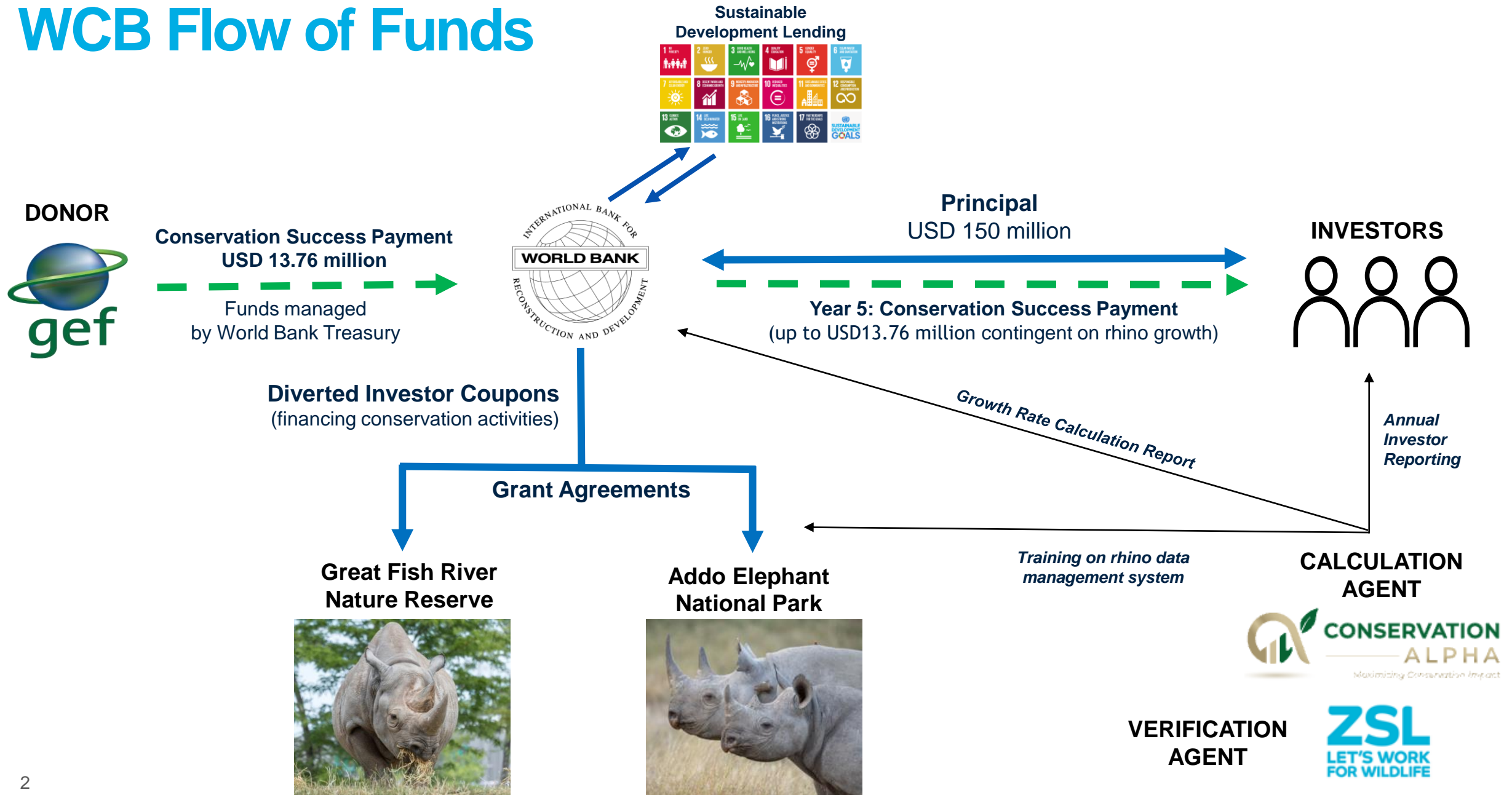


# SUSTAINABLE DEVELOPMENT BONDS WILDLIFE CONSERVATION BOND

*July 12, 2022*



# WCB Flow of Funds



## Wildlife Conservation Bond – Potential payoff to investors

Rhino growth scenario	Issuance Price	Bond interest	Redemption			Bond Yield per Annum
			Principal	Success Payment**	Total	
Annualized rhino growth rate						
>4%	94.84%	0	100%	9.173%	109.173%	2.83%
<=4% and >2%	94.84%	0	100%	7.338%	107.338%	2.49%
<=2% and >0%	94.84%	0	100%	3.669%	103.669%	1.79%
<=0%	94.84%	0	100%	0.000%	100.000%	1.06%

\*\* Success Payment will be sourced from Global Environment Facility

# Addo Elephant National Park – Mission May 2022



# Great Fish River Nature Reserve— Mission May 2022





WILDLIFE CONSERVATION BOND (WCB)

# Communications Overview



# WCB COMMUNICATIONS OBJECTIVES

- **Showcase innovation in mobilizing private sector financing for biodiversity and conservation**
- **Make the investment case for supporting biodiversity initiatives through innovative financing**
- **Build relationships with partners - donors, private banks, NGOs, governments**
- **Support project design and approval, investor identification and bond issuance**



Source: Great Fish River Nature Reserve



# WCB COMMUNICATIONS MATERIALS

## Feature Story



WHO WE ARE

WHAT WE DO

WHERE WE WORK

UNDERSTANDING POVERTY

WORK WITH US

COVID-19



Who We Are / News

FEATURE STORY | MARCH 23, 2022

## South Africa Pioneers Innovative Wildlife Conservation Bond to Protect Black Rhinos and Support Local Communities



## Video

## A new lifeline for wildlife conservation finance

BLOG / March 23, 2022



Avril Benchimol Dominguez, Senior Financial Specialist



## GEF blog



## Social Media Package

## Frequently Asked Questions (FAQ)

# WCB COMMUNICATIONS PRODUCTS

Infographic

The Wildlife Conservation Bond

MOBILIZING PRIVATE CAPITAL FOR

## PROTECTING CRITICALLY ENDANGERED BLACK RHINOS

The black rhino is an **umbrella species**, shaping ecosystems on which other species and economies depend

Conservation efforts are helping to recover black rhino populations across Africa

In 1995 there were 2,400 black rhino	Today, there are 2,600 black rhino
--------------------------------------	------------------------------------

1995 2022

But serious gaps in conservation financing have impacted programs that protect and grow rhino populations

The \$150M (USD) Wildlife Conservation Bond aims to bolster efforts to increase black rhino populations in two protected areas in South Africa

Great Fish River Nature Reserve  
Addo-Elephant National Park

The bond mobilizes private capital to finance activities that protect and grow rhino populations and support local communities

Investors receive a conservation success payment if black rhino populations at target sites grow

This taps a new source of funding for conservation and passes project outcome risk from donors to investors

Communities will benefit from **JOBS** related to rhino conservation activities

2,300 jobs supported  
Management of Conservation Areas Enhanced

Ecosystems strengthened: Clean water and habitat for pollinators that support local citrus production

[~25% of South Africa's citrus industry]

153K hectares under improved management

gef GLOBAL ENVIRONMENT FACILITY INVESTING IN OUR PLANET THE WORLD BANK IBRD - IDA | WORLD BANK GROUP

[Link to infographic](#)

# WCB WORLD BANK/GEF WEBSITES



## Environment

Over the last 20 years, countries have been acting locally and collectively as an international community to ensure that the conservation and sustainable use of the environment leads to sustainable growth, helping to lift people out of poverty permanently.

[Environment Home](#)

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Where We Work



## The World Bank in South Africa

The World Bank's strategy in South Africa reflects the country's development priorities and its unique leadership position at sub-regional and continental levels.

[South Africa](#)

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Who We Are / Organizational Units

## WILDLIFE CONSERVATION

Protecting "umbrella species" like the rhino and the ecosystems and provides environmental and social

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## Featured



FEATURE STORY | SUSTAINABLE TOURISM



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## CONSERVATION GROUNDBREAKING BOND

A groundbreaking approach to conservation aims to save South Africa's black rhinos and provide.

EditingMaster/Shutterstock

## A new lifeline for wildlife conservation finance →

The Wildlife Conservation Bond will protect black rhinos and open a new source of financing for biodiversity

Up front >

## "Rhino Bond" Boosts Biodiversity Conservation and Supports Community

The Wildlife Conservation Bond is a first-of-its-kind outcome-based financial instrument that mobilizes private capital for biodiversity conservation and ecosystem services.

# WCB – BOND ISSUANCE PRESS RELEASE

PRESS RELEASE | MARCH 23, 2022

## Wildlife Conservation Bond Boosts South Africa's Efforts to Protect Black Rhinos and Support Local Communities

**PRETORIA, March 23, 2022**—The World Bank (International Bank for Reconstruction and Development, IBRD) today priced the Wildlife Conservation Bond (WCB) in support of South Africa's efforts to conserve endangered species. Also known as the "Rhino Bond," this five-year \$150

### RELATED

Feature story: South Africa Priced Innovative Wildlife Conservation Bond to Protect Black Rhinos and Support Local Communities

The press release was viewed more than 6,300 times within a week of the launch

"The WCB model provides a new blueprint for the way conservation is financed and has the potential to be a key enabling tool for the delivery of the post-2020 Global Biodiversity Framework," added **Oliver Withers, Biodiversity Lead within Global Sustainability at Credit Suisse.** "It will draw in private sector

## Strategic Quotes from Government, Investors, World Bank Senior Leadership

objectives of the New Deal for People with Nature. South Africa is committed to securing nature's contribution to people through well-managed and expanding Conservation Areas that contribute to inclusive rural economic growth in thriving Biodiversity Economy Nodes," said **Minister Barbara Creecy, the Minister of Forestry, Fisheries and the Environment, South Africa.**

"The Rhino Bond is a groundbreaking approach to enabling private sector investment in global public goods — in this case biodiversity conservation, a key global development challenge," said **World Bank Group President David Malpass.** "The pay-for-success financial structure protects an endangered species and strengthens South Africa's conservation efforts by leveraging the World Bank's

"This bond will significantly increase the funding for the Great Fish River Nature Reserve, which is much needed to scale up activities to protect and grow our rhino populations and increase benefits to local communities and the economy. Funding will support increased staffing and training, improved national and regional coordination, as well as investments in equipment, infrastructure, and technology," said **Vuyani Dayimani, CEO of ECPTA.**

"This bond will support important conservation efforts at Addo Elephant National Park and help fill funding gaps due to a reduction in tourism due to the COVID-19 pandemic," said **Dumisani Dlamini, Acting CEO for SANParks.** This project is an example of our continued efforts to foster innovation, best practices, and unlock new revenue streams to promote a system of sustainable national parks that contribute to the South African biodiversity economy. The funding will also contribute to fostering community involvement in conservation of these iconic species."

# WCB COMMUNICATIONS: BOND ISSUANCE MEDIA

More than 430 media stories across the globe  
- including, online, print and broadcast



## Bloomberg

U.S. Edition

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### Green

## Rhino Bond Sold by World Bank in First Issuance of Its Kind

- Bondholders to be rewarded if population of animals grows
- The number of black rhinos has slumped to 2,600 globally



A black rhinoceros. Photographer: Tony Karumba/AFP/Getty Images

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### NATIONAL

## 'Rhino bond' breaks new ground

BL PREMIUM

24 MARCH 2022 - 19:49 by DENENE ERASMUS

Black rhino conservation efforts in SA will benefit from a financial instrument rolled out by the World Bank on Thursday.

The Wildlife Conservation Bond, also known as the "Rhino Bond" is a five-year \$150m (R2.19bn) sustainable development bond that includes a potential performance payment from the Global Environment Facility...



March 25, 2022  
8:20 AM EDT  
Last Updated a month ago

Sustainable Markets

## World Bank sells first 'rhino' bond to help South Africa's conservation efforts

Reuters

Live news




## 'Rhino bond' charges onto markets to save S. African animals



Issued on: 23/03/2022 - 22:52 Modified: 23/03/2022 - 22:50



# WCB COMMUNICATIONS: GEF BLOG

Page path level 3 ?	Pageviews ? ↓	Unique Pageviews ?	Avg. Time on Page ?
	1,225 % of Total: 1.62% (75,434)	1,084 % of Total: 1.90% (57,070)	00:04:18 Avg for View: 00:03:13 (33.62%)
1.  /new-lifeline-wildlife-conservation-finance	669 (54.61%)	572 (52.77%)	00:03:45
2.  /destroying-nature-we-destroy-ourselves	181 (14.78%)	157 (14.48%)	00:07:20
3.  /water-underground-why-protecting-whats-hidden-matters-our-health-and-planet	120 (9.80%)	115 (10.61%)	00:05:55

 Global Environment Facility  
66,753 followers  
3mo • 

The newly launched Wildlife Conservation Bond or "rhino bond" offers a payout linked to the protection of black rhinos, a critically endangered species whose health is essential to the ecosystems in which they live. [...see more](#)





A new lifeline for wildlife conservation finance

thegef.org • 4 min read

 Paola Ridolfi and 171 others

3 comments • 19 shares

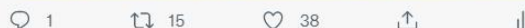
 Global Environment Facility (GEF) @theGEF • May 25

Today, the #BlackRhino is considered a critically endangered species  

The #WildlifeConservationBond, issued by @WorldBank w/ funding from @theGEF, is a game-changing innovation that can direct funding to nature reserves and protected areas.

 [wrlid.bg/ac7A50JhxwS](http://wrlid.bg/ac7A50JhxwS)







UNDP Climate @UNDPClimate • Mar 25

This is an idea whose time has come.

@WorldBank & @theGEF just launched the world's 1st #WildlifeConservationBond to support #BlackRhino conservation.

@UNDP is proud to have been part of development & strongly support this new lifeline for wildlife:



thegef.org

A new lifeline for wildlife conservation finance  
What do capital markets have to do with biodiversity? Until now, very little. This changed this week with the launch of a landmark Wildlife ...



Blog by Avril Benchimol for the GEF was viewed 669 times within a week of the launch

# WCB SOCIAL MEDIA COVERAGE

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895 social media mentions and 9,564 engagements

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Social media package shared with partners, the GEF and across World Bank

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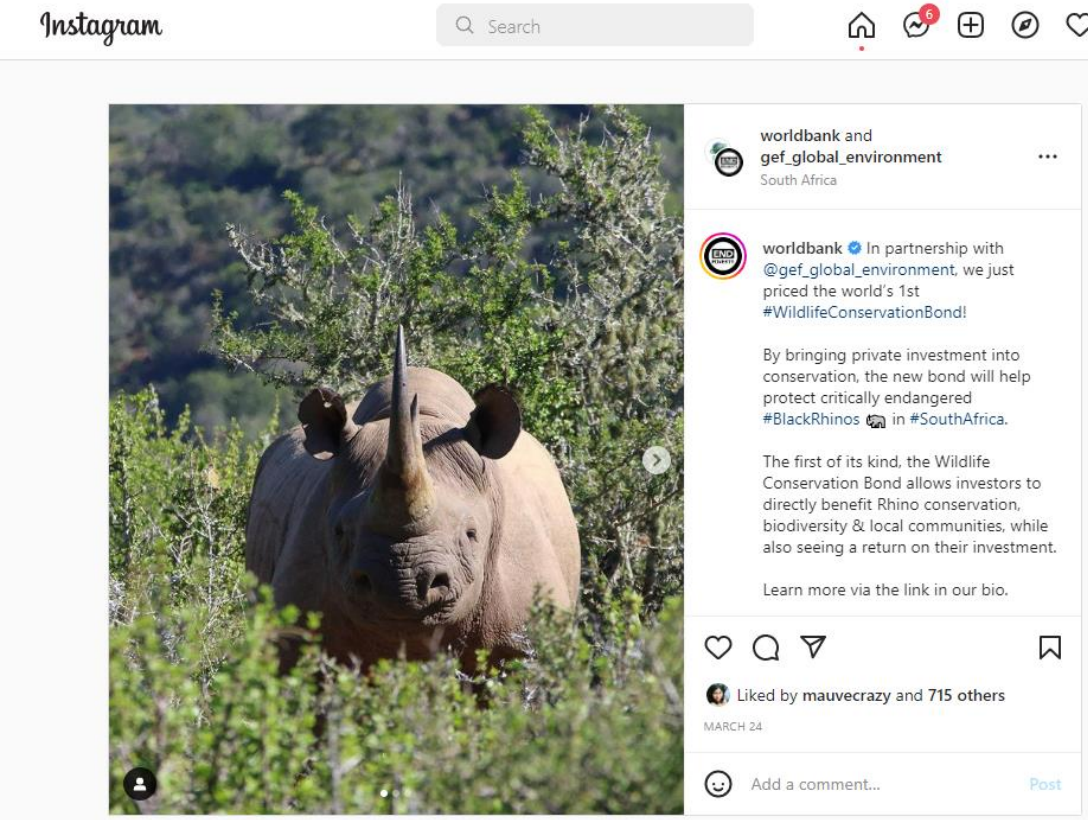
Promoted on multiple channels on Twitter, Instagram, Facebook and LinkedIn

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Hashtags: #WildlifeConservationBond and #WB\_RhinoBond



# WCB SOCIAL MEDIA - WORLD BANK



+World Bank channels for Environment, Climate, Africa VP, MD/CFO



# Q&A

Questions	Answers
1. The fund from the Bank to the two parks are grants. Could you explain what are the source of such grant funds?	The "diverted coupon payments" that the investors would typically receive in a traditional IBRD bond is used for conservation investment payments to the two parks.
2. Could you please repeat the value of the grants that go to the parks? Where do these grants come from, the GEF or the World Bank?	The value of the conservation investment payments is ZAR 152M.
3. So (1) the parks gets the foregone coupons in the form of a grant; and the (2) the investors gets the GEF results-based grant payments (in lieu of coupon) if conservation outcomes are achieved? Or does the project also get the GEF results-based payment?	Investors in the WCB do not receive coupon payments. Instead, the World Bank will make conservation investment payments to the two protected conservation sites – AENP and GFRNR, to fund rhino conservation activities. Investors stand to receive a success payment at maturity, linked to the growth rate of the black rhino population at the two parks, paid by the World Bank with funds provided by the GEF.
4. There is no incentive payment directly to the parks? The performance incentive for them would presumably come if they are able to establish a track record of success - it will then be easier for them to raise funds from similar schemes in future. Is that correct?	The parks receive the "diverted coupon payments". Potential conservation success payments go to investors.
5. What was done to enable the upfront payment to the parks using the forgone coupons of the bond (which normally realizes over 5 years)?	The WCB structure was created to provide the required cashflow for the project budgeted activities.
6. What is essentially happening in this transaction is that risk is being transferred from the GEF (who only pay out on success) to the investors? What is the inherent advantage of that?	The WCB transaction tests a new model for conservation financing where investors accept project outcome risk in return for a potential payout if the project is successful. The structure creates an opportunity for private investment in conservation, supported by sound quantifiable metrics and models.

Questions	Answers
<p>7. Efficiency and grant will definitely be key issues for the replication efforts. In this case, the government could have received \$13+ million grant directly from the GEF, instead of \$10+ million from the scheme.</p>	<p>Traditional GEF projects are grant financing. Therefore, GEF funds pay for the project activities regardless of the outcomes. In this case, GEF funds will be used for payment of successful conservation outcomes only if the project succeed (Black Rhino population growth). The funding came from the GEF's Non-Grant Instrument window, so it was additional funding South Africa would not have access to if not for this participation in this project.</p>
<p>8. In pitching this as a potential instrument to sovereign governments the off-balance sheet nature is appealing but can you talk about the net impact on fiscal accounts? Do the proceeds fully cover the increased conservation costs as well as previous costs, i.e. does this transaction unlock additional fiscal space? What is the net impact for SOAF in this example?</p>	<p>This structure only channels the coupon to conservation activities, so impact on fiscal account is limited to size of diverted coupon payments. Still, for some countries this can be orders of magnitude more than what funding is currently allocated to their protected areas.</p>
<p>9. As interest rates rise, what are the implications for this kind of fixed return structure?</p>	<p>With higher interests, a smaller issuance size could generate similar amounts for the conservation activities (&lt;\$150M issuance size).</p>
<p>10. For principal repayment to bond holders, how is the repayment financed? Are the conservation projects revenue generating?</p>	<p>Repayment of principal comes from IBRD balance sheet. "diverted coupon payments" that the investors would typically receive in a traditional IBRD bond is used for conservation investment payments to the two parks.</p>
<p>11. If the Rhino growth rate is 2% or lower, the yield to the investors ends up being lower than they would normally receive from a World Bank bond?</p>	<p>At over 0 to 2% growth rate, the bond effective yield is 1.79%, which was slightly less than an IBRD 5-year conventional bond.</p>
<p>12. Many panelists mentioned that the project's significant owners / beneficiaries of this activity are local communities. Could you give some idea as to how they are engaged around the different stages of the initiative e.g., bond negotiations, project implementation., governance, etc.</p>	<p>At Great Fish River Nature Reserve, the Likhayalehu community own +-50% of the park. Therefore, the idea of the WCB (and any other projects) was raised with the Community Property Association in the co-management committee. The community sanctioned then sanctions participation in projects. Very importantly, we also have a community member that sits on the ECPTA Board structure. The Board plays oversight o our activities and the community Board representative ensures that communities has a real voice and input. Board representative ensures that communities has a real voice and input.</p>
<p>13. How much funding do the communities get? Given it was mentioned it was very important for local communities to receive incentives for conservation?</p>	<p>Communities will benefit from jobs provided through the WCB. The GFRNR is half owned by the local community, with a revenue sharing scheme for tourism, and game sales designed to catalyze economic development. For AENP, the community will benefit from not only the direct and indirect jobs, but also from ZAR 2.6 million in project investments for specific community interventions and benefits to community members that participate in the "Working for Water," "Working on Fire", "Working on Ecosystems and Environmental Monitors" programs. Permanent employment opportunities will be provided, including security and monitoring staffing, and community members will also be employed on an ad hoc basis.</p>

Questions	Answers
<p>14. Assuming the project is very successful and results in a healthy Rhino population, how will this funding model ensure long-term sustainability and management effectiveness of the two parks?</p>	<p>By facilitating access to additional funding that the parks would otherwise not have access to, the WCB significantly increases funding for black rhino management at the parks, which allows them to scale up their activities to protect and grow these important rhino populations. Project will also support business planning to explore additional revenue generating opportunities for the parks.</p>
<p>15. Is the GEF grant scheme also replicable? Are there more funds to support replicating more wildlife bond structures in other countries? If no, what other existing funds could be used or adjustments to financial structure would be needed to replicate this bond?</p>	<p>Yes, the scheme is replicable by the GEF or other donors including bi-/multilateral donors and philanthropies. We see this as a proof of concept so that other issuers (with good ratings) and other donors can partner together for this for other species or other geographies.</p>
<p>16. What would be the participation interests of investors if there was no success payment? in other words, how could we replicate this model if there is no "success payments" from the GEF or other grant sources?</p>	<p>The WCB transaction tests a new model for conservation financing where investors accept project outcome risk in return for a potential payout if the project is successful. This structured bond requires participation of a donor to provide funds for conservation success payment.</p>
<p>17. How will this annualized rhino growth rate be calculated during the five years? What is the population which will be monitored?</p>	<p>See page 43 of the <a href="#">prospectus</a> for the formula used to calculate the rhino population growth rate. The black rhino population at these two parks will be monitored.</p>
<p>18. How does the project cover the cost of monitoring and reporting by the calculation agent?</p>	<p>A bilateral donor generously provided funds to cover costs related to monitoring and reporting.</p>
<p>19. What is the reasoning behind calling it a “Rhino Bond” as opposed to a “Wildlife Bond”. What considerations should countries put in place when deciding one over the other?</p>	<p>The name of this bond is Wildlife Conservation Bond. It is also known as the “rhino bond” given the key performance indicator used for conservation success payment. Countries have options when considering financial instruments and how to market them.</p>

# Link to additional resources

- [Press release: Wildlife Conservation Bond boosts South Africa's efforts to protect black rhinos and support local communities](#)
- [Blog: A new lifeline for wildlife conservation finance](#)
- [Project documents](#)
- [Infographic](#)
- [Video](#)
- [Q&A](#)