

Changing the way we use our environment

... EIF celebrates 9 years of inclusive, sustainable development

NAMIBIA gained political independence in 1990 and adopted a national constitution that declared natural resource protection and sustainable utilisation thereof a key to development, making it the first country in the world to do so.

The Environmental Investment Fund of Namibia (EIF) is a fund created by Act 13 of 2001 of the Parliament of the Republic of Namibia with the overall aim of continuing the great legacy by supporting individuals, projects and communities that ensure the sustainable use of natural resources. The EIF mission is 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.

In 1992, at the height of rapid global industrialisation and its associated natural resource depletion, driven by developed countries' economic quests, His Excellency Dr Sam Nujoma presented the Namibia Green Plan to the United Nations Conference on Environment and Development (UNCED) at the Rio World Summit in Rio de Janeiro, Brazil, again the first country to do so at the time.

It appeared to be a very strategic gesture from a new sovereign state, but the history behind the development of the document proved to be more far-reaching than initially imagined.

Upon his return from an almost three-decade-long exile in 1990, Dr Sam Nujoma had noticed the environment debt that was left behind by the South African colonial regime. In his own words at the time, the statesman could barely recognise his homestead.

"I could barely recognise my homestead, as deforestation had taken its toll on the once lush village environment".

Widespread environmental degradation exerted pressure on communal areas as well as inland and coastal areas, stemming from close to 100 years of diamond and precious metal extraction.

In 1991, the President commissioned the preparation of the Namibian Green Plan, a document that outlined the country's main environmental challenges and specified actions required to address them and set Namibia on the path of sustainability. It was the environmental degradation of these communal areas and the inland and coastal areas from a century of mining that prompted the President to commission the preparation of the Namibian Green Plan in 1992 (Brown ed. 1992).

Two realities emerged during the development process of the Green Plan; Namibia had not invested



adequately in the protection of its environment. The colonial administration had not created institutions to cater for that. The government did not have the resources required to fulfil all the actions necessary to reach the objectives and commitments made in the Green Plan.

A consultative process was started to address the funding gap, which the state conceded should be covered by alternative sources to complement government's resources.

National and sector-level consultation ensued, leading to the idea of establishing an environmental trust fund, which would be established by an Act of the Parliament of Namibia with the purposes of raising funds within Namibia and from international sources. The funds realised would be invested in lasting instruments yielding stable returns that could then be used to finance projects and activities for the prudent management of natural resources and environmental protection.

The government's National Development Plan 1 (NDP1), approved by Cabinet in 1995, covered the period between 1996 and 2000 - and made provisions for the development of an Environmental Investment Fund as a task. The Directorate of Environmental Affairs (DEA)

of the Ministry of Environment and Tourism (MET), set about to develop an entity independent of government but which would fit into the government's development policies and programs.

In December 2001, after a series of consultative meetings, with a broad range of stakeholders and partners, including government, private sector, academia, non-governmental organisations and community-based groups, the Environmental Investment Fund Act was passed by Parliament of the Republic of Namibia, paving the way for the creation of the Environmental Investment Fund of Namibia (EIF).

Constraints and threats such as reservations and resistance from certain public sector agencies and competition from other funds were negated with the eventual consensus among stakeholders that economic development and environmental protection were integrally linked. With agriculture, industrial fishing and mining identified as key natural resource-based industries and the transport and manufacturing sectors gathering pace, sustaining this growth proved the biggest challenge. It was also recognised that the issues of poverty, the environment and sustainable development in Namibia were related and could not be viewed



separately or as sectoral issues.

Created as a statutory and independent entity outside the public service, the EIF performs functions linked to sustainable economic development, including raising local revenue through the introduction of statutory fees and levies, making it more than just a fund for financing conservation activities.

Its ultimate objective is to provide sustainable financing to the poorest sectors of society, enabling them to pursue livelihoods from their natural resources while reducing the impact of unsustainable economic practices that degrade Namibia's fragile environment and waste its natural resources.

The first board of directors was appointed by the then Minister of Environment and Tourism, Hon. Netumbo Nandi-Ndaitwah, in 2011. In August 2011, the board of directors of the fund appointed Mr Benedict Libanda as the institution's first CEO.

After a consultative process, which laid the foundations for the level of autonomy, operations and initial capitalisation of the EIF, the institution was officially launched on 13 February 2012 by former President of the Republic of Namibia, His Excellency Dr Hifikepunye Pohamba.

The overall objectives of the EIF are to mobilise funding and allocating this income to activities and projects that promote the sustainable use and efficient management of natural resources for the benefit of all Namibians:

- Procure funds from international donors for the maintenance of an endowment that will generate a permanent stream of income, and
- Procure funds within Namibia on an annual basis from conservation fees and levies. These funds will be used for making investments 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.

During the last nine years, the Environmental Investment Fund of Namibia has proved to be an important organisation that is dynamic and significant to sustainable development in the country.

Since its inception, the fund continues to innovate and change the way we use environment-based resources in Namibia, driving energy efficiency and renewable energy growth across the country and supporting a new era for environment-based enterprises, such as waste management, nature-based tourism, sustainable agriculture, and unlocking value chains for inclusive growth and job creation.

The fund is driven by the passion to ensure sustainability in its developmental matrix. The fund's past achievements provide food for thought on how we can meet the targets in our national development plans, sustainable development goals and exceed in the emerging Vision 2030 agenda.

The fund leveraged on N\$105 million that it received from treasury to successfully mobilise more than N\$1.2 billion of climate change investment in Namibia. This amount is a combination of resources accessed through multilateral and Development Finance Institutions. The Green Climate Fund has financially supported the fund with an amount totalling N\$560 million in grants for climate change adaptation interventions in Namibia.

In 2018, the French Development Agency invested N\$800 million through the Sustainable Utilisation of Natural Resources and Energy Financing programme, a three-year initiative dedicated to promoting a new renewable energy finance programme in Namibia. It is estimated that about 238 000 people have benefited and continue to benefit from different projects.



Building capacity through empowerment

CAPACITY building has been the cornerstone of the fund. The board of directors approved a policy to that outcome, taking into consideration institutional and individual capacity aspects. A total number of nine staff members have been supported through our bursary programme to pursue their postgraduate studies, while 36 bursaries were awarded to young Namibians in the areas of natural resource management, energy, law, oceanography, water, climate change, etc.

Despite undeniable achievements in the past years of operations, the Fund remains challenged to meet the financial demands for environmentally based projects. Securing a sustained funding base remains one of the biggest challenges, and the fund continues to devise innovative ways of expanding the resource base. The situation presents a major challenge for the Fund to effectively implement its mandates.

The board was quick to note the financial gap challenge and has prioritised to expedite the implementation of environmental levies as a measure to fill up the gap. The fund has a limited resource base and barring the ongoing plans to sustainably capitalise the fund through the collection of environmental levies as provided for in the Act, current state capitalisation has fallen well short of the financing demand.

The strong support enjoyed from the board of directors and the Ministry of Environment and Tourism as the line ministry are of immense value to the fund in achieving its milestones. With continued support, the fund can only grow stronger and make bigger impacts nationally. The Fund has set a remarkable record with the GCF as the institution counts among a handful of African direct access entities accredited to the GCF. In addition, the fund is the first-ever direct access entity to securing funding through both Enhance Direct Access (EDA) and Simplified Approval Process (SAP) modalities and accessed the first readiness grant.

With eminent climate challenges facing Namibia, including the last three years of a devastating drought, the fund is still committed to supporting the government in addressing climate change issues by introducing and looking at a long-term solution.

However, adequate and predictable domestic funding is required to ensure the fund implements its mandates effectively. Therefore, the implementation of environmental taxes to capitalise the fund is of utmost importance.

Throughout the past three years, the Environmental Investment Fund of

Namibia mobilised over N\$1.21 billion from multilateral and development finance institutions. As part of the above amount, a credit facility worth N\$734.1 million was established in collaboration with the French Development Agency through the Sustainable Utilisation of Natural Resources and Energy Finance (SUNREF) Programme to support entrepreneurs in the areas of renewable energy, sustainable agriculture and tourism development.

It should be noted that these funds are availed directly to commercial banks (as a loan) while these banks offer loans in turn to entrepreneurs at concessional rates. To date, Bank Windhoek project approval and portfolio totals now equate to N\$137 million with the recent addition of the N\$99 million approval of the Metdicci 5 MW Solar Development as well as the Okatope 5 MW Solar Development.

The FNB projects approved total equates to N\$100 million with the financing of a portfolio of rooftop solar projects whilst Nedbank is working on a diverse pipeline of projects across various sectors.

The current SUNREF registered financing application pipeline as of January 2020 adds up to N\$617 million. Energy and agriculture projects represent the majority of the SUNREF total pipeline and portfolio with only a small portion of tourism projects.

The former has prompted the fund to participate in the application for the French Development Agency's multi-country 'Transforming Financial Systems for Climate' program via the Green Climate Fund, an application that was approved in October 2018 from which Namibia will benefit US\$50 million.

Through different funding streams, the Environmental Investment Fund of Namibia has so far approved renewable energy projects with a combined output amounting to 15 MW, while the number

of people benefiting from climate change interventions is estimated to be more than 200 000, both direct in indirect beneficiaries. In addition, about 950 employment opportunities have been created in the process, benefiting mostly youth and females. During the state of emergency on the accounts of drought in 2019, the fund responded swiftly to the call by His Excellency, Hage Geingob, President of the Republic of Namibia by drilling 120

boreholes for household, livestock, and wildlife water provision.

The above intervention demonstrates the changing way we use natural resources in Namibia, driving energy efficiency and renewable energy growth across the country and supporting a new era for environmental based enterprises such as waste management, nature-based tourism, sustainable agriculture, value chain addition, etc.



NAMIBIA INTEGRATED LANDSCAPE APPROACH FOR
ENHANCING LIVELIHOODS AND ENVIRONMENTAL
GOVERNANCE TO ERADICATE POVERTY

CALL FOR PROPOSALS EXTENDED

The Ministry of Environment, Forestry and Tourism (MEFT), in partnership with the United Nations Development Programme (UNDP) and Environmental Investment Fund of Namibia (EIF), during the week of 18th January 2021 advertised a "Call for Proposals" (Call) through the Namibia Integrated Landscape Approach for Enhancing Livelihoods and Environmental Governance to Eradicate Poverty (NILALEG) Project Small Grants Facility. The closing date for the said Call was 18th February 2021 but the afore-stated partners, following stakeholder requests for ample time, herewith give notice of the extension of the deadline for the submission of proposals to 18th March 2021.

The partners further wish to clarify that registered communal conservancies, gazette community forests, community groups, farmer's associations, women's groups, youth groups and informal community groups (subject certain conditions) are all eligible for applying to this facility. The grant facility remains limited to the pre-determined landscapes of Omaipanga (Kunene Region), Ruacana (Omusati and Kunene Regions), Okongo (Oshana Region), Nkulivere (Kavango West Region) and Zambezi (Zambezi Region) while the anticipated proposals remain limited to the investment themes of agroforestry, sustainable rangeland/crop management and nature-based enterprises.

Grant proposals should be submitted on the EIF prescribed templates available at the EIF website, www.eif.org.na, or at EIF offices including grant application guidelines and related forms.

Grant proposals should be addressed to:
Environmental Investment Fund of Namibia
NILALEG Project Grant Facility
Heinitzburg Heights
c/o Heinitzburg and Dr. Theo-Ben Gurirab Streets
Klein Windhoek, Windhoek

Proposals should be submitted to the EIF not later than **18 March 2021 at 17h00**.
Both hardcopies and emails will be accepted.

For further queries, kindly contact:
Ms. Philadelphia Buys
EIF: NILALEG Project Coordinator
PBuys@EIF.ORG.NA or
Tel: 061 - 4317705

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EIF: Head of Monitoring and Evaluations
AIteta@EIF.ORG.NA or
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EIF making a meaningful impact

Impact at glance

The fund is one of the few state-owned enterprises that has successfully blended a financing approach that takes into consideration the three main pillars of sustainable development, which are social, economic and environmental consideration. As evident below, these have been achieved by implementing actions towards livelihood protection, financing of sustainable business concepts, and ensuring environmental protection.

Introduction of environmental taxes

The board managed to secure a deal with the Ministry of Finance, where the Fund receives 30% of all environmental taxes on incandescent bulbs, tyres and carbon emissions. Furthermore, Cabinet approved a 100% allocation of all environmental taxes on plastic bags to the Fund. To date, the Fund received more than N\$29 million in environmental taxes from the Ministry of Finance.

Contribution to the Namibia drought relief efforts

In 2019, the Fund played an important role in supporting the drought relief efforts in the country. Several initiatives were introduced and successfully implemented. Some of the major ones include:

- Ohangwena Water Provision Initiative in the Epembe and Oshikunde constituencies; Drilling of 120 boreholes under the Enhanced Direct Access Project, and
- Promotion of conservation agriculture as a drought-resilient farming approach

Mitigation of drought in Ohangwena

In response to the state of emergency that was declared on drought in 2019, the supply of water to the Epembe, Oshikunde and

Omundaungilo constituencies in the Ohangwena region was identified as a critical priority. The following actions were undertaken:

- An existing monitoring borehole (WWW201636) was converted to a water supply borehole for immediate impact and water supply to about 15 000 of the affected communities.
- The borehole, located in the Epembe constituency but proximity to the Oshikunde and Omundaungilo constituencies, was then used to supply to all 3 constituencies within a buffer of about 10 km radius.
- The recommended borehole has a high yield > 12m³/hour and the water quality is very good (category B), and a strong solar system (heavy duty) was installed to supply as many villages in the vicinity and surrounding areas.

Renewable energy catalysing community resilience

A total of almost N\$21 million was handed over to George Mukoya and Muduvu Nyangana conservancies, Sorri Sorris Conservancy, Sheya Shuushona Conservancy and Omatendeka Conservancy to establish four solar power plants with a minimum capacity of 100KW to power lodges, campsites and other enterprise development activities. These conservancies will each generate about N\$400 000 per annum from the sale of electricity; such proceeds will be ring-fenced through a local level managed fund to finance climate change adaptation actions.

Ecosystem-based adaptation

The fund continues to support large-scale landscapes through its ecosystem-based adaptation approach. It is calculated that more than 230 000 square kilometres of the land mass are being financially supported to implement actions on biodiversity conservation and livelihood. These interventions continue to enhance capacities of rural communities



Photo: Nampa

At the helm... EIF CEO Benedict Libanda.

reliant on ecosystem goods and services to manage their natural resources sustainably.

Governance and strategic management

Strategic business plan

The board of directors of the fund have worked hard to build a business model based on making commercially viable investments in green projects while mobilising other public and private capital. The basis was done through the development of a Business Strategy for the fund (2018-2022). The business plan is essentially about working smarter and leveraging our successes to better anticipate financial flows and respond to them strategically. We have streamlined our portfolio and business processes and shifted our focus towards immediate gains with high impact while noting the importance of long-term sustainability of our actions.

Vigil mechanisms

The fund has in place a whistle-blower policy to support the code of business ethics. This policy documents the fund's commitment to maintaining an open work environment in which employees, consultants and contractors are able to report instances of unethical or undesirable conduct, actual or suspected fraud or any violation of company's code of business ethics at a significantly senior level without fear of intimidation or retaliation.

The ethics committee comprises four members, including the company secretary, internal auditor, chief financial officer and a senior functional head. The committee is authorised by the board of directors of the fund for the purpose of receiving all complaints under the policy and in ensuring appropriate action. The concern can be reported by sending an e-mail message at the dedicated address. Individuals can also raise their concerns directly to the CEO or the chairman of the Audit Committee of the fund. Any allegations that fall within the scope of the concerns identified are investigated and dealt with appropriately. Further, during the year, no individual was denied access to the Audit Committee for reporting concerns, if any.

Project administration

The fund has groomed experienced personnel in running and implementing projects, in supporting and back-stopping grantees, in providing on-the-job training to less experienced grantees, etc. and through capacity building. A number of government projects and programmes are being implemented through the Fund. They include the United Nations Small Grants Programme, Game Product Trust Fund (GPTF), SUNREF Programme, Land and Biodiversity Programme, etc. Beyond government programmes, the Fund works with international institutions such as the Development Bank of South Africa, World Bank, Africa Development Bank, etc.

Coronavirus relief package

On the 5th May 2020, the Ministry of Environment, Forestry and Tourism (MEFT) launched the Conservation Relief, Recovery and Resilient Facility (Covid-19 facility). The facility aims to provide financial relief to CBNRM institutions affected by the pandemic.

A task team has been appointed by the MEFT to ensure coordination in resource mobilisation and funds disbursement.

The objective of the facility is to ensure the continuation of anti-poaching activities, mitigation of human-wildlife conflict, preservation of natural resources and the management of wildlife.

The underlying goal is to ensure CBNRM entities are able to weather the storm as a result of the pandemic, and that they are in a position to recover as quickly as possible in a post-Covid-19 era.

Financial relief is provided in equal quarters for a period of up to one year. The first quarter started in May 2020 and the final quarter is April 2021.

Key partners participating in the facility are the Environmental Investment Fund of Namibia (EIF), Namibia Association of CBNRM Support Organisations (NACSO),

Community Conservation Fund of Namibia (CCFN), World Wildlife Fund Namibia, United Nations Development Programme (UNDP), NedBank Namibia, Namibia Nature Foundation, B2Gold, Integrated Rural Development and Nature Conservation (IRDNC), Namibia Chamber of Environment, TNC, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, KfW Development Bank, Tourism Supporting Conservation Trust (TOSCO).

To date, the CRRF Facility had disbursed more than N\$10 million to the 86 conservancies, community forests and CBNRM entities. The CRRF is administered by the EIF. The Environmental Investment Fund of Namibia (EIF) and the United Nations Development Programme (UNDP) pledged N\$6 million.

Challenges

Despite undeniable achievements in the three years of operations, the fund remains challenged to meet the financial demands for environment-based projects. Securing a sustained funding base remains one of the biggest challenges, and the Foundation continues to devise innovative ways of expanding the resource base.

To place this scenario into context, the fund received more than N\$140 million worth of loan applications, of which 14% were funded. Furthermore, more than N\$200 million worth of grant applications were received, with only 5% being funded. The situation presents a

major challenge for the fund to effectively implement its mandates. The board was quick to note the financial gap challenge and has prioritised to expedite the implementation of environmental levies as a measure to fill up the gap.

International recognition

The fund has, in the last three years, won and obtained international acclaim among industry institutions for its innovation and project financing success in Climate-Change Resilient Livelihoods 2020, winning the Global Sustainable Finance award for best innovation in June 2019, and then claiming the runner-up prize to Bangladesh in the category, Best Innovation in Sustainable Financial Products and Services for the introduction of environmental levies as a sustainable financing mechanism. The ceremony was held in Karlsruhe, Germany, by the Global Sustainable Finance Network, of which the fund is a member.

Awards and recognitions the fund has received between 2011-2020:

- 2012: Won Innovative financing award at Global Finance Awards in Germany, 2012, Windhoek Show – Top Exhibitor, 1st prize.
- 2013 June: Sustainable Finance Awards, 1st prize for “Most Innovative Financing product”, Karlsruhe, Germany.
- 2014 February: “Ezy-Stove Project” a

flagship project financed by both EIF and SGP wins “Climate Excellence Innovation Award”.

- 2014: Won Best Innovative partnership awards for SME Bank Green Soft Loans scheme at GSF Awards
- 2014: April: EIF and SME Bank won a joint award for “Innovative financing product” at Sustainable Finance Awards, Karlsruhe, Germany.
- 2016 April: the Fund won Best Annual Report at the African Excellence Awards, Cape Town, South Africa (Best Annual Report 2015 at Africa Excellence Awards)
- 2019: Best Innovation in Financial Services to recognise success in Environmental levies ring-fenced for environmental levies, Karlsruhe, Germany
- 2020: Won Outstanding Sustainable Project Financing recognising its success in financing Climate-Change Resilient Livelihoods, Karlsruhe, Germany

The Environmental Investment Fund of Namibia continues to strive to be a recognised leader in the development and application of innovative financing mechanisms to support environmentally and technologically sound development in Namibia. The Fund is appreciative of the effort of government, board of directors, civil society various stakeholders and the Namibian people for trusting it with the tremendous task of ensuring environmental sustainability is at the core of our development.