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TO
BIOFUND - THE FOUNDATION FOR THE CONSERVATION OF BIODIVERSITY
MAPUTO

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of BIOFUND - THE FOUNDATION FOR THE CONSERVATION OF BIODIVERSITY, which comprise the statement of financial position as at 31 December 2021 and the statement of cash receipts and disbursements and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the BIOFUND - THE FOUNDATION FOR THE CONSERVATION OF BIODIVERSITY as at 31 December, 2021, and its statements of receipts and disbursements for the year then ended, in accordance with basis of accounting as described in Note 2.2 and in the manner required by Mozambique legislation.

In addition

We have verified that:

- The financial statements present fairly, in all material respects, the Programmes cash receipts/income and expenditures as well as the cash/bank/financial position in accordance with an acceptable financial reporting framework;
- All donor funding was used in accordance with the terms set out in the Financing Agreements and exclusively for the intended purposes.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Mozambique, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of accounting

We draw attention to the Note 2.2 to the financial statements, which described the basis of accounting. The financial statements are prepared to assist the entity in complying with the financial reporting provision of the contract signed with the donors. As a result, the financial statement may not be suitable for another purpose. Our report is intended solely for the entity and should not be distributed to or used by parties other than the entity. Our opinion is not modified in respect to this matter.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements, in accordance with basis of accounting as described in Note 2.2 and in the manner required by Mozambique legislation, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO (MOZAMBIQUE), LDA

Registered Auditor Firm nr 02/SAC/OCAM/2012, represented by:

 **BDO**

Engagement Partner: Abdul Satar A. Hamid

Registered Auditor: 01/CA/OCAM/2012

Maputo, 20 June 2022

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD FROM 01 JANUARY 2021 TO 31 DECEMBER 2021
(Amounts expressed in USD)

Descriptio	Note	MozBio2 (IDA, GEF e MDTF))	UNDP	AFD (APEM e ECO - DRR)	BIOFUND (BIOFUND, CI, FAO e SPEED)	Bio Card	KFW	European Union	AFD/FFEM	Reserve guards Fund	Endowment	Total (USD) 2021	Total (USD) 2020
Opening balance		471 117	0	278 525	179 505	80 904	161 000	3 600 162	1 226 667	160 609	41 118 204	47 276 692	42 099 783
		471 117	0	278 525	179 505	80 904	161 000	3 600 162	1 226 667	160 609	41 118 204	47 276 692	42 099 783
Receipts:													
Funds received	3	3 368 011	8 793	780 000	1 779 172	90 515	109 088	0	0	1 563	12 000 000	18 137 142	4 858 912
Interest received		116	0	2 350	2 193	0	0	0	0	2 370	6 005 184	6 012 212	5 770 374
Regularizations		0	0	0	0	0	0	0	0	0	0	0	0
		3 368 127	8 793	782 350	1 781 365	90 515	109 088	0	0	3 933	18 005 184	24 149 354	10 629 286
Expenses:													
Services and other operating costs	4	3 396 879	7 746	189 779	1 667 912	10 290	236 752	1 516 298	490 438	1 975	0	7 518 069	3 443 746
Management fees (asset manager)		0	0	0	0	0	0	0	0	0	232 623	232 623	201 748
Advances to beneficiaries	5	(136 091)	0	210 949	223 861	0	0	(246 322)	256 048	0	0	308 445	132 380
Regularizations and devolutions		0	1 047	0	0	2 569	19 204	0	0	0	0	22 820	15 499
Disbursements		0	0	0	0	0	0	0	0	0	1 022 753	1 022 753	1 659 004
		3 260 788	8 793	400 728	1 891 773	12 859	255 956	1 269 976	746 486	1 975	1 255 376	9 104 710	5 452 377
Closing balance	6	578 455	0	660 147	69 097	158 560	14 132	2 330 186	480 181	162 567	57 868 012	62 321 336	47 276 692

NOTES TO THE FINANCIAL STATEMENTS

1 Introduction

Entity designation	BIOFUND - THE FOUNDATION FOR THE CONSERVATION OF BIODIVERSITY		
Project designation	Biodiversity conservation		
Address	Av. Tomás Nduda nº 1038 R/C Maputo - Moçambique		
Activities	Sustainable financing of biodiversity conservation, with a special focus on the National System of Conservation Areas, as a contribution to the balanced development of the country. BIOFUND also fund conservation activities outside the Conservation Areas, based on the priorities defined and identified in its Strategic Plan. Provide donations to beneficiaries who qualify for funding.		
Constitution date	19 March 2012		
NUIT	700152855		
Board of directors	<p>President: Narciso Matos Vice-President: Luís Jorge Manuel A. Ferrão Secretary: Adamo Valy</p> <p>Administrators:</p> <ul style="list-style-type: none"> ▪ Carlos Henriques, ▪ Lourenço do Rosário, ▪ Milagre Nuvunga, ▪ Marcos Pereira, ▪ KfW - Represented by Júlia Crause ▪ MTA - Represented by Mohamed Harun 		
Lawyer	Carlos Martins & Associados		
Banks	<ul style="list-style-type: none"> ▪ BCI ▪ NedBank ▪ Societe Generale Moçambique ▪ Banco de Moçambique ▪ Deutsche Bank 		
	Description	Amount	%
Donor/Contribution	World Bank	15 368 011,00	85
	UNDP	8 793,00	0
	AFD	780 000,00	4
	BCI (Bio Card)	90 515,00	0.4
	KfW	109 088,00	0.6
	Reserve guards Fund	1 563,00	0
	BIOFUND & Others	1 779 172,00	10
		18 137 142,00	100

2 Accounting policies

The following paragraphs describe the main accounting policies applied consistently by the project.

2.1 Accounting convention

The accompanying statements are prepared under the historical cost convention. No procedures are adopted to reflect the impact on the financial statements of specific price changes or changes in the general level of prices.

2.2 Accounting basis

The Program's policy is to prepare the accompanying statements on the cash basis of accounting. On this basis, revenue is recognized when received rather than when earned, and expenses are recognized when paid rather than incurred.

2.3 Reporting currency

Functional and presentation currency

Items included in the entity's financial statements are measured in Dollar (USD), not in the currency of the economic environment in which it operates, called the functional currency, which is Metical (MZN). Dollar is also the reporting currency of these financial statements.

Transactions and Balances

Transactions in currencies other than dollar are translated into the presentation currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains or losses resulting from the payment and receipt of transactions and the translation, at the exchange rate of the balance sheet date, of monetary assets and liabilities denominated in foreign currency are recognized in the income statement.

Quotations Used

The quotations used to convert the balances expressed in currencies other than dollar at 31 December 2021 and 2020 were as follows:

Description	Currency	31dec21	31dec20
Metical	MZN	65,00	71,00
Euro	EUR	1,20	1,20

2.4 *Fixed assets*

Fixed assets are expensed in the year of purchase.

2.5 *Receipts*

The heading “Receipts” represent funds transferred by the donors to support the foreseen activities of the projects.

2.6 *Comparative figures*

The Financial Statements, as well as the corresponding explanatory notes, include comparative figures for the period ended 31 December, 2020.

3 Funds received

3.1 Mozbio 2 (IDA, GEF e MDTF)

Description	2021	2020
January	236 670,00	0,00
February	0,00	338 060,00
April	370 700,00	0,00
May	499 990,00	0,00
June	499 990,00	233 496,00
July	1 048 452,00	347 990,00
August	0,00	330 954,00
September	336 335,00	0,00
October	0,00	269 710,00
December	375 874,00	235 747,00
	3 368 011,00	1 755 957,00

In the current year, two new funders were introduced to Mozbio2, namely: The Global Environment Facility (GEF) and MDTF (Multi Donor Trust Fund) which aim to provide additional funding for the activities related to the original project.

3.2 UNDP

Description	2021	2020
March	0,00	2 880,00
May	3 984,00	13 130,00
July	4 809,00	0,00
October	0,00	49 828,00
	8 793,00	65 838,00

3.3 AFD (APEM e ECO - DRR)

Description	2021	2020
August	780 000,00	353 704,00
	780 000,00	353 704,00

In the current year, in addition to the APEM, AFD financed the ECO - DRR project whose main purpose is to strengthen the ecosystem, the community and the financial resilience of the Zambezi Delta to the effects of climate change.

3.4 BIOFUND (BIOFUND, CI, FAO e SPEED)

Description	2021	2020
January	550 000,00	425 821,00
February	653 000,00	0,00
March	26 000,00	0,00
April	0,00	233 183,00
May	522 753,00	0,00
July	0,00	150 000,00
September	21 637,00	0,00
November	5 782,00	1 370,00
December	0,00	310 030,00
	1 779 172,00	1 120 404,00

During the current year, two new funders were introduced to BIOFUND: **The Food and Agriculture Organization of the United Nations (FAO)** for capacity building activities of DINAF in the implementation of ongoing reforms aimed to promote sustainable management of forest resources, reducing forest loss and degradation and **Supporting the Policy Environment for Economic Development (SPEED)** as a contribution to BIO-Fund of Emergency created in June 2020, with the aim of ensuring that the drastic fall in tourism revenues in the country and in particular in the Areas of Conservation, due to COVID-19, would not jeopardize the protection of natural resources.

3.5 BCI - Bio Card

Description	2021	2020
January	13 059,00	0,00
February	0,00	6 284,00
March	14 556,00	10 392,00
May	14 696,00	4 784,00
June	0,00	11 372,00
July	16 374,00	5 036,00
August	8 634,00	6 216,00
September	8 532,00	6 199,00
October	0,00	5 204,00
December	14 664,00	0,00
	90 515,00	55 487,00

3.6 KFW

Description	2021	2020
August	109 088,00	0,00
December	0,00	122 328,00
	109 088,00	122 328,00

3.7 European Union

Description	2021	2020
December	0,00	0,00
	0,00	0,00

3.8 AFD/FFEM

Description	2021	2020
December	0,00	1 226 667,00
	0,00	1 226 667,00

3.9 Reserve guards Fund

Description	2021	2020
April	1 563,00	0,00
December	0,00	158 527,00
	1 563,00	158 527,00

3.10 World Bank/GEF

Description	2021	2020
December	12 000 000,00	0,00
	12 000 000,00	0,00

4 Services and other operating costs

All costs incurred in carrying out BIOFUND activities and the entity administrative costs are recorded under this heading.

5 Advances to beneficiaries - Areas of conservation

This heading relates to advances made to beneficiaries not justified and expenses incurred not yet reimbursed.

6 Closing balance

The closing balance at 31 December 2021, has the following breakdown:

Description	Note	MozBio2 (IDA, GEF e MDTF))	UNDP	AFD (APEM e ECO - DRR)	BIOFUND (BIOFUND, CI, FAO e SPEED)	Bio Card	KFW	European Union	AFD/FFEM	Reserve guards Fund	Endowment	Total (USD) 31Dec2021	Total (USD) 31Dec2020
Banks	6.1	578 455	0	660 147	69 097	158 560	14 132	2 330 186	480 181	162 567	57 868 012	62 321 336	47 276 692
		578 455	0	660 147	69 097	158 560	14 132	2 330 186	480 181	162 567	57 868 012	62 321 336	47 276 692

6.1 Banks

6.1.1 Mozbio 2 (IDA, GEF e MDTF)

Description	Currency	31dec21	31dec20
NedBank - 18060608	USD	555 940,00	432 313,00
NedBank - 17578507	MZN	22 515,00	38 804,00
		578 455,00	471 117,00

6.1.2 UNDP

Description	Currency	31dec21	31dec20
Société General Moçambique - 177598	MZN	0,00	0,00
		0,00	0,00

6.1.3 AFD (APEM e ECO - DRR)

Description	Currency	31dec21	31dec20
Société General Moçambique - 239712	EUR	652 199,00	0,00
Banco Comercial de Investimento - 15764963910001	MZN	7 948,00	278 525,00
		660 147,00	278 525,00

6.1.4 BIOFUND (BIOFUND, CI, FAO e SPEED)

Description	Currency	31dec21	31dec20
NedBank - 5041507	USD	7 837,00	7 837,00
NedBank - 5057507	MZN	49 635,00	32,00
Société General Moçambique - 105988	USD	1 000,00	0,00
Société General Moçambique - 136492	MZN	461,00	13 512,00
Société General Moçambique - 99171	MZN	4 244,00	85 633,00
Banco Comercial de Investimento - 14839176510001	MZN	4 946,00	71 513,00
Banco de Moçambique 5005601009	USD	974,00	978,00
		69 097,00	179 505,00

6.1.5 BCI - BCI - Bio Card

Description	Currency	31dec21	31dec20
Banco Comercial de Investimento - 175065698710001	MZN	158 560,00	80 904,00
		158 560,00	80 904,00

6.1.6 KFW

Description	Currency	31dec21	31dec20
Société General Moçambique - 177587	EUR	14 132,00	161 000,00
		14 132,00	161 000,00

6.1.7 European Union

Description	Currency	31dec21	31dec20
Banco Comercial de Investimento - 14839176510003	EUR	2 285 402,00	3 575 159,00
Banco Comercial de Investimento - 14839176510004	MZN	44 784,00	25 003,00
		2 330 186,00	3 600 162,00

6.1.8 AFD/FFEM

Description	Currency	31dec21	31dec20
Société General Moçambique - 223368	EUR	352 788,00	1 226 667,00
Société General Moçambique - 223352	MZN	127 393,00	0,00
		480 181,00	1 226 667,00

6.1.9 Reserve guards Fund

Description	Currency	31dec21	31dec20
Banco Comercial de Investimento - 14839176510006	GBP	65 315,00	66 425,00
Banco Comercial de Investimento - 14839176510005	MZN	97 252,00	94 184,00
		162 567,00	160 609,00

6.1.10 World Bank/GEF

Description	Currency	31dec21	31dec20
Deutsche Bank - 451558 (i)	USD	57 868 012,00	41 118 204,00
		57 868 012,00	41 118 204,00

(i) The amount recorded under this heading refers to donations from different BIOFUND partners to Deutsche Bank (current BIOFUND asset manager). This amount is considered as the entity's capital and is invested in the international financial market.

The entity may only use the proceeds from this investment and, part of the capital invested in the amount of USD 1 600 000 constitutes the hybrid fund that can be used in case of need to respond to urgent commitments.

ANNEX I: FOLLOW UP OF WORK PERFORMED

As requested, and agreed in the contract, we performed our work in compliance with the regulations indicated below:

- (i) The terms of reference;
- (ii) The International Standard on Related Services (ISRS) 4400 Perform Agreed Procedures Regarding Financial Information as promulgated by the International Federation of Accountants (IFAC);
- (iii) The Code of Ethics for Professional Reviewers / Auditors issued by IFAC. Although SSRS 4400 determines that independence is not a requirement for commitments to agreed procedures, the Contracting Authority requires the Auditor to comply with the independence requirements set out in the Code of Ethics for Professional Reviewers / Auditors.

Tors ref	Description of procedures	Audit Results Satisfactory: (Y or N or N / A)	Comments
2.1	Verify that donor funds have been used in accordance with the conditions laid down in the relevant financing agreements with due regard to the economy and efficiencies and solely for the purposes for which the funding was granted;	Y	All expenditure analyzed was carried out within the framework of the project activities.
2.2	Verify that counterpart funds have been granted and used in accordance with the relevant financing agreements with due regard to cost / benefit and only for the purposes for which they were granted for	Y	These funds were used for projects related to biodiversity conservation.
2.3	Generally accepted accounting principles have been and are being consistently applied	Y	The entity has consistently applied generally accepted accounting principles.
2.5	The goods, construction work and services were procured in accordance with the relevant financing agreements, including specific rules of the World Bank and other partners Procurement Policies and Procedures	Y	The procedure was duly observed.
2.6	With regard to the financing of MOZBIO Phase 1 of Component 1.2.2, all necessary evidence was maintained in the form of documents, records and accounts for all project activities	Y	The procedure was duly observed.
2.7	With regards to the financing of MOZBIO Phase 1 of Component 1.2.2, the Designated Account (if used) has been maintained in accordance with the provisions of the relevant financing agreements and the funds disbursed from the accounts have been used.	Y	The procedure was duly observed.
2.8	Compliance with national laws and regulations and adapted financial and accounting procedures (e.g., the Manual of Administrative and Financial Procedures, BIOFUND Operations Manual) have been observed and applied	Y	The entity has applied the applicable national laws, regulations and procedures established in the operations manual.
2.9	The financial performance of the Projects is satisfactory	Y	Nothing to report.
2.10	Goods acquired with BIOFUND funds or projects, their existence may be physically confirmed by BIOFUND or its beneficiaries, in accordance with the financing agreements between BIOFUND and its donors or BIOFUND and its beneficiaries	Y	The procedure was duly observed.
2.11	Ineligible costs included in the provision of accounts for project disbursement requests are identified and reimbursed in the designated accounts.	Y	In the accounts, costs not eligible for the project are not considered.
2.12	Analyze and evaluate the internal control system with greater emphasis on the management rules and procedures established in the institution	Y	No deficiencies were identified in the Internal Control System.

ANNEX II
FINANCIAL REPORT



Financial Report
Receipts and Payments Report

For the Year ended 31 December 2021

Em USD

Description	Notas	ENDOWMENT	MozBio2 (IDA, GEF e MDTF)	BIOFUND (BIOFUND, CI, FAO e SPEED)	AFD (APEM e ECO DRR)	UNDP	Cartão BIO	KfW	UE	CBDC	Fundo Fiscais	TOTAL
		Grant	Fund	Grant	Grant	Grant	Grant	Grant	Grant	Grant	Grant	Grant
	1	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
Opening balance	2	41,118,203	471,117	179,505	278,525	0	80,904	161,000	3,600,162	1,226,667	160,609	47,276,691
		41,118,203	471,117	179,505	278,525	0	80,904	161,000	3,600,162	1,226,667	160,609	47,276,691
Receipts:												
Funds received		12,000,000	3,368,011	1,779,172	780,000	8,793	90,515	109,088	0	0	1,563	18,137,142
Interest Received	3	6,005,184	116	2,193	2,350	0					2,370	6,012,212
Adjustments					0							0
Total Received		59,123,387	3,839,244	1,960,869	1,060,875	8,793	171,419	270,088	3,600,162	1,226,667	164,541	71,426,046
Expenditure												0
Services and other Operational Costs	4	0	3,396,879	1,667,912	189,779	7,746	10,290	236,752	1,516,298	490,438	1,975	7,518,069
Asset Manager Fees		232,623										232,623
Adiantamentos Vs Justificativos das ACs			-136,091	223,861	210,949		0		-246,322	256,048		308,445
Adjustments					0	1,047	2,569	19,204				22,820
Disbursements		1,022,753										1,022,753
Total Payments		1,255,376	3,260,789	1,891,772	400,728	8,793	12,858	255,956	1,269,976	746,486	1,975	9,104,710
Final Balance	5	57,868,011	578,455	69,097	660,147	0	158,561	14,132	2,330,186	480,181	162,566	62,321,336

Notes:

1. The financial statements have been prepared on a cash basis from the information reflected in the financial statements and accounting records of the projects
2. Balance at December 31, 2020
3. Interest income on current accounts in 2021
4. Expenditure of the period
5. Balance according to the bank statements on 31 December 2021

