

# Devaluing rhino horns as a theoretical game

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## Abstract

The poaching of rhinos has increased dramatically in recent years, creating an ongoing problem and cost to rhino managers. A manager may decrease the reward to the poacher by devaluing the horn such as dehorning so that only a stub is left, or inserting a poison, dye or GPS tracker. However, as it is impossible to remove all value of the horn (a stub remains, poison fades, or GPS trackers can be removed) a poacher may still kill the rhino for the partial gain from the horn, and to avoid tracking this particular rhino in the future. We consider the problem as a theoretical game, where the players are poachers and a rhino manager. By considering the payoff to both manager and poachers we highlight the manager's struggle to discourage poachers to not kill a devalued rhino, despite the loss of time, and increase of risk, to the poacher. Generally, the manager can only influence the situation if virtually all rhino horns are devalued, or the risk involved to the poacher is increased, such as through greater enforcement. However, the cost to devalue the last few rhinos may be very costly due to the sparsity of rhinos, and the rhino manager can easily make a loss by trying to devalue the last, few rhinos. But, whilst a few rhinos remain with their intact horn, a poacher is unlikely to avoid a particular rhino.

*Keywords: Ceratotherium, Diceros, Game theory, poaching, Rhinoceros, wildlife*

management

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## 1. Introduction

The illegal trade in rhino horn supports aggressive poaching syndicates and a black market (Nowell et al. 1992). This lucrative market entices people to invest their time and energy to gain a ‘winfall’ in the form of a rhino horn, through the poaching of rhinos. In recent years poaching has escalated to an unprecedented level resulting in concerns over their future existence (Smith et al. 2013). In response, rhino conservation has seen increased militarisation with ‘boots on the ground’ and ‘eyes in the sky’ (Duffy et al. 2015). An alternative method is to devalue the horn itself, one of the main methods being the removal so that only a stub is left. The first attempt at large-scale rhino dehorning as an anti-poaching measure was in Damordond, Namibia, in 1989 (Milner-Gulland & Leader-Williams 1992). Other methods of devaluing the horn that have been suggested include the insertion of poisons, dyes or GPS trackers (Gill 2010, Smith 2013). However, like dehorning, they cannot remove all the potential gain from an intact horn (poison and dyes fade or GPS trackers can be removed). This paper considers the general strategy of devaluing horns, which includes dehorning.

Rhino populations now persist largely in protected areas or on private land, and require intensive protection (Ferreira et al. 2014). For wildlife managers law enforcement is often one of the main methods of deterring poaching, however rhino managers can remove the poaching incentive by devaluing their rhinos (Milner-Gulland 1999).

A manager does not need to choose law enforcement or devaluing, but perhaps adopt a combination of the two; especially given that devaluing rhinos comes at a cost to the manager, and the process comes with a risk to the rhinos. Milner-Gulland and Leader-Williams (1992) found the optimum proportion to dehorn using mean horn length as a measure of the proportion of rhinos dehorned. They showed, with realistic parameter values, that the optimal strategy is to dehorn as many rhinos as possible. Further, Milner-Gulland and Leader-Williams (1992)

25 discussed dehorning as a better strategy than anti-poaching protection since the benefits are  
26 carried over to subsequent years where the rhino horn length is shorter, whereas anti-poaching  
27 protection costs are renewed each year.

28 We consider one year only, for a single rhino manager. We assume a given amount of re-  
29 source available for the year, and that all rhinos initially have intact horns. Rhino managers  
30 may devalue a proportion of their rhinos. We assume that managers would like to devalue as  
31 few as possible, whilst still ensuring the safety of their rhinos. This is a problem of conflicting  
32 interests, game theory can provide an appropriate framework. A game theoretic perspective  
33 provides insights about (a) the strategies different stakeholders will likely adopt given their  
34 objectives when consensus, compromise, or cooperation are feasible, (b) what types of coop-  
35 eration best reflect stakeholders interests and achieve their objectives (c) which stakeholders  
36 are likely to form coalitions, (d) the range of possible outcomes under non-cooperative and  
37 cooperative decision-making dynamics, and (e) whether an optimal or satisfactory solution for  
38 all stakeholders can be reached simultaneously (Colyvan et al. 2011).

39 The model we present is similar to the cyclic model used by Bell (1986), where the stake-  
40 holders were insects and flowers. Insects and flowers each behaved in one of two ways de-  
41 termined by particular rules, and a cycle of behaviour was formed. With rhino managers and  
42 poachers the rules engender a different, non-cyclic, pattern of behaviour where the system set-  
43 tles to one of two states.

44 Poachers may either only kill rhinos with full horns, ‘selective poachers’, or kill all rhi-  
45 nos they encounter, ‘random poachers’. If all rhinos are left by the rhino manager with their  
46 intact horns, it does not pay poachers to be selective so they will become random poachers.  
47 Conversely, if all poachers are selective, it pays rhino managers to invest in devaluing his/her  
48 rhinos. This dynamic is represented in Fig. 1.

49 Assuming poachers and managers will always behave so as to maximise their payoff, there  
 50 are two equilibriums: either all devalued and all poachers selective; or all horns intact and all  
 51 poachers random. Essentially, either the managers win, the top left quadrant of Fig. 1, or the  
 52 poachers win, the bottom right quadrant of Fig. 1.

## 53 2. The model

54 Consider the situation on one ranch. Let  $r$  be the proportion of devalued rhinos (where here,  
 55 rhino value is only measured by its horn value), and  $s$  be the proportion of selective poachers.  
 56 Assuming a poacher encounters a rhino, there are four scenarios which depend on the strategy  
 of the players. The probabilities of each of these four scenarios are given in Table 1. The actual

	Horn devalued	Horn intact
Selective	$rs$	$(1-r)s$
Random	$r(1-s)$	$(1-r)(1-s)$

Table 1: The probabilities of each of the four scenarios given that a poacher has encountered a rhino.

57  
 58 probabilities in Table 1 are unknown to the players. They must choose which strategy to take  
 59 with imperfect information, which is especially relevant to the poachers who can choose their  
 60 strategy instantaneously, unlike the manager. Furthermore, at any time, the manager can only  
 61 only choose to either not devalue any further rhinos, or to increase the proportion which are  
 62 devalued.

### 63 2.1. The rhino manager

64 The rhino manager initially has  $C$  resources, which is the cost to devalue the horns from all  
 65 of his/her rhinos. Then the cost to devalue a proportion of the rhinos is  $Cr^{1/\alpha}$ ,  $\alpha > 0$ . When  
 66  $\alpha = 1$  the cost to devalue the first rhino is the same as devaluing the last rhino, the relationship is  
 67 linear. This would represent a high density of rhinos where there is no time penalty incurred to

68 find each rhino. However if the cost to devalue the last few rhinos is more costly because of the  
 69 time needed to find the last remaining intact rhinos (Milner-Gulland 1999), then  $0 < \alpha \leq 1$ , see  
 70 Fig. 2. As  $\alpha \rightarrow 0$  the marginal cost to devalue the last few rhinos tends to infinity, representing  
 71 the difficulty of tracking very sparse rhinos. Note that if devaluing the first rhino is the most  
 72 expensive, perhaps due to start-up costs, then  $\alpha > 1$ , however in reality this is unlikely to be  
 73 the case so we consider  $0 < \alpha \leq 1$  only.

74 Let  $K$  be the cost to the rhino manager from rhino killings. Then the expected payoff for a  
 75 manager under each scenario is given in Table 2, where the payoff is in terms of reducing the  
 76 loss to  $C$ . Therefore, the expected payoff to the manager is the sum of all four expected payoffs  
 77 in Table 2,

$$E_m = r(sK - Cr^{1/\alpha}). \quad (1)$$

78 Notice that when  $r^{1/\alpha} < sK/C$  the expected payoff is positive, which signifies the savings from  
 79 unused resources  $C$ .

80 The expected payoff to the manager is linear in  $s$ , meaning that for any given proportion  
 81 of devalued rhinos  $r$ , the relationship between the proportion of selective poachers  $s$  and the  
 82 expected payoff to the manager is linear. Therefore for any given  $r$ , if there is a maximum  
 83 expected payoff to the manager, it is at  $s = 1$  (all rhino horns are devalued).

84 Conversely for a varying proportion of selecting poachers  $s$ , the expected payoff to the  
 85 manager is at a maximum when

$$r = \left( \frac{\alpha s K}{C} \right)^{\alpha/(\alpha-1)}, \quad (2)$$

86 calculated by setting  $\partial E_m / \partial r = 0$ . Equation (2) often has a maximum larger than 1, meaning

	Horn devalued	Horn intact
Selective	$-Cr^{(\alpha+1)/\alpha}s$	$-K(1-r)s$
Random	$-(K + Cr^{1/\alpha})r(1-s)$	$-K(1-r)(1-s)$

Table 2: Expected payoff to the rhino manager under each scenario.

87 that the manager can only minimise his or her loss by devaluing all the rhino horns,  $r = 1$ .  
88 For the optimum proportion of rhinos to devalue to be less than one, the manager requires  
89  $C/(\alpha K) < s$ . Therefore when all the poachers are random  $s = 0$ , there is not an optimum  $r$   
90 less than one; and when all the poachers are selective  $s = 1$ , there is an optimum less than one  
91 provided the cost of a killed rhino is large enough such that  $K > C/\alpha$ . However, in reality a  
92 manager could not choose what proportion to devalue based on (2) as the proportion of selectors  
93  $s$  at any given time is unknown.

## 94 2.2. The rhino poacher

95 The rhino poacher initially has no resources. Essentially the expected payoff to the poacher  
96 is the amount gained from an intact horn, or a devalued horn, less the time and risk to find and  
97 kill a rhino, and this is all relative to the salary and lifestyle of the individual poacher. Let  $H$   
98 be the gain to the poacher from an intact and  $\gamma H$ ,  $0 \leq \gamma \leq 1$ , be the gain from a devalued horn.

99 We consider the time to kill a rhino  $T$ , the time to find a rhino  $F$  and, for the selecting  
100 poachers, a discerning time  $D$  to establish whether the rhino has an intact or devalued horn.  
101 The time dependent variables, represent time together with the associated risk per unit of time,  
102 so a manager can increase  $T$ ,  $D$  and  $F$  by additional policing. The time taken to find a rhino is  
103 linked to the density of the rhinos  $\alpha$ , so we set  $F = f + 1/\alpha$ , where  $f$  is the time taken to find a  
104 rhino if the rhinos are very dense. As  $\alpha \rightarrow 0$  the time taken to find a rhino  $F$  tends to infinity,  
105 representing the difficulty of tracking very sparse rhinos. The expected payoff to the poacher

	Hor devalued	Horn intact
Selective	$-(F + D)rs$	$(H - F - D - T)(1 - r)s$
Random	$(\gamma H - F - T)r(1 - s)$	$(H - F - T)(1 - r)(1 - s)$

Table 3: Expected payoff to the poacher under each scenario.

106  $E_p$  is the sum of all four expected payoffs in Table 3,

$$E_p = (T - \gamma H)rs - (H - \gamma H)r - Ds + H - F - T. \quad (3)$$

107 An individual poacher can choose his or her behaviour instantaneously, flipping from ran-  
 108 dom  $s = 0$  to selective  $s = 1$  according to the average state of the rhinos on the particular  
 109 ranch.

110 Consider the situation where only one poacher visits the ranch and behaves randomly  $s = 0$   
 111 then, from (3), the manager needs to devalue

$$r \geq \frac{H - F - T}{H - \gamma H}, \quad (4)$$

112 to ensure the poacher does not make a profit. Assuming  $H > F + T$ , the right-hand side of  
 113 equation (4) is greater than one if  $F + T < \gamma H$ . That is, if the time and associated risk to find  
 114 and kill a rhino is less than the gain from a devalued horn, the random poacher cannot make  
 115 a loss irrespective of the portion of horns devalued, thus the manager has ‘lost the game’ (the  
 116 bottom right quadrant of Fig. 1).

117 Alternatively, if the poacher behaves selectively  $s = 1$  then, from (3), the manager needs to  
 118 devalue

$$r \geq \frac{H - T - D - F}{H - T} \quad \text{where } H > T, \quad (5)$$

119 to ensure the poacher does not make a profit. Equation (5) is always less than one. That is, if  
120 the poacher is selective, there is always a proportion of rhinos a manager can devalue to ensure  
121 the poacher would not make a profit on his or her particular ranch, thus the manager has ‘won  
122 the game’ (the top left quadrant of Fig. 1).

123 The model does not change in time. That is, should the variables for either players change,  
124 the expected payoffs need to be recalculated.

### 125 3. Examples

#### 126 3.1. The rhino manager

127 We consider some examples and examine the expected payoff for the rhino manager in  
128 Fig. 3. In all cases, if all poachers behave randomly  $s = 0$ , there is no gain to be made by  
129 devaluing rhino horns, and devaluing only means a further loss of resources are incurred. In  
130 fact, for all  $s$ , the optimum proportion to devalue is always less than 1. That is, after  $r$  defined  
131 by equation (2), the extra cost to devalue becomes a waste of resources, and would be better  
132 spent on other measures. Nonetheless, as the proportion of selectors increase  $s \rightarrow 1$ , the greater  
133 the proportion of rhinos that need to be devalued to minimise loss to resources.

134 In the case of fairly sparse rhinos, say  $\alpha = 0.125$  (Fig. 3d), a larger proportion of selectors  
135 are required before it is deemed worthwhile to devalue. However, once devaluing has been  
136 deemed a cost saving expense, a significant portion of rhinos need to be devalued. Generally,  
137 as  $\alpha \rightarrow 0$ , the optimum proportion to devalue increases.

138 In the case where the cost of devaluing all rhino horns (the total resource) is equal to the  
139 cost of one killed rhino  $C = K$  (Fig. 3a), the manager can ensure that no loss is incurred for all  
140 proportions of selecting poachers by devaluing at most  $s^\alpha$  rhinos (from equation (2)).

141 The manager can conserve the most resources when  $C < K$  (Fig. 3b), despite the optimum

142 proportion to devalue being close to 1. As  $C \ll K$ , this optimum proportion increases.

143 When  $C > K$  (Fig. 3c), the manager suffers the biggest loss of resources and devaluing  
144 would be an inadvisable strategy. Even when all poachers are selective, it is not beneficial to  
145 devalue a significant portion, and this portion decreases as  $C \gg K$ .

### 146 3.2. *The rhino poacher*

147 We consider some examples and examine the expected payoff for the rhino poacher in  
148 Fig. 4. In all cases, if all poachers behave selectively  $s = 1$ , the manager can choose an  
149 optimum number of rhinos to devalue (see equation (5)), albeit this proportion is generally  
150 high.

151 If all poachers behave selectively  $s = 1$ , the proportion of rhinos to devalue depends upon  
152 the relationship between the finding and killing time (and associated risk),  $F + T$ , and the gain  
153 from a devalued horn  $\gamma H$  (see equation (4)). When  $F + T = \gamma H$ , the only deterrent is devaluing  
154 all rhinos (Fig. 4a). Should the gain from a devalued horn drop, the necessary proportion of  
155 rhinos to devalue drops (Fig. 4b). Conversely, should the gain of a devalued horn increase so  
156 that  $F + T < \gamma H$ , there is not an optimum proportion to devalue since a damaged horn would  
157 still prove profitable for the poacher (Fig. 4c). Although the manager has little control over the  
158 gain from a devalued horn for a given poacher, he or she can increase the risk involved with  
159 finding and killing the rhino,  $F + T$ , via security measures. This can decrease the proportion  
160 needed to devalue (Fig. 4d).

## 161 4. Discussion

162 We have developed a model based on game theory where the two players are poachers and  
163 a rhino manager. There are two equilibrium states, either the manager devalues all the rhino  
164 horns and the poachers behave selectively, that is they do not kill these devalued rhinos so the

165 manager wins, or the manager does not devalue any horns and the poachers behave randomly,  
166 that is the poacher wins.

167 There are clear tipping points which influence which equilibrium the model tends towards,  
168 based on the assumption that poachers can select their behaviour instantaneously. However, for  
169 these tipping points to work in the favour of the manager, the time and involved risk to find and  
170 kill a rhino need to be considerably more than the gain from a devalued horn. Furthermore, if  
171 the cost of a killed rhino is less than the cost to devaluing all the rhino horns, devaluing rhinos  
172 proves to be a waste of resources.

173 The examples demonstrate that generally a large portion of rhinos need to be devalued to  
174 cause poachers to switch to selective behaviour to avoid loss. However, devaluing a large por-  
175 tion of rhinos is not optimal for the rhino manager. Devaluing all rhinos means that rhino  
176 manager has exhausted all of his/her resources. Nonetheless, when devaluing the horn by de-  
177 horning, investing in dehorning rhinos one year means that the benefit will last for the following  
178 years whilst the horn is still below full length. In subsequent years, the value of the partial horn  
179 increases, but no further expenditure is required by the manager.

180 The values presented in the examples are perhaps unrealistic. In reality, the value of a rhino  
181 horn is so great - greater per unit weight than gold, diamonds or cocaine (Biggs et al. 2013) -  
182 that the risk and time penalties for the poacher have little influence on the final payoff. Even if  
183 rhino horn were to decrease in value enough to make our model realistic, we have shown that  
184 devaluing rhinos is a difficult game for the rhino manager to win. This is in line with current  
185 findings (Lindsay & Taylor 2011). We showed that even in a best case scenario, say Fig. 4d,  
186 where the value of a devalued horn is less than the time and associated risk to find and kill a  
187 rhino, a rational poacher would still behave randomly to maximise his or her payoff, making  
188 devaluing a waste of a manager's resources.

189 Thus, the conservation of rhinos requires a different approach, which is likely to involve  
190 radical innovation. One controversial option that has been used and is still proposed is a ‘shoot  
191 to kill’ policy (Duffy et al. 2015, Messer 2010), however while being potentially effective it  
192 raises ethical concerns. Furthermore, it is ultimately still playing the theoretical game proposed  
193 here, where the risk associated with time is increased. This raises a dependency that the model  
194 has not explicitly incorporated: as the risk increases, or the quantity of horn decreases, the  
195 value of the horn would increase, making the game virtually impossible for a manager to win.

196 To conclude, the game proposed here is challenging for the rhino manager to win unless  
197 rhino horn lost nearly all its value. Therefore, anti-poaching measures should not seek to tilt  
198 the game in the manager’s favour, but instead change the game, for example, legalising trade,  
199 or campaigns aimed at changing behaviour, although the latter may take some time to impact  
200 on rhino populations (‘t Sas-Rolfe 2016).

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202 We thank Dr. Bob Smith, Prof. E.J. Milner-Gulland and Dr. Duan Biggs for their advice  
203 and comments.

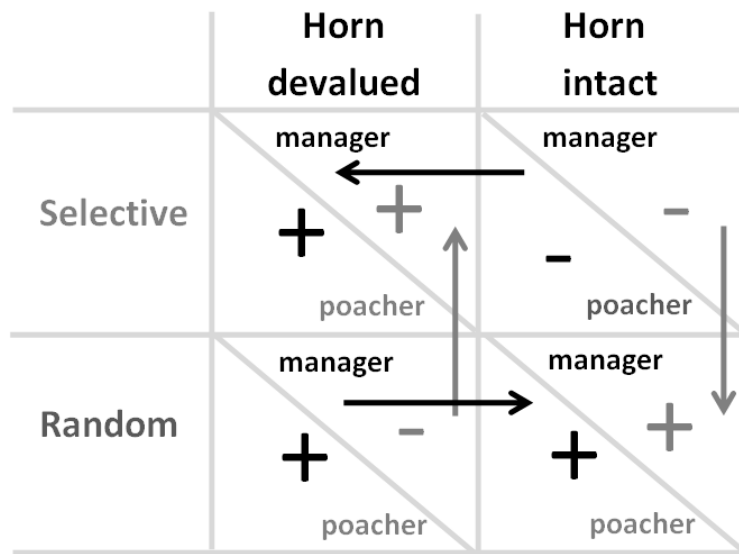


Figure 1: The dynamic between rhino managers and poachers. The arrows indicate the direction that either the manager (black) or poacher (grey) would move to minimise loss. For example, if poachers are selective, the manager would choose to devalue rhino horns.

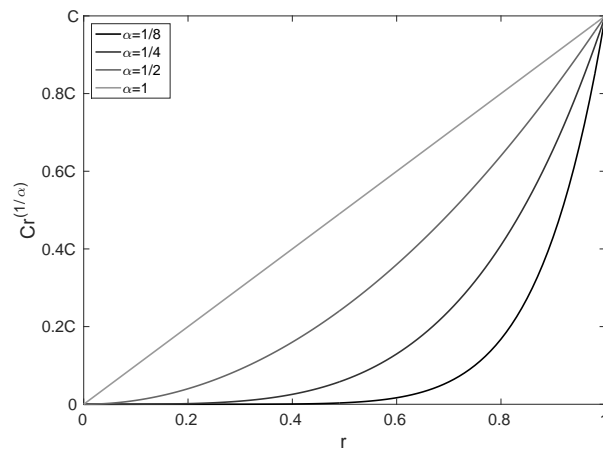
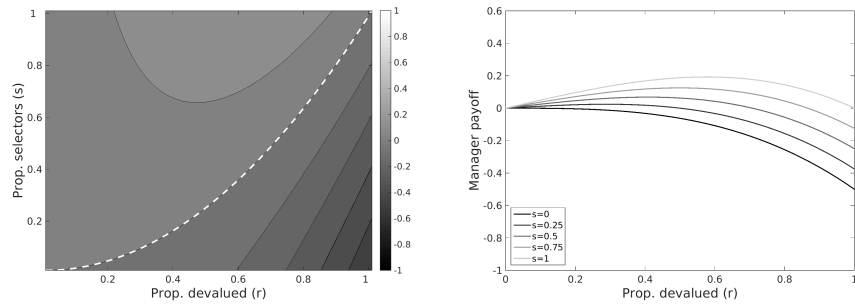
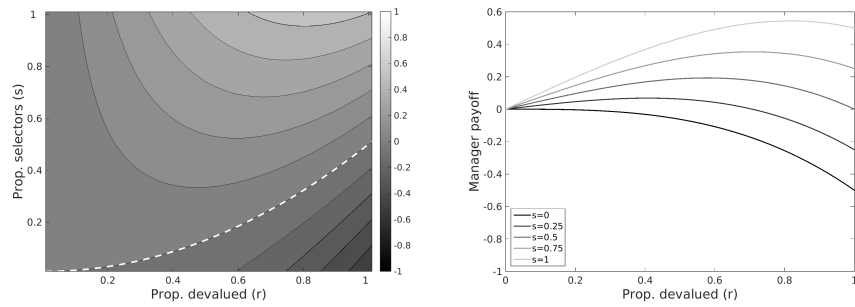


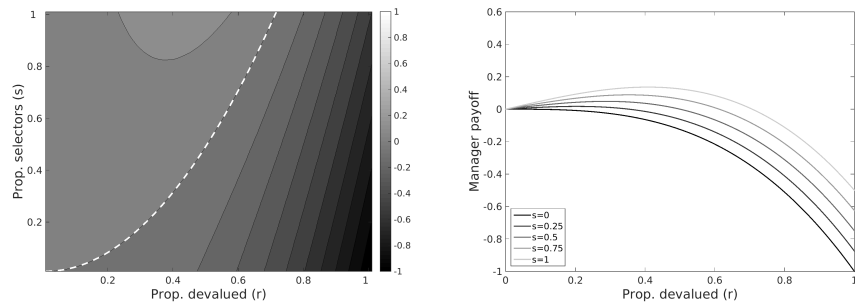
Figure 2: The cost to devalue the proportion  $r$  of the rhinos for varying  $\alpha$ . The cost to devalue all rhinos ( $r = 1$ ) is  $C$ .



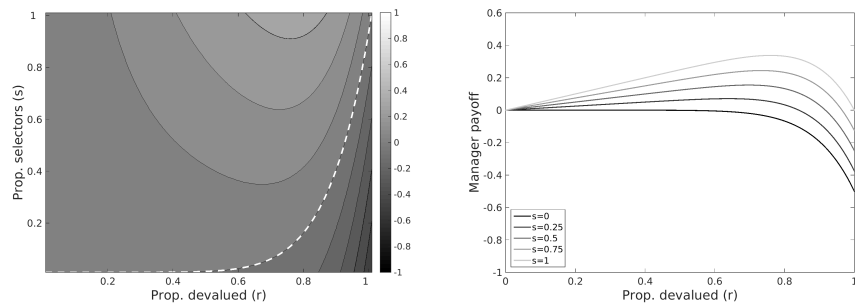
(a)  $K = 0.5, C = 0.5$  and  $\alpha = 0.5$ .



(b)  $K = 1, C = 0.5$  and  $\alpha = 0.5$ .

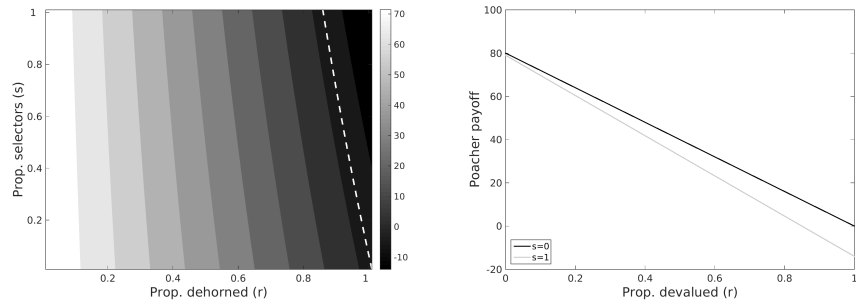


(c)  $K = 0.5, C = 1$  and  $\alpha = 0.5$ .

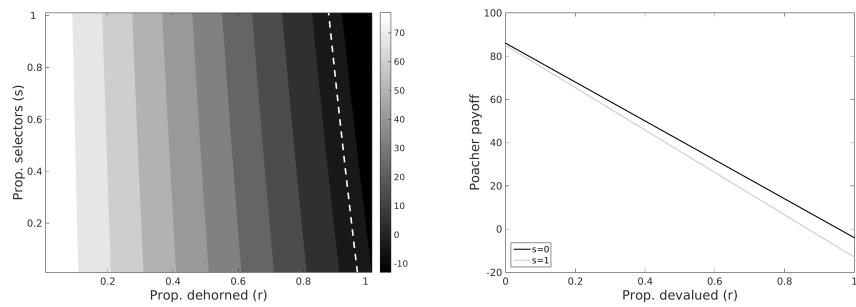


(d)  $K = 0.5, C = 0.5$  and  $\alpha = 0.125$ .

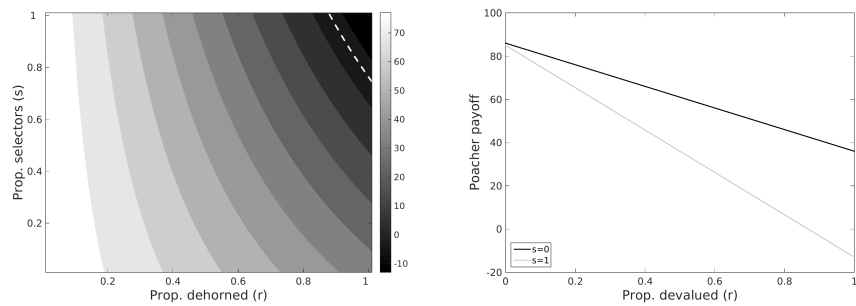
Figure 3: The expected gain to a rhino manager for various parameter values. On the contour plot, to the right of the white dashed line indicates the manager's savings from not devaluing all the rhinos, to the left indicates loss to the manager, hence negative values. Specific scenarios for varying  $s$  are highlighted by the plot presented alongside the contour plot.



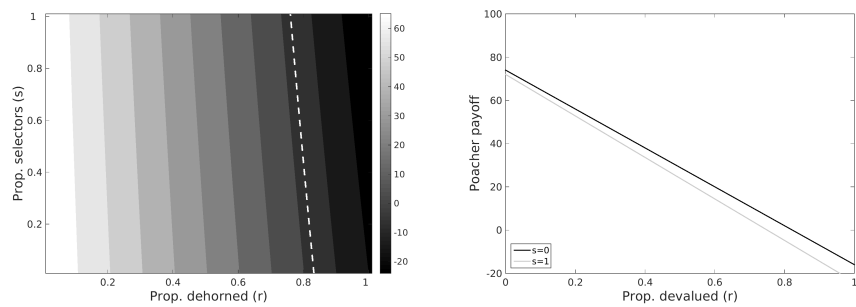
(a)  $H = 100, \gamma = 0.2, T = 7, f = 11, D = 1,$  and  $\alpha = 0.5 (F + T = \gamma H)$ .



(b)  $H = 100, \gamma = 0.1, T = 2, f = 10, D = 1,$  and  $\alpha = 0.5 (F + T > \gamma H)$ .



(c)  $H = 100, \gamma = 0.5, T = 2, f = 10, D = 1,$  and  $\alpha = 0.5 (F + T < \gamma H)$ .



(d)  $H = 100, \gamma = 0.1, T = 4, f = 20, D = 2,$  and  $\alpha = 0.5 (F + T > \gamma H)$ .

Figure 4: The expected gain to a rhino poacher for various parameter values. The right of the white dashed line indicates the poacher making a loss. Specific scenarios for varying  $s$  are highlighted by the plot presented alongside the contour plot.

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