



# biofund

Fundação para a Conservação da Biodiversidade

ANNUAL REPORT  
AND ACCOUNTS

2015



# ANNUAL REPORT AND ACCOUNTS 2015



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# 1. INTRODUCTION

2015 was a striking year in the life of BIOFUND.

The simultaneous maturing in 2015 of several processes that the Foundation has undertaken means that it can now enter a phase of full operations as an environmental fund.

Effectively, in 2016 we shall initiate our programme of financing the Conservation Areas from the income of our endowment fund as well as from sinking funds managed by BIOFUND.

Furthermore, we are beginning to implement the component of institutional support for BIOFUND from the MozBio project (World Bank - IDA), along with the relevant part of the PROFIN project (funded by UNDP/GEF).

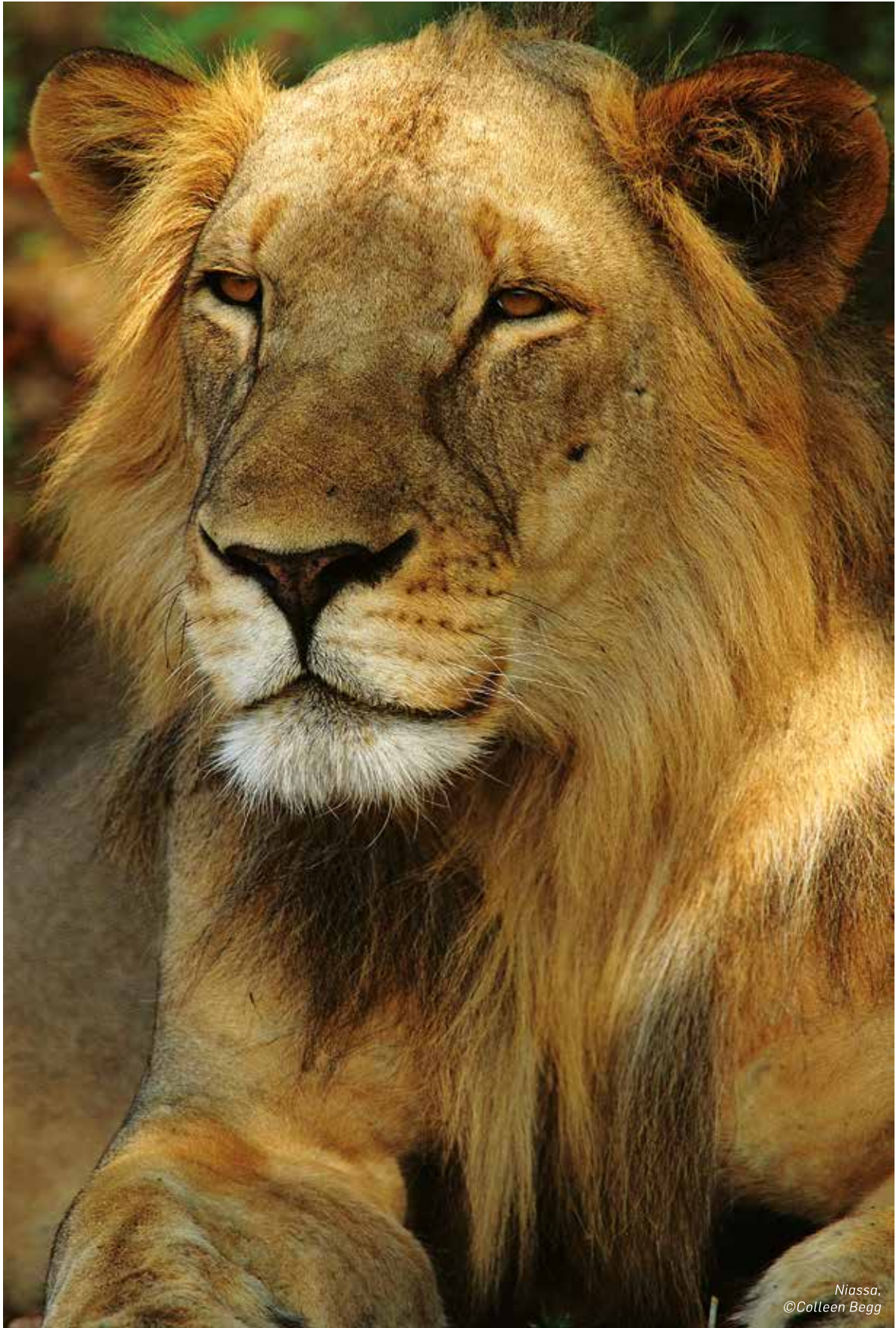
In this document we associate each of the projected activities with the objectives laid down in our Strategic Plan, within a medium term perspective. The concern is with the impact that our action as a financial institution should have on the entire Mozambican system of conservation areas, on the one hand, and on the medium term sustainability of BIOFUND on the other.

The current report of activities in 2015 reflects this same structure, although its scope is that of demonstrating how we have complied with our annual plan, including the consolidation of our structure and operations, the constitution of the endowment, and the public launch of BIOFUND.

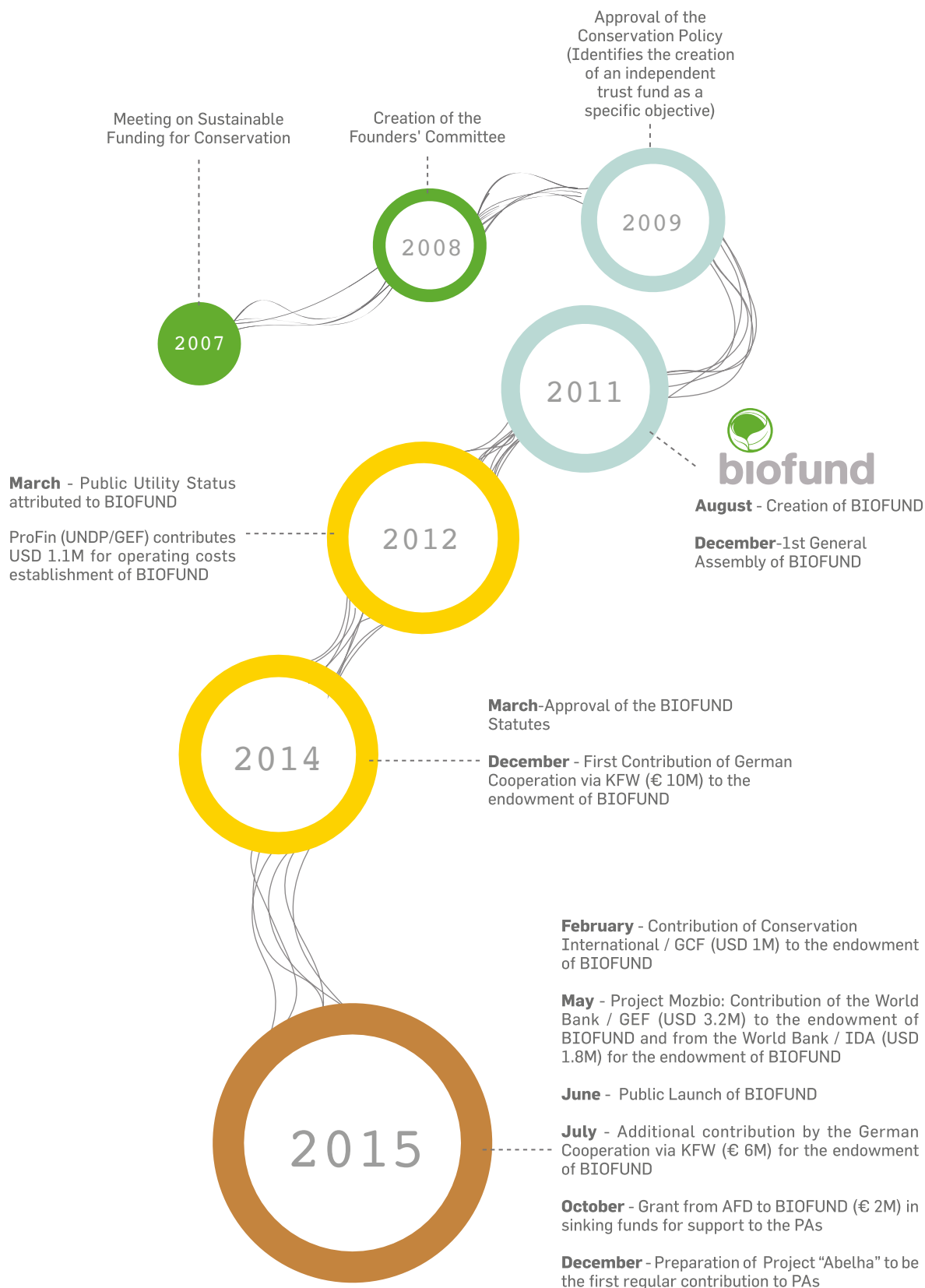
We trust that the General Assembly will find, in this document, reliable information on the many advances made by our organisation during 2015 internally, as well in regards to support raised, and about the difficulties encountered.

It will also find here information about the financial health of our institution during the period in question.





## 2. CHRONOLOGY OF BIOFUND







Mount Namuli, Zambézia  
©Jonathan Timberlake



### 3. BIOFUND – MISSION, VALUES AND STRUCTURE

The *Mission* of BIOFUND, according to its Articles of Incorporation, *is to support the conservation of aquatic and terrestrial biodiversity and the sustainable use of natural resources, including the consolidation of the National System of the Conservation Areas.*

At the genesis of this Foundation lies the joint effort of the Government, of the conservation community in Mozambique and international partners to respond in a sustainable approach to the enormous challenge that is the financing of conservation, especially the protected areas. To achieve its Mission successfully, BIOFUND believes that, in its organisation and performance, it should observe the following as Values:

- *Efficiency and professionalism;*
- *Transparency;*
- *Inclusion;*
- *Openness.*



Ponta de Ouro,  
©Andrea Borgarello

## 3.1. The structure of BIOFUND

Although BIOFUND pursues exclusively purposes of public interest – as recognised officially by the Government – it is an independent institution in private law.

BIOFUND is defined by its Articles of Incorporation as *"a collective person in private law, not-for-profit, and endowed with legal status and with administrative, financial and patrimonial autonomy."* Thus it is an independent Foundation, and counts on a General Assembly which brings together figures with experience and involvement in conservation and financial and business management, representatives of national and international NGOs, and of academic institutions.

The Foundation is governed by a Board of Directors elected by the General Assembly.

The Board of Directors sets out the policies and strategic guidelines of the Foundation, approves the principles to be observed in the financing and subventions it grants, and supervises the investments and auditing procedures.

The daily operations of the Foundation are managed by a secretariat headed by the Executive Director, that relies upon an Administration and Finance Director and a Programs' Director.

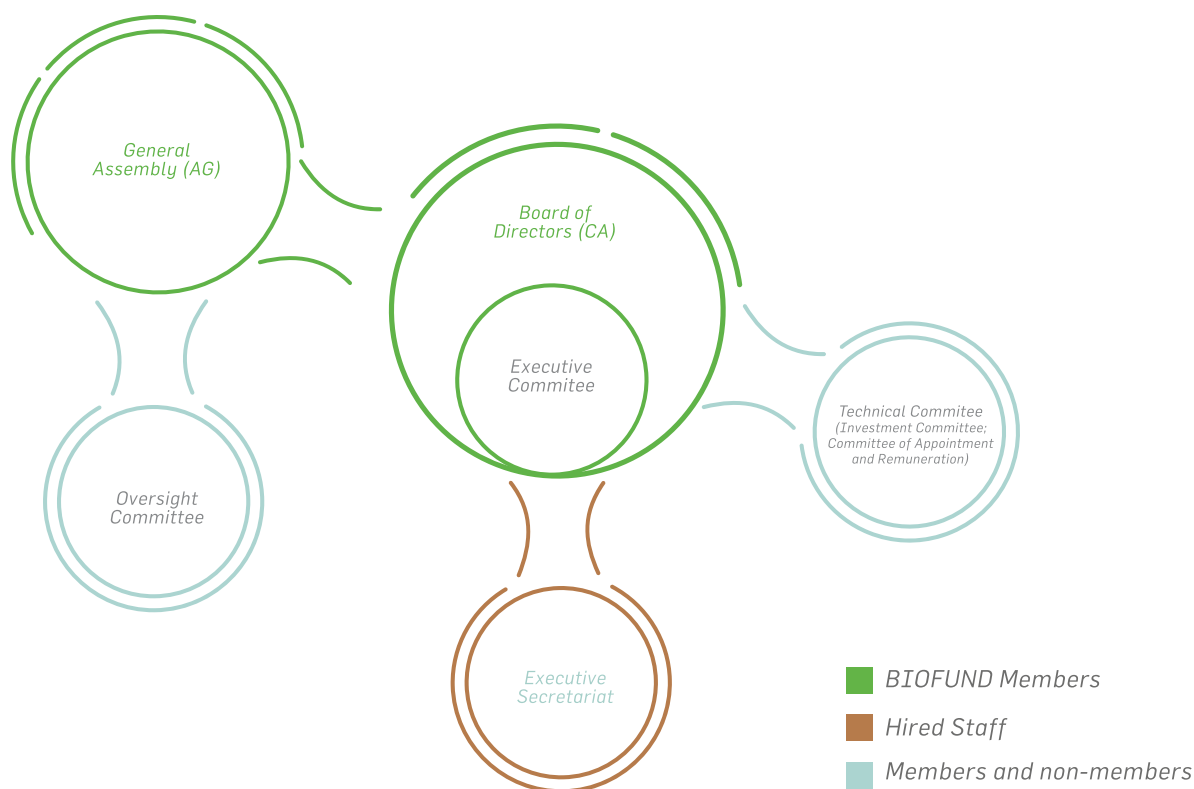


Figure 2 - BIOFUND structure





## 4. STRATEGIC PLAN AND PHASES IN THE EVOLUTION OF BIOFUND

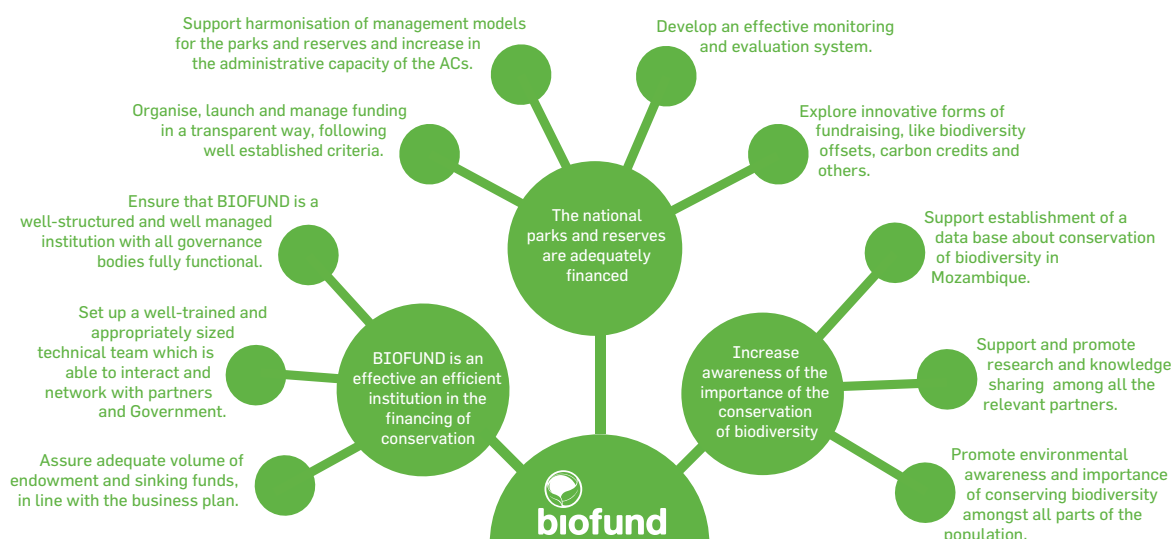
### 4.1. Strategic Objectives

One of the first tasks of BIOFUND was to define its profile as an institution and its insertion into the Mozambican context. Based on the vision and mission, laid down in the Articles of Incorporation, the strategic objectives of BIOFUND were established after a broad public consultation, involving the main stakeholders – including representatives of the state bodies responsible for managing the national system of conservation areas.

In this definition, there stands out its nature as a financial instrument, and it is also clear that BIOFUND, because it subscribes to the major purposes of the conservation community, will make its contribution to increasing environmental awareness in Mozambique.

In the Strategic Plan, it was established that the objectives of BIOFUND are:

- 1. To make BIOFUND an effective and efficient institution in financing the conservation of biodiversity in Mozambique;*
- 2. To contribute decisively so that the national parks and reserves in Mozambique are adequately financed;*
- 3. To promote greater awareness about the importance of biodiversity.*



## 4.2. Phases in the Evolution of BIOFUND

- I. The Phase of Internal Organisation and Mobilisation of Funds (2011-2015)**, in which the stress was laid on structuring the Foundation, essentially in order to attain its 1st strategic objective;
- II. The Pilot Phase (2016/2017)**, in which all the instruments for action will be tested and adjusted, and the rules defined that will allow the regular financing of the national parks and reserves (attainment of the 2nd strategic objective);
- III. The Phase of Full Operation (2018 onward)** in which the development of the foundation, the expansion of its means of intervention and specific actions aimed at this will allow the attainment of the 3rd strategic objective, alongside the consolidation of the first two objectives.

	BIOFUND is an effective and efficient institution in the financing of conservation	The national parks and reserves are adequately financed	Increase awareness of the importance of the conservation of biodiversity
Internal Organization Phase (2015)	Consolidated Team Extended the number of partners Ensure the start up of the capital fund (US\$ 20M)	Survey of the situation	Initial Actions
Pilot Phase (2016/7)	Start with the grants Test and adjust procedures Intensify and innovate in the fundraising	First support to one Conservation Area  The needs of the Conservation Areas identified	Punctual Actions
Full Operation Phase	Effective team Functional procedures Diversified <i>fundraising</i>	Regular and significant support to multiple Conservation Areas	Action contained and well considered



## 5. THE BIOFUND BUSINESS PLAN

The BIOFUND Business Plan, developed from the Strategic Plan, defines the “niche” of the institution’s performance, and considers the level of financing needs in relation to the response possibilities (real and potential) of BIOFUND.

Several scenarios are considered in the Business Plan. The minimum scenario (which only counts on the amounts of capitalisation and the sinking funds already guaranteed) corresponds to the annual disbursement of about USD\$ 500,000.

Currently, BIOFUND has already reached this level. But its long term sustainability is linked to achieving the optimum scenario in which the combination between the sums capitalised and the contributions in sinking funds yet to be negotiated (including offset mechanisms) would allow the disbursement of about USD\$ 3 million annually.

This is the challenge of BIOFUND for the coming years.









## 6. ACTIVITIES UNDERTAKEN BY BIOFUND

### 6.1. Making BIOFUND an Effective and Efficient Institution in the Financing of Conservation

#### 6.1.1. Structure and Functioning

2015 was characterised by consolidation of the procedures for the operation of BIOFUND, with the start of the direct management of the MozBio project (World Bank/IDA) and the respective acquisitions of goods and services.

The BIOFUND staff costs were initially (2012) supported by funds from UNDP/GEF (ProFin) and in 2015 the transition to the MozBio project (World Bank/IDA) began. The BIOFUND administrative team was restructured in accordance with the requirements of the projects under way, with the hiring of a financial assistant, essential for the segregation of financial functions.

In 2015 BIOFUND concentrated on the creation and improvement of the instruments necessary for the correct functioning of its programme of financing, namely:

- *Finalising the Manual of Administrative and Financial Procedures;*
- *Drawing up the first draft of the Disbursement Manual;*
- *Revising and updating the Business Plan.*

In compliance with the Articles of Incorporation, in 2015 BIOFUND held the third session of the General Assembly and also 3 meetings of the Board of Directors.

During the year, regular reports were prepared and presented on implementation of activities by the various projects under way (ProFin, AFD, German Cooperation via KfW, MozBio).

The acquisition of goods and services in 2015 was focused on improving the systems of documentation, accounting and finance, and auditing, and proposals were chosen for providers of software and services (IT, accounting systems, auditors, translation services, legal advice).

The revision of the Strategic Plan and drawing up the Fundraising, Communication and Marketing Strategy, planned for 2015, were transferred to 2016.

## 6.1.2. Capacity building and Exchange of Experiences

The support of consultants and networking with other environmental funds have been very important to ensure knowledge and use of the best international practice in the work of BIOFUND.

In 2015 BIOFUND took part in several international and national events, notably:

*5th General Assembly of CAFÉ – Abidjan, Ivory Coast, where we presented, based on the experience of our Foundation, a case study on the theme "Challenges of Multi-stakeholder partnerships". The text is available at the following link <http://ge.tt/87dgIXP2?c>*

- *17th General Assembly of REDLAC – Panama City, Panama, where various contacts were made with CTFs and with potential donors and partners;*
- *Annual meeting of the Administração Nacional das Áreas de Conservação (ANAC) in Pemba, where a brief presentation was made to about 100 participants on the mission and objectives of BIOFUND;*
- *In the context of exploring innovative forms of financing, BIOFUND took part in meetings of Sasol about the expansion of its activities in the Nhagonzo biodiversity area, in Inhambane and their implications for the protection of the critical habitat;*
- *BIOFUND also collaborated in the Project to establish biodiversity offsets which involves the FFEM, AFD, WCS, the BBOP (Business and Biodiversity Offsets Programme) Secretariat and Forest Trends. The countries where this programme will be developed are Madagascar, Mozambique, Uganda and Guinea-Conakry;*
- *Since its beginning, BIOFUND has enjoyed close collaboration and support from its main partners, and in 2015 it held a meeting in Maputo with donors to share information. The matters discussed in Maputo were taken up again in a second meeting with donors, held in Washington.*

The planned study visits (to Madagascar and to South Africa) could not be held due to the delay in starting the project linked to Biodiversity offsets which would justify them (AFD, FFEM). However, preliminary contacts were made with Madagascar, and the visit (together with staff from ANAC and from WWF) is envisaged for mid-2016.

During 2015 BIOFUND took part in training courses organised by the MozBio project (World Bank), with a stress on procedures for disbursements and acquisitions, and electronic financial management.



### 6.1.3. Collaboration with Third Parties and Technical Assistance

BIOFUND has played an active role in drawing up and improving documents of national scope that are the initiative of other institutions, such as the National Biodiversity Strategy, the Forestry Investment Plan, the ANAC Strategic Plan, and the Management and Business Plans of the Conservation Areas (ACs).

With financing from German Cooperation via KfW, BIOFUND has contracted a technical assistance programme with a consortium led by the German company GITEC and involving Funbio (Brazil) and Verde Azul (Mozambique). This activity, which coincides with the launch of Project ABELHA will be extended for the next 18 months. BIOFUND itself, ANAC, and the Conservation Areas involved in Project Abelha will benefit from this technical assistance.

This technical assistance will mainly deal with setting up the conditions in BIOFUND for more effective support for the ACs. In this phase, the most important thing is to guarantee that the disbursements to be made as from 2016 are processed in a secure, transparent and effective manner.

### 6.1.4. Setting up the Endowment and obtaining Income from it

The fundraising effort began even before the formal creation of BIOFUND, at the time of the Committee of the Founders. But only after the structuring of the Foundation was it possible to establish conditions for the phase of negotiation with the partners. This required from BIOFUND the establishment of operational routines in harmony with the standards demanded by the regulations of the main partners.

The positive assessment of the consolidation of BIOFUND in 2014 was fundamental in the decision of several donors to contribute to the constitution of our endowment which, by late 2015, reached USD\$ 21.6 million (including USD\$ 6.7 million from German Cooperation via KfW, which is still being processed).





These sums were placed under the management of Deutsche Bank - NY, hired by BIOFUND through an international tender. The performance of the assets manager is followed by the executive team and by the Investments Committee.

With the income resulting from applying part of this endowment, BIOFUND will finance, in an increasing form, conservation in Mozambique.

### 6.1.5. The Public Launch of BIOFUND

The public launch ceremony of BIOFUND, in June 2015, marked the conclusion of the initial phase in the institution's life.

The confidence of the Mozambican government in the capacities of BIOFUND was expressed on the occasion by its highest representative, the President of the Republic, who defined BIOFUND as an important instrument for achieving the country's conservation policy.

At the same ceremony, qualified representatives of the international partners in the conservation area expressed their support and encouragement to the institution in complying with its mission.

The BIOFUND launch event was widely publicised in the media, and the special presence of the head of state, who made a significant speech with great impact on the conservation of biodiversity for the history of the country and its interdependence with development. Complete Information on the event may be found on <http://www.biofund.org.mz/projects/forum-conservacao-comopilar-do-desenvolvimento/>.

The occasion allowed the production of a variety of promotional material, namely advertising spots, promotional and institutional films, posters, billboards, leaflets, teardrops, t-shirts, capulanas with the BIOFUND logo and, finally, the brochure on the event published in English and in Portuguese.



## 6.2. Contributing to adequate funding for the National Parks and Reserves

Once the initial phase of the development of the institutions was concluded, the first distributions of funds will take place in 2016, testing the tools created and adjusting procedures to the specific conditions of the country.

In 2015, the BIOFUND executive team began preliminary visits to the Conservation Areas (Reserva Especial de Maputo - REM, Parque Nacional do Limpopo - PNL), which were important in order to quantify some of the capacities of the ACs and the BIOFUND financing process, particularly for the pilot phase, envisaged to begin in 2016. There was no opportunity to visit the other 15 ACs in the country, because of overlapping activities and volume of work, but other opportunities were used for discussion and exchange of information with the administrators of the ACs in the various meetings organised by ANAC.

The various activities envisaged in the financing of the ACs by BIOFUND, throughout the next 5 years, are included in *Project "ABELHA"*. The amount budgeted is about USD\$ 2,500 million.

Also in 2015 BIOFUND and WWF formally signed a "Memorandum of Understanding for the effective management and long term financing of the Environmental Protection Area of the Primeiras and Segundas Islands". This memorandum is part of the undertaking given by BIOFUND to support the financing of the recurrent costs of this protection area, using the income from the grant of USD\$ 1 million from Conservation International/Global Conservation Funds (GCF) for the BIOFUND endowment.



Albufeira de Massingir,  
Limpopo kaos National Park  
©Van der Lende

## 6.3. Increasing Awareness of the Importance of Conserving Biodiversity

This is one of the fundamental themes for BIOFUND and one of the strategic pillars in which activities were undertaken since the start of its operations. In 2015, projects begun in 2014 were continued, particularly those related with the compilation, systematisation and availability of information on biodiversity.

### 6.3.1. Information on Biodiversity

Information on biodiversity in the country is scattered and difficult to access. BIOFUND intends to have an important influence in collecting, compiling, documenting and sharing information. In this context, a draft project to set up a geo-referenced data base on biodiversity, in partnership with CEAGRE/UEM and WWF-Germany, was submitted in November 2015 to the Global Biodiversity Information Facility (GBIF) under the programme of Biodiversity Information for Development (BID) for Africa 2015. This programme was highly competitive with more than 140 proposals for the available funds of € 900,000, but the BIOFUND proposal was not selected. A second call for projects of this type is planned for 2017, and we will be able to submit proposals again. However, due to the importance of this matter for the conservation of biodiversity, the group of partners involved will seek other opportunities to develop this proposal or to link up with similar projects already under way.





## 6.3.2. Research and Sharing of Knowledge



Figura 2. BIOFUND online platform

In partnership with ANAC, BIOFUND has developed a data base to systematise the information about the system of conservation areas in Mozambique, using information from the “Management Effectiveness Tracking Tool” METT de 2013 of the Conservation Areas. This data base was used to establish an online platform (with financing from AFD) which represents the visual interface of the data bank, providing basic information and images. In this first phase, only some of the various categories of the national system of conservation areas were included, due to initial budgetary restrictions. This platform is now being used by BIOFUND, ANAC and partners as a source of rapid and up-to-date information, and is available online <http://www.biofund.org.mz/base-de-dados/plataforma-sobre-as-ac/>. The data from 2014 have been received and will be introduced into the platform in 2016.

In order to prepare support information for the start of biodiversity offsets, BIOFUND supported a study to Map the Habitats of Mozambique (collecting and compiling information available from various organisations) drawn up by CEAGRE/UEM in 2014/15, the results from which were presented at an ANAC seminar and were also presented online at the launch of BIOFUND <http://www.biofund.org.mz/projects/mapeamento-e-classificacao-de-habitats/>. The CD with the shape files of this study is available at BIOFUND and was also shared with WWF, UNDP/ANAC, Portucel and Impacto.



BIOFUND also organised a lecture entitled “Biodiversity and Business”, as an integral part of the technical forum on the occasion of the BIOFUND launch, with international speakers, specialists in biodiversity offsets and large-scale participation by private businesses and academics. BIOFUND also made contacts and held meetings with Biodinamica and Portucel about experiences and challenges of biodiversity offsets, as well as the facilitation of meetings between the biodiversity offsets roadmap focus group.

### 6.3.3. Strengthening the Biodiversity Theme in Education Programmes

In addition to the public launch, BIOFUND also organized an exhibition and fair about biodiversity, with the support of more than hundred researchers and collaborators from various government, educational and private organizations. The event was prepared based on the compilation and sharing of updated information about the main habitats and species of Mozambique. The event, co-organized with the Universidade Eduardo Mondlane had a duration of 2 weeks and had several audio visual materials on display, using interactive communication technologies.

During the event there was also a 3 day fair with the participation of various governmental and non-governmental organizations, where there were several interactive and educational activities for children and youngsters.

The exhibition/fair on biodiversity had a great impact on young people and students, and a planned tour of the exhibition will take the event to other provinces in 2016 with the support of the Ministry of Education and Human Development. The exhibition/fair will be especially dedicated to teacher training.

The BIOFUND website (provisionally created in 2014) was updated in 2015, incorporating information about the public launch of BIOFUND and the availability of the main products developed ([www.biofund.org.mz](http://www.biofund.org.mz)).



Figure 3. Biodiversity Exhibition room

## The Event in Numbers



**400** participants at the biodiversity forum

**15** speakers at the forum  
participants from 12 different countries on 3 Continents

**+100** workers and volunteers



**80** explanatory panels on species and habitats exhibited

**+1000** visitors  
(500 children)

**300** guests at the solemn ceremony



**32** hours of films on biodiversity projected

**2** films on biodiversity produced  
"Our biodiversity" and  
"The launch of BIOFUND"



**3** exhibitions rooms (aquatic, terrestrial and from partners)



**1** life size sculpture of an elephant made of wire and paper, which was donated to the UEM at the end of the event

**20** stands of partners in the fair on biodiversity



**82** companies/institutions/NGOs present at the launch of BIOFUND

Publication of **2** brochures on the event (English and Portuguese)  
**1000** copies



Mount Namuli, Zambézia  
©Andrew McRobb



## 7. FINANCIAL REPORT 2015

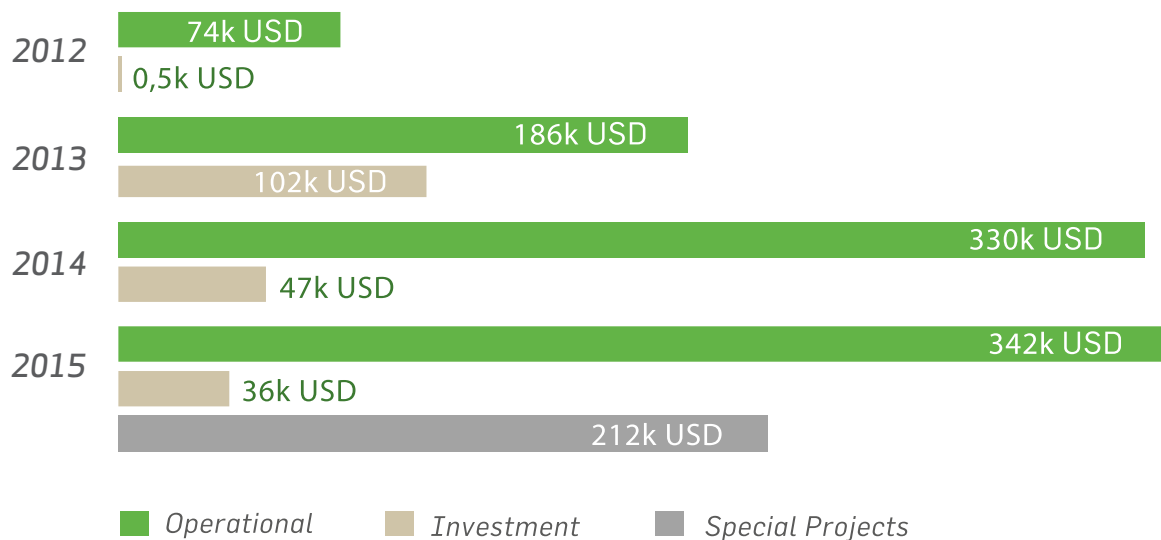
This report provides the financial expression of BIOFUND's activity during 2015.

However, given the need to provide the necessary background to this annual exercise, the report also gives a global overview of the financial area since 2012, the year in which BIOFUND attained administrative and financial autonomy.

### 7.1. General Information 2012-2015

The gradual growth of the organic structure of BIOFUND was accompanied by a gradual evolution of operational and other costs related to the specific activities (consultancies and services) for its effective establishment.

Below we present the evolution of expenditures since 2012.

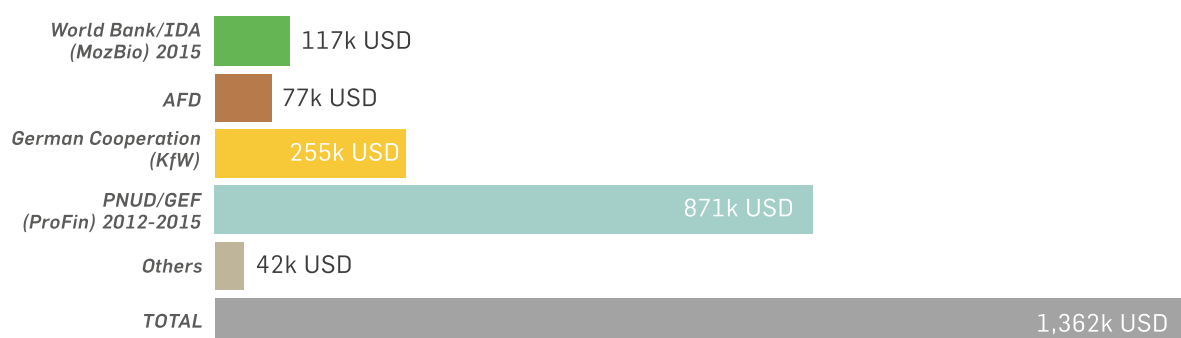


Graph 1. Evolution of expenses 2012-2015"

The operational costs since the start of activities account for 70% of the cost structure.

Staff costs, because of the nature of the Foundation's mission, in these years have a considerable weight – 69% - in the structure of operational costs. These costs correspond to staff hiring in the BIOFUND take-off phase.

In this first phase of its existence, BIOFUND has counted on the support of partners for equipping its offices with furniture and equipment, the acquisition of means of transport and hiring consultancy services.



Graph 2. Percentage of operational support (2012-2015).

## 7.2. Highlights 2015

In 2015 the financial execution of the component relating to BIOFUND of the "Project for the Sustainable Financing of the System of Protected Areas in Mozambique (ProFin)" continued to be undertaken by WWF. It should be recalled that the institution of BIOFUND and supporting it in its initial years is among the objectives of this project, which is financed by UNDP/GEF and has WWF as one of the implementing agencies.

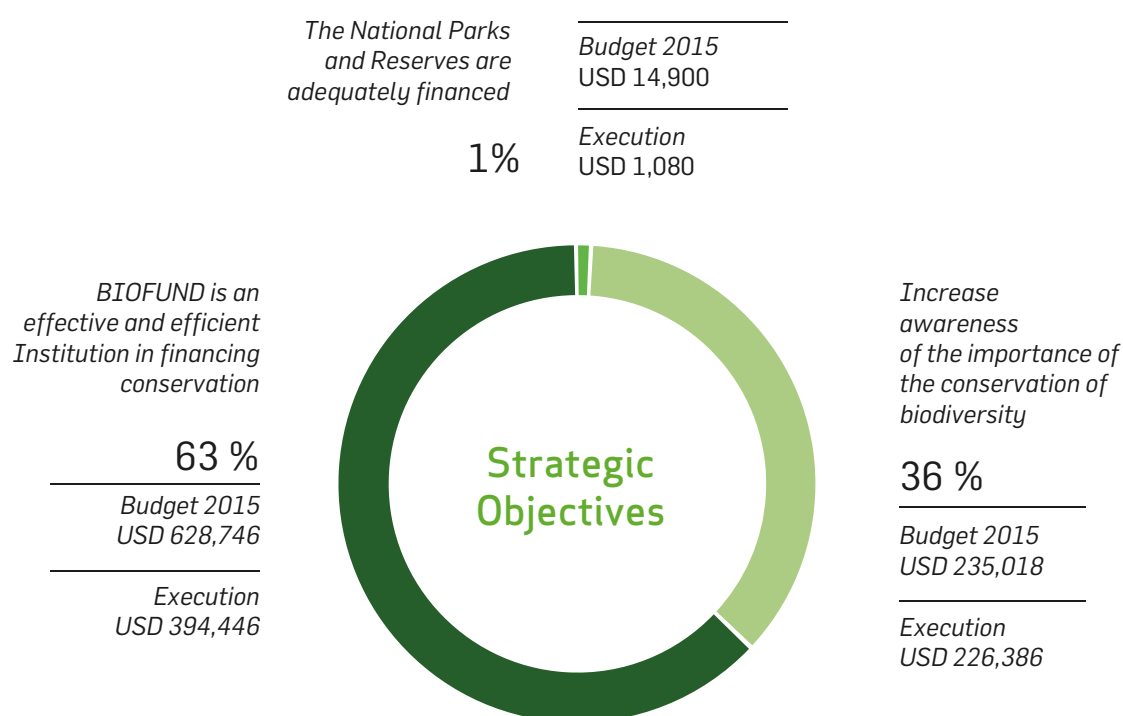
Apart from these funds from ProFin, in 2015 BIOFUND counted on funds from the MozBio project (World Bank/IDA) which became effective in May 2015 and will have a life span of 4 years.

The running costs budget of BIOFUND for 2015 was \$USD 673,577 (six hundred and seventy-three thousand, five hundred and seventy-seven US dollars). Of this sum, \$USD 338,678 came from the ProFin project and \$USD 334,899 from the MozBio project.

For the official launch of BIOFUND including the exhibition and fair, an additional budget (outside of the initial forecast) was necessary. This was financed mostly by German Cooperation via KfW and by some local sponsors, to the sum of \$USD 205,087 (two hundred and five thousand and eighty seven US dollars), in addition to the part already budgeted for this event in the MozBio and ProFin projects, totalling \$USD 212,110 of financial contributions.

Thus the adjusted budget came to the total of \$USD 878,664 (eight hundred and seventy-eight thousand, six hundred and sixty-four US dollars) which is equivalent to an extra 20% compared with the budget initially envisaged for 2015.

The expenditure paid amounted to \$USD 621,913 which was a level of execution of 70%. Below we present the budget execution according to the 2015 plan of activities grouped by Strategic Plan objective.



Graph 3: Implementation of 2015's Budget by Strategic Goal

The year 2015 was characterised by a stress on the activities of Objective 1, namely the strengthening of BIOFUND's functional structure and the search for financing for the pursuit of its goals and to implement the programmed activities. This fact is reflected in financial execution: 63% of the amount executed concerned the creation of conditions for the functioning of BIOFUND.



### 7.3. Capitalisation of BIOFUND

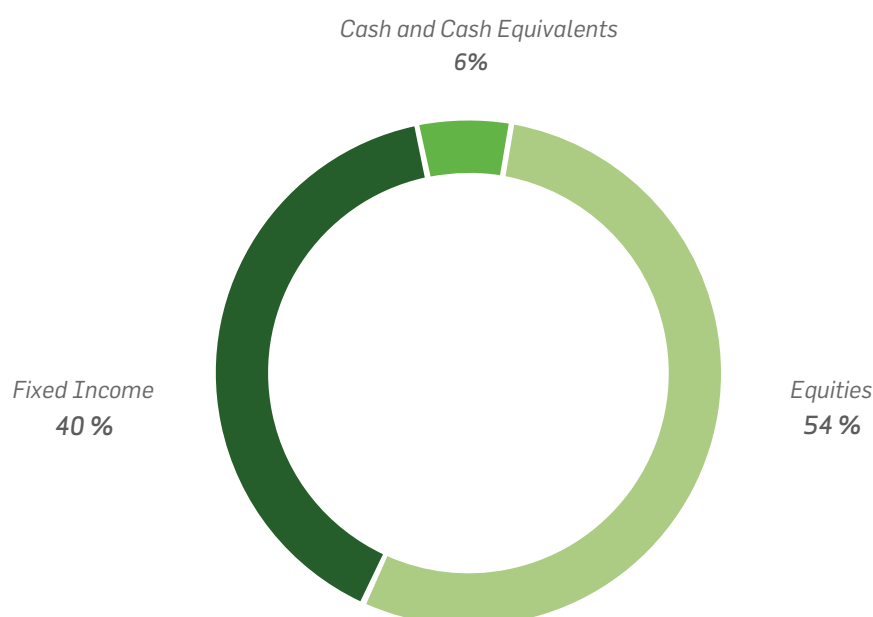
The capital fund of BIOFUND, the "Endowment" is a long term investment, where only the revenues are annually used and the capital is preserved in perpetuity. In this way it is created a permanent and sustainable revenue to support the conservation of biodiversity.

The first grants for the investment fund occurred in late 2014, and by late 2015 they had reached \$USD 21.6 million (of which 6.7 million are still being processed). The grants are detailed in

Donor	Year	Amount(USD)
German Cooperation (KfW)	2014	10,654,645.00
Conservation International - GCF	2015	1,000,000.00
World Bank/GEF (MozBio)	2015	3,196,347.00
German Cooperation (KfW) (guaranteed)	2016	6,720,000.00
<b>Total</b>		<b>21,570,992.00</b>

Table 1. Contributions to the capitalisation of BIOFUND

In December 2015 total grants received for investment in the endowment reached \$USD 14,850,992 (due to the sum still being processed). However, the 2015 annual report of the assets manager gave a market value of the investments of \$USD 14,390,279. This discrepancy was due to exchange differences and to the volatility of the international market during this year.



Graph 4. Percentage of allocation of BIOFUND financial assets

### *ANNEX 1: Opinion of the Oversight Committee*

1. The Oversight Committee hereby submits its report and gives its opinion on the reports of the Foundation for the Conservation of Biodiversity – BIOFUND, referring to the financial year ending on December 31, 2015, in compliance with Article 28 of the Article of Incorporation.
2. In the course of their duties, the Oversight Committee has followed the work of the Foundation during the period in question, via regular participation in the Board of Directors as a permanent invitee.
3. The Committee has studied the financial and technical reports of 2015, permitting an adequate understanding of the situation of on both financial and technical counts as of December 31, 2015.
4. The Committee has taken advisement of the contents of the external audit report and Letter of Recommendations prepared by KPMG Auditors and Consultants, SA, and has noted that the audit report was emitted Without Reservation and the Letter of Recommendations contains no material reflecting any incompliance with administrative and financial norms.
5. The Report of the Board of Directors regarding the Foundation's activities in 2015 is clear and detailed, and reflects the most significant occurrences of the period in question.
6. The Financial Demonstrations under the responsibility of the Board of Directors have been elaborated in compliance with generally accepted accounting principles and no note has been taken of any situation that does not respect the Articles of Incorporation or the legally applicable measures.
7. In light of this exposition, the Oversight Committee is of the opinion that the General Assembly of the Foundation for the Conservation of Biodiversity – BIOFUND should approve:
  - The Management and Financial Report for the reporting period ending on December 31, 2015
  - A vote of confidence in the members of the Board of Directors for the dedication and competence with which they have carried out their functions.

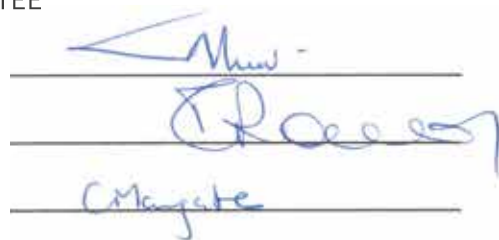
Maputo, June 7th, 2016.

#### THE OVERSIGHT COMMITTEE

President: Narciso Matos

Secretary: Isabel Ramos

Member: Carla Manjate Rombe



Three handwritten signatures in blue ink are shown, each on a horizontal line. The first signature is 'Narciso Matos', the second is 'Isabel Ramos', and the third is 'Carla Manjate Rombe'.













