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ANNUAL REPORT

2018



Contents

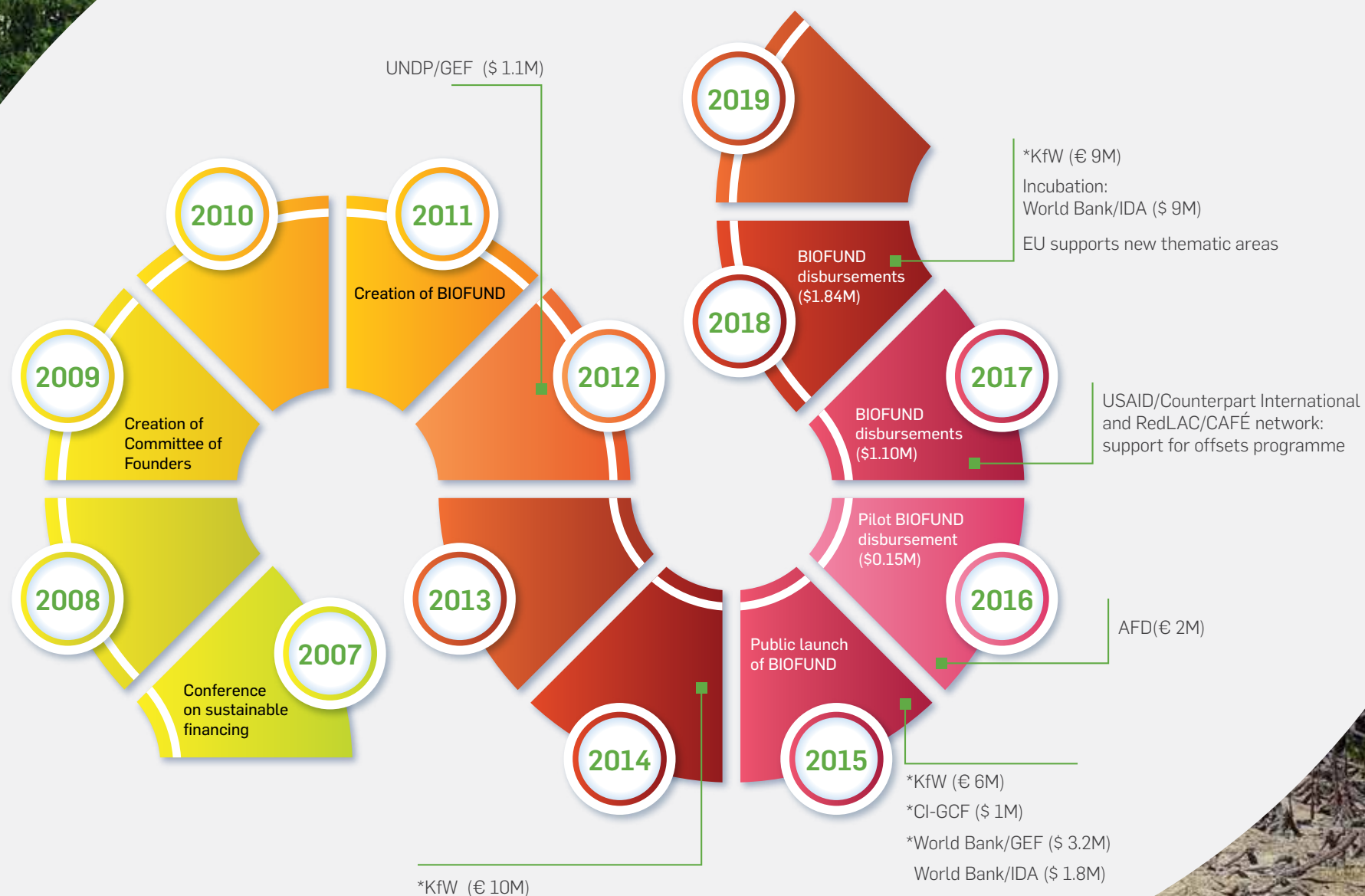
List of abbreviations and acronyms	4
Chronology of BIOFUND	5
Introduction	6
Results	7
BIOFUND in numbers (2014-2018)	8
STRATEGIC VISION – THE THREE PILLARS	9
STRATEGIC PILLAR 1 - CONSOLIDATE BIOFUND	
Institutional indicators of pillar 1	12
Fund raising	13
Contributions to the endowment	14
Institutional growth	15
BIOFUND organizational chart	16
STRATEGIC PILLAR 2 - FINANCE CONSERVATION	
Institutional indicators of pillar 2	18
Volume of disbursements from BIOFUND	19
Financial performance of the beneficiaries	20
Conservation areas that benefitted from BIOFUND in 2018	21
Main activities financed	22
Monitoring and evaluation	24
STRATEGIC PILLAR 3 - CREATE A FAVOURABLE ENVIRONMENT	
Institutional indicators of pillar 3	26
Biodiversity exhibition	27
Advocacy on biodiversity offsets	28
National Innovative Financing	29
Theme of the year: Mangroves	30
IN INCUBATION	
Mozambique Program for Conservation Leadership (PLCM)	34
"PROMOVE Biodiversity" project – EU	35
Mozbio 2 – World Bank	36
FINANCIAL REPORT	
Financial execution 2017-2018 by strategic pillars	38
Financial execution by nature of expenditure	39
Sources of financing 2018	40
Evolution of financial execution 2012 – 2018	41

LIST OF ABBREVIATIONS AND ACRONYMS

ACs	Conservation Areas
AFD	French Development Agency/Agence Française de Développement
WB	World Bank
CAFÉ	Consortium of African Environmental Funds
BIOFUND	Foundation for the Conservation of Biodiversity
GEF	Global Environment Fund
IDA	International Development Association
KFW	German Development Bank/Kreditanstalt für Wiederaufbau
MozBio	Project of Conservation Areas of Mozambique for Biodiversity and Development
PIU	Project Implementation Unit
PLCM	Mozambique Program for Conservation Leadership
UNDP	United Nations Development Programme
USAID	United States Agency for International Development



CHRONOLOGY OF BIOFUND



*Contributions to the Endowment

INTRODUCTION

BIOFUND is a Mozambican private foundation, set up in 2011 with the mission of contributing to the sustainable financing of biodiversity.

The main focus of BIOFUND is on the country's Conservation Areas (ACs).

BIOFUND made its first disbursement in 2016. Two years later, it has seen its investment capital increase significantly, and as a result it has also increased the number of beneficiary Conservation Areas.

The outstanding aspect in this period is that BIOFUND has taken on greater responsibilities in new programmes, such as, for example, MozBio 2, financed by the World Bank. This great initiative covers: i) additional support for the operational costs of the ACs, ii) implementation of the Mozambique Program for Conservation Leadership (PLCM), iii) the development of conditions for the establishment in the country of a "biodiversity offset" policy, and also, iv) looking into other innovative financial mechanisms (such as payment for ecosystem services).

In 2018, BIOFUND supported 9 Conservation Areas.



A photograph of a mangrove landscape with a body of water, trees, and a green text box. The text box is a solid green rectangle with a thin orange border, containing the word 'RESULTS' in white capital letters. Below the text box, there are two bullet points in white capital letters. The background is a photograph of a mangrove landscape with a body of water, trees, and a green text box.

RESULTS

- 2018 WAS A YEAR OF GROWTH FOR BIOFUND.
- PROGRESS WAS MADE IN ALL THE AREAS WHERE THE FOUNDATION INTERVENES.

BIOFUND IN NUMBERS

2014 - 2018



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STRATEGIC VISION – THE THREE PILLARS



CONSOLIDATE BIOFUND



FINANCE CONSERVATION



CREATE A FAVOURABLE ENVIRONMENT

One of the fundamental activities undertaken in 2018 was the revision and updating of the Strategic Plan of the Foundation for the period 2018-2022.

Keeping in essence the three strategic pillars, it extended the scope of intervention of the organisation and included actions involving work with the communities.

The focus is “guarantee the conservation of biodiversity through the integration, training, financing and strengthening of partnerships between the different sectors of society”.

Mission:

Sustainable financing of the conservation of biodiversity, with a particular focus on the national system of conservation areas as a contribution to the balanced development of the country.

Vision:

To be the preferential mechanism for financing the conservation of biodiversity in Mozambique.

Values:

- Professionalism
- Efficiency
- Transparency
- Inclusion



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STRATEGIC PILLAR 1

CONSOLIDATE BIOFUND



INSTITUTIONAL INDICATORS OF PILLAR 1



CONSOLIDATE BIOFUND

Make BIOFUND an effective and efficient institution in the financing of conservation

INDICATORS OF THE PILLAR	HISTORIC LINE				REALITY	TARGET
	2014	2015	2016	2017	2018	2018
Cumulative value of the endowment (Millions of USD)	10.6	14.4	21.2	24.7	32,5	33
Annual volume of sinking funds raised (Millions of USD)	0	0	2.2	3	4,2	1
Annual volume of resources raised for direct implementation of projects (Millions of USD)	0	0.2	1.1	0.7	3,1	0,3
Evolution of Institutional Capacity of BIOFUND*	46%	57%	69%	76%	82%	78%

*Percentage obtained with the application of BIOFUND's Institutional Capacity Tracking Tool.



FUND RAISING

Endowment: an increase of almost 35%, rising from 24.7 million to 32.5 million US dollars, in 2018.

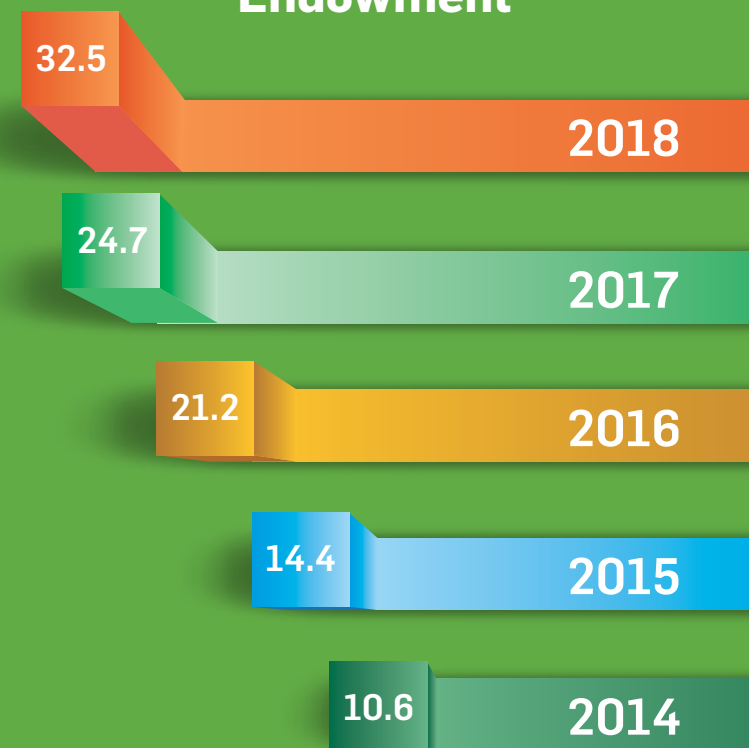
Sinking funds: in 2018, USD 4.2 million were raised, representing a growth of 40% on the USD 3.0 million attained in 2017

Innovative financing: BIOFUND continued in 2018 to develop the biodiversity offsets programme with the support of USAID/Counterpart International and the regional and international networks of CAFÉ and RedLAC.

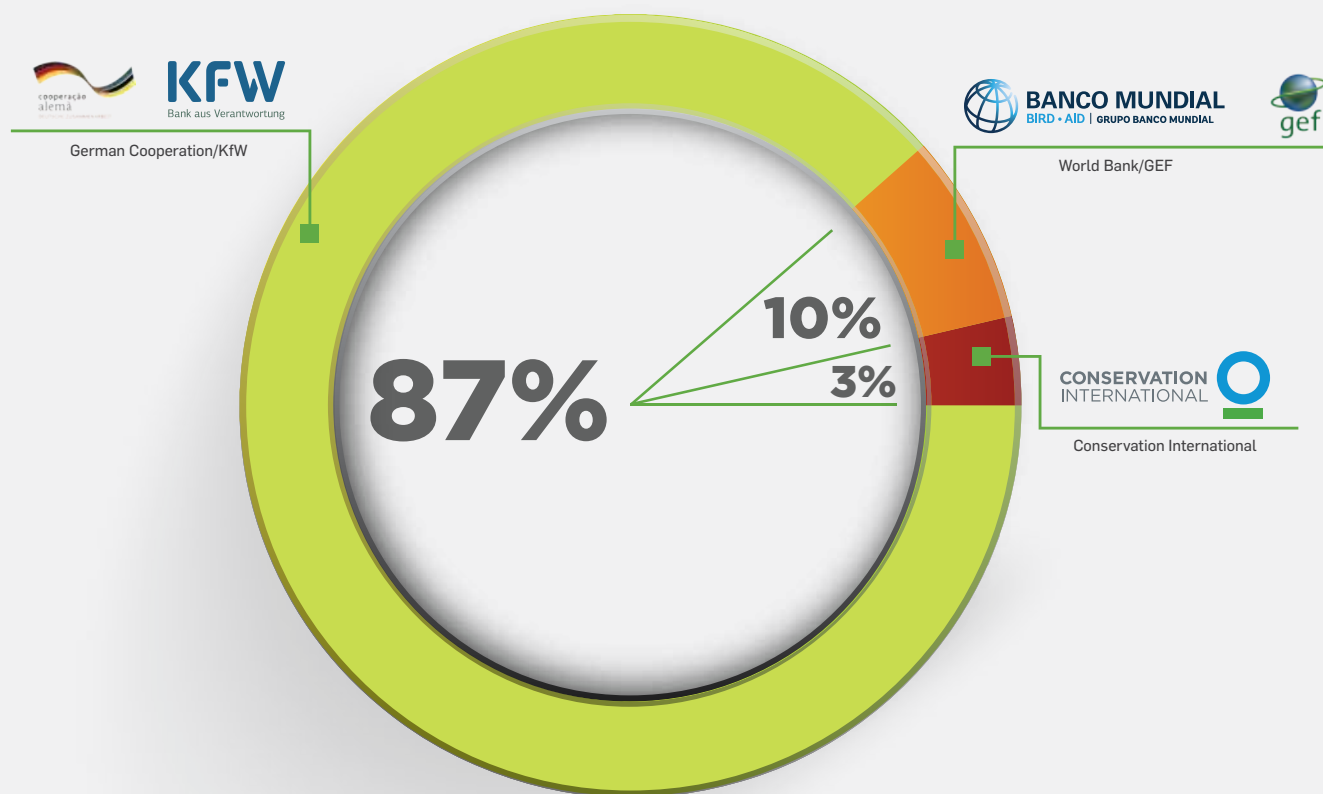
BIOFUND is beginning to become known as an effective mechanism for channelling financial support. In 2018, the European Union chose BIOFUND as the vehicle of its support for biodiversity in the country, thus joining AFD (Abelha Project) and the World Bank (MozBio I and II).

With these projects, it is calculated that over the next 6 years the Foundation will distribute about 20 million US dollars, in addition to the regular disbursements from the income from its endowment.

Endowment



CONTRIBUTIONS TO THE ENDOWMENT



The growth of the endowment was mainly due to grants from the German government via KfW. However, during this year the volatility of the capital markets resulted in a reduction in the gains from the investments made.



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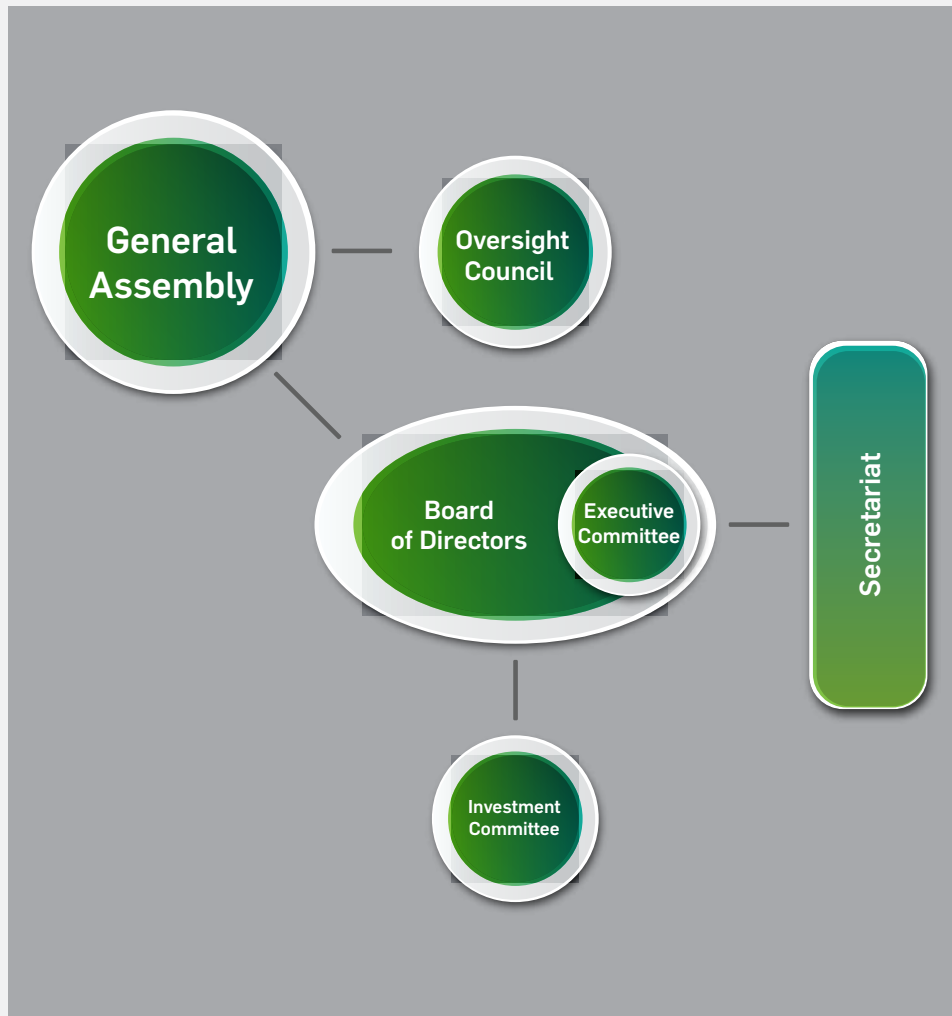
CONSOLIDATE BIOFUND

INSTITUTIONAL GROWTH

A major contribution to the improved performance of the BIOFUND's team in 2018 was the revision of the organisational structure and operational instruments of the institution undertaken over the last two years, with the support of the technical assistance provided by a consortium headed by GITEC and including FUNBIO – the Biodiversity Fund of Brazil. This support, which was financed by German Cooperation through KFW, made it possible to revise the operational and procedures manual and to map the BIOFUND processes.

As a result, BIOFUND has expanded its staff, leading it to divide its Programme area into two sectors (the Programme Directorate, focused on disbursements for the ACs, and a new Directorate of Innovative Financing). Also added to the BIOFUND organisational chart were the Communication, Monitoring and Evaluation and Procurement units.

BIOFUND ORGANIZATION CHART



New Secretariat Structure





STRATEGIC PILLAR 2

FINANCE CONSERVATION






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FINANCE CONSERVATION

INSTITUTIONAL INDICATORS OF PILLAR 2

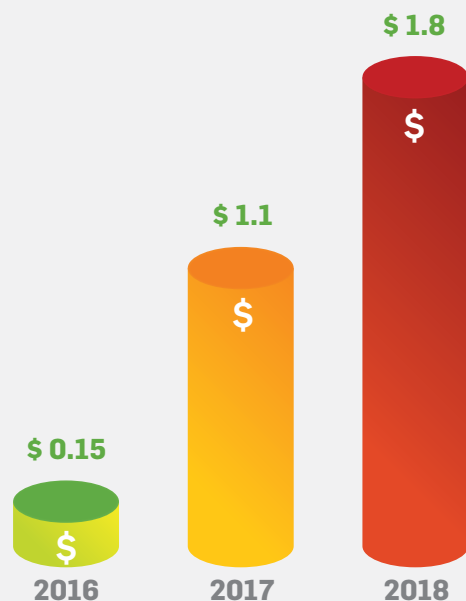
<div></div> <div>FINANCE CONSERVATION Financing conservation, with a focus on the National System of Conservation Areas</div>	INDICATORS OF THE PILLAR	HISTORIC LINE				REALITY	TARGET
		2014	2015	2016	2017	2018	2018
		Annual volume of grants disbursed (Millions of Meticals)	0	0	9.1	66	111
	Percentage of Parks and Reserves benefitting annually	0	0	5%	47%	47%	53%



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FINANCE CONSERVATION

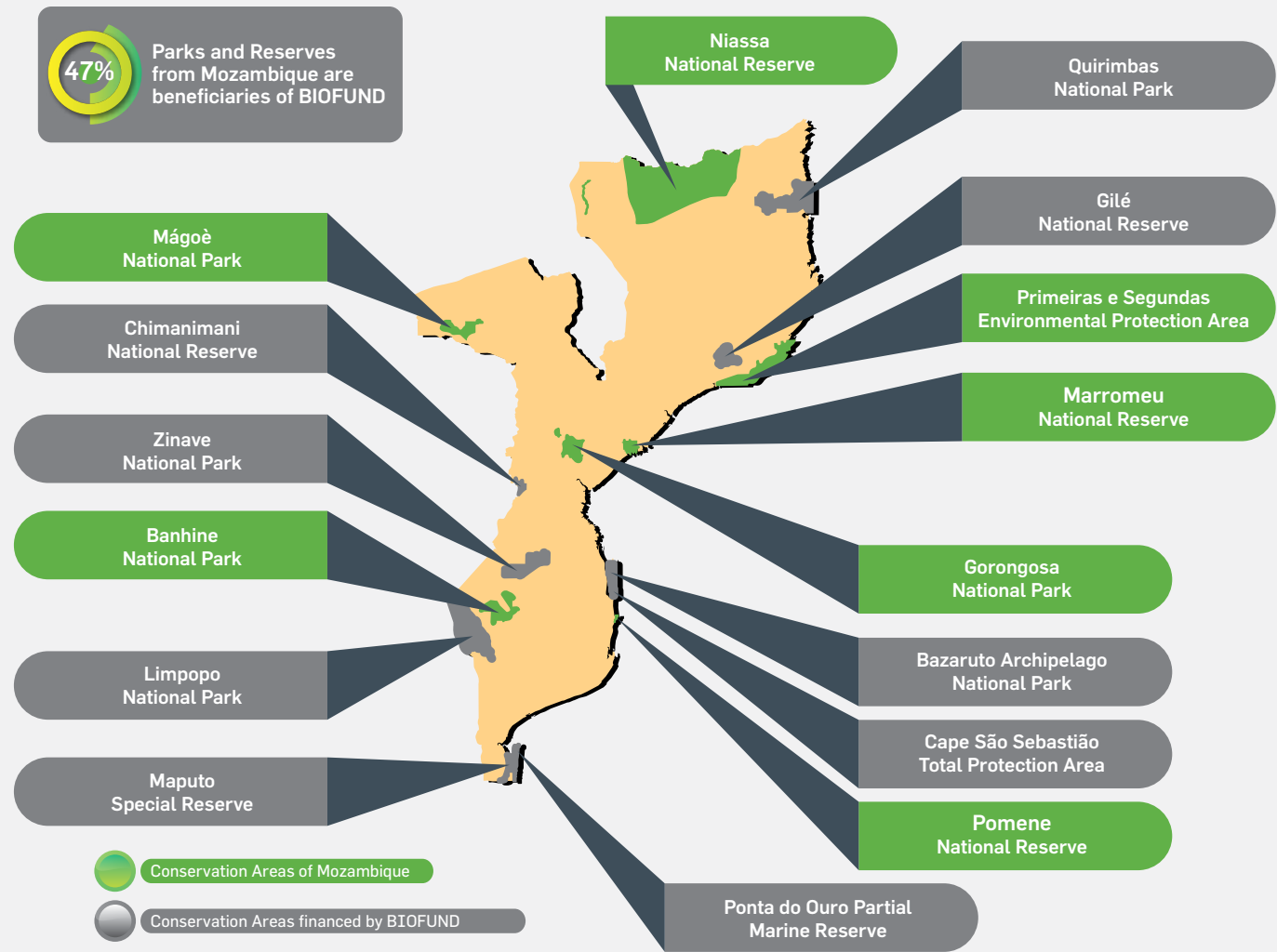
VOLUME OF BIOFUND DISBURSEMENTS



In 2018 BIOFUND disbursed to the beneficiary Conservation Areas about USD 1.8 Million, an increase of 64% compared with 2017.



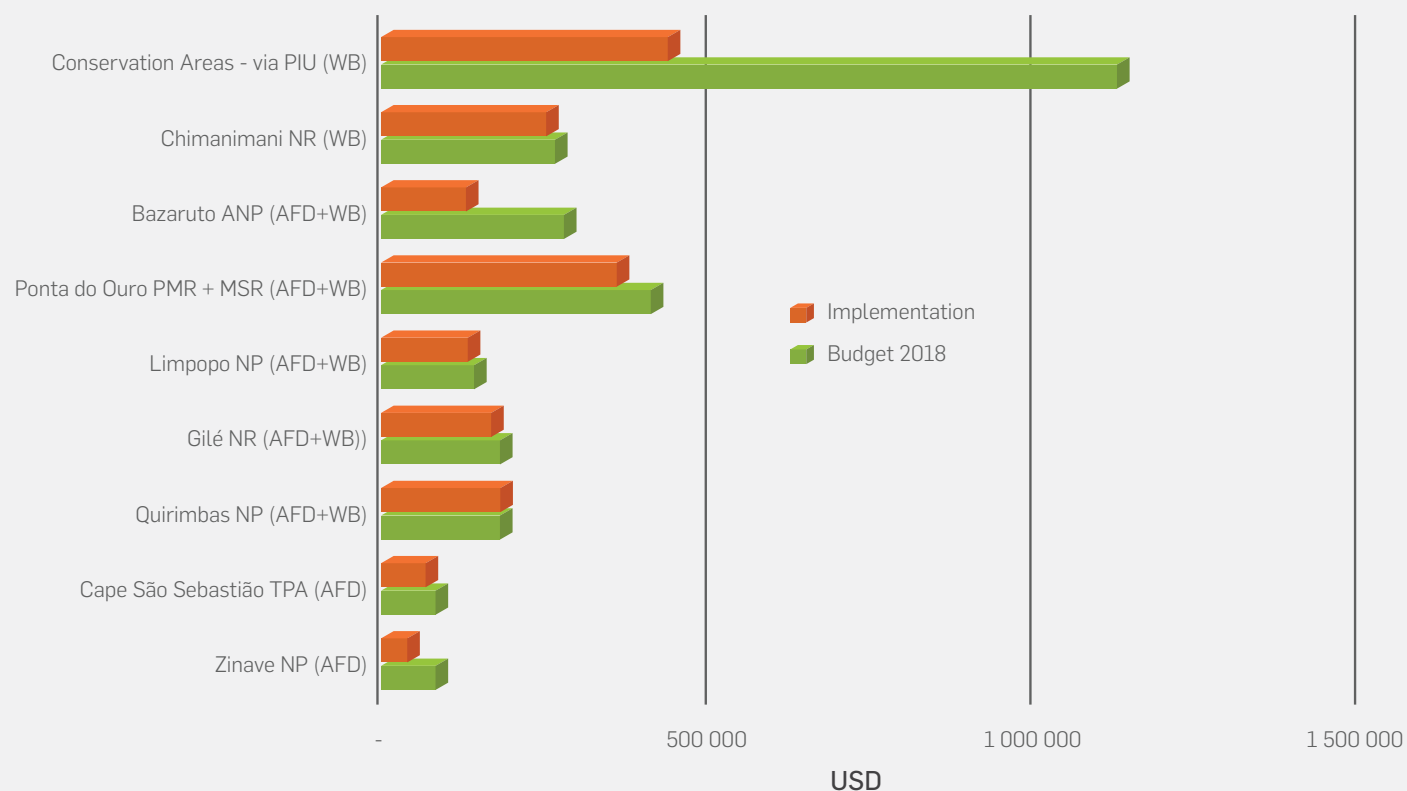
CONSERVATION AREAS THAT BENEFITTED FROM BIOFUND IN 2018



© Diogo Duarte

FINANCIAL PERFORMANCE OF THE BENEFICIARIES

The execution of the 2018 budget, in all areas that receive direct funding from BIOFUND (World Bank – Mozbio Project and AFD – Abelha Project), is in excess of 90%.



MAIN ACTIVITIES FINANCED



- Improved performance of the ACs, particularly in terrestrial, coastal and marine patrolling (leading to a reduction in poaching and other illegal activities);
- Maintenance of infrastructures and equipment;
- Communications;
- Road maintenance;
- Monitoring of species (whith emphasis on sea turtles and removal of invasive species);
- Community awareness.



What is the importance of BIOFUND support for the Ponta de Ouro Partial Marine Reserve and the Maputo Special Reserve?

The great contribution of BIOFUND support is to the operational costs and the basic needs of the Maputo Special Reserve, such as, for example, vehicle maintenance, fuel and ration, among others. This support is very relevant since without it we would face limitations in carrying out our daily tasks. Without BIOFUND support, it would be difficult to maintain the growth curve of investment that Ponta do Ouro has been showing.

The investment by BIOFUND, together with other partners, allows the maintenance of some vital programmes such as the monitoring of turtles and coral reefs, allowing us to gather information about the state of the resources for more appropriate management and reducing significantly negative aspects such as the mortality rate of important species.

With the basic conditions guaranteed, other partners may support in relevant areas such as infrastructures, monitoring and re-introduction of species, thus contributing to tourism and improving the living conditions of local communities.

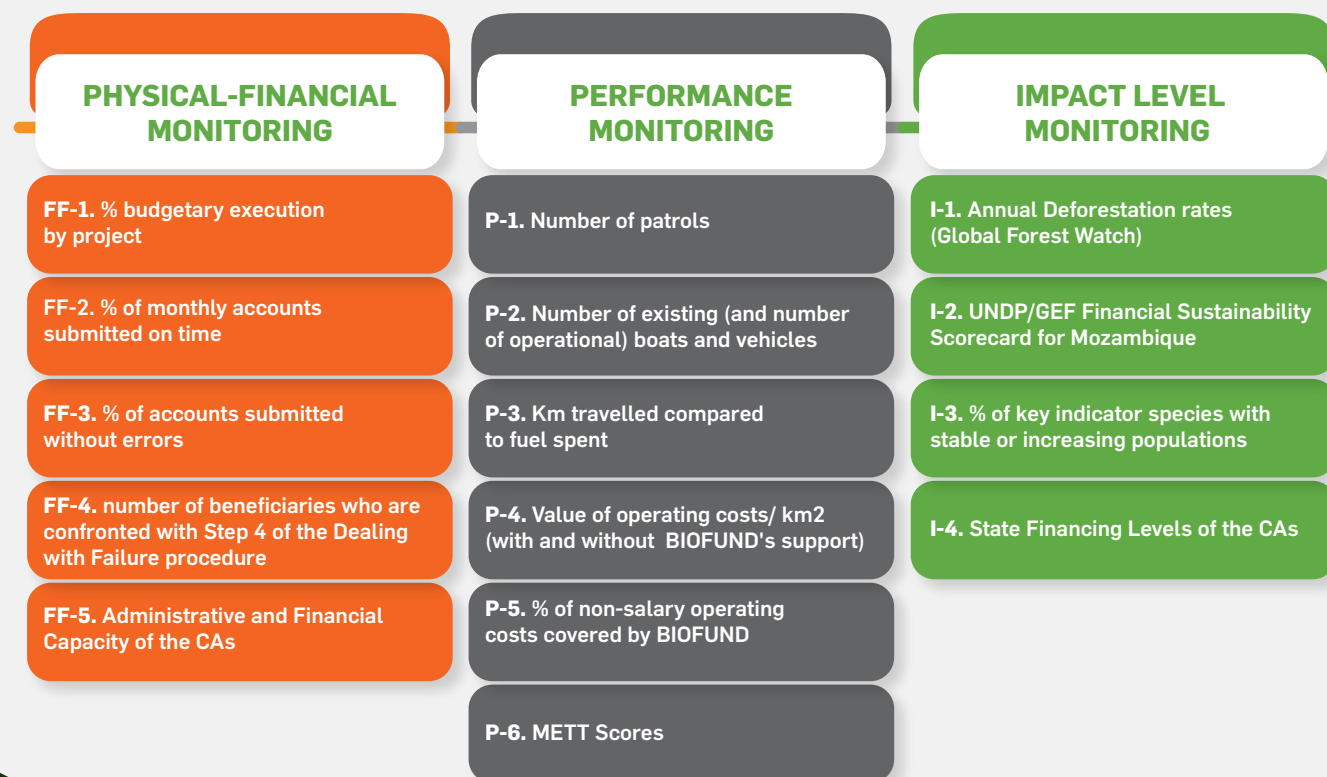
Miguel Gonçalves - Manager of Ponta de Ouro Partial Marine Reserve and Maputo Special Reserve

MONITORING AND EVALUATION

In 2018 a monitoring and evaluation unit was set up in BIOFUND.

The policy and the monitoring manuals that accompanied the creation of this unit allowed the Foundation to follow not only its own technical performance, but to start looking at the impact of its action on the Conservation Areas, identifying indicators that provide a consistent and verifiable level of information about the core business of BIOFUND.

These indicators are divided into three levels of monitoring:





STRATEGIC PILLAR 3


CREATE A FAVOURABLE ENVIRONMENT



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CREATE A FAVOURABLE ENVIRONMENT

INSTITUTIONAL INDICATORS OF PILLAR 3

<div>  <p>CREATE A FAVOURABLE ENVIRONMENT</p> <p>Promoting the consolidation of an enabling environment for conservation in Mozambique</p> </div>	INDICATORS OF THE PILLAR				HISTORIC LINE				REALITY	TARGET
					2014	2015	2016	2017	2018	2018
	Number of participants in events				0	1,500	3,100	4,000	5,262	4,000
	Number of users of BIOFUND website				-	-	4,110	6,052	12,531	8,000

BIODIVERSITY EXHIBITION

The third and final pillar of the BIOFUND strategic approach is aimed at creating a favourable environment for conservation. For this, one of the fundamental elements has been the itinerant exhibition on biodiversity which has been held since 2015. In 2018, this activity took place in Inhambane, with the title "The Culture of Conservation and Sustainable Development". The exhibition was extensively covered by the media, such as radio, television and the newspapers, during a period of three months.



5

days of environmental
education activities
for children

17

films on
biodiversity

182

participants
in the forum on
biodiversity
offsets

36

schools involved

76

information
panels compiled
by specialists in
biodiversity

3776

pupils involved

44

exhibitors at the fair

27

lectures and debates

Total of
5262

participants

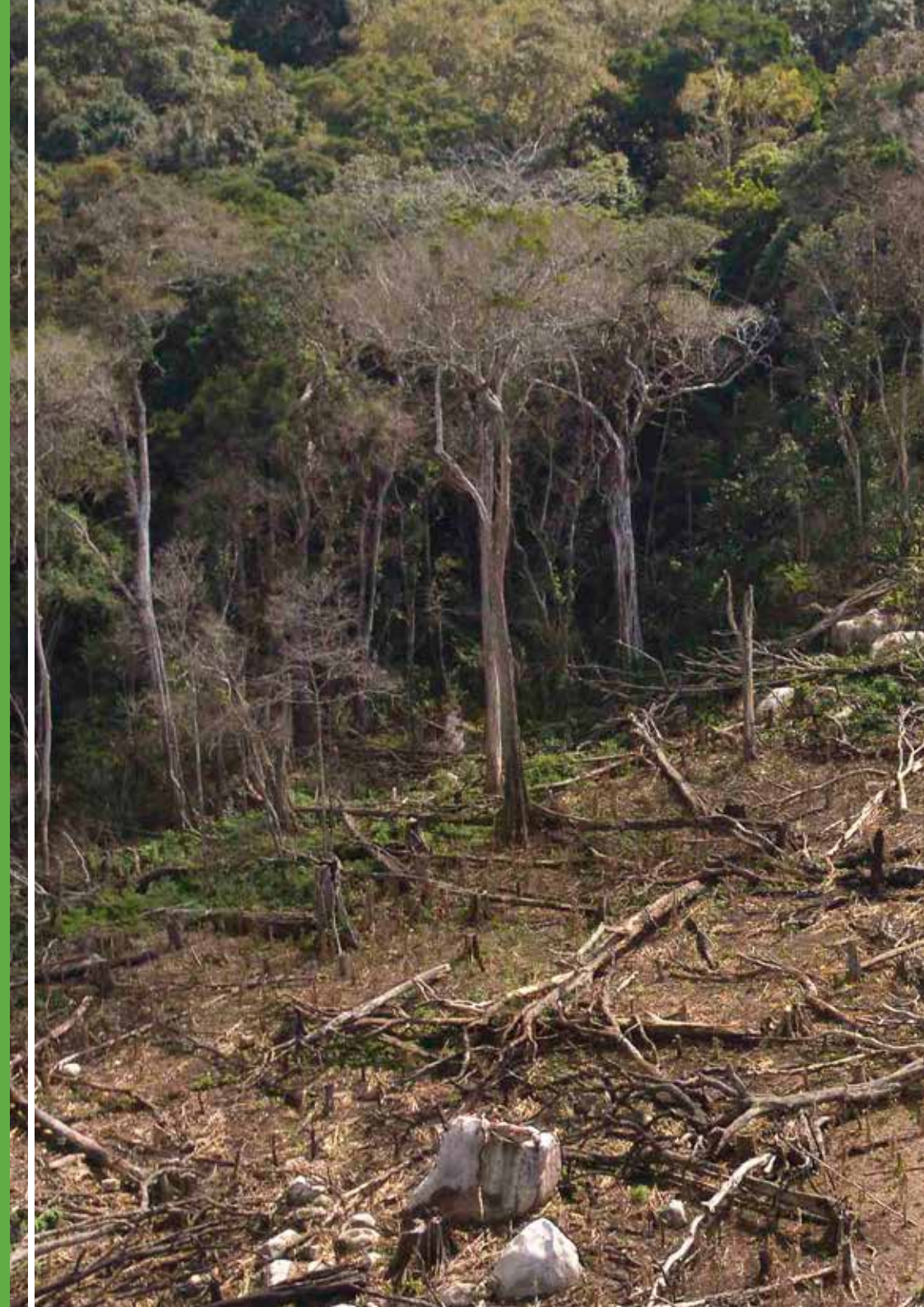
CREATE A FAVOURABLE ENVIRONMENT

ADVOCACY ON BIODIVERSITY OFFSETS

BIOFUND in partnership with WCS/Project COMBO has supported the Mozambican government in establishing the legal, technical and financial procedures for implementing the hierarchy of mitigation and biodiversity offsets in Mozambique.

Various advocacy training actions have been held, involving representatives of the public sector, private sector, civil society, the academic world and society in general about the best practices of environmental impact evaluation and application of the concept of the hierarchy of mitigation. The programme is supported by USAID/Counterpart International and by UNDP.

One aspect that stood out in 2018 was the photographic exhibition on biodiversity offsets held during the VI General Assembly of BIOFUND.





CREATE A FAVOURABLE ENVIRONMENT

NATIONAL INNOVATIVE FINANCING

Created in 2017, the BIO debit card was the first partnership with a local bank - BCI - and had a remarkable expansion in 2018.

+6700
users





THEME OF THE YEAR: MANGROVES

“... the mangrove forests are among the most climate-resilience, productive and biodiverse ecosystems on Earth...”

Global Mangrove Alliance

In Mozambique mangroves support the livelihoods of more than 60% of the population who live in coastal areas. These mangrove forests are strongly impacted by urban development, illegal extraction of wood and extreme climate events.



Coastal forests present in 121 countries



It has the 2nd largest mangrove coverage in Africa



Mozambique is the country with the 13th largest mangrove coverage in the world



7 Conservation Areas in Mozambique have mangrove forests



● By 2018 BIOFUND supported

57% of the Conservation Areas with mangrove forests supported

650 000 USD disbursed for Conservation Areas with mangrove forests

Protection of **19 150** ha of mangrove forests within the Conservation Areas

● Targets for 2019

100% of Conservation Areas with mangrove forests supported

Disburse more than **1M USD** for Conservation Areas with mangroves

Support the protection of **109 350** ha of mangrove forests

ACTIVITIES HELD IN 2018

- Inputs for establishing a legal framework on mangroves in Mozambique;
- Research on the potential of the mangrove forests as receivers of biodiversity offset projects;
- Promotion of events to raise awareness of the ecological and socio-economic relevance of the mangroves.



IN INCUBATION

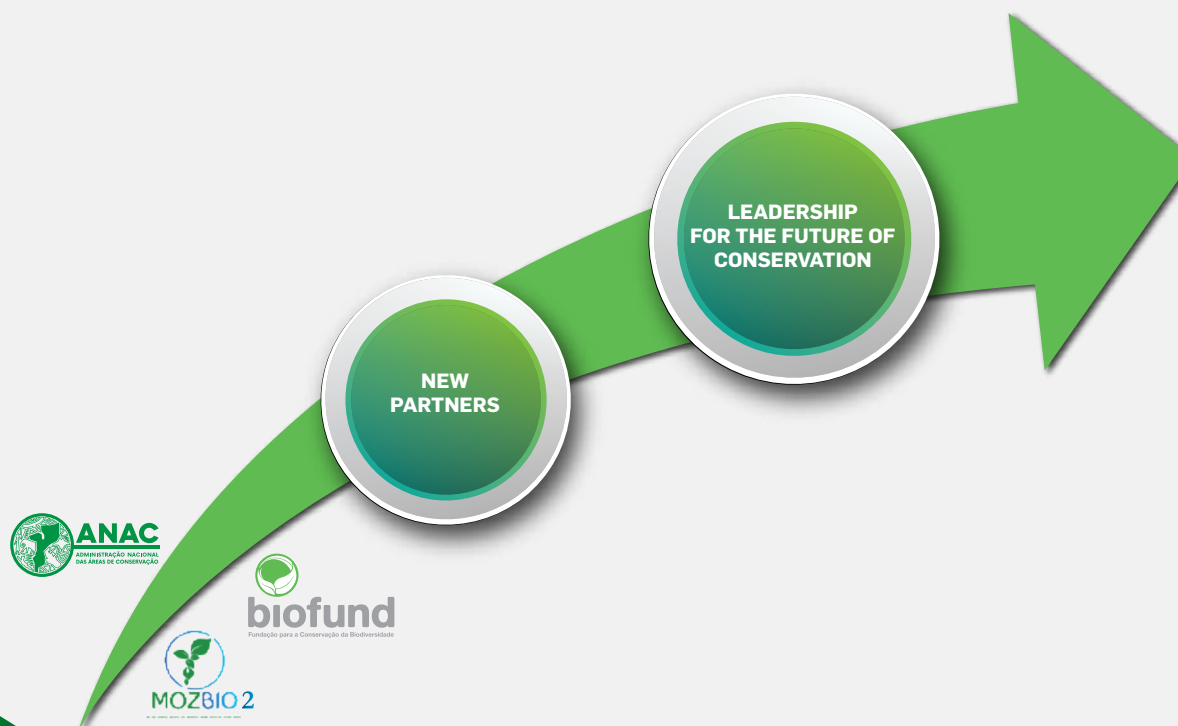
- 2018 WAS A YEAR OF MANY ACHIEVEMENTS, BUT IT WAS ALSO A YEAR OF PREPARATION FOR MUCH THAT WILL FOLLOW.

- IN THIS SECTION, WE STRESS 3 NEW INITIATIVES THAT WILL BE IMPLEMENTED AS FROM 2019.



MOZAMBIQUE PROGRAM FOR CONSERVATION LEADERSHIP (PLCM)

- Support from the World Bank.
- Opportunity to strengthen the capacity of the human resources of the conservation areas through: training and internships; interchanges; and making use of the potential of staff recently trained in national universities and institutes.



PROJECT

“PROMOVE Biodiversity” - EU

- New partnership with the European Union.
- 10.2 million euros for 6 years.
- 3 main areas, namely: support the management of conservation, promote research, and strengthen community activities.
- Gilé NR, Mount Mabu and Primeiras e Segundas Environmental Protection Area (APAIPS).
- APAIPS is particularly important for BIOFUND, since 2015, its endowment includes a grant from Conservation International of 1 million USD, yields from which are destined exclusively for that conservation area.

MOZBIO 2

- MozBio 2 is supported by the world Bank.
- Channelling of operational support of about 4.5 million dollars.
- 3 landscapes: Maputo Special Reserve/ Ponta do Ouro Partial Marine Reserve, the Chimanimani National Reserve and the Marromeu National Reserve.
- Implementation of the PLCM.
- Expansion of the biodiversity offsets programme.
- Institutional support, including a significant contribution to the BIOFUND Endowment, with GEF funds.



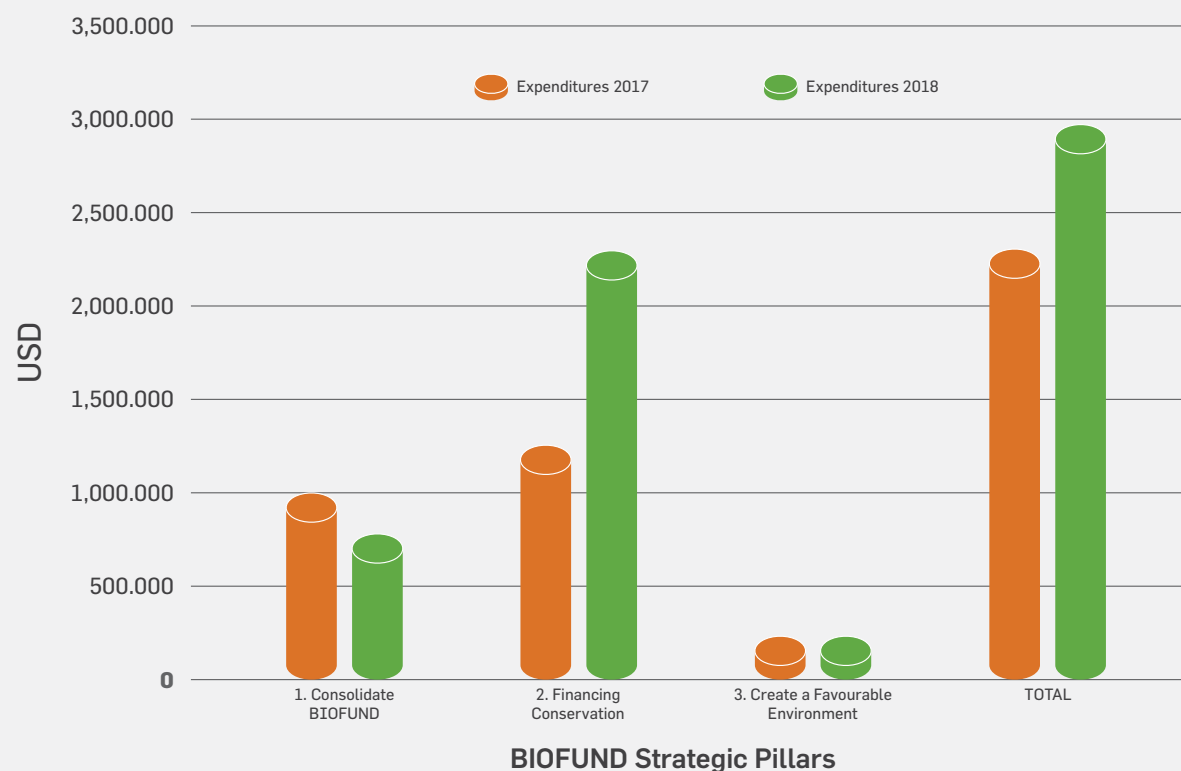


FINANCIAL REPORT 2018



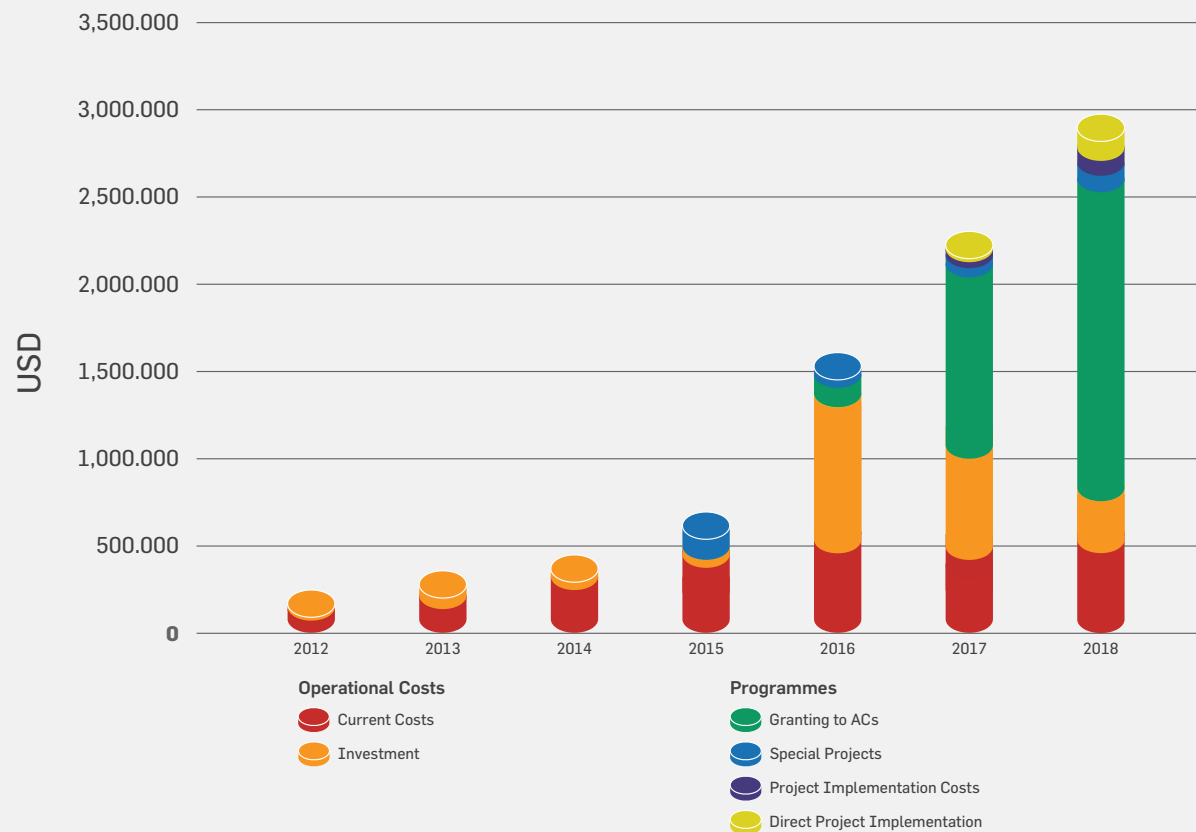
FINANCIAL EXECUTION 2017-2018 BY STRATEGIC PILLARS

- In the overall financial execution, BIOFUND had an increase of approximately 32%.
- The greatest contribution to this level of execution came from the disbursements for the Conservation Areas which grew by 64% in comparison with 2017.



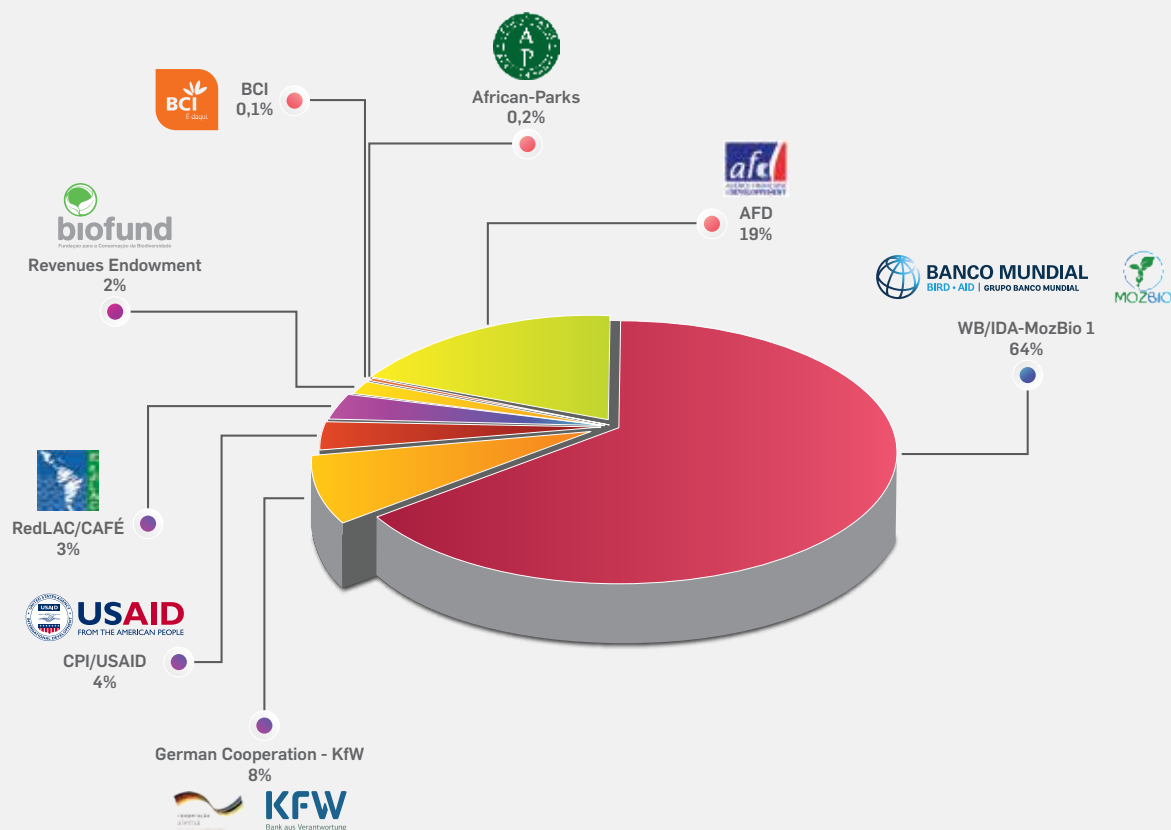
FINANCIAL EXECUTION BY NATURE OF EXPENDITURE

- In 2018 the volume of programme implementation almost doubled compared to the previous year.



FINANCING SOURCES FOR 2018

- World Bank – MozBio 1 Project financing 64% of the global budget, from which more than two-thirds (2/3) were channeled to Conservation Areas.
- AFD contributing with 19% almost exclusively to Abelha Project.
- Technical Assistance Project from KfW - representing about 8% of the implementation in 2018.



EVOLUTION OF FINANCIAL EXECUTION 2012 – 2018

In USD

Description	Annual Expenses							Total
	2012	2013	2014	2015	2016	2017	2018	
Operational Costs	74,743	287,906	377,794	410,013	1,326,824	998,910	728,630	4,204,820
Current Costs	74,286	185,979	330,312	342,238	472,455	425,720	471,144	2,302,134
Investment*	457	101,927	47,482	67,774	854,369	573,190	257,486	1,902,686
Programmes	0	0	0	211,900	233,585	1,234,216	2,221,521	3,891,222
Granting to CAs	0	0	0	0	147,530	1,097,764	1,843,077	3,088,371
Project Implementation Costs	0	0	0	0	0	62,978	104,373	167,351
Special Projects	0	0	0	211,900	86,055	45,427	59,082	402,464
Direct Project Implementation	0	0	0	0	0	28,047	204,989	233,036
TOTAL	74,743	287,906	377,794	621,913	1,560,409	2,233,126	2,940,151	8,096,042

*Includes Technical Assistance





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