

Company Number: 08794664

Charity Number: 1157294

The Okapi Fund for Nature Conservation in the Democratic Republic of Congo

Report and financial statements

For the year ended 31 December 2021

The Okapi Fund for Nature Conservation in the Democratic Republic of Congo

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The Okapi Fund for Nature Conservation in the Democratic Republic of Congo

Reference and administrative information

For the year ended 31 December 2021

Company number 08794664

Charity number 1157294

Registered office and operational address 10 Queen Street Place, London, EC4R 1BE

Country of registration England & Wales

Country of incorporation United Kingdom

Trustees Trustees (who are also directors of The Okapi fund for nature conservation in the Democratic Republic of Congo for the purposes of company law) who served during 2021 were as follows:

Bob Tumba (Chair)
Jean Mbuyu
Jean-Philippe Waterschoot
Kapupu Diwa Mutimanwa
Patrick Welby
Yvette Shabani Mwangi Barhashishwa
Britta Oltmann
Samy Mankoto and
Dieudonné Musibono

Executive Director Guillaume Gervais de Rouville

Administrative Assistant Karen Kibanga

Solicitors Bates Wells
10 Queen Street Place
LONDON
EC4R 1BE

Auditor Sayer Vincent LLP
Chartered Accountants and Statutory Auditors
Invicta House
108-114 Golden Lane
LONDON
EC1Y 0TL

Investment Manager Smith & Williamson Investment Management
25 Moorgate
LONDON
EC2R 6AY

Trustees' annual report

For the year ended 31 December 2021

The trustees present their report and the audited financial statements for the year ended 31 December 2021.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Objectives and Activities

Purposes and aims

As set out in the Charity's Articles of Association, its purposes are to promote for the benefit of the public, the conservation, protection and improvement of the natural environment and biodiversity of the Democratic Republic of the Congo (DRC), with priority focus on DRC's national system of protected areas. Specifically, it aims to:

- i) Promote, for the benefit of the public, sustainable development that supports the conservation of biodiversity in DRC, in particular the protected areas and/or other conservation areas of significant ecological value and/or significant biological importance including:
 - (a) The preservation, conservation and the protection of the environment and the sustainable use of natural resources; and
 - (b) The relief of poverty and the improvement of the conditions of life for the benefit of populations living in and around protected areas and other areas of significant ecological conservation and/or significant biological importance.
- ii) Advance the education of the public on environmental issues including the biodiversity, conservation, sustainability and management of DRC's protected areas and/or other areas of significant ecological conservation and/or significant biological importance.

The trustees periodically review the aims, objectives and activities of the charity and have always reaffirmed the purpose and aims as noted here. It is additionally affirmed that the trustees have had regard to the Charity Commission's guidance on public benefit.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the trustees have considered how planned activities will contribute to the aims and objectives that have been set.

Achievements and performance

The Charity's activities and achievements during 2021 have been concentrated on (i) determining the eligibility of protected areas to receive the first Okapi Fund grants, on the establishment of the Grant Committee to assist in this task, on field missions to familiarize the executive team with the protected areas and to begin working with protected areas on programs to be funded, on (ii) the development of the environmental and social management system, on (iii) strengthening the visibility of the Okapi Fund among public and private stakeholders, on (iv) continuing efforts to strengthen the Okapi Fund's endowment funds, and on (v) monitoring the financial markets in a particularly volatile period.

Following the strategy defined by the Board of Trustees, it was decided that the year 2021 would be focused on field knowledge of protected areas and on determining their eligibility for Okapi Fund grants. Thus, no subsidy disbursements to Protected Areas have been planned in order to allow the capital base of the fund to grow. This strategy, which paid off in 2020 and in 2021, thanks to a return on investment above our objectives, will allow us to start financing protected areas from 2022 onwards. This strategy will allow the Okapi Fund to avoid cutting into the Expendable Endowment Fund from the beginning of its existence.

This strategy also follows the explicit wishes of our donors in this area, in particular the strategy of KfW as spelled out in our financial support agreement with them signed in December 2019.

Like all Conservation Trust Funds around the world, the strategy of the Okapi Fund is a long-term one: it is to become a long-term tool in the national donor landscape for protected areas. The vocation of the Okapi Fund is to finance Protected Areas over periods that can go on for several decades. This is why the strategy chosen is in line with this perspective and does not aim to disburse funds to Protected Areas as quickly as possible, but to take the time to make the capital granted by international donor's bear fruit, then to closely explore the real financial needs of the target Protected Areas, and, finally, to disburse the funds according to strict specifications criteria.

Fundraising

Regarding fundraising, the most successful discussions took place with *l'Agence Française de Développement (AFD)* on the one hand and KfW on the other. The discussions may lead to a significant increase in the Okapi Fund's endowment during the year 2023, this is still under discussion with KfW.

In the 1st Three-Year Plan, we had anticipated an increase in our endowment as early as 2021, but due to the Covid-19 health crisis, a number of meetings and discussions had to be postponed, which delayed the implementation of our agenda in this regard.

AFD: Discussions with AFD, which began in October 2020, continued throughout the first and second half of 2021.

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Following exchanges between their various departments, the Okapi Fund and KfW, it appears that AFD would like its support to go to the National Park of Kahuzi-Biega and in particular (i) the human rights unit and (ii) the Bukavu dialogue process.

AFD would provide financial support as follows:

- 2 million euros for the Endowment Fund ;
- 3 million euros in operational support to the PNKB: either directly to the PNKB manager, or otherwise (or even through the Okapi Fund if feasible – modalities to be discussed at a later stage).

AFD will commission a consultant in early 2022 to conduct a feasibility study on the basis described above. If the conclusions of the consultant's mission are positive, financing for the Okapi Fund should be made available in the second half of 2022.

KfW: During the second half of 2021, KfW has indicated its desire to significantly strengthen the Okapi Fund endowment. Due diligence was carried out by KfW teams with the Okapi Fund during the months of October, November and December 2021. The discussions led to the signing, at the end of December 2021, of a Financing Agreement between the DRC Ministry of Finance, KfW and the Okapi Fund for a financing of 5 million euros (4 million euros for the endowment fund and 1 million euros for the Okapi Fund's operating costs over the next few years) to be made available during the second semester of 2022.

Preparation of the funding of the Protected Areas

An important activity for the Okapi Fund in 2021 was the acquisition of knowledge to determine the eligibility and the precise financial needs of the Protected Areas.

During the year 2021, we were able to carry out missions in the National Park of Kahuzi-Biega (PNKB) in May 2021, the Garamba National Park (Garamba NP) in November 2021 and in Bombo Lumene (June 2021).

The Grant Award Committee (GAC) was set up (August 2021) and was able to carry out its work of studying the eligibility of Protected Areas for Okapi Fund financing. It is composed of the following individuals: Bob Tumba, Britta Oltmann, Patrick Welby and Guillaume de Rouville. In the coming months, the Grant Committee will be enriched by the presence of a person from outside the Board of Trustees.

The committee's primary responsibilities are to:

1. Examine the eligibility of Protected Areas to the Okapi Fund grants.
2. Define the attributable amounts as well as the catalogue of eligible measures.
3. Monitor grants awarded and whether they are being used for the intended purpose.

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Based on the reports of the Executive Director and the COS Advisory Opinion, the Board of Directors decided to grant US\$ 550,000 for the targeted PAs in 2022, 70% of which will go to PNKB and 30% to Garamba NP.

Letters of invitation to apply for the grants were sent to the Garamba NP in October and to the National Park of Kahuzi–Biega in November 2021.

The first disbursements will be made once the environmental and social due diligences (**ESDD**) are completed in the second half of 2022. These due diligences will be conducted by an independent consulting firm and will be financed by the Okapi Fund and other potential partners.

Development of the environmental and social management system (ESMS)

Financial Institutions like the Okapi Fund are required to adopt and maintain systems, procedures, and capacity in the form of an Environmental and Social Management System (ESMS) to assess, manage, and monitor the environmental and social risks and impacts of Projects, and to manage overall portfolio risk in a responsible manner.

In conjunction with the Okapi Fund Operations Manual, the ESMS defines the procedures, tools and responsibilities for assessing, managing and monitoring the environmental and social risks and impacts associated with Okapi Fund projects throughout the project life cycle.

The objectives of the ESMS are to:

- Identify, assess, mitigate, and monitor Environmental and Social (E&S) risks in Okapi Fund-supported enterprises and projects;
- Comply with national laws and regulations of host countries and align with international E&S standards;
- Establish and maintain the Okapi Fund's good reputation for E&S performance with clients, investors and other stakeholders.

The ESMS is structured in accordance with Congolese law and international applicable safeguard standards and guidelines (World Bank, SFI and KfW mainly).

ERM is the consulting firm in charge of developing our environmental and social management system.

Discussions have been ongoing since October 2021; a first draft of the ESMS has been reviewed in December 2021.

A field mission by ERM teams has been organized in February 2022 (including training for the Board and the Executive Team on the ESMS).

Final version of the ESMS has been provided in mid-April 2022 and will be submitted to the Board for approval in June 2022.

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Development of the Three-Year Plan 2022–2024

A new Three-Year Plan has been developed in the second half of 2021 and has been approved at the first Board meeting of 2022 (January 2022). It covers the years 2022 to 2024. It is intended for the Ministry of Planning of the DRC.

This plan summarizes all of the main activities planned by the Okapi Fund for the period covered.

Networks, Partnerships and Events

On January 11, 2021 we participated in the One Planet Summit which took place online under the patronage of France. The conference announced the creation of the Natural Capital Investment Alliance, which already includes HSBC Pollination Climate Asset Management, Lombard Odier and Mirova. It brings together financial players wishing to increase their investments in the restoration of biodiversity. Its goal is to mobilize \$10 billion for nature by 2022.

Since October 2021, Okapi Fund has been a member of the Executive Committee of CAFE (the African Consortium of Environmental Funds): as such, we participate in the network's key decision-making processes. In July 2022, we will participate in the first African Congress of Protected Areas with CAFE, which will be held in Kigali.

We have also established close ties with USAID: in 2021, we participated with USAID in the ZooHackathon, an event during which we awarded the Okapi Fund Prize for Environmental Education and Wildlife Protection (a grant of US\$1,000 to the team of coders who proposed the best digital solution to combat wildlife crime).

We also organized a joint event entitled Apéro–Bio(diversité), on December 13, 2021, aimed at bringing together actors from the environmental sector and the private sector in order to decompartmentalize these two universes and allow for fruitful exchanges that could lead to partnerships between these different stakeholders.

We also participated in many other events where we were able to present the activities of the Okapi Fund, including (but not limited to):

- September 16, 2021: At the request of Olivier Mushiete, the new (interim) director of ICCN, we gave a presentation of the Okapi Fund to about 30 people, including : Leslie Ouarzazi (UNDP), Pierre Bardoux–Chesneau (UN Multi–Partner Trust Fund); Robert Muire (Site Director of Upemba–Kundelungu); Alain Huart, etc. We were able to exchange with Leslie Ouarzazi, in charge of negotiations on behalf of CAFI with the Congolese authorities, on the possibility, for the Okapi Fund, to receive funds from CAFI.
- September 17, 2021: presentation of the Okapi Fund to the European Union, in the presence of : Patrick–Bernard Brunet (environment director), Filippo Saracco and Luis Rodriguez.
- September 21, 2021: meeting with Martijn Heegde of GiZ to discuss GiZ's activities in the DRC and to present the progress made by the Okapi Fund in 2021.
- September 28, 29, 30, 2021: we attended the RedLac Congress which brings together Conservation Trust Funds in Latin America and with which CAFÉ has a partnership

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agreement. The main interest was to share experiences and discuss the main issues facing trust funds.

Miscellaneous:

1. During this period, we prepared two Risk Assessment Reports which were submitted to the members of the Executive Committee and sent to all members of the Board of Trustees after incorporating the comments received from the members of the Executive Committee.
2. We created a regular Information Bulletin (3 bulletins in 2021) for the Trustees as part of their training.
3. We have strengthened the capacities of the operational team: in particular, by enabling the Administrative Assistant to follow an accounting and financial training and through field missions for the Executive Director.
4. We hired a driver.

Financial review

Source of capitalisation & financial resources

No capitalisation money was received in 2021.

In 2021, the Charity has, however, received support from:

1. KfW through the Separate Agreement (*Convention Séparée*) between KfW and the Okapi Fund: The third tranche of KfW project funds for the operationalisation of the Okapi Fund was received from KfW on the Okapi Fund's DRC bank account in April 2021, the fourth tranche in October 2021. In total, for the year 2021, the Okapi Fund received the sum of 315,905 Euros for annual operating costs from KfW.
2. KfW through a direct funding to the ERM consulting firm developing our environmental and social management system. The amount to be attached to the year 2021 for this service amounts to : 39,660 Euros

The 2021 financial accounts therefore report the Charity receiving funding in 2021 from one source:

- i) KfW (The German Development Bank).

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Resource utilisation framework

The investment policy followed by the Okapi Fund has been developed to be fully compliant with the recommended Practice Standards for Asset Management (standards 1–9) as set out by the Conservation Finance Alliance and best practice guidance in the annual Conservation Trust Investment Survey published by WCS. Furthermore, the Okapi Fund follows the World Bank's Environmental and Social Framework and the World Bank Group's general and sector-specific Environmental, Health and Safety Guidelines.

As the Okapi Fund is a charitable entity dedicated to environmental conservation, the investments made by the investment manager must not be inconsistent with the objectives of the charity. The investment of the funds, inclusive of all investment instruments, are subject to SRI (Socially Responsible Investing) sectoral filtering and compliance with the ESG and responsible investing policies and detailed exclusions listed in the Investment Policy statement.

The capitalisation funds received from KfW at the end of 2019 and from The World bank in January 2020 were put in the Endowment Fund. These funds have been progressively invested in the financial markets by our portfolio manager, Smith & Williamson, in accordance with our Investment Policy Statement and under the supervision of our Investment Committee.

The Endowment Fund holds Okapi Fund's longer-term investment assets and the returns from these assets provide resources that the Okapi Fund can deploy in furtherance of its charitable aims.

The totality of the funds received from the World Bank (US\$ 7.4 million) are treated as Permanent Endowment Funds according to the wishes expressed by the donor.

Following the wishes of the donor, the funds received from KfW, namely Euro 14 million received in December 2019, are treated as:

- Permanent Endowment funds for the value of US\$ 7.4 million (based on the conversion rate in effect on the date of receipt of funds in the accounts held with Smith & Williamson).
- Expendable Endowment Funds for the value of EURO 14 million less the amount mentioned above (14M euros less the 7.4M US\$ based on the conversion rate in effect on the date of receipt of funds in the accounts held with Smith & Williamson).

The Portfolio in 2021

As of 31 December 2021, the portfolio reached a (potential, un-realised) total return on investment of 8.66%, compared to the total return target (net of fees) of 4% above RPI.

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As of December 31, 2021, the portfolio had a potential appreciation of more than 20% since January 1, 2020. Even taking inflation into account, the financial objectives of the Okapi Fund, as defined in the Investment Policy, have been exceeded.

As of December 31, 2021, the portfolio was allocated as follows:

- 10,4 % in Cash
- 13,5 % in US bonds & treasury bills
- 73,2 % in stocks
- 2,9 in other investments

The portfolio's currency exposure was as follows:

- 77.7% in US\$ assets
- 4.6% in Euro assets
- 8.9% to Sterling assets
- 8.8% in other currencies

Total Return Approach Adopted

In the first half of 2021, the Okapi Fund decided to adopt the Total Return Approach, by taking the following resolution voted unanimously by the members present:

- *The Board of Trustees of the Okapi Fund has fully considered the Total Return Report and has resolved to adopt a resolution under Section 104(A) of the Charities Act 2011 to apply a total return approach to investment in accordance with the relevant regulations as follows:*

Total return for the Okapi Fund Permanent Endowment Fund investment.

This resolution identifies the Permanent Endowment Fund as the relevant fund that will be subject to total return investment. As of December 31, 2020, the value of the relevant fund consists of:

1. *The Investment Fund consisting of original capital contributions from donors of USD 14,793,588*
2. *The unapplied total return of USD 1,941,892.*

This is based on the valuation of the endowment capital contributions received and the total unapplied return retained in the relevant fund, as at 31 December 2020.

The Total Return Report was written and submitted to the Board members by a recognized expert in the field, James Money-Kyrle. It was on the basis of this report that the Trustees made their informed decision regarding the adoption of the Total Return approach.

Principal risks and uncertainties

The Trustees have considered the risks that the Charity faces as of the date of this trustees' report. Having reviewed these risks and the steps being taken, the trustees are confident that these risks are being managed appropriately.

In 2020, a risk register was set up. This risk register records risks as they arise and indicates the measures that are taken to mitigate or eliminate them. This register is kept up to date at all times and is available in our office. It is communicated to the trustees at each meeting of the Board of Directors who review the Risk Assessment Report.

In 2021, two Risk Assessment Reports were produced by the Executive Director, discussed in the Executive Committee and reviewed and approved by the trustees before and during the Board meetings.

In 2021

The main risks faced during the Year 2021, and mitigating measures being taken, are described in the following sections.

The main risks reported and reviewed in 2021 were as follows:

- Operational risks;
- Financial Risks;
- Fiscal Risks.

Operational risks

The most significant operational risk identified was the following:

1. Difficulty meeting donors in order to implement fundraising activities due to the Covid-Crisis.

1. Difficulty meeting donors in the context of fundraising due to the Covid Crisis

The Covid-19 crisis has had an impact on the possibility of meeting face-to-face with a certain number of interlocutors (mainly during the first semester).

The main effect of the crisis has been to delay discussions with some potential donors. However, this has not prevented progress with AFD and KfW.

At this stage, the risk of a negative impact of the Covid-related situation on the fundraising plan is considered "moderate" since (i) our goals in terms of fundraising are not short-term goals; (ii) positive discussion with AFD are ongoing for an endowment in 2022; (iii) KfW will commit 5 additional million euros in 2022 (4 millions euros as permanent endowment funds and 1 million euros for the operational budget of the Okapi Fund).

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Financial risks

Two financial risks were identified in 2021:

1. Inflation and volatility of financial markets.
2. Costs of medical coverage for employees.

1. Inflation & Volatility of Financial Markets

US inflation has reached an important peak in 2021. It is difficult to know whether it will last. The fact that there is inflation is not in itself a surprise, given the end of the health crisis, which has the effect of opening up economies again and boosting demand in all areas.

Nevertheless, the risk for markets is that higher inflation will become more entrenched in the economy and that this situation will cause central banks to tighten monetary policy prematurely.

Inflation uncertainty and the fact that the ECB announced a reduction in its asset purchases (i.e. quantitative easing) in September, could potentially lead to greater market volatility in the coming months. It could, therefore, alter the rentability of the portfolio and render more difficult the attainment of our objectives as set out in our investment policy.

In order to be able to disburse funds in favor of Protected Areas in the coming years, we have established a reserve policy which should allow us to meet our disbursement targets.

2. Costs of medical coverage for employees

The Insurance Code of the DRC does not allow for collective coverage of employees by medical insurance to cover employees' medical expenses when the structure has fewer than 20 employees. As a result, the Okapi Fund pays all the medical expenses of its employees directly, without any ceiling. Our lawyer told us that it was not possible to limit an employee's medical coverage and impose a ceiling on reimbursable expenses (a solution that we hoped to be able to adopt).

This results in a financial risk for the Okapi Fund related to uncapped medical employee expenses.

The assessed risk is twofold: (i) that of exceeding the budget and (ii) that of potentially having to bear large sums without being able to determine the amount in advance.

In 2020, medical expenses were moderate and did not exceed the expected budget.

For 2021, we have been able to partially mitigate the risk of overspending by purchasing some sort of insurance for medical emergencies (those most likely to incur significant costs). By purchasing emergency care insurance from CPU for each employee and their dependents, we were able to cap the medical expenses associated with emergencies.

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Fiscal risks

As we explained in all of our Quarterly Activity Reports to the Trustees (*Rapports d'Activités Trimestriels*), we decided to make a provision in our accounts for the payment of the IER (the exceptional tax on the income of expatriate staff), but not to pay it to the tax authorities as proposed by our accountants.

Indeed, our lawyer, in his tax analysis of the Asbls, had clearly indicated to us that this tax was not applicable to our situation. The tax rate of the IER is 25% on the remuneration (after deduction of those parts of the remuneration which are not subject to taxation) and monthly the additional cost of this tax would be in the order of US\$3,000.

We have therefore decided to provision the amounts corresponding to the IER until we have a clear answer from the tax authorities.

In 2022

More generally, the risks faced by the Okapi Fund in the coming months are mainly threefold:

1. A financial risk due to the fragility, or even nervousness, of the financial markets due to the consequences on the global economic situation of the Covid related crisis and its possible effect on the inflation trend. Due to this particular situation, the Okapi Fund, in particular through its Investment Committee and thanks to very regular communication with its portfolio manager (Smith & Williamson), will be very attentive to financial risks and will closely follow the evolution of financial indices on a daily basis.
2. A country risk, as the DRC is a relatively unstable country, both politically and economically. The members of the Okapi Fund (Trustees & the executive direction) are therefore very attentive to political and economic developments in the country in order to be able to anticipate as far as possible any risk that might arise for its activities or its members or partners. In particular, the Okapi Fund closely monitors the situation in the Protected Areas, which are sometimes located in high-risk zones, by checking very regularly with its partners or the various stakeholders with whom the Okapi Fund is in contact to find out what the health and safety situation is on the ground.
3. Reputational risk: Due to accusations of human rights abuses in some protected areas against park officials, including Kahuzi-Biega-Biega National Park, there is a risk that if we fund this park, we will be associated with the accusations against the park if the issues raised have not been resolved and significant human rights safeguards have not been implemented in the park. On these points, the Okapi Fund will be particularly vigilant and will not disburse funds to Kahuzi-Biega-Biega National Park until the necessary measures to redress the wrongs have been put in place with a clear timetable and substantial resources. In addition, prior to funding Kahuzi-Biega-Biega National Park, the Okapi Fund has decided to fund an environmental, social and human rights due diligence to assess the situation at Kahuzi-Biega-Biega National Park, which will allow the Okapi Fund to determine the conditions under which it will, eventually, disburse funds to Kahuzi-Biega-Biega National Park (conditions precedent, implementation of necessary measures, sanctions carried out, etc.).

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Regarding Point 1 above, while the risk of not achieving the 2022 financial objectives is high, the impact can be considered moderate and relatively controlled for the following reasons:

- a. The financial crisis, if it is to materialize in the course of 2022 will have no impact on the 2022 operating budget of the Okapi Fund, which is secured by funds made available (and to be made available) by KfW, and whose financial strength is not threatened by the potential crisis;
- b. We maintain a significant position in liquid money market securities as long as the prospects of a financial and economic crisis are high;
- c. We will maintain an adequate financial reserve policy to enable us to meet our financial commitments over 2022 and 2023.

Reserves policy and going concern

The first capitalization funds (endowment funds) received by the Okapi Fund were invested in the financial markets in the first half of 2020 and the funding strategy (disbursements to protected areas) adopted by the Okapi Fund foresees the first disbursements starting in 2022.

KfW has made available funding for the operational running of the Okapi Fund of EUR 1 million. Depending on our needs, and based on the forecast financial statements, we can draw on these funds for periods of 6 months by making a duly documented application to KfW (by showing, in particular, that the expenditures for the previous period were spent in accordance with the financial forecasts).

The first 1 million committed by KfW in 2019 is expected to be exhausted around the beginning of the second half of 2022. In December 2022, KfW decided to provide an additional EUR 1 million to the Okapi Fund to cover its operating expenses from the second half of 2022 onwards. In addition, the Okapi Fund may cover its operating costs by drawing on expendable endowment funds with the prior approval of the Board of Directors (e.g., if the KfW funds arrive after the needs as they could appear in the second half of 2022).

In July 2021, the board approved the reserves policy post the KfW initial funding.

The Okapi Fund needs to maintain sufficient free reserves to match this long-term funding commitment. The reserves policy is set to ensure we can deliver on our vision and mission and ensure our work is protected from the risk of disruption at short notice due to a lack of available funds, whilst at the same time ensuring we do not retain income for longer than required.

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As part of effective financial management, the Okapi Fund holds reserves to ensure we can:

- Manage financial risk. There are a range of risks we face, including the risk of an unforeseen drop in income due to unpredictable investment returns or unbudgeted increases in expenditure.
- Meet our long-term grant commitments and funding plans.

We have calculated that an appropriate reserves range for the Okapi Fund is USD \$1.0 to 1.5 million, which is broken down as follows:

Reserves range	US \$m
Financial risk (see below)	0.5
Grant commitments and long-term plans (see below)	0.5
Minimum level	1.0
Range	0.5
Maximum level	1.5

This equates to between 12- and 18-months charitable activities (such as funding of commitments to national parks from 2022) and operating and administration expenses.

The reserves that we have set aside provide financial stability and the means for the long-term development and delivery of the Okapi Fund's principal charitable activity. We intend to maintain our reserves at a level which is at least equivalent to one year's operating expenditure due to the long-term nature of the Okapi Fund's activity and the current volatility of investment returns that provide the Okapi Fund's principal source of income [drawn from the Unapplied Total Return].

The Board regularly reviews the amount of reserves that are required to ensure that they are sufficient to meet all the Okapi Fund's continuing obligations and plans.

The impact of the COVID-19 crisis

Impact on the Portfolio

During the year 2021, the Investment Committee met many times to review the situation created by the outbreak of the COVID-19 and the Okapi Fund has been in regular communication with the portfolio manager.

In 2021, the Coronavirus-19 crisis did not have a negative impact on the profitability of the portfolio.

Impact on the Budget

The current financial and health crisis has no impact on the operating budget of the Okapi Fund, which is secured for the coming years by the funds made available by KfW, whose financial strength is not threatened by the current crisis.

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Impact on distribution of grants

In 2021, the Okapi Fund did not expect to distribute funds to finance projects: the funds placed on the financial markets must first yield enough income to allow the grants to begin. As we did not have a short-term distribution imperative, we could wait until the crisis subsided and maintained a prudent investment policy in the meantime. We expect to start disbursing some amounts to the protected areas in 2022.

Impact on fundraising

The Covid-19 crisis has had an impact on the possibility to meet face-to-face with a number of interlocutors. This was mainly true during the first half of 2021. Starting in the second half of 2021 the physical meetings were able to resume and we were able to meet with a number of potential public and private donors.

Impact on staff activities

Apart from the restrictions on physical meetings with some stakeholders, as mentioned above, the Covid-19 crisis did not have a significant impact on the activities of the executive team.

Conclusion

All these risks have been reported as they appeared during the year in our Risk Register. Furthermore, during the year, we elaborated two Risk Assessment Reports outlining all the risks faced by the Okapi Fund. Each report was shared with the Trustees and was discussed and approved during Board Meetings.

Overall, the consequences of impacts relating to the Covid-19 crisis have been limited in 2021.

Plans for the future

Looking forward to 2022, the main goals and activities of the Charity for 2022 are as follows (an Annual Activity Plan for 2022 has been developed by the management team and approved by the Trustees in January 2022):

- **Initial Financing:** Among our main activities in 2022, we plan to make our first disbursements to two Protected Areas: PNKB and Garamba NP. The Grant Agreements are expected to be signed at the beginning of the second half of 2022 and disbursements will take place in the second half of 2022, once environmental and social due diligences are completed. An important part of our work will be to ensure rigorous monitoring of the funding and its impacts on the ground.
- **Adoption and implementation of the ESMS :** The Environmental and Social Management System should be finalized during the first quarter. During the second quarter, the Board of Trustees will approve it as well as the resulting changes to the Operations Manual.

ERM will provide training on the implementation of the ESMS for the executive team and the Trustees as well. The ESMS will be implemented during 2022, particularly when it comes to making grants for the Protected Areas.

Trustees' annual report

For the year ended 31 December 2021

- **New Capitalizations:** During 2022, we should be able to finalize a second contribution to our endowment from KfW. We also hope to finalize a contribution from AFD during the same period. In parallel, we will continue to introduce the Okapi Fund to potential international institutional investors and private sector stakeholders.
- **Review of the BP and Fundraising Strategy:** It is important to regularly (every 3 years) review the BP and fundraising strategy of a trust fund in order to update its objectives by taking into account the achievements of the previous years and the circumstances of implementation of the activities whose context may have evolved over time. This exercise is all the more justified in 2022 because the previous two years (2020–2021) were marked by a global health crisis that had some impacts on the trust funds' ability to raise funds and accomplish their planned activities for the years 2020–2021 in a timely manner, particularly with regard to strengthening their endowment capital.
- **Renewal of certain Trustees:** The term of office of four Trustees expires in November 2022. It will be necessary to find competent persons to replace them. The selection process for new Trustees has been initiated in April of 2022.
- **Other:**
 - Among the novelties for 2022, we hope to institutionalize the Apéro–Bio(diversity) meetings and launch the first season of the Innovation & Biodiversity Award (with partners such as USAID, ERAIFT and SilikinVillage).
 - We will also participate in the 1st African Congress of Protected Areas which will take place in Kigali in July 2022.
- Implement the new fundraising strategy in order to increase the Fund's capitalization (endowment funds). Meet the potential donors, negotiate and establish agreement with them and (if possible) receive funding commitment from them.
- Meet with private sector actors and assess their potential support for the Okapi Fund.

In particular, the aim is to make private actors aware of the need to take into account the protection of biodiversity in a country like the DRC, where it represents an invaluable economic asset for the country. By forging links with the private sector, we will also seek to involve these actors in the financing of Protected Areas in order, for example, to compensate for their economic and industrial activities that have an impact on biodiversity in the DRC.

- Meet with stakeholders in the field of biodiversity conservation and establish relationships with them; in general, make these stakeholders aware of the activities of the Okapi Fund and the interest that such a tool represents for the protection of biodiversity in DRC. Develop partnerships with national, regional and international nature conservation institutions.
- Determine the Grant Program for the year 2023 (With the support of the Grantmaking Committee).

Small fundraising statement

We do not raise funds from the general public. However, we plan to increase the base of our endowment funds and restricted funds over the next few years and plan to meet with potential institutional and private donors in the coming months (this process has started in September 2020). Our fundraising strategy for the coming years has been approved by the Trustees in August 2020 and will be revised in 2022.

We did not conduct fundraising activities with the general public in 2021 and incurred no expenditure in raising income. As we have not conducted any fundraising activities with the general public in 2021, we have not been confronted with any compliance issues or complaints of any kind.

Structure, governance and management

The Charity is a charitable company limited by guarantee, incorporated on 28 November 2013 and registered as a charity on 3 June 2014.

The company was established under a Memorandum of Association that established the objects and powers of the charitable company and is governed under its articles of association. All trustees give their time voluntarily and receive no benefits from the charity. The Charity reimburses trustees for expenses incurred in carrying out their trustee duties, providing such expenses are reasonable and properly incurred. Please see note five to the accounts for more information.

In accordance with its Articles of Association, the Okapi Fund has delegated its day-to-day management to the Executive Committee and the Executive Director:

9.2 Subject to the Articles, the Directors may delegate the implementation of their decisions or day to day management of the affairs of the Charity to any person or committee.

11. Delegation of day to day management powers

In the case of delegation of the day to day management of the Charity to a chief executive or other manager or managers:

11.1 The delegated power shall be to manage the Charity by implementing the policy and strategy adopted by and within a budget approved by the Directors and (if applicable) to advise the Directors in relation to such policy, strategy and budget;

11.2 The Directors shall provide any manager with a description of his or her role and the extent of his or her authority; and

11.3 Any manager must report regularly to the Directors on the activities undertaken in managing the Charity and provide them regularly with management accounts which are sufficient to explain the financial position of the Charity.

Trustees' annual report

For the year ended 31 December 2021

The functioning of the Executive Committee and its powers are detailed in the Internal Regulations of the Okapi Fund (*Règlement Intérieur*) adopted by the Board of Trustees:

Article 12: Duties of the Executive Committee.

12.1 The Executive Committee intervenes to take decisions on immediate operational matters, which require urgency, for which the orientations of the Board of Directors are normally necessary, but which do not necessarily require the Board of Directors to be held. The Executive Committee shall not be responsible for any of the functions or powers that cannot be delegated to the Committees by the Board of Directors in accordance with Article 9.3 of the Articles of Association.

The remuneration of the Executive Director is set by the Board of Trustees.

The main factors taken into account for the remuneration of the Executive Director were the following:

1. The international and particular profile of the candidate.
2. The very high cost of living in the DRC.
3. Risks associated with the position, due to the political and economic instability of the country.

The amount of the compensation and benefits were determined in consultation with Michael Page, the company mandated to select the Executive Director, based on the remuneration of equivalent positions for international profiles that evolve in a difficult context and where the cost of living is one of the highest in the world. The amount of the remuneration is also justified by the political and economic instability of the DRC, particularly in the regions where the Protected Areas under the focus of the Okapi Fund are located (the Executive Director will visit them from time to time).

The current Executive Director was appointed by the Board of Trustees. His duties are detailed in his employment contract and in the Manual of Administrative and Accounting Procedures Manual, both approved by the Board of Trustees.

Appointment of Trustees

The appointment of Trustees is covered in detail in the Charity's Articles of Association (see Articles 25–28). The Articles allow for the Charity to have a minimum of 7 and a maximum of 9 trustees (or directors, as they are called in the Articles). At the end of 2021 there were 9 (2020: 9) trustees in office.

As mentioned above, in November 2022, the Okapi Fund will need to replace a number of Trustees. Qualified candidates will be proposed by the end of the first semester.

Related parties and relationships with other organisations

The Okapi Fund has no formally established relationship with any organisation outside of KfW, the World Bank and the ICCN. Details on related parties with KfW and ICCN are provided in Note 6 of the accounts.

KfW provided some funds and has one of its employees as a member of the Board in the person of Britta Oltmann (she is both the Director of the KfW Office in Kinshasa and a Trustee for the Fund).

Statement of responsibilities of the trustees

The Trustees (who are also directors of The Okapi Fund for Nature Conservation in the Democratic Republic of Congo for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware.
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Okapi Fund for Nature Conservation in the Democratic Republic of Congo

Trustees' annual report

For the year ended 31 December 2021

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 December 2021 was 9 (2020 9). The members of the charity are the subscribers to the Memorandum of Association of the Charity and such other persons as are admitted to membership by the Directors in accordance with the Articles. The trustees have no beneficial interest in the charity.

Auditor

Sayer Vincent LLP was re-appointed as the charitable company's auditor during the year and has expressed its willingness to continue in that capacity.

The Trustees' annual report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

The Trustees' annual report has been approved by the trustees on 6 July 2022 and signed on their behalf by

Bob Tumba, Chair
Council of Directors of the Okapi Fund

Independent auditor's report

For the year ended 31 December 2021

Opinion

We have audited the financial statements of The Okapi Fund for Nature Conservation in the Democratic Republic of Congo (the 'charitable company') for the year ended 31 December 2021 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on The Okapi Fund for Nature Conservation in the Democratic Republic of Congo's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Independent auditor's report

For the year ended 31 December 2021

Other Information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the trustees' annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Independent auditor's report

For the year ended 31 December 2021

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine 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, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

Capability of the audit in detecting irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
 - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.

Independent auditor's report

For the year ended 31 December 2021

- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Noelia Serrano (Senior statutory auditor)

10 August 2022

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

The Okapi Fund for Nature Conservation in The Democratic Republic of Congo

Statement of financial activities

For the year ended 31 December 2021

	Note	Unrestricted \$	Endowment \$	2021 Total \$	Unrestricted \$	Endowment \$	2020 Total \$
Income from:							
Donations	2	485,062	–	485,062	373,024	7,400,000	7,773,025
Other income		5,591	–	5,591	–	–	–
Investment income		–	285,454	285,454	–	182,108	182,108
Total income		490,653	285,454	776,107	373,024	7,582,108	7,955,133
Expenditure on:							
Cost of raising funds		20,891	–	20,891	–	–	–
Charitable activities							
Project expenses	3	456,422	122,571	578,993	328,580	78,076	406,656
Total expenditure		477,313	122,571	599,884	328,580	78,076	406,656
Net income and movement in funds	4	13,340	162,883	176,223	44,444	7,504,032	7,548,477
Gain on investments	8	–	2,073,435	2,073,435	–	2,864,236	2,864,236
Forex Change Gains/ (Losses)		(1,182)	11,667	10,485	23,504	46,316	69,820
Reconciliation of funds:							
Total funds brought forward		89,032	25,995,200	26,084,232	21,083	15,580,616	15,601,699
Total funds carried forward		101,190	28,243,185	28,344,375	89,032	25,995,200	26,084,232

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 13 to the financial statements.

The Okapi Fund for Nature Conservation in The Democratic Republic of Congo

Balance sheet

Company number: 08794664

As at 31 December 2021

	Note	2021 \$	2020 \$
Non current assets:			
Tangible assets	9	22,888	5,595
Investments	8	28,243,185	25,995,200
		<u>28,266,073</u>	<u>26,000,795</u>
Current assets:			
Debtors	10	95,933	24,619
Cash at bank and in hand		33,790	90,702
		<u>129,723</u>	<u>115,321</u>
Liabilities:			
Creditors: amounts falling due within one year	11	(51,421)	(31,884)
		<u>78,302</u>	<u>83,437</u>
Net current assets		<u>28,344,375</u>	<u>26,084,232</u>
Total net assets		<u>28,344,375</u>	<u>26,084,232</u>
The funds of the charity:	13		
Restricted funds:			
Endowment Fund		28,243,185	25,995,200
Unrestricted funds		<u>101,190</u>	<u>89,032</u>
Total charity funds		<u>28,344,375</u>	<u>26,084,232</u>

Approved by the trustees on 6 July 2022 and signed on their behalf by

Bob Tumba
Chair

The Okapi Fund for Nature Conservation in The Democratic Republic of Congo

Statement of cash flows

For the year ended 31 December 2021

	Note	2021 \$	\$	2020 \$	\$
Cash flows from operating activities					
Net income for the reporting period (as per the statement of financial activities)		2,260,143		10,482,533	
Depreciation charges		8,125		1,401	
Eliminate (gains) on investments including forex		(2,085,102)		(2,910,552)	
Income from investments		(285,454)		(182,108)	
(Increase) in debtors		(71,314)		(6,182)	
Increase in creditors		19,537		4,579	
Net cash provided by operating activities			(154,065)		7,389,670
Cash flows from investing activities:					
Purchase of investments		(12,432,810)		(21,653,169)	
Proceeds from sale of investments		12,320,208		14,261,675	
Purchase of fixed assets		(25,418)		(6,649)	
Income from investments		285,454		182,108	
Movement in cash held by investment manager		(50,281)		(113,119)	
Net cash used in investing activities			97,153		(7,329,154)
Change in cash and cash equivalents in the year			(56,913)		60,516
Cash and cash equivalents at the beginning of the year			90,702		30,186
Change in cash and cash equivalents due to exchange rate movements			-		-
Cash and cash equivalents at the end of the year			33,790		90,702

Notes to the financial statements

For the year ended 31 December 2021

1 Accounting policies

a) Statutory information

The Okapi Fund for Nature Conservation in The Democratic Republic of Congo is a charitable company limited by guarantee and is incorporated in England and Wales.

The registered office address is 10 Queen Street Place, London, EC4R 1BE.

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) – (Charities SORP FRS 102). The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006/Charities Act 2011.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

c) Public benefit entity

The charity meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

The Okapi Fund received a capital contribution €14 million from the German Ministry for Cooperation and Development through the KfW Development Bank in December 2019. This has been invested, and will be reviewed on the total returns basis, to be used from 2022 onwards, once the investments have started to make a return. KfW Development Bank committed to continue operational support by allocating additional funding for the year ended 2022. At the year end the investment value is \$28,243,185, of which Okapi has over \$10 million in the expendable endowment.

In 2022, the Okapi Fund is expecting to distribute funds to finance projects in the Protected Areas, of around \$550,000. In addition the total returns basis will be reviewed to draw down money into income accounts to be spent in 2023.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

g) Grants payable

Grants payable are made to third parties in accordance with the charity's governing documents. These grants are charged to the statement of financial activities in the year in which the offer is conveyed to the recipient. No grants were communicated to recipient before the year end.

Notes to the financial statements

For the year ended 31 December 2021

1 Accounting policies (continued)

h) Listed investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

Trustees adopt a total return approach, under which the target is to achieve total return (net of fees) of 4% above RPI inflation, allowing the fund to withdraw from the portfolio to either income funds or trust for investment to contribute to its running costs each year. Investment income is allocated to the endowment funds when receivable. Withdrawals from the endowment funds are shown as transfers between funds. Within the year annualised total return (net of fees) of 10.9% was achieved.

i) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

j) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

k) Fixed assets

Items of equipment are capitalised where purchased. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

The depreciation rates of fixed assets are as follows:

- Computer equipment – 3 years straight line
- Fixtures and Fittings – 4 years straight line
- Motor Vehicles – 4 years straight line

l) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

m) Foreign exchange policy

Transactions in foreign currencies are translated at the average rate for the year using HMRC rates. All exchange gains/losses are charged to the statement of financial activities and separately disclosed.

n) Presentational currency

The financial statements are presented in United States Dollars. The functional currency is between United States Dollars, Euros and Congolese Franc.

o) Funds

The restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

The unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

The endowment funds include permanent endowment funds, where the capital must be retained, and expendable endowment funds, which can be converted into income at the discretion of the Trustees. The totality of the funds received from the World Bank (US\$ 7.4 million) are treated as Permanent Endowment Funds according to the wishes expressed by the donor.

Following the wishes of the donor, the funds received from KfW, namely Euro 14 million received in December 2019, are treated as:

- Permanent Endowment funds for the value of US\$ 7.4 million (based on the conversion rate in effect on the date of receipt of funds in the accounts held with Smith & Williamson).
- Expendable Endowment Funds for the value of EURO 14 million less the amount mentioned above (14M euros – 7.4M US\$ based on the conversion rate in effect on the date of receipt of funds in the accounts held with Smith & Williamson).

There were no new permanent endowments in 2021.

The Okapi Fund for Nature Conservation in The Democratic Republic of Congo

Notes to the financial statements

For the year ended 31 December 2021

2 Income from donations and legacies (unrestricted)

	Unrestricted \$	Endowment \$	2021 Total \$	2020 Total \$
Donations:				
World Bank	–	–	–	7,400,000
KfW	438,183	–	438,183	364,168
Gifts in Kind:				
KfW	46,879	–	46,879	8,857
	485,062	–	485,062	7,773,025

All income from the prior year was unrestricted.

3a Analysis of expenditure (current year)

	Cost of raising funds \$	Charitable activities \$	Support costs \$	Governance costs \$	2021 Total \$	2020 Total \$
Staff Costs (note 5)	20,891	83,562	115,865	52,226	272,544	216,418
Consultancy	–	–	46,879	–	46,879	8,010
Legal fees	–	–	–	5,634	5,634	5,856
Admin and Rent	–	9,793	80,624	–	90,417	52,483
Accountancy and audit	–	–	–	49,341	49,341	41,845
IT	–	–	1,041	–	1,041	2,204
Depreciation expense	–	–	8,125	–	8,125	1,399
Investment manager's fees	–	–	122,571	–	122,571	78,076
Other expenses	–	–	2,974	–	2,974	–
Trustees' expenses	–	–	–	358	358	365
	20,891	93,355	378,079	107,559	599,884	406,656
Support and Governance costs	–	485,638	(378,079)	(107,559)	–	–
Total expenditure 2021	20,891	578,993	–	–	599,884	406,656

3b Analysis of expenditure (prior year)

	Charitable activities \$	Support costs \$	Governance costs \$	2020 Total \$
Staff Costs (note 5)	–	216,418	–	216,418
Consultancy	–	8,010	–	8,010
Legal fees	–	–	5,856	5,856
Admin and Rent	–	52,483	–	52,483
Accountancy and audit	–	–	41,845	41,845
IT	–	2,204	–	2,204
Depreciation expense	–	1,399	–	1,399
Investment manager's fees	–	78,076	–	78,076
Trustees' expenses	–	–	365	365
	–	358,590	48,066	406,656
Support and Governance costs	406,656	(358,590)	(48,066)	–
Total expenditure 2020	406,656	–	–	406,656

Notes to the financial statements

For the year ended 31 December 2021

4 Net income for the year

This is stated after charging:

	2021 \$	2020 \$
Trustees' remuneration	–	–
Trustees' reimbursed expenses	358	720
Foreign exchange (gain)/loss	(11,667)	69,820
Auditor's remuneration (excluding VAT):		
Audit	16,530	12,703
Other services	5,510	2,553

The Okapi Fund for Nature Conservation in The Democratic Republic of Congo

Notes to the financial statements

For the year ended 31 December 2021

5 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2021 \$	2020 \$
Salaries and wages	234,438	198,104
Social security costs	38,106	18,314
	<u>272,544</u>	<u>216,418</u>

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2021 No.	2020 No.
\$179,079 – \$192,852	–	1
\$206,629 – \$220,403	<u>1</u>	<u>–</u>

Gross salaries, social security, and employer pension contributions for key management personnel this year were \$272,043 (2020:\$194,316).

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2020: \$nil). No charity trustee received payment for professional or other services supplied to the charity (2020: \$nil).

Trustees' reimbursed expenses include travel, accommodation and disbursement costs in relation to overseas travel and subsistence for two trustees (2020: one). The amount of \$358 was reimbursed (2020: \$365).

The average number of employees (head count based on number of staff employed) during the year was 2 (2020: 2).

6 Related party transactions

Britta Oltmann is the head of the KfW bureau in Kinshasa and a Trustee for the Fund. Within the year, KfW covered the Executive director costs for the amount of £nil (2020: \$8,857).

The Okapi Fund received funding from KfW of \$438,183 and a gift in kind of \$46,879. Of this, \$438,183 relates to funding to support the administration of the charity and £NIL relates to an endowment fund set up in the year (2020: \$7,773,025).

Jean-Philippe Waterschoot; who is a trustee is the CEO of TEXAF . TEXAF is the parent company of COTEX, from whom the Okapi Fund is leasing their office. The lease was agreed on an arm's length basis and Jean-Philippe Waterschoot is not a signatory on the lease. A total of \$54,190 was paid by the Okapi Fund to COTEX in the year (2020: \$29,717, \$14,759 to cover the period from January to December 2020 and a \$14,958 deposit). The deposit was returned to the Okapi Fund on termination of the lease during 2021.

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

7 Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

The Okapi Fund for Nature Conservation in The Democratic Republic of Congo

Notes to the financial statements

For the year ended 31 December 2021

8a Listed investments (current year)

	2021 \$	2020 \$
Fair value at the start of the year	25,801,658	15,499,612
Additions at cost	12,432,810	21,653,169
Disposal proceeds	(12,320,208)	(14,261,675)
Net gain on change in fair value	2,085,102	2,910,552
	27,999,362	25,801,658
Cash held by investment broker pending reinvestment	243,823	193,542
Fair value at the end of the year	28,243,185	25,995,200

It has been noted that the volatility in the world's stock markets has caused a reduction in investment portfolio of approximately \$4,720,134 (16%) to \$23,523,051 as at 6 July 2022. The Trustees regard the portfolio as a long-term investment and have no intention to dispose of the portfolio.

	Permanent Endowment \$	Unapplied Total Return \$	Total \$
At beginning of the reporting period or date of resolution:			
Gift component permanent endowment	14,793,588	–	14,793,588
Unapplied total return	–	1,941,823	1,941,823
Total	14,793,588	1,941,823	16,735,411
Movements in the reporting period:			
Gift of endowment funds	–	–	–
Investment return: dividends and interest	–	188,373	188,373
Investment return: realised and unrealised gains and (losses)	–	1,335,585	1,335,585
Less: Investment management costs	–	(78,936)	(78,936)
Total	–	1,445,022	1,445,022
Unapplied total return allocated to income in the reporting period	–	–	–
Net movements in reporting period	–	1,445,022	1,445,022
At end of the reporting period:			
Gift component permanent endowment	14,793,588	–	14,793,588
Unapplied total return	–	3,386,845	3,386,845
Total	14,793,588	3,386,845	18,180,433

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Notes to the financial statements

For the year ended 31 December 2021

8b Listed investments (prior year)			
	Permanent Endowment \$	Unapplied Total Return \$	Total \$
At beginning of the reporting period or date of resolution:			
Trust for investment/permanent endowment	7,393,588	–	7,393,588
Unapplied total return	–	–	–
Total	7,393,588	–	7,393,588
Movements in the reporting period:			
Gift of endowment funds	7,400,000	–	7,400,000
Investment return: dividends and interest	–	117,311	117,311
Investment return: realised and unrealised gains and (losses)	–	1,874,807	1,874,807
Less: Investment management costs	–	(50,295)	(50,295)
Total	7,400,000	1,941,823	9,341,823
Unapplied total return allocated to income in the reporting period	–	–	–
Net movements in reporting period	7,400,000	1,941,823	9,341,823
At end of the reporting period:			
Trust for investment/permanent endowment	14,793,588	–	14,793,588
Unapplied total return	–	1,941,823	1,941,823
Total	14,793,588	1,941,823	16,735,411

9 Tangible fixed assets				
	Motor vehicles \$	Fixtures and fittings \$	Computer equipment \$	Total \$
Cost				
At the start of the year	–	4,135	2,953	7,088
Additions in year	25,418	–	–	25,418
At the end of the year	25,418	4,135	2,953	32,506
Depreciation				
At the start of the year	–	896	597	1,493
Charge for the year	6,354	826	945	8,125
At the end of the year	6,354	1,722	1,542	9,618
Net book value				
At the end of the year	19,064	2,413	1,411	22,888
At the start of the year	–	3,239	2,356	5,595

All of the above assets are used for charitable purposes.

10 Debtors		
	2021 \$	2020 \$
Trade debtor	88,553	5,541
Other Debtors	–	3,133
Prepayments	7,380	15,945
	95,933	24,619

The Okapi Fund for Nature Conservation in The Democratic Republic of Congo

Notes to the financial statements

For the year ended 31 December 2021

11 Creditors: amounts falling due within one year

	2021 \$	2020 \$
Payroll creditor	15,122	9,886
Trade creditors	13,039	783
Accruals	23,260	21,215
	51,421	31,884

12a Analysis of net assets between funds (current year)

	General unrestricted \$	Endowment \$	Total funds \$
Fixed assets	22,888	–	22,888
Investments	–	28,243,185	28,243,185
Net current assets	78,302	–	78,302
Net assets at 31 December 2021	101,190	28,243,185	28,344,375

12b Analysis of net assets between funds (prior year)

	General unrestricted \$	Endowment \$	Total funds \$
Fixed assets	5,595	–	5,595
Investments	–	25,995,200	25,995,200
Net current assets	83,437	–	83,437
Net assets at 31 December 2020	89,032	25,995,200	26,084,232

13a Movements in funds (current year)

	At 1 January 2021 \$	Incoming resources & gains \$	Outgoing resources & losses \$	At 31 December 2021 \$
Restricted funds:				
Permanent Endowment	16,735,411	1,523,958	(78,936)	18,180,433
Expendable Endowment	9,259,789	846,598	(43,635)	10,062,752
	25,995,200	2,370,556	(122,571)	28,243,185
Unrestricted funds:				
General funds	89,032	489,471	(477,313)	101,190
Total funds	26,084,232	2,860,027	(599,884)	28,344,375

The Okapi Fund for Nature Conservation in The Democratic Republic of Congo

Notes to the financial statements

For the year ended 31 December 2021

13b Movements in funds (prior year)

	At 1 January 2020 \$	Incoming resources & gains \$	Outgoing resources & losses \$	At 31 December 2020 \$
Restricted funds:				
Permanent Endowment	7,393,588	9,392,118	(50,295)	16,735,411
Expendable Endowment	8,187,028	1,100,542	(27,781)	9,259,789
	<u>15,580,616</u>	<u>10,492,660</u>	<u>(78,076)</u>	<u>25,995,200</u>
Unrestricted funds:				
General funds	21,083	396,528	(328,580)	89,032
Total funds	<u>15,601,699</u>	<u>10,889,189</u>	<u>(406,656)</u>	<u>26,084,232</u>

Purposes of Endowment funds

The Okapi Fund has received funding from KfW and the World Bank to support the pursuit of its charitable objectives. The endowment fund is intended to generate significant, stable and predictable financial resources for the management of selected protected areas in the DRC, with a focus on sustainably financing the management costs of Parc National Kahuzi-Biega (PNKB) and the Parc National Garamba (PNG). The totality of the funds received from the World Bank (US\$ 7.4 million) are treated as Permanent Endowment Funds according to the wishes expressed by the donor.

Following the wishes of the donor, the funds received from KfW, namely EURO 14 million received in December 2019, are treated as:

Permanent Endowment funds for the value of US\$ 7.4 million (based on the conversion rate in effect on the date of receipt of funds in the accounts held with Smith & Williamson).

Expendable Endowment Funds for the value of EURO 14 million less the amount mentioned above (14 million EURO – 7.4million US\$ based on the conversion rate in effect on the date of receipt of funds in the accounts held with Smith & Williamson).

14 Operating lease commitments payable as a lessee

The charity's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property 2021 \$	2020 \$
Less than one year	<u>12,270</u>	<u>13,192</u>
	<u>12,270</u>	<u>13,192</u>

15 Contingent Liability

There are additional taxes for Expatriate employees within the DRC. Okapi should not have to paid this taxes due to its charitable status, however the charity are choosing to provide against the cost, and will seek legal advice. The extended costs would be approximately \$38k.

16 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to \$1.