



ANNUAL REPORT



Environmental Investment Fund
of Namibia | ensuring sustainability

2012/2013

**This document presents the audited Annual Financial Statement
for the Environmental Investment Fund of Namibia (EIF)
for the financial year ending 31 March 2013
in compliance with
Section 17 (1) of the Environmental Investment Fund Act, Act 13 of 2001**

SUSTAINABILITY
ENERGY
EFFICIENCY



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This is the Environmental Investment Fund

The Environmental Investment Fund is set up under the laws of Namibia, with the express purpose of raising financial resources for direct investment in environmental protection and natural resource management activities and projects that support the sustainable economic development of Namibia. The EIF is not just a fund for financing “conservation activities”. It pursues a broader investment portfolio by providing economic opportunities and a stake in the use of natural resources to the poorest sectors of society. The ultimate goal is to im-

prove the quality of life and the economic wellbeing of this sector, thereby reducing the possibilities of them pursuing activities that degrade Namibia's fragile environment and waste its natural resources.

The EIF invests in and supports projects and activities that promote the national development strategy of the government of the Republic of Namibia but for which the government is currently unable to provide the required financial investments.

Mission

To promote the sustainable economic development of Namibia through investment in and promotion of activities and projects that protect and maintain the natural and environmental resources of the country.

Objectives

The EIF has been established to:

- mobilise funding for the maintenance of an endowment fund that will generate income in perpetuity, and
- allocate this income to activities and projects, which promote the sustainable use and efficient management of natural resources for the benefit of all Namibians

Values

- Conservation and Sustainability
- Organizational excellence and integrity
 - Partnerships and collaboration
 - Innovation

Principles





Our Corporate Profile

EIF at a glance

As Africa develops, the pressure on natural resources through extended land use, booming extractive industries and rising water consumption, increases rapidly. With an arid climate and precarious ecosystems, Namibia is no exception, and inadequate planning may lead to over exploitation of natural resources, which is regressive to development.

No one understands these threats better than our people, who have been the custodians of this beautiful country for thousands of years. Namibia is unique in the world in the way it places communities at the heart of natural resource management. The Environmental Investment Fund (EIF) continues this great legacy by supporting individuals, projects and communities that ensure the sustainable use of resources.

Managing for the future

As a developing country, Namibia is heavily dependent on natural resources for our economic development through mining, fishing, farming and tourism. Yet many Namibians do not benefit directly from these natural riches. One of our priorities is to address this skewed access. The goal is to have a more inclusive approach, and to regulate the use of natural resources to prevent wastage, inefficiency and degradation.

The EIF was officially launched in 2012 and is funded by Government with the mandates to tap on local conservation fees and environmental levels. These funds are used for investing in the protection and wise management of the environment, promoting sustainable use of

natural resources for economic development, and conserving biological diversity and ecological life-support functions.

The EIF is building a sustainable fund that supports a variety of new and existing initiatives in the country. In doing so, we create partnerships with NGOs, Government, community-based organisations and the business community to ensure that our projects are well-positioned in the socio-economic and environmental tapestry of development, and to guarantee the buy-in of our local and foreign stakeholders.

What do we do?

The EIF has identified 10 focus areas where we will make a difference by fulfilling our mandate under the 2001 Environmental Investment Fund Act.

- 1 Communal conservancies and Community Based Natural Resources Management (CBNRM)
- 2 Land use planning and the optimal utilisation of land
- 3 Renewable energy and energy efficiency
- 4 Efficient use of water
- 5 Environmentally friendly waste management systems
- 6 Responsible use of pesticides
- 7 Green technology including recycling
- 8 Value chain developments for natural resource based enterprises.
- 9 Environmental research and training: Bursaries and scholarships in environment related areas
- 10 Raising environmental awareness

Governance

A Board of Directors manages the EIF. The powers and functions of the Board are to accountably, efficiently and properly manage and control the affairs and prop-

erties of the Fund . for that purpose and in furtherance of the objects of the Fund.



Mr. Titus Ndove

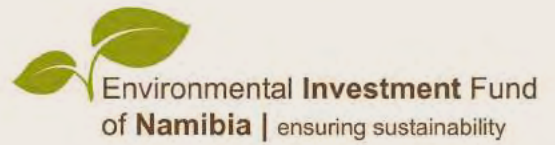
Ms. Maxi Louis

**Mr. Teofilus
Nghitila**

Dr. Gabriele Schneider

**Mr. Sheehamandje
lipinge**

Staff



Robert Kambunga
Professional Intern

Karl Aribeb
Director Operations

Benedict Libanda
Chief Executive Officer

Mathias Kamati
Driver

Lazarus Nafidi
Head: Communications & Corporate Affairs



Hendrika Skei
Finance Officer

Isoldah Hijamutiti
Director Finance & Admin

Keniya Chipawa de Sousa
Procurement Officer & PA to the CEO

Monique Kröhne
Administrative Officer

Martha Indombo
Professional Intern

Willibardt Kozosi
Assistant Finance Officer



Chairman of the Board's briefing

The Environmental Investment Fund of Namibia, as an institution and member of the global community, has the responsibility to help protect and restore our environment as well as create economic opportunities for Namibian citizens. We embrace this responsibility in all we do. This report is centred on the ways in which the Fund has driven change through its continued commitment to environmental financing. We have an important role in delivering a national mandate of ensuring environmental sustainability as stated in Article 95 of the Namibian Constitution.

As a developing country whose strongest economic sectors are directly reliant on its natural environment, Namibia is severely threatened by the effects of climate change and desertification. The impacts on the environment, human health, food security, and economic activity are particularly alarming. Further, climate change disproportionately affects the urban and rural poor, thus making it a central concern to poverty reduction and sustainable development in Namibia. In recognition of this threat the EIF has advocated for a localized response and a Grant Making Facility that has to date provided

funding to 23 projects amounting to N\$7.5 million. The grants have benefited approximately 5800 people with at least 135 full time jobs created in the green sector. Most importantly, the type of projects approved demonstrates that green investments contribute to reduce environmental damage while boosting economic growth and creating jobs, thus achieving sustainable development for Namibia. Currently, creating jobs within the context of a green economy is an essential and effective response to the unemployment challenge, which is one of the key focus areas of our National Development Plan 4.

This financial year has seen us introduce the EIF to development partners across Namibia, representing various industries, products, and services. This deliberate drive was meant to solicit support from both the private and public sector to be part of our ambitious goals and enable us to channel greater flows of capital to support green enterprises.

We have conducted a comprehensive review of our business and, through this work, expanded and more

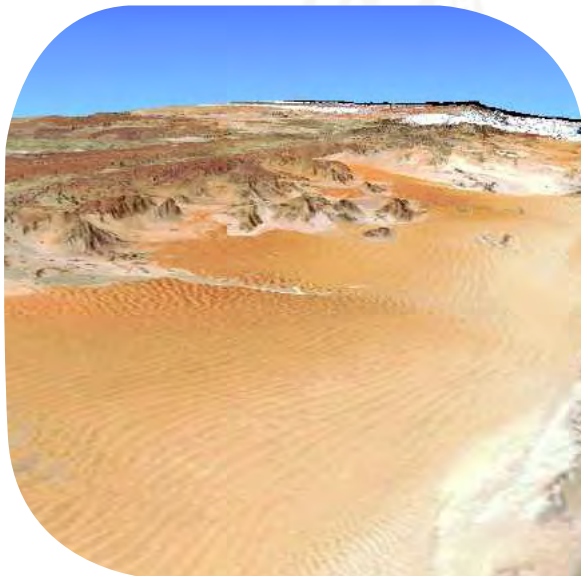
clearly defined our environmental finance categories. Our ongoing consultation with industry experts and institutions has given us the opportunity to improve our methodology for tracking environmental finance to more accurately reflect the impacts of our portfolio, the needs of our customers, and the scope of environmental problems we seek to address. We have since designed an account to appropriately measure developmental impacts of our efforts on behalf of environmental customers and projects. This effort is intended to expand the breadth of our commitment across all of our business units, and to more comprehensively and carefully measure our environmental and socio economic activities.

An inherent challenge and area of opportunity is the budget limitation of the Fund to comprehensively support green enterprises and biodiversity conservation initiatives. While there is proven demand for the new green soft loans, we also envisage budget shortfalls in the interim for this facility.

However, we are increasingly optimistic that a good foundation has been created for facilitating a green economy in Namibia. This report is a reflection of the breadth of programs funded across the country, the depth of partnerships formed and the innovation and novelty of the financial schemes developed; all with one important goal – to build a more environmentally and economically sustainable Namibia.

✓ Hugh

Teofilus Nghitila
Chairman of the Board





Chief Executive Officer's Report

Why innovation will always drive change

One of the most compelling arguments that illustrates the sector we operate in today is the need to empower people by challenging their conventional thinking in order to become true custodians of their own environment, in a perpetually changing world.

It is with this belief firmly embedded in our actions that the EIF in its infancy, embarked on a remarkable year of growth characterized by concise responses to strategic goals, a wealth of ideas and lessons learnt, passion for service delivery and innovation.

Making grants pay

One of the earliest financing mechanisms developed for the EIF were the Grants, for which the first call and second calls for proposals in February 2012 and February 2013 respectively, received a phenomenal response across the funding areas targeted.

The interest in the grants financing during the second call eclipsed the initial number of proposals received in February 2012, with increased awareness of the grants mechanism heightened by a rigorous Communication and Marketing campaign.

In summary, the institution has funded the following projects with a total of N\$ 7 564 205.50 committed towards project activities.

Table 1: Grants 2012/2013

Name of Organization	Project Title	Focal Area	Region	Amount (N\$)
• Institute for Management and Leadership Training	Luderitz Integrated Bio-Systems Project – Phase 1	Green Technology	Karas	330,320.00
• Institute for Management and Leadership Training	Tses Integrated Bio-Systems Project – Phase 2	Green Technology	Karas	275,825.00
• Uibasen Community Garden	Self-sufficient community based Agricultural Project	Natural Resources Management	Kunene	350,000.00
• Creative Entrepreneur Solutions	Cook with EzyStove – save our trees! Project	Green Technology	Khomas	124,978.00
• Recycle Namibia Forum	Paving the Way for Recycling in Namibia	Green Technology	Khomas	153,825.00
• Namibia Crane Working Group	Flight Paths for Wetland Flagship	Natural Resources Management	Erongo	282,800.00
• Tsiseb Conservancy	Uis Environmental Awareness and Regional Diversity Booklets	Natural Resources Management	Erongo	309,362.50
• EnviroScience	Rehabilitation and environmentally sensitive areas along the Orange River in the /Ai-/Ais Hotspots Game Park	Responsible Mining & Pesticides Management	Karas	225,998.00
• Kavango Jam and Juices	Improving Current Processing and Output Capacity of Existing Fruit Processing Using Sustainable Practices	Natural Resources Management	Kavango	350,000.00
• EduVentures	Eduventures goes mobile – A Namibian mobile environmental classroom	Training, Research and Education	Khomas	396,649.00
• Polytechnic of Namibia	Training & Assessment of stakeholders level of Sustainable Use & Management of Natural Resources	Training, Research and Education	Oshana	349,140.00
• Eco Awards	Rewarding Responsible Tourism	Tourism Development	Khomas	297,000.00
• Lusepani Beekeeping	Lusepani Beekeeping Farming Project	Natural Resources Management	Caprivi	295,000.00
• RMZ Consultancy and Business cc	Lushika Organic Vegetables and Chilli Production Project	Natural Resources Management	Caprivi	125,000.00
• Uukolonkadhi Community Forest	Fighting rural poverty and enhancing resource sustainability with mopane worm domestication	Natural Resources Management	Omusati	550,000.00
• Gobabeb Research Training Centre	Sanitation and Waste Management: Critical Thinking in the Sossusvlei – Namib Landscape	Green Technology	Erongo	360,000.00
• Caprivi Chili Farmers	Commercial Chile Production for market linkages developments	Natural Resources Management	Caprivi	399,400.00
• Olushandja Livestock Marketing Committee	Promotion of Conservation Agriculture in Omusati Region	Natural Resources Management	Omusati	341,200.00
• Development Aid From People to People	Community Awareness and action in Namibia	Natural Resources Management	Omusati	368,784.00
• Salambala Conservancy	Water point establishment to reduce human (life) wildlife conflict	Natural Resources Management	Caprivi	350,000.00
• Desert Research Foundation of Namibia (REEDS Group)	Using river reeds for income generation in Mariental, Hardap Region	Tourism Development	Hardap	330,510.00
• Polytechnic of Namibia	Prevention of Livestock deaths from toxic plants	Training, Research and Education	Omaheke	168,200.00
• MK Research & Development cc	Rural Electricity from sewage ponds	Green Technology	Oshana	325,134.00
• Men on the Side of the Road (MSR)	Insulation Project	Green Technology	Khomas	8,280.00
• Lerico Events and Safaris	Eco Kidz Project	Training, Research and Education	Oshikoto, Karas and Khomas	496,800.00

Geographic representation of the grants allocated painted a very promising picture with participation from natural resource rich areas such as the Caprivi region particularly evident. The areas in which most applications were received is Natural Resource Management.

figure 1. Geographic spread of Grants applicants

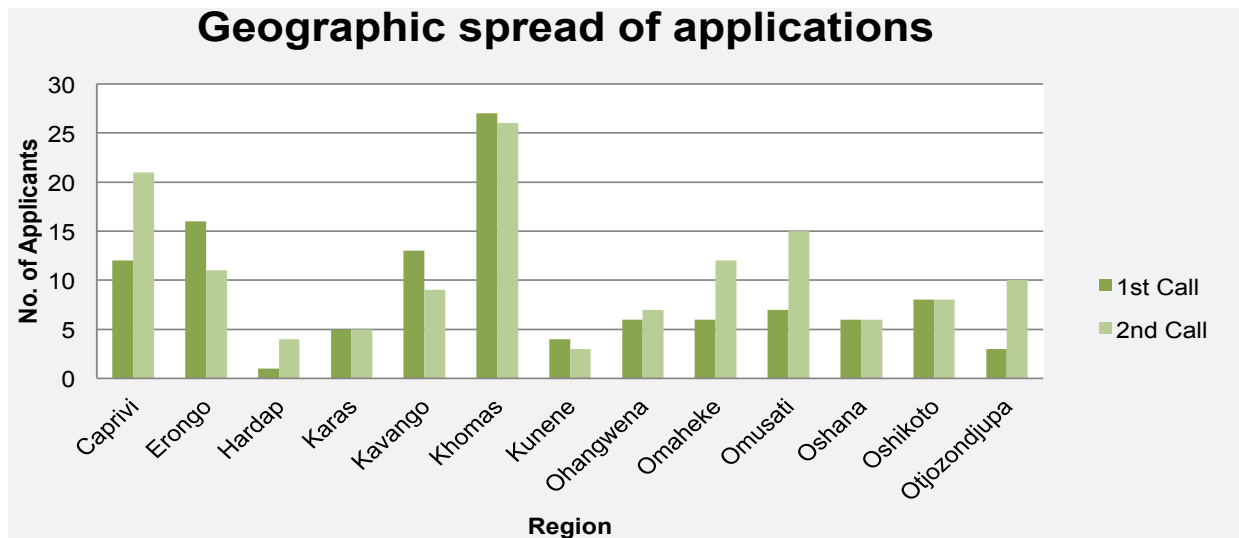
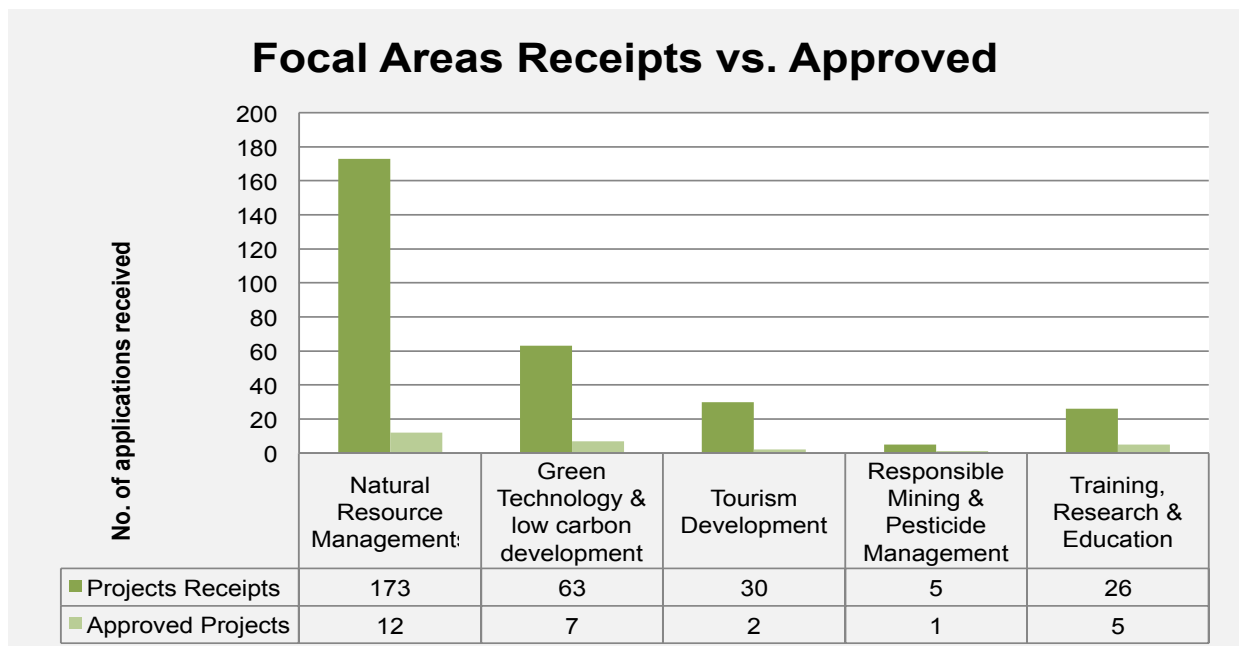


figure 2. Projects approved per focal area



Function-defined growth

The Fund has further moved to acquire needed and qualified human capital in the areas of project development, monitoring and evaluation, risk analysis; and communications and corporate affairs. With the addition of these special sets of skills, the Fund has distinguished itself as an instrument with the capacity to engage and reach out to corporate entities across a wide range of industries; and provide an analytic oversight over funds committed, projects funded and impacts recorded.

We have also moved to foster strategic administrative alliances by starting the process of partnering with a financial intermediary institution to provide small loans in the areas of green business, sustainable farming, green buildings, tourism development and renewable energy. A total amount of N\$ 3 million has been budgeted for this cause with a target of creating at least 90 green jobs. The facility will be recapitalized with an additional N\$ 2 million annually.

A young girl with dark hair and glasses is speaking at a podium. She is wearing a white t-shirt with the text 'You Think Green' and various environmental icons. The background is a light-colored wall with some greenery. A quote is overlaid in the top right corner.

**“Committed
to playing our part in
ensuring a Future
for the next generation”**

**Learner of the DHPS Member of “You Think Green Club”
delivering an address during the 1st year anniversary of the Fund**

Business strategy and alliances

Just as new ideas take a while to be absorbed, at the EIF we adopt a patient approach to growth and expansion. Not because we don't believe in accelerated growth but because we believe in progress speaking for itself. Our financing products have for the first year almost entirely been in the form of grants; which are not repayable as the maximum amount in essence equals the project costs.

We want to have a larger impact, and provide the financial platform for institutions in the public and private sector to invest in converting to operations that leave a green impact on Namibia. The Fund has during this reporting period begun the responsibility as Host Institution for the United Nations Small Grants Programme which provides grants financing to address climate change, land degradation, pollution pollutants, biodiversity and community based adaptation.

Furthermore, the Fund provides financial administration services for the Biodiversity and Sustainable Land

Management Programme that is supported by GIZ. In partnership with the United Nations Framework Convention for Climate Change (UNFCCC), the Fund was contracted to assist with financial administration of two sub-regional workshops on Capacity Building for Sustainable National Greenhouse Inventory Management Systems in Eastern and Southern Africa. Partnership creation has been a key strategic point to fast-track the initiatives of the Fund.

The Fund has also been a key stakeholder and contributor in the debate and consultation that has culminated in the Ministry of Finance's introduction of Environmental taxes in June 2012.

The Fund is a breakthrough in sustainable finance in Namibia. For the first time Namibian corporates and civil society have direct access to funding for green initiatives. This success has been largely due to a good governance structure and process, led by a capable Board of Directors.

The Board met as follows over the reporting period:

Table 2: Board meetings

	4 July 2012	1 August 2012	1 November 2012	28 March 2013
Mr Teofilus Nghitila	X	X	X	X
Dr Gabriele Schneider	X	X	X	X
Mr Titus Ndove	X	X	X	X
Ms Maxi Louis	X	X	X	X
Mr Sheehamandje lipinge	X	X	X	X

Technical Advisory Panel (TAP) Meetings

- The TAP met as follows during the reporting period:

Table 3: TAP meetings

	11 March 2013	1 June 2012	3 August 2012	21 Sept 2012
Dr Jonathan Barnes	X	—	X	X
Dr Katjiua Mutjinde	X	X	X	X
Mr Jeftha Goreseb	X	X	X	X
Mr Petrus Muteyauli	X	—	—	X
Ms Olga Katjuongua	X	X	X	X

Outreach campaigns

Product knowledge

The EIF in its infancy relied on a number of tools to inform the market about the various products on offer. While Grant financing was the main product this financial year, the Fund nevertheless presented all the mechanisms that it was still developing to stakeholders.

The Grants booklet, a guideline for applicants, was developed and printed versions were distributed at Trade and Consumer Fairs directly to the public. The Fund presented itself at the Windhoek Agricultural Trade Show, Okakarara Trade Fair and the Ongwediva Annual Trade Fair.

The EIF website is also an extremely effective information tool which is accessible globally at any time of the day or night. A new website was launched in 2012, and continues to be expanded and refined.

In order for the Fund to develop a financing strategy that takes into account best practices and lessons learnt, the CEO visited a few international green funds. A lot was learnt from visits to:

- The Green Fund, South Africa,
- Brazilian Biodiversity Fund (Funbio), Brazil

Media advertising and exposure

Visual and audio media are effective means of attracting attention. A number of media campaigns were undertaken using the national broadcaster, NBC Television, on prime shows such as the Namibia Business Today.

Grant handover ceremonies for the first and second intake were also widely covered by the local media. Public notices for Calls for Proposals for grant financing have been predominantly done using the print media, including all the major newspapers such as . New Era, Republikein, The Namibian, Windhoek Observer and the Namibian Sun. Local and relevant magazines such as Prime Focus, Etango and Insight are seen to play a significant role in the near future particularly for the purposes of getting the corporate sectors involved

Sponsorships

The Fund has taken every opportunity to support the Government of the Republic of Namibia on the promotion of programmes of strategic importance to the environmental sector in the country.

To this effect the Fund financially backed components of Namibia's bid to host the Green Climate Fund during 2012. Though the bid was eventually unsuccessful, it proved that joint resource mobilization was the yardstick of successful bids to host international events.

Other substantial sponsorships include the handover of a solar water heater following a competition during World Environment Day in June 2012.

Strategic partnerships and alliances

The EIF is still a growing institution and will become even more significant as the global quest for green growth and demand for green-enabled technologies gather pace. It is for this reason it is envisaged that partnerships will become an important strategic business part of the Fund as it evolves.

The Fund, as previously reported, has managed to forge a partnership with the UNDP/GEF Small Grants Programme; which will see the facility hosted by the Fund administratively and also ensure that funds are committed to community-based projects that conserve the environment, while improving the livelihoods of rural communities and alleviating poverty through sustainable activities, including income generating projects.

It has also been noted from the onset that being party to a network of professional and like-minded institutions would be beneficial for the long-term plans of the Fund. The Fund can leverage on initiatives and lessons learnt in different economies and also serve as a benchmark to create much-needed synergy internationally. For these reasons the Fund has become a member of the Global Sustainable Finance (GSF) Network, a global initiative that brings together financial institutions and other stakeholders committed to the advancement of sustainable finance.

The Fund has also developed a framework for technical cooperation with the Green Fund of South Africa. The Green Fund runs a budget in excess of N\$ 1.3 billion for green related projects; and could be a source to exchange best practices at macro level.

Sharing of EIF business model at an international stage

The Fund announced its presence to the global audience via a number of international engagements during 2012. From 12–22 June 2012, the EIF was represented by its CEO at the historic Rio+20 Summit on sustainable development, held in Rio de Janeiro, Brazil.

The Summit, the biggest UN conference ever held, was

a unique opportunity to exchange ideas on a range of political, social, technological and commercial issues facing countries. Over 500 side events were held during the Summit, which was attended by close to 40,000 participants. Serving on the discussion panel of the event themed; “Environmental Fiscal Reform and its role in the Green Economy”, the Fund had the honour of Namibia's experiences with regard to environmental reforms and debated key issues with other distinguished panelists from Costa Rica, South Korea, and Europe. The roundtable was organized by the GIZ and aimed to raise awareness of the potential of Environmental Fiscal Reform to drive future green economy-related interventions.

The Fund has grown rapidly over a relatively short period of time and we have been able to build many mutually beneficial relationships. The future will see us advance into new areas of financing and growing the portfolio of the Fund in order to really have the impact that we want.



Benedict Libanda
Chief Executive Officer



Our Role and Contribution

Ensuring environmental integrity requires a lot of investment, particularly in a society facing economic growth challenges. Financial institutions form an important part of a forward-looking society; therefore by providing finance, payments and investment solutions, we at the EIF assist households, entrepreneurs and

companies in reaching their financial objectives while addressing their own obligations towards the environment. We provide finance and investment opportunities for initiatives that can provide direct environmental and socio-economic impacts.

Natural Resource Management

The Namibian Government has, among other activities, put its faith in a community-based approach to natural resource management (CBNRM). This approach aims to provide communal area residents with appropriate incentives to use their resources sustainably and combines reform of policy and legislation with implementation at community level.

The EIF intends to support natural resource management projects that address the following areas:

- Biodiversity benefiting businesses, including sustainable farming
- Community based natural resources
- Land use management models
- Community based adaptation projects and plans
- Value addition

Promotion of Green Technologies and Low Carbon Development

Increases in natural disasters such as drought, floods and hurricanes; rising sea levels, ocean acidification, depletion of water resources and strains on agricultural production.

These are just some of the unprecedented challenges presented by Climate change.

The EIF intends to support projects that address the following areas:

- Renewable energy
- Water efficiency and recycling
- Sustainable water treatment
- Biogas (sewerage and sanitation systems, etc.)
- Sustainable transport
- Landfill upgrade and management
- Waste management
- Oil recycling

Tourism Development

Tourism forms an integral part of Namibia's economy, contributing not only significantly to the GDP of the country but also providing a means of improving livelihoods in remote areas where there are few economic opportunities.

The EIF intends to support tourism development projects that address the following areas:

- Concession financing;
- Trophy hunting;
- Eco tourism development.





**Environmental Investment Fund
of Namibia** | ensuring sustainability

Training, Research and Education

The EIF has an important role to play in ensuring that there is general awareness on environmental issues and their impacts on livelihoods in Namibia. The Fund will seek to partner with existing stakeholders to contribute in the areas of:

- Environmental research,
- Bursaries and scholarships,
- General environmental awareness and Educational tours.

Promotion of responsible mining, fishing and farming; and the responsible use of pesticides

It is a well-known fact that the use of pesticides in agriculture can improve agricultural productivity, but at the cost of significantly higher groundwater and other pollution.

The EIF in this regard supports projects that address the following:

- Sustainable mining;
- Sustainable fishing and farming;
- Waste management;
- Technology development;
- Handling of pesticides.

Key Milestones and Achievements

	Project	Region	Summary (Impact –environmental, economic, social)
1	Luderitz Integrated Biosystem Project – Phase 1	Karas	A Green Technology initiative, constituting phase 1 of a project to use waste-water (sewerage) as a resource for crop production and employment creation.
2	Tses Integrated Biosystem Project – Phase 2	Karas	2nd phase integrated Biosystem for the Tses community that intends to use waste water (sewerage water) as a resource to crop production and employment creation.
3	Community-based self-sufficient agriculture Project	Kunene	A community garden project by the Uibasen Conservancy in an area not known for crop cultivation.
4	Cook with EzyStove – Save our Trees! Project	Khomas	The Cook with EzyStove, Save our Trees project is an initiative by Creative Entrepreneur Solutions that cuts the use of firewood while cooking to about two-thirds. The project provides jobs and training for the people working on these energy efficient stoves. A local market for the product already exists.
5	Paving the Way for Recycling in Namibia	Khomas	A survey pilot project by Recycle Namibia Forum that aims to identify and document all relevant players in recycling in Namibia for compilation of a baseline report for future use.
6	Flight Paths for Wetland Flagship birds	Erongo	A project driven by the Namibian Cranes Working Group that aims to track, monitor and publicize flight paths of flagships wetland birds species such as the Blue Cranes and lesser and greater Flamingos.
7	Uis Environmental Awareness and Regional Diversity booklets	Erongo	An environmental education and awareness project by the Tsiseb Conservancy focusing on the development of a Regional diversity booklet.
8	Rehabilitation and environmentally sensitive areas along the Orange River in the /Ai-/Ais Hot Springs Game Park	Karas	A Responsible Mining project implemented by EnviroScience looking at the rehabilitation of eco-sensitive areas adjacent to the /Ai-/Ais Hot Springs Game Park.
9	Improving the processing and output capacity of Jam & Juice processing using Sustainable practices	Kavango	A natural resource management and value-adding project aimed at improving the process of producing Jam and Juice from natural fruits.
10	Eduventures goes mobile – A Namibian mobile environmental classroom	Khomas	
11	Training & Assessment of stakeholders level of Sustainable Use & Management of Natural Resources	Oshana	A natural resource management project with a multi-sectoral approach. Driven by the Department of Agriculture and Tourism of the Polytechnic of Namibia, the project's aim is to train and assess stakeholders on the sustainable use of Natural Resources.
12	Eco Awards	Khomas	A tourism development project driven by the Eco Awards Alliance Namibia with the aim of promoting, supporting and facilitating the development of responsible tourism in Namibia. The overall goal is to make Namibia a destination of choice for environmentally conscious tourists and setting international standards of excellence in the industry.
13	Lusepani Beekeeping	Caprivi	An innovative alternative land-use project focusing on apiculture; i.e. beekeeping. It is envisaged that the project while contributing to livelihood improvement will also serve as a climate change mitigation method by decreasing green house gas emissions to the atmosphere through the conservation of the vegetation cover and with it the conservation of biodiversity.
14	Lushika Organic Vegetables and Chilli Production Project	Caprivi	A sustainable agriculture family-driven project that aims to improve food security and improve people's livelihood.
15	Fighting rural poverty and enhancing resource sustainability Domestication of mopane worms	Omusati	A community-based project driven by Uukolonkadhi Community Forest that aims to domesticate mopane worms for livelihood improvement and food security.
16	Sanitation and Waste Management	Erongo	A green Technology project looking at innovative sanitation and waste management options in the Sossusvlei – Namib Landscape.
17	Commercial Chilli Production for market linkages development	Caprivi	A natural resource management project by the Caprivi Chilli Farmers Association looking at commercial chilli production and sourcing of markets for the product.
18	Promotion of Conservation agriculture in Omusati Region	Omusati	A responsible agriculture project aimed at increasing cultivation land at Olushandja
19	Recycling of disused tyres	Khomas	A research project driven by GreenCycle Investments seeking to undertake a feasibility assessment for the recycling of disused tyres by producing market able products from such tyres.
20	Community Awareness and action in Namibia	Omusati	A project implemented by the Development Aid from People to People (DAPP), aiming at raising community awareness of natural resources in Namibia.
21	Mitigating Human Wildlife Conflict	Caprivi	A natural resource management project by the Salambala Conservancy which entails the establishment of Water points as a means of reducing Human Wildlife Conflict.
22	Prevention of Livestock deaths from toxic plants	Omaheke	A research project by the Polytechnic of Namibia which focuses on finding solutions to deaths by livestock as a result of ingesting toxic plants.
23	Rural electrification from sewage ponds	Ohangwena	A Green Technology project by MK Research & Development, looking at the option of generating energy from waste and the viability of supplying electricity.

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Our impact

The National Development Plan (NDP4) commits the various sectors of Namibia's economy to an expanded vision of economic growth, employment creation and income equality in Namibia.

Through critical analysis of target setting, we aim to demonstrate the impact that EIF funded programs have on the socio-economic and environmental agenda of the country.

The Fund's monitoring function will over the long run help in the strengthening of local capacity to assess changes using key indicators designed and monitored at local levels.

FOCUS SECTOR	Environmental Impact	Socio-economic Impact
Natural Resource Management	<p>The Lusepani Beekeeping project demonstrates ecological balance as Honeybees provide bee pollination required for fruit, vegetables, flowers, and seed crops in general.</p> <p>No land is cleared for beekeeping, and hence an area of approximately 1,700 hectares of arable and non-arable land covered with vegetation is successfully conserved.</p>	<ul style="list-style-type: none"> • Approximately 4,256 households have benefited from Mopane worms domestication through income generation. • 130 onsite jobs have been created. • Approximately 1000 households benefit directly and indirectly. • 83 farmers were trained and capacitated in agro — training. • 60 members of the Mopane worm domestication project have been trained and capacitated in the art. • General improvement in livelihood and reduction in poverty levels envisaged.
Green Technology and low carbon development	<p>The Olushandja agricultural project conserves approximately 50% water through a drip irrigation method;</p> <p>Creative business solutions in waste management focusing on Reducing Reusing and Recycling</p> <p>500 litres of sewage and waste water recycled per day are reused for Biosystem, gardens</p> <p>The 250 EzyStoves currently reduce wood consumption by two thirds (70%) and reduces toxic gases and 50 metric tonnes of CO² emission per year</p>	<ul style="list-style-type: none"> • 100 women empowered through training and capacity development while 500 households accessing vegetable products. • Full-time to temporary jobs on sites created. • 9,000 indirect beneficiaries. • 250 households in the peri-urban settlements of Windhoek (Havana and Kilimanjaro) benefited from fuel-efficient stoves subsidised at N\$55.00 per stove.

FOCUS SECTOR	Environmental Impact	Socioeconomic Impact
Eco-Tourism Development (tourism greening, concession)	Development of 2,600 biodiversity & heritage Promotional Materials for the North-West Conservancies in Damara, English and German; Establishment of an Eco Award Certification Standard for Tour Operators	<ul style="list-style-type: none"> Increased number of tourism related activities in North-West conservancies. At least 6 people trained to conduct Eco Award Certification Standards for Tour Operators (3 Student interns and 3 Technical experts). Income generating activities (IGAs) enhancement of tourism information centres. Creation of employment for local populations.
Responsible Mining, Fishing, and Pesticide Management	Mining rehabilitation activities in the /Ai-/Ais Hot Springs Game Park continues to improve indigenous vegetation and healthy populations of wildlife are enhanced, and stable landscape	<ul style="list-style-type: none"> MET & MME staffs are capacitated in rehabilitation and biodiversity of abandoned mines.
Training Research and Education	improved and appropriate use of waste management will reduce environmental degradation as well as pollution in the Sossusvlei — Namib landscape; Stakeholder level on assessment and training on sustainable use of NR	<ul style="list-style-type: none"> 10 student interns will be provided the opportunity to enhance their knowledge base in liquid and solid waste management; 18 CART trained and capacitated nationwide on the sustainable use of NR (livestock, plants and the economy of NR), and EIA Training;



Inside the Small Grants Programme

Small contributions, big impacts

Background

The Small Grants Programme (SGP) Namibia is basically an eight-year-old programme, first endorsed by Namibia in 2003. It became fully operational in 2004. Funding for the SGP comes from the Global Environment Facility of the United Nations. To date the SGP has funded about 120 projects based in all 13 Regions of Namibia and in the process disbursed close to N\$30 million for projects.

Types of projects supported

The SGP National Steering Committee approves projects that address issues related to:

- Environmental conservation,
- Poverty reduction and;
- Biodiversity protection.

The SGP also targets marginalised communities such as the San, Ovahimba and Nama Damara. The programme currently allocates a maximum 50,000 US dollars per project, which is approved by the National Steering Committee.

SGP and EIF partnership

The SGP is now currently hosted by the EIF; a partnership which will see the EIF successfully bring on board knowledge and experience in the provision of grants to communities.

Whilst the partnership is aimed at integrating the funding streams, this arrangement is of particular benefit to the Fund with the experience, pedigree and institutional memory and capacity offered by the staff at the SGP



Sion Shifa

Nickey //Gaseb

Rauna Nghatanga

Contact Details:

The GEF Small Grants Programme
Tel: +264 61 284 2960, 5th Floor Capital Centre Building Windhoek
Hosted by the Environmental Investment Fund of Namibia



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Environmental Investment Fund
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Inside the Cook with EzyStove project

The award winning environmental and people friendly stove

An estimated 90% of rural households in Namibia depend on wood for their cooking and heating needs. The widespread practice of cooking over open-fires is highly fuel-inefficient and is a major cause of deforestation in Namibia's more densely populated areas. It is also a major cause of respiratory illnesses, mainly for women and children who typically bear responsibility for preparing meals.

The Cook with EzyStove, Save our Trees project, an initiative that cuts the use of firewood while cooking to about two-thirds is proving to be an international success story. While providing jobs and training for the people working on these energy efficient stoves, the project has also developed a local market for the commodity with people in the informal settlements of Katutura particularly responsive to this very affordable and in-demand cooking tool. There are currently 1,000 EzyStoves in use in Namibia to the benefit of more than 4,000 households, of which women head 75%.

The cook with EzyStove Save our Trees project is in the process of negotiating with carbon-offset investors to finance the production and distribution of a massive 400,000 Ezy stoves in Namibia.



The EzyStove Project:

Winner of the Momentum of Change Award by the United Nations Framework Convention on Climate Change in Doha, Qatar during the Convention of Parties, 2012.

The economics surrounding the EzyStove is just as fascinating.

On average One EzyStove =

- **N\$ 2,772** in income saved; or
- **1,300 fewer hours** spent collecting fuel wood which can be used in more productive activities;
- **64 trees saved** from destruction for use as fuel wood;
- **60% reduction** in toxic emissions;
- Potentially **the life** of a mother or child saved from smoke inhalation or severe burns from open fires;
- **10 to 15 metric tonnes** of CO2 offsets

Assumptions:

- 5-year stove lifespan,
- N\$ 12.37 per day wage equivalent,
- 1.4 hours per day wood collection, and average tree weight of 195 kg.

Creative Entrepreneurs Solutions • P.O. Box 153 14
Ondangwa, Namibia • tel / fax +264 65 241977
• info@ces.org.na



Inside the Lusepani Beekeeping Farming project



Somewhere in Shisheke Village in the Kongola Constituency in North-Eastern Namibia; Mr. Dixon Lusepani, a retired public servant, has undertaken to venture into apiculture farming as an alternative way of farming – in an area where the land-use is predominantly crop and livestock farming.

The Lusepani Beekeeping Farm project, funded with an EIF grant of NAD 295,000, involves the erection of 10 hives stocked with *apis mellifera* bees. With the overall aim of improving the quality of households and encouraging, assisting and educating community members to adopt honeybees as a livelihood; the project is proving to be as innovative as it is sustainable.

The project area, along the Kwandu River receives an average of 600 mm of rain annually and is rich in vegetation. Crop farming practices pose a danger to the vegetation cover in this area and it is envisaged that alternative and entirely new farming method such as Bee-keeping will contribute towards the preservation of the local vegetation.

Project Outcomes

The project, once fully operational, intends to employ 3 people on a full time basis and 7 temporary jobs will be created. The project aims to create a commercially attractive market, particularly with the hospitality sector being a predominant industry in the north-eastern parts of the country. The site of the project is strategically positioned around conservancies and lodges, and en route along the Trans Caprivi Highway. Honey has a long shelf life, and it's used also for medicinal purposes.

Environmental and Social – Economics Benefits

An apiculture farming requires the conservation of the vegetation cover and with it the conservation of biodiversity. It further slows the growth of the agricultural and cattle raising grass land border and reduces the use of fire, hence contributing to climate change mitigation by decreasing green house gas emissions to the atmosphere.

It also significantly strengthens the involvement of local and indigenous people in the conservation of the tropical forest and biodiversity, integrating social dimensions and reducing rural poverty. Apiculture farming is an environmentally friendly enterprise. Honeybees provide bee pollination required for fruit, vegetables, flowers, and seed crops. Bees produce honey, wax, and other products. Fascinating of bee farming is that land is not cleared or destroyed as bees collect their food in the wild and wetland areas.



Project management services

The EIF has during this reporting period provided expert services for a number of projects and programmes for implementing partners. These projects ranged from

administration to financial management, project management and technical support.

Below are the programmes that the Fund has managed over the financial year:

Table 4: Projects managed by the EIF

PARTNER	AREA OF COOPERATION /PROJECT
UNDP Small Grants Programme	National Hosting Agency of the N\$ 30 million programme
Ministry of Environment and Tourism	Tsumeb Customs Smelter Project, N\$ 25 million
Ministry of Environment and Tourism	Administration and disbursement of funds towards activities for Namibia's Green Climate Fund bid; N\$ 3 million
United Nations Framework Convention on Climate Change	Training and capacity building on Sustainable National Greenhouse Gas Inventory Management Systems, to the tune of N\$ 2.1 million
Ministry of Environment and Tourism and Office of the Prime Minister	Mosquito Survey Project (North of Etosha), N\$ 585,000
Ministry of Environment and Tourism	Biodiversity and Sustainable Land Management Project, N\$ 5.4 million
Ministry of Environment and Tourism	Enabling activities to implement the Stockholm Convention on Persistent Organic Pollutants (POPs), N\$ 3 million



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Environmental **Investment** Fund
of **Namibia** | ensuring sustainability

New financing mechanisms

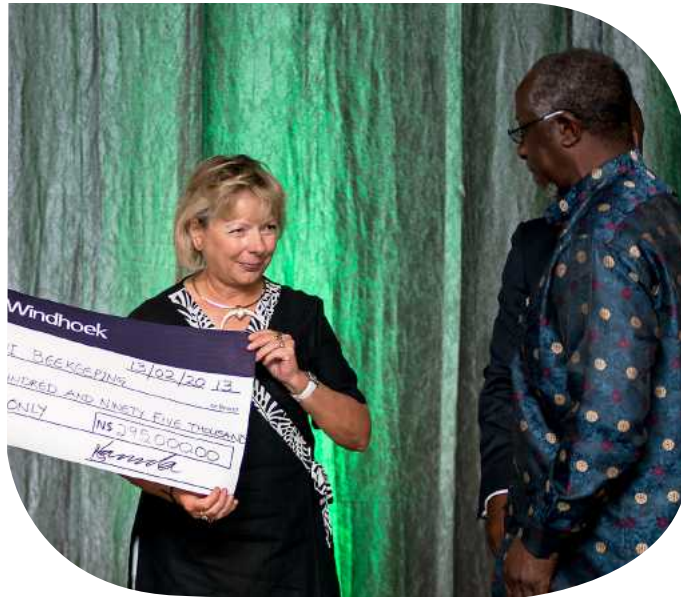
During the first year of operations the Fund has been researching new and innovative financing mechanisms for investments in green technologies in the country. Particular focus was placed on mobilizing market-based repayable financing (such as loans, bonds and equity) as a way of bridging the financial gap to meet

the Fund's objectives and other crucial sector objectives. These were considered based on the principles complementarity and sustainability.

Additional to grant financing, the Board has approved the following financing mechanisms:

Table 5: New financing mechanisms

FINANCING INSTRUMENT	DESCRIPTION AND RISK
Soft Loans	These loans are "softened" in one or more of the following ways: reduced interest rates, allowance for grace periods (12 months), and longer payback periods (10 years).
Interest rate Subsidies	An interest rate subsidy is a special case of a direct grant. The interest rate subsidy is used to reduce the effective interest rate on a loan. Its value may be stipulated as a fixed amount (e.g. percentage of investment, or absolute amount established by the agency) or more typically, as the difference between total interest payments over the life of the loan at prevailing commercial interest rates minus interest payments for a lower subsidised rate.
Loan Guarantees	A loan guarantee is a mechanism by which a third party assumes a legal responsibility to compensate a lender if the borrower defaults on a loan. The issue of adverse selection by a lender manifests itself.
Equity Investments	Equity can be viewed as a source of capital that is used for a variety of purposes, such as expansion of operations, modernisation, or short-term debt financing. Equity is most often used in providing support to new or innovative environmental protection businesses.



Our project footprint

Key Milestones and Achievements

Creating green impacts across Namibia

The funds raised through the Fund are meant to build a Namibian society with a strong capacity to implement projects that have a strong impact on the conventional way in which we use resources. Some of these projects

have a more distinct sustainable profile than others. They include community initiatives, "green" financings, research, training and development and financings for Public Private Partnerships (PPPs). Here are some highlights:



1 Enviro Science

Rehabilitation and environmentally sensitive areas along the Orange River in the /Ai-/Ais Hot Springs Game Park



3 Community-based self-sufficient agriculture Project Kunene

A community garden project by the Uibasen Conservancy in an area not known for crop cultivation.



4 Luderitz Integrated Biosystem Project – Phase 1 Karas

A Green Technology initiative, constituting phase 1 of a project to use waste-water (sewerage) as a resource for crop production and employment creation.



2 Cook with EzyStove – Save our Trees! Project Khomas

The Cook with EzyStove, Save our Trees project is an initiative by Creative Entrepreneur Solutions that cuts the use of firewood while cooking to about two-thirds. The project provides jobs and training for the people working on these energy efficient stoves. A local market for the product already exists.





5 Paving the Way for Recycling in Namibia Khomas

A survey pilot project by Recycle Namibia Forum that aims at identifying and document all relevant players in recycling in Namibia for compilation of a baseline report for future use.



6 Training & Assessment of stakeholders level of Sustainable Use & Management of Natural Resources Oshana

A natural resource management project with a multi-sectoral approach. Driven by the Department of Agriculture and Tourism of the Polytechnic of Namibia, the project's aim is to train and assess stakeholders on the sustainable use of Natural Resources.



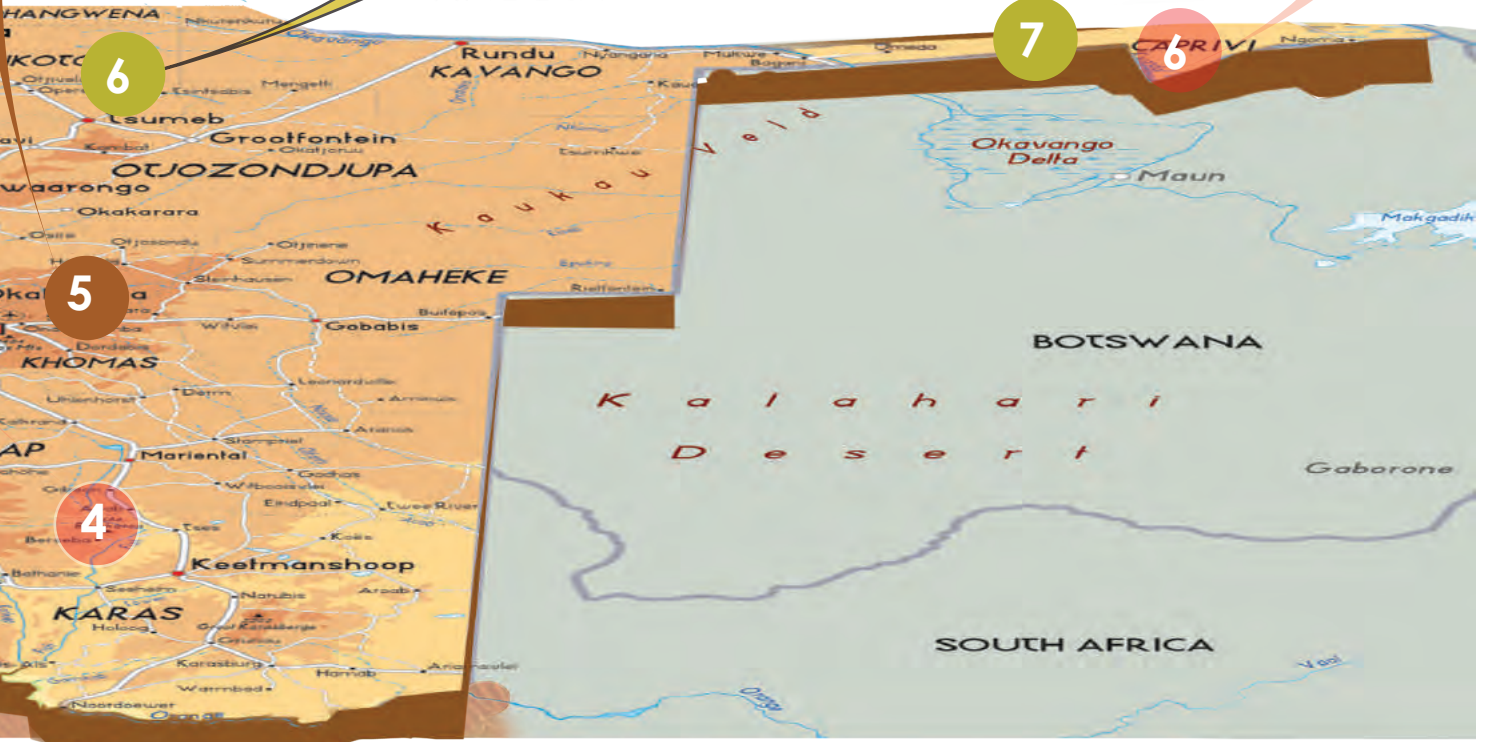
7 Lushika Organic Vegetables and Chilli Production

A sustainable agriculture family-driven project that aims to improve food security and improve people's livelihood.



8 Lusepani Beekeeping Caprivi

An innovative alternative land-use project focusing on apiculture; i.e. beekeeping. It is envisaged that the project while contributing to livelihood improvement will also serve as a climate change mitigation method by decreasing green house gas emissions to the atmosphere through the conservation of the vegetation cover and with it the conservation of biodiversity.





Environmental Investment Fund of Namibia



Annual Financial Statements
For the Year Ended 31 March 2013

Environmental Investment Fund of Namibia

Annual Financial Statements for the year ended 31 March 2013

General Information

Country of incorporation and domicile	Namibia
Business address	Capital Centre 2nd Floor, Independence Avenue Windhoek Namibia
Postal address	P O Box 28157 Windhoek Namibia
Bankers	Bank Windhoek Limited
Auditors	PricewaterhouseCoopers Registered Accountants and Auditors Chartered Accountants (Namibia) PwC, a partnership duly organised according to the laws of the Republic of Namibia (hereafter referred to as "PwC", "we", "us", our")

Environmental Investment Fund of Namibia

Annual Financial Statements for the year ended 31 March 2013

Contents

The reports and statements set out below comprise the annual financial statements presented to the directors:

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Detailed Statement of Comprehensive Income	52 - 53

Environmental Investment Fund of Namibia

Annual Financial Statements for the year ended 31 March 2013

Directors' Responsibilities and Approval

The directors are required, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Fund as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standard for Small-Medium Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standard for Small-Medium Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Fund and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Fund and all employees are required to maintain the highest ethical standards in ensuring the Fund's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Fund is on identifying, assessing, managing and monitoring all known forms of risk across the Fund. While operating risk cannot be fully eliminated, the Fund endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

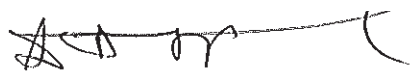
The directors have reviewed the Fund's cash flow forecast for the year to 31 March 2014 and, in the light of this review and the current financial position, they are satisfied that the Fund has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Fund's annual financial statements. The annual financial statements have been examined by the Fund's external auditors and their report is presented on pages 39 to 40.

The annual financial statements set out on pages 42 to 53, which have been prepared on the going concern basis, were approved by the board and were signed on its behalf by:



Director



Director

Windhoek

19/07/2013

(Date)

Independent Auditor's Report

To the members of Environmental Investment Fund of Namibia

We have audited the annual financial statements of Environmental Investment Fund of Namibia, which comprise the statement of financial position as at 31 March 2013, and the statements of comprehensive income, statement of changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and the directors' report, as set out on pages 41 to 51.

Directors' Responsibility for the Financial Statements

The Funds's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standard for Small-Medium Entities and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Environmental Investment Fund of Namibia as at 31 March 2013, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small-Medium Entities.

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Managing Partner: R Nangula Uaandja
Partners: Stephen D Viljoen, Carl P van der Merwe, Louÿs van der Riet, Ansie EJ Rossouw, Seretta N Lombaard, Stefan Hugo, Chantell N Husselmann, Gerit Esterhuysen, Talita B Horn

Independent Auditor's Report (continued)

Supplementary information

The supplementary information set out on pages 52 to 53 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

The logo for PricewaterhouseCoopers, featuring the company name in a stylized, cursive script.

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: R Nangula Uaandja
Partner

Windhoek, 25 July 2013

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Environmental Investment Fund of Namibia

Annual Financial Statements for the year ended 31 March 2013

Directors' Report

The directors submit their report for the year ended 31 March 2013.

1. Incorporation

The Fund was established in Namibia on 22 December 2001 in terms of the Environmental Investment Fund of Namibia Act.

2. Review of activities

Main business and operations

The Fund is engaged in the procurement of moneys for the maintenance of an endowment fund that will generate income in perpetuity and to allocate such income to activities and projects aimed at promoting sustainable development and operates principally in Namibia.

The operating results and state of affairs of the Fund are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net surplus of the fund was N\$ 11,891,348 (2012: surplus N\$ 15,972,234).

3. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year.

4. Directors

The directors of the fund during the year and to the date of this report are as follows:

Name	Nationality
Teofilus Nghitila	Namibian
Dr. Gabriele Schneider	Namibian
Titus Ndove	Namibian
Maxi Louis	Namibian
Sheehamandje Ipinge	Namibian

Environmental Investment Fund of Namibia

Annual Financial Statements for the year ended 31 March 2013

Statement of Financial Position

	Note(s)	2013 N\$	2012 N\$
Assets			
Non-Current Assets			
Property, plant and equipment	2	1,177,240	684,423
Current Assets			
Trade and other receivables	3	3,981,003	11,021
Cash and cash equivalents	4	45,721,778	37,300,665
		49,702,781	37,311,686
Total Assets		50,880,021	37,996,109
Equity and Liabilities			
Equity			
Accumulated Funds		48,643,733	36,752,385
Liabilities			
Current Liabilities			
Trade and other payables	6	1,059,048	332,541
Deferred income	5	1,177,240	911,183
		2,236,288	1,243,724
Total Equity and Liabilities		50,880,021	37,996,109

Environmental Investment Fund of Namibia

Annual Financial Statements for the year ended 31 March 2013

Statement of Comprehensive Income

	Note(s)	2013 N\$	2012 N\$
Grant Received	7	19,566,829	16,815,577
Operating expenses		(9,575,936)	(2,498,261)
Operating surplus	8	9,990,893	14,317,316
Investment revenue	9	1,900,455	1,654,918
Surplus for the year		11,891,348	15,972,234
Other comprehensive income		-	-
Total comprehensive income for the year		11,891,348	15,972,234

Environmental Investment Fund of Namibia

Annual Financial Statements for the year ended 31 March 2013

Statement of Changes in Equity

	Accumulated Funds N\$	Total equity N\$
Balance at 01 April 2011	20,780,151	20,780,151
Surplus for the year	15,972,234	15,972,234
Other comprehensive income	-	-
Total comprehensive income for the year	15,972,234	15,972,234
Balance at 01 April 2012	36,752,385	36,752,385
Surplus for the year	11,891,348	11,891,348
Other comprehensive income	-	-
Total comprehensive income for the year	11,891,348	11,891,348
Balance at 31 March 2013	48,643,733	48,643,733

Environmental Investment Fund of Namibia
Annual Financial Statements for the year ended 31 March 2013

Statement of Cash Flows

	Note(s)	2013 N\$	2012 N\$
Cash flows from operating activities			
Cash receipts from government grants		16,101,937	16,804,554
Cash paid to suppliers and employees		<u>(8,782,428)</u>	<u>(1,191,459)</u>
Cash generated from operations	10	7,319,509	15,613,095
Interest income	9	<u>1,900,455</u>	<u>1,654,918</u>
Net cash from operating activities		<u>9,219,964</u>	<u>17,268,013</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	2	<u>(798,849)</u>	<u>(747,501)</u>
Net increase in cash and cash equivalents for the year		8,421,115	16,520,512
Cash and cash equivalents at beginning of the year		<u>37,300,665</u>	<u>20,780,153</u>
Cash and cash equivalent at the end of the year	4	<u>45,721,780</u>	<u>37,300,665</u>

Environmental Investment Fund of Namibia
Annual Financial Statements for the year ended 31 March 2013

Accounting Policies

1. Basis of presentation

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small-Medium Entities. The annual financial statements have been prepared on the historical cost basis except for the measurement of investment properties and certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in Namibia Dollars.

These accounting policies are consistent with the previous period.

1.1 Statement of compliance

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. No significant judgements were used during the year.

1.2 Basis of preparation

The financial statements of the company have been prepared in accordance with 'International Financial Reporting Standards for Small-Medium entities' (IFRS for SMEs). They have been prepared under the historical cost convention, as modified by the revaluation of investment property, biological assets and derivative financial instruments at fair value.

The preparation of financial statements in conformity with the IFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the financial statements.

1.3 Property, plant and equipment

Property, plant and equipment are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and
- are expected to be used during more than one period.

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Fund adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Fund. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation on other assets is charged so as to allocate the cost of the asset less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Item	Average useful life
Furniture and fixtures	10 years
Motor vehicles	4 years
Office equipment	3 years
IT equipment	3 years

Environmental Investment Fund of Namibia

Annual Financial Statements for the year ended 31 March 2013

Accounting Policies

1.3 Property, plant and equipment (continued)

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

1.4 Financial instruments

Financial instruments at amortised cost

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include trade and other receivables, loans and trade and other payables. At the end of each reporting period date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised in profit and loss.

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment. This includes equity instruments held in unlisted investments.

All financial assets whose fair value cannot otherwise be measured reliably, and which do not meet the criteria to be designated as an instruments measured at amortised cost, are measured at cost less impairments.

Financial instruments at fair value

All other financial instruments are measured at fair value through profit and loss.

Trade and other receivables

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Trade and other payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

1.5 Equity

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

1.6 Government grants

Government grants are recognised when there is reasonable assurance that:

Environmental Investment Fund of Namibia
Annual Financial Statements for the year ended 31 March 2013

Accounting Policies

1.6 Government grants (continued)

- the Fund will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Grants related to income are presented as a credit in the income statement (separately).

Grants from the government are recognised at their fair value in profit or loss where there is a reasonable assurance that the grant will be received and the group has complied with all attached conditions. Grants received where the group has yet to comply with all attached conditions are recognised as a liability (and included in deferred income within trade and other payables) and released to income when all attached conditions have been complied with. Government grants received are included in 'other income' in profit or loss.

Environmental Investment Fund of Namibia

Annual Financial Statements for the year ended 31 March 2013

Notes to the Annual Financial Statements

	2013		2012	
	N\$		N\$	
2. Property, plant and equipment				
	2013		2012	
	Cost	Accumulated depreciation	Carrying value	Cost
				Accumulated depreciation
				Carrying value
Furniture and fixtures	448,679	(45,158)	403,521	236,164
Motor vehicles	563,953	(139,102)	424,851	172,890
Office equipment	103,252	(45,078)	58,174	76,498
IT equipment	430,468	(139,774)	290,694	261,949
Total	1,546,352	(369,112)	1,177,240	747,501
				(63,078)
				684,423

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	224,541	212,514	(33,534)	403,521
Motor vehicles	158,482	391,063	(124,694)	424,851
Office equipment	62,758	26,753	(31,337)	58,174
IT equipment	238,642	168,519	(116,467)	290,694
	684,423	798,849	(306,032)	1,177,240

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	-	236,164	(11,623)	224,541
Motor vehicles	-	172,890	(14,408)	158,482
Office equipment	-	76,498	(13,740)	62,758
IT equipment	-	261,949	(23,307)	238,642
	-	747,501	(63,078)	684,423

3. Trade and other receivables

Trade receivables	3,734,215	-
Prepayments	246,788	11,021
	3,981,003	11,021

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	286	407
Bank balances	6,415,451	7,517,950
Short-term deposits	39,306,041	29,782,308
	45,721,778	37,300,665

Environmental Investment Fund of Namibia

Annual Financial Statements for the year ended 31 March 2013

Notes to the Annual Financial Statements

	2013 N\$	2012 N\$
5. Deferred income		
This amount presents the government grant used or the fund of assets		
The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the entity has directly benefited; and		
Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.		
Opening balance	911,183	-
Grant received during the current period	798,851	974,261
Release to income statement	(532,794)	(63,078)
	<u>1,177,240</u>	<u>911,183</u>
6. Trade and other payables		
Trade payables	780,339	248,418
PAYE	39,359	-
Accrued leave pay	135,687	56,088
Accrued bonus	44,687	28,035
Accrued severance pay	58,976	-
	<u>1,059,048</u>	<u>332,541</u>
7. Revenue		
Government grant	17,507,184	16,815,577
Administration fees	364,821	-
UNFCCC Income	1,139,058	-
MET - NEDF income	226,760	-
World Environmental Day Income	329,006	-
	<u>19,566,829</u>	<u>16,815,577</u>

Environmental Investment Fund of Namibia

Annual Financial Statements for the year ended 31 March 2013

Notes to the Annual Financial Statements

	2013 N\$	2012 N\$
8. Operating surplus		
Operating surplus for the year is stated after accounting for the following:		
Expenses by nature		
Advertising	172,351	159,812
Advertising fees	172,351	159,812
Awareness raising programmes	291,363	-
Commission paid	217,096	-
Depreciation	306,033	63,078
Employee cost	2,928,046	1,133,120
Entertainment	200,035	50,829
Environmental Service Support	200,000	-
Grants procured to projects	1,133,995	-
Lease on rental	416,607	393,063
Printing & publication	640,649	-
Reports & Development	326,557	-
Training and workshops	839,700	12,874
Other expenses	1,731,153	525,763
	9,575,936	2,498,351
Operating lease charges		
Premises		
· Contractual amounts	416,607	393,063
Depreciation on property, plant and equipment	306,034	63,078
Employee costs	2,928,046	1,133,120
9. Investment revenue		
Interest revenue		
Bank	1,900,455	1,654,918
10. Cash generated from operations		
Surplus before taxation	11,891,348	15,972,234
Adjustments for:		
Depreciation	306,034	63,078
Interest received	(1,900,455)	(1,654,918)
Changes in working capital:		
Trade and other receivables	(3,969,982)	(11,023)
Trade and other payables	726,507	332,541
Deferred income	266,057	911,183
	7,319,509	15,613,095

Environmental Investment Fund of Namibia

Annual Financial Statements for the year ended 31 March 2013

Detailed Statement of Comprehensive Income

	Note(s)	2013 N\$	2012 N\$
Revenue			
UNFCCC Income		1,139,058	-
MET - NEDF income		226,760	-
World Environmental Day Income		329,006	-
Government grant		17,507,184	16,815,577
Administration fees received		364,821	-
	7	<u>19,566,829</u>	<u>16,815,577</u>
Other income			
Interest received	9	<u>1,900,455</u>	<u>1,654,918</u>
Expenses (Refer to page 18)		(9,575,936)	(2,498,261)
Profit for the year		<u>11,891,348</u>	<u>15,972,234</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>11,891,348</u>	<u>15,972,234</u>

Environmental Investment Fund of Namibia

Annual Financial Statements for the year ended 31 March 2013

Detailed Statement of Comprehensive Income

	Note(s)	2013 N\$	2012 N\$
Operating expenses			
Accounting Programme		(2,352)	(14,380)
Audit fees		(94,530)	-
Advertising		(172,351)	(159,812)
Awareness Raising Programmes		(291,363)	-
Bank charges		(41,314)	(6,959)
Commission paid		(217,096)	-
Consumables		(2,333)	-
Depreciation		(306,034)	(63,078)
Employee costs		(2,928,046)	(1,133,120)
Entertainment		(200,035)	(50,829)
Environmental Service Support		(200,000)	-
UNFCCC expenditure		(1,059,772)	-
Five Year Strategy		(72,845)	(180,300)
General Office Supplies		(57,998)	(37,218)
Grantees & Mentorship		(51,104)	-
Grants procured to projects		(1,133,995)	-
IT expenses		(1,398)	(32,888)
Insurance		(63,409)	(18,320)
Lease rentals on operating lease		(416,607)	(393,063)
Legal expenses		(34,213)	(33,089)
MET - NEDF Expenditure		(76,636)	-
Miscellaneous		(12,075)	(14,150)
Motor vehicle expenses		(39,020)	(3,211)
Operational Incidental Costs		(148,506)	(103,422)
Printing & Publication		(640,649)	-
Regulations		(5,670)	(66,700)
Repairs and maintenance		(78,303)	(2,142)
Reports & Development		(326,557)	-
Seed Grants		(10,005)	(154,589)
Telephone and fax		(52,020)	(8,417)
Training and workshops		(839,700)	(22,574)
		<u>(9,575,936)</u>	<u>(2,498,261)</u>

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