



Profile of the Proposed Fundação para a Conservação e Biodiversidade / Foundation for Conservation and Biodiversity (BIOFUND Mozambique)

Context

Mozambique is rich in natural resources. Out of a total land area of 780,000 km², 620,000 km² are covered with vegetation, of which 87,000 km² are in protected areas (11.1percent). Mozambique possesses sites of high biodiversity importance, such as Gorongosa Mountain, Quirimbas Archipelago, and the Chimanimani Massif. According to national estimates, the country is home to more than 5,500 plant species, 220 mammals, and 690 birds.

Mozambique conservation areas play an important environmental and economic role in the country. Not only do they help the country honour its international commitments, such as those of the UN Convention on Biological Diversity (ratified in Mozambique by Resolution n° 2/1994), but they also provide significant economic benefits to the country as a whole and the people living either in or in proximity to these areas. However, available financing for conservation areas is significantly under the levels necessary for effective management, leading to a high degree of dependence on externally funded projects.

In 2007, Mozambique launched an initiative to support the development of a national sustainable financing strategy for Mozambique's conservation areas. Mozambique's Ministry of Tourism (MITUR) and the Ministry for the Coordination of Environmental Affairs (MICOA) sponsored an international conference on "Sustainable Financing of Protected Areas", in collaboration with partners such as the French Development Agency (AfD), German Development Bank (KfW), US Agency for International Development (USAID), World Bank, World Conservation Union (IUCN) and the World Wide Fund for Nature (WWF). Background studies for the conference analyzed long-term financing needs, ecosystem values and the institutional, legal and regulatory framework for sustainable financing.

One of the key conference recommendations was to assess the feasibility of creating a conservation areas trust fund (foundation) as one of the most promising potential financing mechanisms. The multi-stakeholder Biodiversity Group, chaired by the National Directorate of Conservation Areas (DNAC) of MITUR, was responsible for developing a "trust fund" project with financial and technical support from AfD, KfW and WWF. In May 2009, following review of the feasibility study for creation of a trust fund, the Biodiversity Group established a Founders Committee for the creation of a trust fund for conservation areas in Mozambique (hereafter the "Foundation").

The Founders Committee is composed of representatives of government, the private sector, the conservation sector, civil society, non-governmental organizations (NGOs) and donors. This Committee is currently developing the proposed "Profile" of the Foundation (presented below), which will be refined on the basis of further legal and financial analyses as well as



consultations with governmental and non-governmental partners, and potential investors in the proposed Foundation. The Profile will provide the basis for elaboration of the Foundation's legal and operational documents.

Mission

BIOFUND Mozambique aims to support the conservation of aquatic and terrestrial biodiversity and the sustainable use of natural resources, including the consolidation of the national system of conservation areas.

Eligible Activities and Beneficiaries

To accomplish its mission, the Foundation will provide financing for the following activities:

- Conservation and sustainable management of natural resources and aquatic and terrestrial biodiversity;
- Management and development of conservation areas, including investment in infrastructure;
- Community development in harmony with conservation objectives;
- Research on biodiversity and ecological monitoring;
- Training for conservation area staff;
- Promotion of tourism and other activities for the benefit of conservation; and
- Education and raising awareness of conservation and the value of conservation areas.

In financing these activities, the Foundation may provide support to protected area management agencies, NGOs, community-based organizations (CBOs), communities, research and training organizations and others as necessary.

While the focus will be on supporting activities in the conservation areas, the Foundation will not be exclusively confined to support for conservation areas and may also finance conservation activities outside of these areas, based on priorities identified in its Strategic Plan.

Legal Status

The Foundation will be legally incorporated as an independent private foundation under Mozambique's Civil Code and will be legally recognized as a public benefit foundation. The Foundation will be incorporated for an unlimited period of time. Its headquarters will be located in Maputo, Mozambique.

The Foundation will be incorporated by a Founders Assembly consisting of the Members of the Founders Committee and an additional number of prominent persons, including people



with long-term experience in conservation, companies, NGOs, and Mozambican personalities.

A trust fund or foundation will also be legally established in a country that provides security for investment of the Foundation's capital and offers tax advantages for both capital investment and donations to the Foundation.

Taxation

As a public benefit organization, the Foundation will be exempt from most forms of taxation (corporate income tax, stamp duty, property transfer tax (*SISA*)) in Mozambique. For fundraising purposes, the Foundation may decide to seek legal registration and tax exemption in other countries.

Governance

Members Assembly: The Foundation will have a Members Assembly which will meet annually to receive information about the Foundation's activities and to select the members of the Board of Directors and Oversight Council. The Members Assembly is composed of the Founders as well as prominent individuals, both nationals and non-nationals, from government, the private sector, the conservation sector, civil society, non-governmental organizations (NGOs) and donors.

Creation of Board of Directors and Oversight Council: The first Board of Directors (hereafter "Board") and the Oversight Council will be selected by the inaugural Assembly based on a set of criteria and selection process to be outlined in the statutes and draft by-laws to be developed by the Founders Committee.

The composition of the Foundation Board will reflect diverse sectors and geographical regions, including stakeholders active in Mozambique's conservation areas. Board members will collectively have skills and expertise that contribute to effective management of the Foundation, including finance, law, conservation, fundraising, non-profit management, business, etc. The Board will have a majority of Mozambican members, as well as a majority of non-governmental representatives.

The Assembly will also nominate an Oversight Council, consisting of five members, of which two members should be representatives of donor organizations.

Board of Directors: The Foundation will be governed by an odd number of Directors up to 11 persons serving in an individual capacity. Each Director will be eligible to serve up to three consecutive four-year terms. Each Director will be reviewed by the Assembly before election to a new term.



Through the work of the Board and its Committees, the Board sets policies and strategic direction for the Foundation, approves grantmaking areas, initiatives and grants, oversees investments, and the audit process. The Board also reviews the performance of the Foundation's Executive Director on an annual basis and approves his/her compensation, and reviews job descriptions and compensation for senior staff. The Board may delegate some of its tasks to the Executive Director.

Oversight Council (Conselho Fiscal): The Oversight Council will be responsible for inspecting all of the administrative and financial activities of the Foundation on an annual basis, including its accounts and reports, and for producing an opinion on activities that result in an increase or decrease of receipts.

Bylaws: The Founders Committee will draft bylaws for the Foundation which will subsequently be reviewed and adopted by the Board after the Foundation's creation. The bylaws are internal rules and regulations that guide the Board's operations, including election and renewal of Board Directors, election of officers of the Board, committees, meetings, voting, conflict of interest, reimbursement of expenses, recruitment of the Executive Director, records and manuals of the Foundation, etc.

Board Committees: The Foundation Board has responsibility for establishing standing Board Committees as needed - options include: Executive or Management, Finance, Audit, Budget and Compensation, Institutional Policy Committee, and Investment. In addition, the Board may appoint ad hoc committees to address specific issues of interest to the Foundation.

Secretariat and Operations

The Foundation's day-to-day operations will be managed by an Executive Director to be recruited by the Board on a competitive basis, supported by a small, cost-effective and efficient administrative unit. The Executive Director's responsibilities will be defined in a job description, with his/her performance evaluated based on annual work plans.

To manage its finances and day-to-day operations, the Foundation will adhere to procedures outlined in its operations manual which will be updated on a periodic basis. The operations manual will include guidance on policies and procedures, especially for the annual work plan, projects cycle and monitoring, evaluation and reporting system.

Financing

The Foundation's design phase is currently financed by Conservation International's Global Conservation Fund (CI-GCF), AfD, KfW, United Nations Development Programme – Global Environment Facility (UNDP-GEF) and WWF. These organizations have also expressed interest in financing the Foundation's capital and/or start-up costs.



The Founders Committee is in the process of drafting a financing strategy which will define the Foundation's financing needs – for both operations and initial program costs. The Foundation's statutes will specify the initial capital committed for the Foundation to achieve its objectives.

A long-term financial plan for Mozambique's conservation areas is currently being prepared by WWF in collaboration with MITUR and other conservation area partners, with support from UNDP-GEF. The plan will provide a preliminary estimate of the total funding gap for the conservation areas network. The Foundation will develop long-term financial projections (five-year), including a capitalization target, based on financial needs identified through this plan.

The financing strategy will: define an initial fundraising vision based on start-up operational needs and long-term conservation priorities; set a long-term (five-year) goal and annual targets for fundraising; identify potential financing sources (public, private, payments for ecosystem services (PES), etc), including conditions for accessing funding; and analyze the financial structure of the Foundation based on the types of funds to be managed. The Foundation will manage an endowment fund with capital invested in perpetuity, and only the resulting investment income used to finance grants and activities. Other financing options may also be envisaged, including funds dedicated to financing specific conservation areas or objectives and revolving funds based on a continuing source of revenue.

Strategic Planning

The Board will develop a Strategic Plan for the Foundation that provides a road map for what the Foundation hopes to accomplish within five years. Funding priorities will be established based on consultation with the Foundation's partners. The Foundation's Strategic Plan will provide a framework for monitoring and evaluating the Foundation's progress and conservation impact.

Grant making

Based on its Strategic Plan, the Board will develop a Grant Making Strategy in collaboration with the Executive Director of the Foundation. The Executive Director will be responsible for developing grantmaking policies and manuals to implement the strategy.

Investment Management

The Board will establish an Investment Policy governing investment strategies and asset allocation. Guidelines will also be developed to recruit independent professional investment managers on a competitive basis and to monitor their performance.



Financial Accountability and Transparency

Regular oversight of the Foundation's finances will be provided by the Board and the Oversight Council. The Foundation's financial statements will be audited on an annual basis by an accredited Mozambican audit firm that is affiliated with an internationally recognized audit firm. The Oversight Council will ensure that the Foundation is complying with applicable Mozambican laws and regulations, and will prepare an annual opinion based on review of the Foundation's audited financial statements.

In order to ensure financial accountability and transparency, the Foundation will make key documents and periodic reports on its operations publically available through its website. The Foundation will publish an annual report that presents the Foundation's financial statements, operations and funding program.