by project management and forms a key input to the Tripartite Project Review. An APR will be prepared on an annual basis prior to the Tripartite Project Review, to reflect progress achieved in meeting the project's Annual Work Plan and assess performance of the project in contributing to intended outcomes through outputs and partnership work.

The Project Implementation Review (PIR) will be conducted as part of the GEF annual monitoring process. After the first year, a PIR will be completed.

Quarterly Progress Reports: Short reports outlining main updates in project progress will be provided quarterly to the UNDP-GEF RTA and the GEF OFPs of each demonstration country by the project team.

Project Terminal Report: During the last three months of the project the project team will prepare the Project Terminal Report. This comprehensive report will summarize all activities, achievements and outputs of the Project, lessons learnt, objectives met, or not achieved, structures and systems implemented, etc. and will be the definitive statement of the Project's activities during its lifetime.

Periodic Thematic Reports: As and when called for by UNDP, UNDP-GEF or the Implementing Partner, the project team will prepare specific Thematic Reports, focusing on specific issues or areas of activity.

Technical Reports: As part of the IR, the project team will prepare a draft Reports List, detailing the technical reports that are expected to be prepared on key areas of activity during the course of the Project, and tentative due dates. Where necessary this Reports List will be revised and updated, and included in subsequent APRs. These technical reports will represent, as appropriate, the project's substantive contribution to specific areas, and will be used in efforts to disseminate relevant information and best practices at local, national and international levels.

Project Publications: will form a key method of crystallizing and disseminating the results and achievements of the Project. These publications may be scientific or informational texts on the activities and achievements of the Project, in the form of journal articles, multimedia publications, etc. The project team will determine if any of the Technical Reports merit formal publication, and will also (in consultation with UNDP, the government and other relevant stakeholder groups) plan and produce these Publications in a consistent and recognizable format.

## **INDEPENDENT EVALUATIONS**

Terminal Evaluation: Three months prior to the final Project Advisory Board meeting, an independent Terminal Evaluation will take place in accordance with UNDP and GEF guidance. The Terminal Evaluation will focus on the delivery of the project's results as initially planned (and as corrected, if any such correction took place). It will look at impact and sustainability of results, including the contribution to capacity development and the achievement of global environmental benefits/goals.

The relevant GEF Focal Area Tracking Tools will also be completed during the final evaluation.

## **LEARNING AND KNOWLEDGE SHARING**

Results from the project will be disseminated within and beyond the project intervention zone through a number of existing information sharing networks and forums. In addition, the project will participate, as relevant and appropriate, in UNDP/GEF sponsored networks, organized for senior personnel working on projects that share common characteristics. UNDP/GEF Regional Unit has established an electronic platform for sharing lessons between the project coordinators. The project will identify and participate, as relevant and appropriate, in scientific, policy-based and/or any other networks, which may be of benefit to project implementation though lessons learned. The project will identify, analyze, and share lessons learned that might be beneficial in the design and implementation of similar future projects. Identifying and analyzing lessons learned is an on-going process, and the need to communicate such lessons as one of the project's central contributions is a requirement to be delivered not less frequently than once every 12 months.

UNDP/GEF shall provide a format and assist the project team in categorizing, documenting and reporting on lessons learned.

## BRANDING

Full compliance with UNDP's Branding Guidelines and guidance on the use of the UNDP logo will be followed. Full compliance will also be followed with the GEF Branding Guidelines and guidance on the use of the GEF logo.

## M&E ACTIVITIES, RESPONSIBILITIES, INDICATIVE BUDGET AND TIME FRAME

Type of M&E activity	Responsible Parties	Budget USD (excluding project team staff time)	Time frame
Inception Workshop (IW)	PMU, UNDP-GEF, in-country support staff	23,000	Within first two months of project start up
Inception Report	PMU	0	Immediately following IW
Measurement of Means of Verification for Project Outcome Indicators	PMU will oversee the hiring of specific studies and institutions, and delegate responsibilities to relevant team members	0	Start, mid and end of project
Measurement of Means of Verification for Project Progress and Performance (measured on an annual basis)	PMU will oversee project team	0	Annually prior to APR/PIR and to the definition of annual work plans
Annual progress report and Project implementation review	Project team, UNDP-GEF	0	Annually
Combined Delivery Reports	Project Team	0	Quarterly
Project Advisory Board meetings	PMU	5,000	Following Project IW and subsequently at least once a year
Technical Advisory Group Meetings	PMU	7,000	At least twice a year during project duration
Periodic status reports	PMU	0	To be determined by the PMU and UNDP-GEF RTA
Technical reports	PMU	0	To be determined by the PMU and UNDP-GEF RTA
Terminal Evaluation	Project team, UNDP-GEF Regional Technical Advisor, External Evaluators	30,000	At the end of project implementation
Interim site visits	Project team, UNDP-GEF RTA	30,000	One visit during Year 1, a second during Year 2
Terminal Report	PMU, project team	0	At least one month before the end of the project
Lessons learned / Knowledge Management	Project team, UNDP-GEF	9,000	Annually
Audit	Project team, UNDP-GEF, External Evaluators	20,000	Annual or based on UNDP audit policy on NGO executed projects
<b>TOTAL INDICATIVE COST</b> Excluding project team staff time and UNDP staff and travel expenses		<b>\$124,000</b>	

## LEGAL CONTEXT AND AUDIT REQUIREMENT

### Legal Context

This Project Document shall be the instrument referred to as such in Article I of the Project Cooperation Agreement between ZSL and the United Nations Development Programme, signed by the parties.

UNDP acts in this Project as Implementing Agency of the Global Environment Facility (GEF), and all rights and privileges pertaining to UNDP as per the terms of the CPAP shall be extended mutatis mutandis to GEF.

The UNDP-GEF Directorate in New York is authorised to effect in writing the following types of revision to this Project Document, provided that s/he has verified the agreement thereto by the UNDP-GEF Unit and is assured that the other signatories to the Project Document have no objection to the proposed changes:

- a. Revision of, or addition to, any of the annexes to the Project Document;
- b. Revisions which do not involve significant changes in the immediate objectives, outcomes or activities of the project, but are caused by the rearrangement of the inputs already agreed to or by cost increases due to inflation;
- c. Mandatory annual revisions which re-phase the delivery of agreed project inputs or increased expert or other costs due to inflation or take into account agency expenditure flexibility; and
- d. Inclusion of additional annexes and attachments only as set out here in this Project Document.

### Financial and other procedures

The financial arrangements and procedures for the project will be governed by the UNDP rules. Financial transactions will be conducted through direct payment requests by ZSL to UNDP to transfer funds. All procurement and financial transactions will meet UNDP procurement procedures.

Any UNDP-GEF funds transmitted to the field by ZSL will be managed by the project in-country Responsible Parties and reported to UNDP by ZSL following UNDP procedures. ZSL will also ensure that in-country Responsible Parties account for funds according to UNDP guidelines.

### Use of intellectual property rights

In order to accord proper acknowledgement to GEF for providing funding, a GEF logo should appear on all relevant GEF project publications, including among others, project hardware and vehicles purchased with GEF funds. Any citation on publications regarding projects funded by GEF should also accord proper acknowledgment to GEF.

### Audit Requirement

The Audit will be conducted according to UNDP financial regulations, rules and applicable audit policies.

## PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)

- A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT(S) ON BEHALF OF THE GOVERNMENT(S):** (Please attach the [Operational Focal Point endorsement letter\(s\)](#) with this form. For SGP, use this [OFP endorsement letter](#)).

NAME	POSITION	MINISTRY	DATE (MM/dd/yyyy)
N/A			

**B. GEF AGENCY(IES) CERTIFICATION**

This request has been prepared in accordance with GEF/LDCF/SCCF/NPIF policies and procedures and meets the GEF/LDCF/SCCF/NPIF criteria for CEO endorsement/approval of project.

<b>Agency Coordinator, Agency Name</b>	<b>Signature</b>	<b>Date (Month/Day/Year)</b>	<b>Project Contact Person</b>	<b>Telephone</b>	<b>Email Address</b>
Adriana Dinu, UNDP-GEF Executive Coordinator		30/09/15	Paul Harrison, Regional Technical Advisor – Ecosystems and Biodiversity, UNDP	+66-818787510	Paul.harrison@ undp.org

**ANNEX A: PROJECT RESULTS FRAMEWORK**

**Project’s Development Goal: New performance-based protected area finance mechanism improves management effectiveness of priority rhinoceros populations to ensure species survival**

Objective/ Outcome	Indicator	Baseline	End of Project Target	Source of Information	Risks and Assumptions
<p><b>Objective: To demonstrate a scalable financing mechanism for site-based actions to conserve globally important rhinoceros populations</b></p>	<p>Establishment of a novel Payment by Results mechanism for species conservation, with endorsement by key conservation and financial stakeholders.</p>	<p>No funding mechanisms combining Payment by Results with upfront capital provision exist for species conservation</p>	<p>One novel Payment by Results mechanism established and market-ready for potential launch in 5 - 10 PAs holding populations of rhinoceros, and endorsed by each of the following stakeholder groups:</p> <ul style="list-style-type: none"> <li>a) Local PA stakeholders, including communities</li> <li>b) National governments</li> <li>c) Financial institutions</li> <li>d) Investors</li> <li>e) Donor agencies</li> <li>f) Conservation agencies</li> <li>g) Independent rhinoceros experts</li> </ul>	<p>RIB operational plan for selected PAs; letters of endorsement from key conservation and financial stakeholders; project M&amp;E reports</p>	<p><u>Risks:</u></p> <p>Investors and donor agencies do not accept the demonstration of intermediate outcome-based KPIs over 2 years as reliable proxies for outcome-based KPIs in a 5–10-year RIB, and do not endorse the mechanism</p> <p>The media profile of rhinoceros conservation declines and potential investors lose interest</p> <p>Governments (and/or relevant park management agencies) fail to support the mechanism</p> <p><u>Assumptions</u></p> <p>The poaching crisis does not rapidly intensify beyond current rates so much so that the investment of this project into the three demonstration sites is overwhelmed by these threats</p> <p>International interest in rhinoceros conservation</p>

Objective/ Outcome	Indicator	Baseline	End of Project Target	Source of Information	Risks and Assumptions
					remains high and investors and governments are willing to participate in and support the RIB
<b>Component 1: Demonstrating Payment by Results for improved rhinoceros conservation at selected sites</b>					
<b>Outcome 1.1: Proof of concept of Payment by Results in three demonstration sites is contributing to the development of the RIB</b>	<b>Outputs:</b> <b>1.1.1:</b> Performance monitoring and management framework for developing theory of change developed and demonstrated with buy-in of global conservation community <b>1.1.2:</b> Quantified KPIs developed for interventions in three Key 1 rhinoceros sites <b>1.1.3:</b> Three sites are prepared for demonstration of performance monitoring and management <b>1.1.4:</b> Performance monitoring and management demonstrated in Tsavo West National Park, Kenya, based on the theory of change developed in 1.1.1 (including implementation of priority interventions). <b>1.1.5:</b> Performance monitoring and management demonstrated in Chitwan National Park, Nepal, based on the theory of change developed in 1.1.1 (including co-financed management interventions). <b>1.1.6:</b> Performance monitoring and management demonstrated in Hluhluwe-iMfolozi Park, South Africa, based on the theory of change developed in 1.1.1 (including co-financed management interventions). <b>1.1.7:</b> Site-level financing, performance management and KPIs monitored, reported and independently verified to learn lessons for the full RIB. <b>1.1.8:</b> Full feasibility study conducted of the RIB including lessons learned from three demonstration sites				

Objective/ Outcome	Indicator	Baseline	End of Project Target	Source of Information	Risks and Assumptions
	Feasibility of a RIB determined based on information gathered from demonstration sites	Zero feasibility studies for a RIB conducted	One feasibility study conducted based on lessons from each demonstration site	One full feasibility report completed	<u>Risks:</u> Political and/or governance challenges external to the project affect the ability of PA managers and staff to engage in project activities.  <u>Assumption:</u> PA managers and staff are able to participate in training and improve monitoring systems as part of the project's planned activities.  Current annual budgets for the three demonstration sites do not significantly decline, for whatever reason, during the project.
	Key stakeholders of demonstration sites understand the RIB concept	Stakeholders have not been fully introduced to the RIB mechanism – 'understanding of RIB' to be defined at start of project	100% of key stakeholders of each demonstration site within each range state understands the RIB concept, including from the following groups: a) National governments b) Key conservation agencies (government, NGO, private, community) c) Other local stakeholders, including communities	Questionnaire surveys and interviews	
	Performance-based payment triggers simulated	Zero performance-based payment triggers simulated	At least 1 performance-based payment trigger has been simulated per demonstration site	Project M&E reports	

Objective/ Outcome	Indicator	Baseline	End of Project Target	Source of Information	Risks and Assumptions
	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)	100% of key stakeholders of each 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	Stakeholder endorsement letters	
	Change in protected area management effectiveness (PAME) in three demonstration sites totalling 1,970,982 ha (specific aspects of management effectiveness to be determined during project inception, but likely to include: <i>Law enforcement</i> <i>Protection systems</i> <i>Staff training</i> <i>Management of budget</i> <i>Monitoring and evaluation</i> )	METT scores for the three demonstration sites:  Tsavo West: 53  Chitwan: 69  Hluhluwe-iMfolozi: 84	PAME has improved in three demonstration sites, totaling 1,970,982 ha of protected land  Target METT scores:  Tsavo West: 62  Chitwan: 78  Hluhluwe-iMfolozi: 90	GEF Biodiversity Tracking Tools (METT)	

Objective/ Outcome	Indicator	Baseline	End of Project Target	Source of Information	Risks and Assumptions
	Change in financial sustainability of three demonstration sites, totaling 1,970,982 ha, with regards to: <i>Business planning and tools for cost-effective management; Tools for revenue generation</i>	Scores for relevant aspects of financial sustainability scores for the three demonstration sites:  Tsavo West: 6  Chitwan: 11  Hluhluwe-iMfolozi: 11  (out of a possible 30)	Financial sustainability has improved in three demonstration sites, totaling 1,970,982 ha of protected land  Target scores (for relevant aspects of financial sustainability):  Tsavo West: 16  Chitwan: 20  Hluhluwe-iMfolozi: 19  <i>NB. Improving the financial sustainability of PAs is not a specific aim of this project and may not be a reliable indicator of the project's overall success</i>	GEF Biodiversity Tracking Tools (Protected Area Financial Sustainability Scorecard):  Component 2, Element 5: Training and support to enable PA managers to operate more cost-effectively; Component 3, Element 5: Operational PES schemes for PAs (The project will demonstrate PbR funding for conservation)	
	Change in capacity of three demonstration sites, totaling 1,970,982 ha; specific aspects of capacity to be determined during project inception	Total scores for capacity of the three demonstration sites:  Tsavo West: 20  Chitwan: 81	Capacity has improved in three demonstration sites, totaling 1,970,982 ha. Target scores to be identified during project inception	Capacity Development Scorecards	

Objective/ Outcome	Indicator	Baseline	End of Project Target	Source of Information	Risks and Assumptions
		Hluhluwe-iMfolozi: 24			
<b>Component 2: Development of the RIB structures and enabling conditions</b>					
<b>Outcome 2.1: Between five and 10 priority rhinoceros sites selected, assessed and prepared for RIB investment</b>	<b>Outputs:</b>				
	<p><b>2.1.1.</b> Between five and 10 priority rhinoceros sites selected based on assessment against specific readiness criteria (to be defined at start of project) to participate in RIB investment readiness activities</p> <p><b>2.1.2.</b> On-site capacity assessments conducted of each site using performance monitoring and management framework</p> <p><b>2.1.3.</b> Performance monitoring and management capacity built in selected sites</p> <p><b>2.1.4.</b> Intervention plans for rhinoceros conservation designed for each site (using framework) for implementation under a RIB.</p>				
	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 fully understand and support the RIB mechanism (however, following the PPG, stakeholders support the <i>development</i> of the RIB mechanism (see letters of support))	100% of relevant stakeholders in selected sites understand and support the RIB mechanism, including: <ul style="list-style-type: none"> <li>a) National governments</li> <li>b) Key conservation agencies – government, NGO, private, community</li> <li>c) Other local stakeholders, including communities</li> <li>d) Independent rhinoceros</li> </ul>	Questionnaire surveys/ interviews; project M and E reports	<p><u>Risks:</u></p> <p>The lack of certainty of RIB investment may cause PA site managers to lose interest in investment readiness activities</p> <p>Governments and site managers do not support the hiring of Performance Managers and independent verifiers and separate financial management and refuse to participate in investment readiness</p> <p><u>Assumption:</u></p> <p>PA site managers are willing and committed to</p>

Objective/ Outcome	Indicator	Baseline	End of Project Target	Source of Information	Risks and Assumptions
			experts		improving monitoring and management capacity where necessary, whether or not it results in RIB investment
	Willingness of key stakeholders (to be defined at start of project) to engage with the Intermediary	0% of key stakeholders are willing to engage with the Intermediary (this stage of the process has not been reached yet, since the project is to develop and demonstrate the exact structure of the RIB first)	100% of key stakeholders are willing to engage with the Intermediary, including: a) Key conservation agencies – government, NGO, private, community b) Independent rhinoceros experts	Endorsement letters from stakeholders	
	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	100% of selected sites meet criteria for investment readiness (assumption: 5 – 10 sites selected)	Capacity evaluation reports; project M and E reports	

Objective/ Outcome	Indicator	Baseline	End of Project Target	Source of Information	Risks and Assumptions
	PAME in all selected sites (specific aspects of ME to be determined during project inception, but likely to include: <i>Law enforcement</i> <i>Protection systems</i> <i>Staff training</i> <i>Management of budget</i> <i>Monitoring and evaluation</i>	Baseline to be determined during project	PAME in all selected sites has improved (assumption: 5 – 10 sites selected)	GEF Biodiversity Tracking Tools (METT)	
	Change in financial sustainability of all selected sites, with regards to: <i>Business planning and tools for cost-effective management;</i> <i>Tools for revenue generation</i>	Baseline to be determined during project  (out of a possible 30)	Financial sustainability in all selected sites has improved (assumption: 5 – 10 sites selected)  <i>NB. Improving the financial sustainability of PAs is not a specific aim of this project and may not be a reliable indicator of the project's overall success</i>	GEF Biodiversity Tracking Tools (Protected Area Financial Sustainability Scorecard):  Component 2, Element 5: Training and support to enable PA managers to operate more cost-effectively; Component 3, Element 5: Operational PES schemes for PAs (The project will demonstrate Payment by Results funding for conservation)	
	Change in capacity of all selected sites; specific aspects of capacity to be determined during project inception	Baseline to be determined during the project	Capacity has improved in all selected sites	Capacity Development Scorecards	
<b>Outcome 2.2: The RIB structures are established in</b>	<b>Outputs:</b> <b>2.2.1:</b> Financial structure, payment mechanism and MRV system developed for the RIB				

Objective/ Outcome	Indicator	Baseline	End of Project Target	Source of Information	Risks and Assumptions
readiness for market	2.2.2: Management, legal and governance structures developed for the RIB				
	Financial, payment and MRV structures of RIB endorsed by relevant stakeholders	No financial, payment or MRV structures have been established for the RIB	Financial, payment and MRV structures finalised for RIB 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 RIB	Stakeholder endorsement letters; Project M and E reports	<u>Risk:</u> Different stakeholders have different concerns and priorities and cannot agree on the appropriate structures of the RIB and do not endorse the final product  Measurability of results is inadequate for investor requirements
	Management, legal and governance structures of RIB endorsed by relevant stakeholders	No management, legal or governance structures have been established for the RIB	Management, legal and governance structures finalised for RIB 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 RIB	Stakeholder endorsement letters; Project M and E reports	The integrity of the performance monitoring and payment mechanism is undermined by inaccurate reporting  <u>Assumption:</u> Through engagement with all stakeholders throughout the project, structures will be developed which satisfy the interests and requirements of all stakeholders

**ANNEX B: RESPONSES TO PROJECT REVIEWS** (from GEF Secretariat and GEF Agencies, and Responses to Comments from Council at work program inclusion and the Convention Secretariat and STAP at PIF).

Comments	Responses	Reference in Project Document
<b>Responses to GEF Secretariat review at PIF stage</b>		
<b>Question 12. Is the project consistent and properly coordinated with other related initiatives in the country or in the region?</b>		
Secretariat comment: ‘Yes. By the time of submission of the MSP, please clarify the coordination strategy for the site based action.’	<p>The project activities to be implemented in each of the three demonstration sites are consistent and will be well-coordinated with other related initiatives in the country.</p> <p>The project aims to develop a framework for protected area management planning that supports site managers to base their planning on easily identified gaps in a holistic ‘checklist’ that takes into account all aspects of PA management (supported by an evidence-based theory of change for rhinoceros conservation interventions). This checklist has been based on both national and site-based strategies and plans for rhinoceros conservation, mapped against the best practice guidelines Conservation Assured/Tiger Standards, and so will aid site managers in ensuring that they meet the objectives of these strategies and their national commitments.</p> <p>The project has applied the checklist to the designing of interventions to fill capacity gaps in each site, for implementation during the project. Therefore, alignment with other initiatives on site by different stakeholders is strong, since the interventions will be filling current gaps and therefore be additional to current activities.</p> <p>The implementation on the ground will be managed and decisions made through collaboration with all key stakeholders on site, via national implementation committees and on-the-ground implementation teams. This will ensure optimal coordination with related initiatives.</p>	Please refer to Section 1 Part 1 - Stakeholder Analysis; Part 3 - Management Arrangements; Section 4, Part 4 - Stakeholder Involvement Plan; and Annex 6 - Pilot Site Gap Analyses.
Question 17. At CEO Endorsement: Has co-financing been confirmed?		
	Yes.	Please refer to Section 4, Part 4 – Co-financing letters.
Question 19. At CEO Endorsement/approval: If PPG is completed, did Agency report on the activities using the PPG Fund?		
	Yes	Please refer to Annex C of this document.
Question 21. Have the appropriate Tracking Tools been included with information for all relevant indicators, as applicable?		
	Yes	Please refer to Annexes 13, 14 and 15 for the GEF Biodiversity Tracking Tools.
Question 22. Does the proposal include a budgeted M&E plan that monitors and measures results with indicators and targets?		
	Yes.	Please refer to Section 1, Part 4 - Monitoring and Evaluation Plan and Budget.
Question 23. Has the Agency adequately responded to comments from:		
STAP	n/a	
Convention Secretariat		

The Council	n/a	
Other GEF Agencies		
Question 25. Items to consider at CEO endorsement/approval		
<b>Responses to comments from Council: Germany</b>		
<b>Responses to comments from STAP Review Agency</b>		

<b>GEF Secretariat Comment at CEO Approval</b>	<b>Response</b>	<b>Reference</b>
In a revised project document, please identify how the project proposes to keep the GEF OFP regularly informed and updated on the project's progress in the three pilot countries.	<p>The GEF OFPs in each country will be invited to be part of the National Implementation Committees and to attend quarterly progress meetings (although we envisage that annual attendance may be more feasible, supported by quarterly reports).</p> <p>The GEF OFPs will also be invited to the project inception workshop</p>	<p>Project Document: Table 4, p25-28; Paras 198, 199, p64; Para 205, p67; Para 221, p69; Table 14, p118-119</p> <p>CEO Approval: Table of stakeholder responsibilities, p13-16; Table of stakeholder involvement, p16-18; Budgeted M&amp;E Plan, p23; Monitoring and Reporting, p25</p>
In the section on Barriers on page 21 please narrow this analysis to the barriers that the project will address specifically.	Several paragraphs have been cut from the analysis, and more relevant barriers have been added	Project document: Paras 45–59, p19-21; Addition barriers in paras 54-55, p20
The risk assessment is by and large very positive. Please revisit this list and ensure that all potential risks to the project are considered.	Two additional assumptions have been added, and the risk ratings in the table reviewed and revised accordingly	Project document: Para 139, p49; Table 7, p50-51
Describe clearly how the proposal will coordinate with related initiatives in terms of collaboration strategy (mechanisms) and activities. Please also	Collaboration and coordination with the most relevant GEF-financed initiatives has been made more detailed, with certain activities budgeted for (under co-financing).	Project document: Paras 163-165, p57-58; Table 15, p120-121

<b>GEF Secretariat Comment at CEO Approval</b>	<b>Response</b>	<b>Reference</b>
identify costing for this coordination. In this regard, Table 11 is not useful as it simply lists projects that are related to the topic of the project.	Table 11 has been removed.	CEO Approval: Section A7, p12
Please include a report on activities of the PPG.	This has been included in the CEO Approval document.	CEO Approval: Annex C, Section B, p40-42
The document creates confusion on terminology regarding donors, investors, outcomes funders etc. by changing their usage and introducing synonyms. Please ensure that all diagrams and use of language is consistent throughout the document.	All key terms have been kept consistent, and diagrams have been edited accordingly.  A table of definitions has also been added to the document.	Project document: Table of definitions, p7; Edits to terminology have been made throughout the document, e.g. Figure 7, p37; Strategic Results Framework, p73  CEO Approval: Similarly, edits have been made throughout the document.
Please describe how the GEF OFP in each participating country will be kept apprised of the progress at the pilot sites and how the National Implementation Committees can facilitate this activity.	The GEF OFPs in each country will be invited to be part of the National Implementation Committees and to attend quarterly progress meetings (although we envisage that annual attendance may be more feasible, supported by quarterly reports).  The GEF OFPs will also be invited to the project inception workshop.	Project document: Paras 198, 199, p64; Para 205, p67; Para 221, p69; Table 14, p118-119  CEO Approval: Table of stakeholder responsibilities, p13-16; Table of stakeholder involvement, p16-18; Budgeted M&E Plan, p23; Monitoring and Reporting, p25
Please include the GEF Secretariat on the Project Advisory Board. In the project advisory board box in the project organizational structure please clarify why this is labeled as a "United for Wildlife Impact Bond"? Please clarify. We propose an edit that simply calls this the Project Advisory Board.	The GEF Secretariat is now included on the Project Advisory Board (with approval from the Royal Foundation). 'United for Wildlife Impact Bond' has been removed.	Project document: Para 201, p64; Project Organisation Structure, p66
Please clarify the benefit sharing approaches of the project vis a vis local	Benefit sharing with communities will be promoted through the development of an evidence-based theory of change and holistic 'checklist' for planning conservation interventions, which will i)	Project document: Table 4, p25-28; Para 149, p53;

GEF Secretariat Comment at CEO Approval	Response	Reference
<p>communities.</p>	<p>emphasise the fact that communities can play a critical part in conservation (particularly in wildlife security); ii) provide suggestions as to how to approach this (based on evidence elsewhere); and iii) promote the sharing of benefits; in addition, investment readiness criteria will include the presence of partnerships or good relationship with surrounding communities, to incentivise PA managers to invest in this in order to receive RIB funding.</p> <p>Also, site interventions are likely to include benefit-sharing for communities or their involvement in conservation; and project contractors (such as for building infrastructure) will be hired locally wherever possible.</p>	<p>Table 8, p54; Paras 150-151, p55; Table 12, p85-87</p> <p>CEO Approval: Table of stakeholder roles, p13-16; Section B2, p19-21</p>
<p>May 26, 2015</p> <p>We note that the cofinancing for many donors is listed as cash in the documentation (Table C) when in fact most of it is actually in-kind as stated in the cofinance letters. Please clarify why so much of what was presented as cash cofinance originally is now in-kind and how that will impact project implementation.</p> <p>Please correct Table C. accordingly and please separate out the cash and in-kind contributions from The Royal Foundation.</p>	<p>Following the comment on co-financing, a revised approach was taken with further clarifications made on the additional funders and investors to ensure that the project is fully able to meet its commitments, laid out in the results framework.</p> <p>In the previous submission, co-financing amounted to cash commitments of \$1,970,346 and in kind of \$3,194,154, with a total of \$5,164,500.</p> <p>In the resubmission, co-financing has risen overall to a total of \$6,414,000. Of this increased amount, 50 percent of the total cofinance is in cash, being \$3,219,846. A further \$3,194,154 in committed in kind. This amended commitment now provides the necessary cash to meet its stated commitments, alongside the GEF investment.</p>	<p>Tables A, B. and C of CEO Endorsement amended accordingly, co-financing letters also resubmitted (pages 1 to 4).</p>

## ANNEX C: STATUS OF IMPLEMENTATION OF PROJECT PREPARATION ACTIVITIES AND THE USE OF FUNDS<sup>6</sup>

A. DESCRIBE FINDINGS THAT MIGHT AFFECT THE PROJECT DESIGN OR ANY CONCERNS ON PROJECT IMPLEMENTATION, IF ANY:

None apart from the findings already described in Part II Section A above.

B. PROVIDE DETAILED FUNDING AMOUNT OF THE PPG ACTIVITIES FINANCING STATUS IN THE TABLE BELOW:

PPG Grant Approved at PIF: <b>US\$ 100,000</b>			
<i>Project Preparation Activities Implemented</i>	<i>GEF/LDCF/SCCF/NPIF Amount (\$)</i>		
	<i>Budgeted Amount</i>	<i>Amount Spent To date</i>	<i>Amount Committed</i>
All planned activities completed; final payments in progress			
Activity 1: Initial scoping of the bond structure Activity 2: Site identification and rapid baseline assessment Activity 3: Engaging key actors in scoping relevant performance metrics for rhinoceros conservation sites Activity 4: Feasibility Analysis, Project Strategy and Budget			
<b>Total</b>	<b><u>100,000</u></b>	<b><u>84,707</u></b>	<b><u>15,293</u></b>

### Report of PPG Activities

This proposed UNDP-GEF medium-sized project is an initiative of United for Wildlife (UfW), a collaboration of the world's seven leading conservation NGOs convened by HRH The Duke of Cambridge, aimed at addressing the most pressing conservation problems of our time, including the illegal wildlife trade. The design of the UNDP-GEF MSP 'Rhino Impact Bond' project has been based on preparatory activities conducted primarily by ZSL, Social Finance and the IUCN African Rhino Specialist group, funded by the GEF and the Royal Foundation of the Duke and Duchess and Cambridge, and managed by UNDP, during the Project Preparation Grant phase from April 2014 to March 2015. Additional pro bono support has been provided by Deloitte LLP.

#### *Project Preparation Activities*

##### 1. Initial scoping of the impact bond structure

Impact bonds are a form of payment for performance mechanism developed in the social sector, but not yet applied to conservation. Investors (e.g. a philanthropic Foundation) provide funds as risk capital for interventions by the delivery agent (e.g. a non-governmental actor, such as a conservation organisation in this context). Once pre-agreed outcomes have been delivered through the interventions, the outcome payer (e.g. a governmental donor agency) returns capital to the investor, potentially with an interest payment. At the core of the potential Rhino Impact Bond structure is a new entity – a Special Purpose Vehicle – which acts as an intermediary organization between the three parties and ensures that the delivery agent(s) meets their performance targets.

<sup>6</sup> If at CEO Endorsement, the PPG activities have not been completed and there is a balance of unspent fund, Agencies can continue undertake the activities up to one year of project start. No later than one year from start of project implementation, Agencies should report this table to the GEF Secretariat on the completion of PPG activities and the amount spent for the activities.

The non-profit organisation *Social Finance* was contracted to develop an initial structure for a Rhino Impact Bond (RIB), based on their extensive experience of developing the first Social Impact Bonds (SIBs), and more recently Development Impact Bonds (DIBs). The initial RIB structure was presented to the Project Board (UNDP-GEF, Royal Foundation, and United for Wildlife members) in September 2014; the project's rhino conservation and finance technical committees in February 2015; potential outcome payers (EU, DEFRA, GEF) in February 2015; and members of the impact investing community convened separately by the Prince's International Sustainability Unit (February 2015) and Deloitte LLP (March 2015). There is significant interest in the mechanism among investors, several of whom have expressed a desire to be part of an informal investor stakeholder working group that will input into the MSP.

As demonstrated through these discussions, it is important that the innovative financing mechanism has a parsimonious form that is sufficient to perform the function required. Since impact bonds have not yet been applied to conservation, as outlined in the ProDoc, the demonstration project will provide an opportunity to develop a detailed structure that is aligned with the needs of rhinoceros (and other species) conservation, i.e. a simple structure which minimises transaction costs while maximising additionality of interventions and is able to attribute outcomes to those interventions.

## 2. Pilot site identification and rapid baseline assessment

The IUCN SSC's African and Asian Rhino Specialist Groups compiled demographic data for all priority rhinoceros populations in Africa and Asia. The initial selection criteria included biological factors, including population size and growth. These sites have a track record of maintaining viable rhinoceros populations and generally have good support from government and non-governmental organisations, and therefore have the ability to achieve rhinoceros management effectiveness improvements within the constraints of the MSP budget. From this long-list, the following criteria were used to identify 3 demonstration sites for MSP activities:

1. An investor criterion: representation of a location where the poaching threat is greatest and where, therefore, investment is most needed but where risks may be high, hence demonstrating the mechanism here first is critical;
2. A donor agency criterion: the three sites need to represent priority rhinoceros sites across the world, since different donor agencies (potentially being outcome payers) direct their funding towards different regions of the globe. This is also a key criterion with regards to the GEF priorities, since it has allocated its global set-aside funds to this project;
3. A biological criterion: the three sites need to represent those facing different levels and trends of poaching threats, in order to demonstrate how the mechanism can be applied to different poaching scenarios (and to other threats).

The three sites meeting these criteria, and also being suitable for easy engagement for the project, were: **Hluhluwe-iMfolozi Park (HiP), South Africa** (meeting criterion 1; representing Southern Africa; and already having a good relationship with ZSL through the project's Responsible Party, Wilderness Foundation South Africa); **Tsavo West National Park, Kenya** (experiencing high poaching threats; representing East Africa; and already being associated with the ZSL Kenya office); and **Chitwan National Park, Nepal** (currently in control of poaching threats but needing to maintain this level of capacity; representing Asia; and already being associated with the ZSL Nepal office).

The three sites' management agencies and national rhino conservation coordinating bodies were provided with details of the potential project through ZSL country offices and, in the case of HiP, through Wilderness Foundation. These engagements resulted in letters of endorsement and co-financing commitments from each government agency in support of demonstration activities to be implemented in each of these sites during the MSP.

Local protected area experts with detailed knowledge of the three sites were contracted by ZSL to carry out baseline data collection and intervention planning for the MSP. A generic management effectiveness checklist developed for another large commercially-high value mammal (the CA|TS pillars of PA management) was used by these local experts and the sites' managers to draw up a management effectiveness gap analysis. These were used to identify and prioritise a set of interventions, with associated costs, for potential implementation at each site. Potential Key Performance Indicators (KPIs) were also listed against each type of intervention. These intervention plans and budgets were reviewed and approved for inclusion in the MSP by the site management and relevant government agency (with further refinements to be made during project inception).

### **3. Engaging key actors in scoping the management effectiveness guidelines for rhinoceros**

As part of the PPG phase, the concept of management effectiveness criteria and standards for species conservation was presented and discussed with key actors including IUCN, WCS and WWF during the World Parks Congress in Sydney in November 2014. The guidelines were initially drafted as a simple adaptation of the Conservation Assured Tiger Standards (CA|TS) for application to rhinoceros; however, through continued stakeholder engagement and the application of these guidelines during data gathering in the demonstration sites, it was established that the guidelines should be based first upon existing national conservation strategies and action plans, with the CA|TS pillars and elements of PA management mapped onto these, since there was already much complementarity between the guidelines and the national and site plans. During technical meetings held in February 2015, with members from the IUCN African and Asian Rhino Specialist Groups and other key stakeholders, the process of mapping the guidelines onto existing strategies was initiated, which has provided a solid basis for further refinement during the MSP, working with the demonstration sites, the project's rhinoceros conservation technical committee and other bodies such as UfW members. Also to note, this PA management tool is now referred to as a 'checklist' rather than 'guidelines', forming part of a performance monitoring and management framework, which will be developed during the MSP.

Also during the technical meetings in February 2015, much discussion was held over the KPIs initially drafted on site, with regards to their reliability, accountability, measurability, and other factors which may affect the successful application of a RIB. Part of the discussion included the advantages and disadvantages of using output-based KPIs (e.g. increased patrol effectiveness) and outcome-based KPIs (e.g. rhino population growth). These metrics will be further refined and finalised once the interventions have been selected for implementation in the demonstration sites, at the start of the MSP.

### **4. Conduct feasibility analysis and budget**

The data gathering and assessment activities and stakeholder engagement conducted during the PPG phase, as detailed above, led to the formulation of a detailed feasibility analysis, project strategy and budget for the MSP (the UNDP-GEF Project Document).

#### **ANNEX D: CALENDAR OF EXPECTED REFLOWS (if non-grant instrument is used)**

Provide a calendar of expected reflows to the GEF/LDCF/SCCF/NPIF Trust Fund or to your Agency (and/or revolving fund that will be set up)

N/A