



# 2018 ANNUAL REPORT

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 Environmental Investment Fund  
of Namibia | ensuring sustainability

# NAMIBIA'S OWN GREEN FINANCING LABEL

The Environmental Investment Fund of Namibia  
is created by the Environmental Investment  
Fund Act 13 of 2001



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



**Environmental Investment Fund  
Annual Report 2017 - 2018**

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# About the Environmental Investment Fund

The Environmental Investment Fund of Namibia (EIF) is an investment institution set up under Namibian laws to provide a sustainable source of funding to support environmentally sound development in Namibia and do so in a manner that complements programmes and actions of both the public and private sectors.

## Vision

a recognized leader in the development and application of innovative financing mechanisms to support environmentally and climate resilient development pathways in Namibia

## 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.

## Values

**Complimentarity**

**Professionalism**

**Accessibility**

**Gradualism**

**Polluter Pays Principle**

**Integrity**

**Transparency & Accountability**

**Teamwork**



**Johanna Hainana**  
Grants Officer: EDA Project

**Nelson Hasholo**  
Accountant: CRAVE Project

**Selma Shitilifa**  
Project Manager: EDA Project

# Strategic focus

The strategic aim is to mobilize sustainable financing in support of our investment strategy, spanning across four focal areas in Namibia.



## NATURAL RESOURCE MANAGEMENT & UTILIZATION

- Biodiversity benefiting businesses
- Community-based natural resources
- Land use management and models
- Community-based Climate change adaptation projects and plans
- Value addition to natural resources
- Sustainable agricultural practices



## GREEN TECHNOLOGIES, LOW CARBON & CLIMATE CHANGE ABATEMENT

- Climate adaptation technologies
- Renewable energy
- Water efficiency
- Waste management & recycling
- Sustainable water treatment
- Biogas, biomass
- Sustainable transport
- Sustainable waste management



## TOURISM DEVELOPMENT

- Eco-tourism development;
- Tourism concessions on state land financing;



## RESEARCH, TRAINING & CAPACITY BUILDING

- Climate Change adaptation and mitigation research/awareness
- Multidisciplinary research
- Tertiary education study grants.

# Chairman's letter



**TEOFILUS NGHITILA**  
BOARD CHAIRPERSON

## Navigating the grey, with green financing

Escalating climate change threats, coupled with dwindling financial resources for environmental protection made the 2017/18 financial year one of the most challenging years in EIF's 7-year existence. Thankfully, with the help of the Namibian government, particularly the Ministry of Environment and Tourism, we have managed to engage more with the private sector and development partners both domestically and internationally to mobilize the resources necessary to chart an environmentally sustainable and climate resilient development pathway for the country.

At the advent of the financial year, the Directors brought governance stability to the Fund with the renewal of the contract of Benedict Libanda, the Chief Executive Officer of the institution. This was done following what the Board deemed was the exceptionally successful implementation of the Fund's Strategic Business Strategy from 2012 - 2018. The Fund had made substantial progress, reaching the goals of Establishment, Programming, and Capacity Development – a progressive framework for the core purposes and commitments of the Fund. More importantly, the plan along with the planning process had created an institutional culture - a pervasive culture of strategic thinking, planning, actions, assessment,

and accountability. This culture is marked by innovation, visionary initiatives, aggressive resource mobilisation, and widespread connectivity with the Fund's stakeholders.

In 2012, the founding Board could not have imagined the role that this fledgling organization would come to play in addressing critical environmental and development challenges of the country. While we anticipate the challenges the next five (5) years will bring, we are confident that EIF will continue to be a central force for defending the environment and human health with the adoption of a progressive Strategic Plan, 2018 - 2022.

The Plan has a broad focus on environmental investments in the areas of climate change, waste management and renewable energy. At no time has there been a more high profile intense and public scrutiny of the work of the Fund and we welcome this transparency and openness. The challenges give us strength and help us move forward and we should never forget this. So on behalf of the Board I would like to thank you all for the great work you do – for yet another year of dedication and perseverance.

Teofilus Nghitila  
**Chairperson**



## EIF 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 properties of the Fund.

The Directors of the Fund during the reporting period were:

- **Mr. Teofilus Nghitila** (Chairperson), Environmental Commissioner in the Ministry of Environment and Tourism;
- **Ms. Karen Nott** (Vice Chairperson), Coordinator at Integrated Rural Development & Nature Conservation (IRDNC);
- **Mr. Titus Ndove**, Executive Director at Standard Bank Namibia;
- **Ms. Johanna Andowa**; Director for Agricultural Research and Development in the Ministry of Agriculture, Water and Forestry;
- **Mr. Israel Hasheela**, Director at Geological Survey, Ministry of Mines and Energy.

### Technical Advisory Panel

Section 11 of the EIF Act establishes the Technical Advisory Panel (TAP), outlines its constitution and defines its functions. TAP is a Board subcommittee envisaged under section 10 of the Act.

Essentially, the TAP serves as technical filter of the Board that undertakes thorough technical, financial and feasibility evaluations on grant and loan applications with the view to provide expert advice to the Board for a final decision.

#### Composition:

- Johanna Andowa (Chairperson)
- Mutjinde Katjiua
- Taleni Katoma
- Petrus Muteyauli
- Olga Katjioungua
- Hans Sauer
- Jacob Nyambe

### Human Resources and Audit Committee

With the Fund experiencing growth in both function and staff members, the Human Resource and Audit Committee has important roles to play in advising the board. Its principal roles are:

- To advise the Board on strategic human resource needs;
- To advise the Board on issues relating to remuneration, industrial labour relations and policy matters regarding EIF staff;
- To periodically monitor and advise the Board on pertinent internal audit processes and outcomes.

#### Composition:

- Israel Hasheela (Chairperson)
- Raymond Vilander
- Barbara Seibes
- Benedict Libanda

### Risk and Investments Committee

The Risk and Investment Committee (RIC) is a specialised board committee also established under section 10 of the Act. This committee is chaired by a full Board member with financial expertise, and comprises the CEO, Director of Operations and Director of Finance and Administration and an independent financial expert.

The overall function of the RIC is to oversee and support the Board in fulfilling its duties to supervise and set appropriate risk management and control principles.

#### Composition:

- Titus Ndove (Chairperson)
- Nicolas Mukasa
- Benedict Libanda

# CEO's report



**BENEDICT LIBANDA**  
CHIEF EXECUTIVE OFFICER

## Progress, despite the storm

The Environmental Investment Fund's leverage comes mainly from our emphasis on markets and partnerships.

Our resource mobilization strategy, implemented from 2014 - 2018 has been built around harnessing market incentives to advance environmental goals. This has been a cornerstone of our work with stakeholders such as the Ministries of Finance, Mines and Energy; and Trade, Industrialization and SME Development. The process has been ongoing and is due to bear fruitful results with concrete proposals presented to the Cabinet Committee on Trade and Economic Planning during the reporting period, for environmental levies on a myriad of polluting products.

Domestically, the Fund suffered several setbacks in securing sustainable financing for catalytic projects that drive behavioural change and influence industry and corporates. It is in light of this difficulty that, despite the demand, we temporarily had to suspend all of our financing products during the year and focus on commitments made during the prior year. We also watched as the Fund's Green Soft Loans - a renewable energy and water efficiency technologies credit scheme, ground to a halt, amidst the liquidation process that followed the closure of the SME Bank. Despite these setbacks, we remain committed to pursue other financing avenues to meet the growing demand for clean

and efficient energy, clean water and responsible solid waste management services.

On the international front though, the downturn in the global economy has compelled people who care about the environment to focus more than ever on results. We are deeply thankful for the exceptional support of the Green Climate Fund and other multilateral funding agencies like the French Development Agency. Their strategic approach to direct financial resources towards the daunting challenge of climate change and natural resource depletion has made possible the dramatic progress in resource mobilization described in these pages. Our obligation to them is to report transparently and accurately on the progress of the projects they have provided financing on.

As we near 2019, we stand at the threshold of historic action on climate change and the global energy economy. With the help of the Namibian government and our regional and international partners, we will continue to build on our accomplishments and seize new opportunities to protect and preserve the natural systems on which all of Namibian lives depend.

**Benedict Libanda**  
Chief Executive Officer



# Highlights of 2017/2018

## Lessons learnt, start of a new business phase

The Fund reached the end of the 2012 - 2017 Strategic Plan phase during the reporting period. The phase saw momentous achievements in the areas of establishing the Fund, developing programming parameters for resource mobilization and building capacity. This was followed by an assessment of the first Plan and the drafting of a new 5-year Strategy. It is expected that the new 5-year strategy will guide the institution through a new progressive era where the country is faced with the challenge of balancing economic growth, human wellbeing and environmental sustainability.

The strategy is available for download on <https://www.eif.org.na/index.php/download/environmental-investment-fund-strategic-work-plan-2018-2022>



## EIF eclipses N\$ 1 Billion in climate financing for Namibia

During the reporting period, the Fund successfully accessed more than N\$ 1.2 Billion in climate and environment-related financing from multilateral financing agencies. This is testimony of the growing confidence development partners have shown in the Fund's fiduciary standards and processes and the capacity to deliver substance and quality of climate programming and design.

The type of financing accessed has been 45% grants financing and 55% in green credit lines. They are all discussed in details on page 14 of this report.

## Investment Strategy for environmental levies ushers in a new era for green enterprising

The Fund had long been considering the introduction of new environmental levies for the purpose of financing environmental expenditures; and hence developed an Investment Strategy to guide this exercise. The plan provides a summary of the proposed products and their impact on Namibia's environment and human health; proposes suitable financial instruments to guide reinvestments on collected environmental levies and prioritizes investments in targeted sectors of the Namibian economy.

The strategy is available for download on <https://www.eif.org.na/download/namibia-environmental-levies-investment-strategy-2018>



## EIF commences US\$ 20 million climate projects

The Fund started work on the implementation of two Green Climate Fund (GCF) – supported projects bolstering rural people's resilience during the 2017-2018 financial year.

The start of these adaptation initiatives marked an important phase of GCF's efforts to ensure recipient countries control the flow of climate finance they receive.

Activities under the Empower to Adapt: CBNRM-EDA project can be closely followed on the project's webpage; <https://www.eif.org.na/cbnrm/?eif-navbar-link>

# Why EIF matters

Operational since 2012, the Environmental Investment Fund of Namibia has been using science, law, economics and partnerships to mobilize the financial resources required to drive positive environmental change in Namibia.

Our stakeholders, both in leadership positions and at the technical end of collaboration find value in the work of the Fund as per testimonies on this page!



**HON. POHAMBA SHIFETA**

Minister of Environment and Tourism  
Republic of Namibia

“

Looking at the amount of financial resources that the fund is capable of pulling into the country to support cross sectoral activities to the benefit of Namibians, I have growing confidence in the potential of the Fund. The Fund is striving to become a self-sustainable institution with the capacity to access more than 1 billion Namibian dollars in grants and development funding annually. ”

“

The EIF has developed impressive governance and fiduciary standards as a development financing institution that have made it one of the first African countries the Green Climate Fund saw administratively strong enough to manage climate financing on behalf of Namibia. The Fund is a strong catalyst for sustainable development, and government will therefore continue to pursue additional resource allocation for the institution. ”



**RT. HON. SAARA KUUGONGELWA-AMADHILA**

Prime Minister  
Republic of Namibia

“

Namibia's Environmental Investment Fund has the tools required to deliver on climate financing. I therefore urge all small Commonwealth states to make use of EIF for climate change and adaptation programmes. ”



**HON. NETUMBO NANDI-NDAITWAH**

Deputy Prime Minister & Minister of International Relations and Cooperation  
Republic of Namibia



**ZAHEER FAKIR**

Head: International Governance & Relations,  
Department of Environmental Affairs  
Republic of South Africa  
Ex-Board member: Green Climate Fund

“

EIF is a sterling example of the realization of the vision Africa has about the direct access modality of the Green Climate Fund, empowering national entities and demonstrating how Africa is taking charge of its developmental agenda. ”



**SALOMO MBAI**

Head: Department of Agriculture & Natural Resource Sciences  
Namibia University of Science & Technology

“

The EIF is the ideal corporate partner for the Namibia University of Science & Technology. For the past 4 years we have collaborated through sponsored research programmes for our postgraduate students and internship programmes to provide practical training for our graduate students. ”

# Resource mobilization report

The EIF Resource Mobilization Strategy aims at achieving adequate, more predictable and sustainable financial resources to realize the mission of the Fund by broadening its donor base and facilitating the consolidation of available and projected resources.

## Domestic sources

### Government grants and project administration fees

The Fund mobilized more than N\$ 14 million from domestic sources for environmental investments. The government has contributed just under N\$ 7 million of this revenue while more than N\$ 6 million was derived from administration fees of projects administered by the Fund.



### Environmental levies

During the reporting period, the Fund; as mandated by its enabling Act 13 of 2001, continued working on a framework to charge environmental levies on polluting products. Minister of Environment and Tourism, Pohamba Shifeta presented proposed regulations for environmental levies to the Cabinet Committee on Treasury, who referred further deliberations to an adhoc Inter-Ministerial committee to accurately inform all affected stakeholders on the modalities of the levies.

These deliberations led to a submission of a new schedule of products such as lubricant oil, batteries and plastic bags that would be added for environmental taxation.



**Aktofel Amalungu**  
M&E Officer: CRAVE Project

**Ouatjiri Zamuee**  
Office Administrator

**Patrick Ngaujake**  
Office Assistant & Driver

**Yvette Hausiku**  
Business Development Officer

**“ We remain committed to unlocking sustainable and predictable financing for environmental investments ”**

# Resource mobilization report

The EIF Resource Mobilization Strategy aims at achieving adequate, more predictable and sustainable financial resources to realize the mission of the Fund by broadening its donor base and facilitating the consolidation of available and projected resources.

## International sources

The Fund secured a total of **US\$ 83 Million** from multilateral funding agencies and development partners during the reporting period for the implementation of a myriad of environmental and climate change adaptation projects.



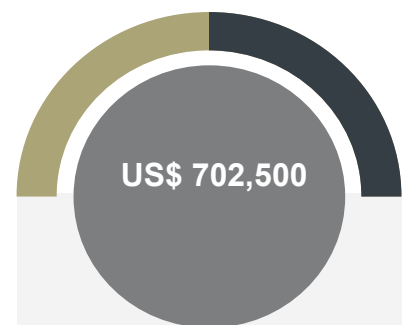
### The Green Climate Fund

The Fund successfully accessed US\$ 29.5 million in grants financing from the Green Climate Fund for two (2) climate adaptation projects: CRAVE (Climate Resilient Agriculture in Vulnerable Extreme north eastern crop-growing regions) and Empower to Adapt, a sustainable livelihoods project targeting CBNRM organizations in Namibia



### Agence Francaise de Developpement (AFD)

The Fund signed a compact with the French Development Agency (AFD) to operate Namibia's SUNREF (Sustainable Use of Natural Resources and Energy Finance) programme. SUNREF encourages local banks to finance projects in the renewable energy, energy efficiency, sustainable agriculture and tourism market segments.



### Readiness financing

Readiness grants play a pivotal role in developing business case concept notes and feasibility studies for larger proposals. The Fund accessed financing in this regard from both the Green Climate Fund and the Korean Environmental Industry & Technological Institute (KEITI) during the reporting period.





Cosmos Shaduka  
Program Assistant: SUNREF Namibia

Karl Aribeb  
Director: Operations

Mkwetu Mweutota  
Manager: CRAVE Project

Aina-Maria Iteta  
M&E Specialist

“ We have successfully mobilized more than N\$ 1 Billion in climate financing for Namibia’s most vulnerable sectors ”

# Projects and Programmes

The Fund hosts the UNDP/GEF Small Grants Programme (SGP) and the Game Product Trust Fund (GPTF). Both are important institutions in Namibia that continue to provide grant funding for biodiversity conservation and sustainable management of natural resources.



**Nickey //Gaseb**  
National Project Coordinator

UNDP/GEF Small Grants Programme (SGP)



Empowered lives.  
Resilient nations.

## The UNDP/GEF Small Grants Programme

The GEF SGP operates in 126 countries around the globe, and in Namibia is hosted by the Environmental Investment Fund since 2012. Since the inception of the SGP, the programme has disbursed more than N\$33 million directly to communities and NGOs in Namibia for climate change and environmental management activities.

The reporting period falls within the SGP Operational Phase 6 which spans from June 2016 - July 2018); and where some of the projects awarded grant financing were as follows:

- Gwanamene San Community Project;
- Giraffe Conservation Foundation (GCF) - Khomas Environmental Education Programme (KEEP).



**Frans Kamenye**  
Fund Manager

Game Products Trust Fund (GPTF)



## The Game Products Trust Fund

The GPTF is a mechanism to ensure that revenue realised from the sale of wildlife products is used for wildlife conservation, communal conservation and rural development programmes aimed at harmonising the co-existence of human and wildlife. The Fund raises revenue from the sale of trophy hunting concessions, the removal of problem animals, head levies on the live export of animals, live auction of game/wildlife, park entrance fees and grants.

Over the reporting period, the GPTF provided financing to the following initiatives:

- Repairs to wildlife water infrastructure at various Conservancies;
- Purchase and repair of vehicles and trucks for park maintenance for the Ministry of Environment and Tourism;
- Purchase of food rations for the Police Anti-poaching Units in Etosha National Parks, Palmwag and Bwabwata National park.



Other programmes and projects hosted by the Fund during the reporting period are in table below, bringing the total value of projects managed to more than **N\$ 334 million**.

Project name/description	Client/Donor	Amount managed (forex)	Namibia Dollars equivalent
Intended Nationality Determined Contributions (IDNC)	UNEP	USD200,000	N\$ 2,775,999
Biodiversity Management & Climate Change (BMCC II)	GIZ	€ 886,015	N\$ 14,018,281
National Implementation Plan (NIP)	UNEP/GEF	USD60,000	N\$ 832,799
Dundee Precious MetalsTsumeb (DPMT)	Government of Nam through MET		N\$ 1,807,929
Biodiversity Strategy Project (BSP)	GIZ	€ 300,000	N\$ 4,751,390
Small Grant Programme (SGP)	UNOPS	USD 53,296	N\$ 739,748
Game Product Trust Fund (GPTF)	MET		N\$13,190,938
Green Climate Fund - Readiness	Green Climate Fund	USD 391,009	N\$ 5,427,204
Green Climate Fund - Readiness II	Green Climate Fund	USD300,000	N\$ 4,163,999
Green Climate Fund - CRAVE Project	Green Climate Fund	USD 9,500,000	N\$ 131,859,999
Green Climate Fund - EDA Project	Green Climate Fund	USD 10,000,000	N\$ 138,799,999
Sustainable Use of Natural Resources & Energy Finance (SUNREF)	French Development Agency (AFD)	€ 1,000,000	N\$ 15,821,720
PCB Elimination Project	Africa Institute		
Nagoya Protocol	UNEP	USD 20,000	N\$ 277,600
NBSAP - Small Scale Funding Agreement	UNEP	USD 115,000	N\$ 1,596,199
<b>Total</b>			<b>N\$ 334,627,224</b>

“ More than seven multilateral financing agencies and development partners have entrusted us with financial reporting & project administration services. ”



**Keshe Nghituwamata**  
Assistant Accountant

**Katrina Ambunda**  
Project Accountant

**Isoldah Hijamutiti**  
Director: Finance & Administration

**Nesley Xarageb**  
Accountant & Administrative Officer

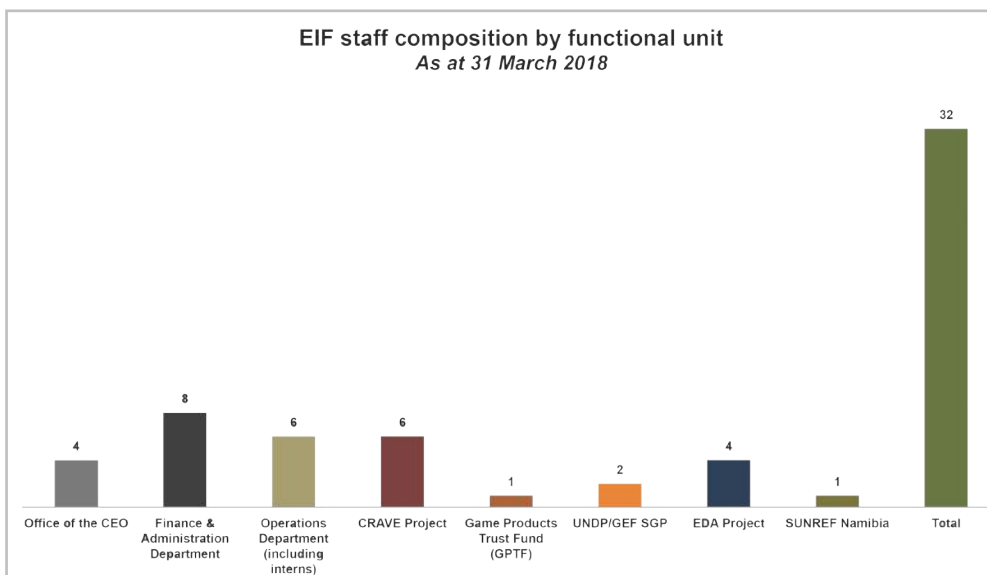
# Our People

The Human Resource function at the Fund is responsible for overseeing the implementation of human resource policies that govern human resources at the Fund. This includes:

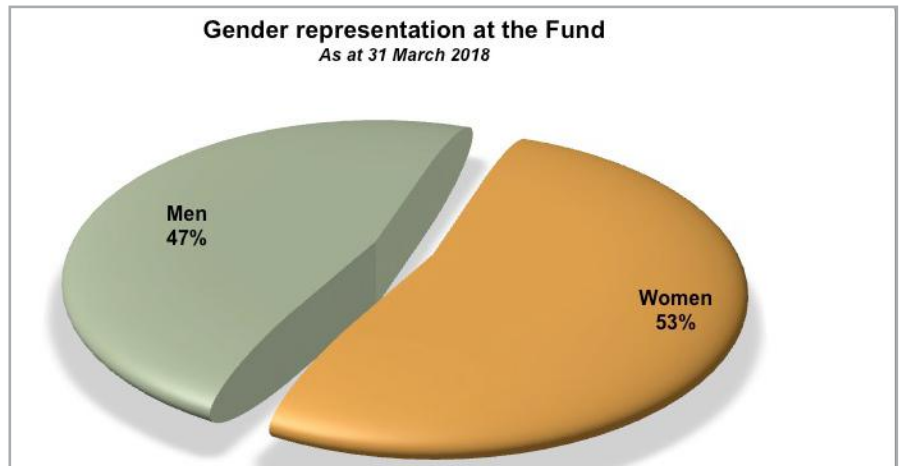
- Recruitment
- Training
- Payroll & Benefits
- Industrial Relations
- Organizational Development
- Employee Wellness, Safety & Security
- Performance Management

Over the reporting period the Human Resources Unit advertised **19 vacancies**. Pursuant to the provisions of the Human Resource Policies, the Fund made the following appointments using both competitive and other processes:

Appointment type	Permanent employees (EIF contract)	EIF Project appointments (CRAVE, EDA & SUNREF)
New appointments	3	12
Promotions/transfers	1	
<b>Total</b>	<b>4</b>	<b>12</b>



**Fig. 1:** The recruitments during the reporting period brought the total numbers of staff members to 32, inclusive of 2 internships in the Operations Department.



**Fig. 2:** Gender representation is a key aspect of our recruitment and project implementations approach. By 31 March 2018 the Fund employed 15 men and 17 women, surpassing the 50/50 target.

“The strength of the team is each individual member. The strength of each member is the team.”

— Phil Jackson



Lizl Timbo  
Head: Human Resources

Pandeni Kapia  
Financial Risk Analyst

# Corporate citizenship



**Lazarus Nafidi**  
Head: Communications & Corporate Services

**Tiree Ngaujake**  
Corporate Communications Assistant

## Acknowledging corporate citizenship

A sense of responsibility for any Company is towards the community and environment (both ecological and social) it operates in. The Fund expresses this citizenship through (1) their waste and pollution reduction processes; (2) by contributing educational and social programs, and (3) by earning adequate returns on employed resources. Here are a few highlights of the Fund's presence and investments covering awareness creation on environmental and climate change related issues, training and capacity-building.



### Sustainable Development Awards draws over 90 entries

In September 2017 the Fund teamed up with the Sustainable Development Advisory Council and Hanns Seidel Foundation to host the second edition of the Sustainable Development Awards. The Awards intend to celebrate outstanding sustainability achievements by Namibians from all walks of life. The second instalment of the event, following on the inaugural 2015 event saw more than 90 entries across 10 categories contested by companies, local authorities, civil society organizations and individuals that have demonstrated excellence in the pursuit of sustainable and responsible development.

Explore photos from the Sustainable Development Awards 2017 at <https://www.eif.org/na/album/20>

### Stakeholder engagement and awareness-raising

Over the reporting period the Fund engaged communities and stakeholders on climate change related issues:



### Preparing communities

The Fund conducted countrywide consultation reaching more than **200 representatives** from CBNRM organizations, community-based organizations and institutions in July 2017 to prepare the ground for climate financing projects. The countrywide consultation uncovered climate-related challenges to people's livelihoods and would form the crux for solutions that would inform future project proposals for funding.

### Internships & apprenticeships

The Fund recruited **three (3)** Professional Interns during the reporting period; bringing the total number of one-year internships provided by the Fund to **ten (10)** since inception in 2012. This internship programme is aimed at providing practical training and work experience in the areas of project management, financial management, M&E and business management. The internships at the Fund have proved hugely successful with the graduates going on to secure employment and apply their gained skills in various sectors of the Namibian economy.



**Esme Hoeses**  
Young Professional M&E: EDA Project



**Leonard Kalenga**  
IT Intern

# ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

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## General Information

**Country of incorporation and domicile**

Namibia

**Nature of business and principal activities**

Procurement of moneys for maintenance of a fund that will generate income in perpetuity and to allocate such income to activities and projects aimed at promoting sustainable development.

**Directors**

J. Andowa  
K. Nott  
T. Ndove  
T. Nghitila  
I. Hasheela

**Business address**

8933, Heinitzburg Heights, c/o Heinitzburg & Burg Streets,  
Klein Windhoek, Namibia

**Postal address**

P.O. Box 28157, Auas Valley, Windhoek

**Bankers**

Bank Windhoek Limited

**Secretary**

Benedict Libanda

**Auditors**

Auditors BDO Namibia  
Registered Accountants and Auditors  
Chartered Accountants (Namibia)

## Board Members' Responsibilities and Approval

The board members are required by the Environmental Investment Fund of Namibia Act of 2001, to maintain and accounting records and are responsible for the content and integrity of the annual financial statements and financial information included in this report. It is their responsibility to ensure that the annual financial statement present the state of affairs of the fund as at the end of the financial year and the results of its operations and cash flow for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditor's is engaged to express an independent opinion on the annual financial statements.

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

The board members 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 board members to meet these responsibilities, the board members 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 beyond reproach. The focus of risk management in the fund is on identifying, assessing, managing and monitoring all known risks of risk across the fund. While operating risk cannot be fully eliminated, the fund endeavours to minimise it by ensuring appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The board members 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 annual financial statements. However, any system of internal financial control can provide only reasonable, not absolute, assurance against material misstatement or loss.

The board members have reviewed the fund's cash flow forecast for the year to 31 March 2019 and, in the light of the 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 auditor's are responsible for independently auditing and reporting on the fund's annual financial statements. The annual financial statements have been examined by the fund's external auditor's and their report is presented on pages 4 to 6.

The annual financial statements set out on pages 7 to 25, which have been prepared on the going concern basis and were approved by the board of directors on 14-02-2019 and were signed on its behalf by:



Director  
Windhoek  
Date:

14-02-2019



Director



## Report of the Independent Auditors

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To the Minister of Environment and Tourism

### Opinion

We have audited the annual financial statements of Environmental Investment Fund of Namibia set out on pages 9 to 23, which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Environmental Investment Fund of Namibia as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Environmental Investment Fund of Namibia Act of 2001.

### Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the accredited entity in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Namibia. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Environmental Investment Fund of Namibia Act of 2001, the trust accounts per supplementary information of the annual financial statements and the detailed income statement, which we obtained prior to the date of this report. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Report of the Independent Auditors

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### Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the Annual Financial Statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Environmental Investment Fund of Namibia Act of 2001, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are responsible for assessing the fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the fund or to cease operations, or have no realistic alternative but to do so.

### Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**BDO**

**BDO Namibia  
Chartered Accountants (Namibia)  
Registered Accountants and Auditors**

**Windhoek  
14 February 2019**

**Per: A Musarurwa  
Partner**

## Directors' Report

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The directors have pleasure in submitting their report on the annual financial statements of Environmental Investment Fund of Namibia for the year ended 31 March 2018.

### 1. Incorporation

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

### 2. Nature of business

The fund is engaged in 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 in Namibia

There have been no material changes to the nature of the fund's business from the prior year.

### 3. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Environmental Investment Fund of Namibia Act of 2001. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the fund are set out in these annual financial statements.

### 4. Going concern

We draw attention to the fact that at 31 March 2018, fund's current liabilities of N\$ 58,434,348 (2017 : N\$ 14,837,359) exceed current assets of N\$ 51,478,046 (2017 : N\$ 8,414,810) by N\$ 6,956,302 (2017 : N\$ 6,422,549). The fund is also in a net liability position of N\$ 1,483,503.

The fund annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the fund to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the fund from the Ministry of Environment and Tourism and scale down operations to be within the available cash resources.

### 5. Events after the reporting period

In July 2018, the Environment Investment Fund initiated legal proceedings against Greenfields Organic Fertilizer and Benz Manufacturing Woodwork CC for defaulting on repayments in terms of the agreements signed. Although the lawsuit is still ongoing, the loans to Greenfields Organic Fertilizer and Benz Manufacturing Woodwork CC amounting to N\$ 5,557,762 have been fully impaired.

### 6. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the company or in the policy regarding their use.

At 31 March 2018 the company's investment in property, plant and equipment amounted to N\$23,654,640 (2017:N\$20,568,072), of which N\$3,427,514 (2017: N\$9,464,070) was added in the current year through additions.

## Directors' Report

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### 7. Directors

The directors in office at the date of this report are as follows:

Directors	Designation	Nationality
J. Andowa	Non-executive	Namibian
K. Nott	Non-executive	Namibian
T. Ndove	Non-executive	Namibian
T. Nghitila	Non-executive	Namibian
I. Hasheela	Non-executive	Namibian

### 8. Secretary

The company secretary is Benedict Libanda.

Business address

8933 Heinitzburg Heights  
Corner of Heinitzburg Street and Burg Street  
Klein Windhoek  
Windhoek  
Namibia

### 9. Auditors

BDO Namibia will continue in office as auditors for the fund for the 2018 financial year.

### 10. Date of authorisation for issue of financial statements

The annual financial statements have been authorised for issue by the directors on Friday, 28 November 2018. No authority was given to anyone to amend the financial statements after the date of issue.

### 11. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the fund had an interest and which significantly affected the business of the fund.

### 12. Acknowledgements

Thanks and appreciation are extended to all of our project partners, donors, staff, suppliers and the government for their continued support of the fund.

## Statement of Financial Position as at 31 March 2018

	Notes	2018 N\$	2017 N\$
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	23,654,640	20,568,072
Other financial assets	3	5,131,851	10,137,648
		<b>28,786,491</b>	<b>30,705,720</b>
<b>Current Assets</b>			
Trade and other receivables	4	645,707	3,256,448
Other financial assets	3	2,238,654	2,977,074
Cash and cash equivalents	5	48,400,360	2,181,288
		<b>51,284,721</b>	<b>8,414,810</b>
<b>Total Assets</b>		<b>80,071,212</b>	<b>39,120,530</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Accumulated loss		(1,483,503)	4,056,340
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Deferred income	7	23,313,693	20,226,831
<b>Current Liabilities</b>			
Trade and other payables	8	57,599,041	14,270,862
Deferred income	7	340,946	341,241
Provisions	9	301,035	225,256
		<b>58,241,022</b>	<b>14,837,359</b>
<b>Total Liabilities</b>		<b>81,554,715</b>	<b>35,064,190</b>
<b>Total Equity and Liabilities</b>		<b>80,071,212</b>	<b>39,120,530</b>

## Statement of Comprehensive Income

	Notes	2018 N\$	2017 N\$
Revenue	11	14,186,905	7,561,152
Other income		-	1,216,585
Operating expenses		(20,940,672)	(27,245,614)
<b>Operating loss</b>	12	<b>(6,753,767)</b>	<b>(18,467,877)</b>
Investment revenue	13	1,213,924	1,164,032
<b>Deficit for the year</b>		<b>(5,539,843)</b>	<b>(17,303,845)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<b>(5,539,843)</b>	<b>(17,303,845)</b>

## Statement of Changes in Equity

	Accumulated loss N\$	Total equity N\$
<b>Balance at 01 April 2016</b>	<b>21,360,185</b>	<b>21,360,185</b>
Loss for the year	(17,303,845)	(17,303,845)
Other comprehensive income	-	-
<b>Total comprehensive loss for the year</b>	<b>(17,303,845)</b>	<b>(17,303,845)</b>
<b>Balance at 01 April 2017</b>	<b>4,056,340</b>	<b>4,056,340</b>
Loss for the year	(5,539,843)	(5,539,843)
Other comprehensive income	-	-
<b>Total comprehensive loss for the year</b>	<b>(5,539,843)</b>	<b>(5,539,843)</b>
<b>Balance at 31 March 2018</b>	<b>(1,483,503)</b>	<b>(1,483,503)</b>



## Statement of Cash Flows

	Notes	2018 N\$	2017 N\$
<b>Cash flows from operating activities</b>			
Cash generated from operations	15	48,246,207	1,404,940
Interest income		1,213,924	1,164,032
<b>Net cash from operating activities</b>		<b>49,460,131</b>	<b>2,568,972</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(3,427,514)	(9,464,070)
Sale of property, plant and equipment	2	-	4,528
Sale of financial assets		186,455	4,962,207
<b>Net cash from investing activities</b>		<b>(3,241,059)</b>	<b>(4,497,335)</b>
<b>Total cash movement for the year</b>		<b>46,219,072</b>	<b>(1,928,363)</b>
Cash at the beginning of the year		2,181,288	4,109,651
<b>Total cash at end of the year</b>	5	<b>48,400,360</b>	<b>2,181,288</b>

## Accounting Policies

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### 1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Environmental Investment Fund of Namibia Act of 2001. The annual financial statements have been prepared on the historical cost basis, except for biological assets at fair value less point of sale costs, and incorporate the principal accounting policies set out below. They are presented in Namibia Dollar.

These accounting policies are consistent with the previous period.

#### 1.1 Significant judgements and sources of estimation uncertainty

##### Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the annual financial statements.

##### Key sources of estimation uncertainty

##### Useful lives of property, plant and equipment

The fund reviews the estimated useful lives of plant and equipment at the end of the financial year.

##### Impairment testing

The fund reviews and tests the carrying value of property, plant and equipment and intangible assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

##### Provisions

Provisions were raised and management determined an estimate based on the information available.

##### Financial assets measured at cost and amortised cost

The fund assesses its financial assets measured at cost and amortised cost for impairment at each reporting period date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the fund makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for financial assets measured at cost and amortised cost is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting period that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

#### 1.2 Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Cost include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	20 years
Camping equipment	Straight line	10 years
Furniture and fixtures	Straight line	10 years

## Accounting Policies

### 1.2 Property, plant and equipment (continued)

Motor vehicles	Straight line	4 years
Office equipment	Straight line	3 years
IT equipment	Straight line	3 years

If the major components of an item of property, plant and equipment have significantly different patterns of consumption of economic benefits, the cost of the asset is allocated to its major components and each such component is depreciated separately over its useful life.

Land is not depreciated.

The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

### 1.3 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are initially recognised at cost and subsequently at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided to write down the intangible assets, on a straight-line basis, as follows:

Item	Useful life
Computer software	3

The residual value, amortisation period and amortisation method for intangible assets are reassessed when there is an indication that there is a change from the previous estimate.

### 1.4 Financial instruments

#### Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

#### Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, are measured at fair value through profit and loss.

### 1.5 Impairment of assets

The fund assesses at each reporting date whether there is any indication that property, plant and equipment or intangible assets may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

## Accounting Policies

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### 1.6 Tax

#### Tax exemption

The fund is exempt from income tax in terms of the Environmental Investment Fund of Namibia Act of 2001.

### 1.7 Provisions and contingencies

Provisions are recognised when the fund has an obligation at the reporting date as a result of a past event; it is probable that the fund will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

### 1.8 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

### 1.9 Government grants

Government grants are recognised when there is reasonable assurance that:

- 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 that do not impose specified future performance conditions are recognised in income when the grant proceeds are receivable.

Grants that impose specified future performance conditions are recognised in income only when the performance conditions are met.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets. Government grant is initially recognised as deferred income and it is recognised to income at the same time that depreciation is recognised.

Grants are measured at the fair value of the asset received or receivable.

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

## Accounting Policies

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### 1.10 Revenue

Revenue is recognised to the extent that the fund has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the fund. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

Interest is recognised, in profit or loss, using the effective interest rate method.

Administration fee revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Donation income is recognised when the donation is received, and is measured at fair value of the donation.

### 1.11 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

#### Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Any contingent rents are expensed in the period they are incurred.

### 1.12 Foreign exchange

#### Foreign currency transactions

Exchange differences arising on monetary items are recognised in profit or loss in the period in which they arise.

The foreign exchange component of a non-monetary item is recognised consistently with any other gains or losses on those items, in other comprehensive income or in profit or loss.

## Notes to the Annual Financial Statements

	2018			2017		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Buildings	22,387,451	-	22,387,451	19,709,608	-	19,709,608
Furniture and fixtures	870,559	(413,700)	456,859	761,663	(331,912)	429,751
Motor vehicles	563,953	(563,953)	-	563,953	(563,953)	-
Office equipment	312,701	(236,608)	76,093	238,717	(215,683)	23,034
IT equipment	1,769,184	(1,048,833)	720,351	1,202,393	(812,718)	389,675
Camping equipment	20,242	(6,356)	13,886	20,242	(4,238)	16,004
<b>Total</b>	<b>25,924,090</b>	<b>(2,269,450)</b>	<b>23,654,640</b>	<b>22,496,576</b>	<b>(1,928,504)</b>	<b>20,568,072</b>

### Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Depreciation	Total
Land & Buildings	19,709,608	2,677,843	-	22,387,451
Furniture and fixtures	429,751	108,895	(81,787)	456,859
Office equipment	23,034	73,984	(20,925)	76,093
IT equipment	389,675	566,792	(236,116)	720,351
Camping equipment	16,004	-	(2,118)	13,886
	<b>20,568,072</b>	<b>3,427,514</b>	<b>(340,946)</b>	<b>23,654,640</b>

### Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Land & Buildings	10,712,526	8,997,082	-	-	19,709,608
Furniture and fixtures	511,568	799	(4,528)	(78,088)	429,751
Motor vehicles	16,294	-	-	(16,294)	-
Office equipment	31,187	21,641	-	(29,794)	23,034
IT equipment	160,073	444,548	-	(214,946)	389,675
Camping equipment	18,123	-	-	(2,119)	16,004
	<b>11,449,771</b>	<b>9,464,070</b>	<b>(4,528)</b>	<b>(341,241)</b>	<b>20,568,072</b>

### Details of properties

#### Erf Number 2503, Windhoek

Measuring 1570 square metres

- Purchase price: 5 November 2014	5,700,000	5,700,000
- Additions 2016	5,012,526	5,012,526
- Additions 2017	8,997,082	8,997,082
- Additions 2018	2,677,843	-
	<b>22,387,451</b>	<b>19,709,608</b>

## Notes to the Annual Financial Statements

	2018 N\$	2017 N\$
<b>3. Other financial assets</b>		
<b>At amortised cost</b>		
Loans to projects	12,928,267	13,114,722
SME Bank	6,494,126	6,494,126
Environmental Investment Fund has lent funds to the SME Bank to be used by the SME Bank to provide soft loans to successful recipients for Green Investment Projects at the soft Green Scheme Interest Rate. Relevant financing will comply with the criteria as agreed upon by the parties.		
The loan is receivable from the SME Bank in the following terms: Loan outstanding paid to EIF in equal installments arrears bi-annually. First payment made on the 37th month from the first utilisation. Interest rate is charged to recipients at prime rate less 4.25% per annum or 4.75% whichever is greater and this is to be split 80:20 between SME Bank and EIF respectively. Interest is payable on the 7th month from the first utilisation. The loan is not secured.		
	19,422,393	19,608,848
Impairment loss on other financial assets	(12,051,888)	(6,494,126)
	<b>7,370,505</b>	<b>13,114,722</b>

### Loans to projects

Environmental Investment Fund has lent funds to the following entities;

#### ***Benz Manufacturing Woodwork CC***

The loan bears interest of prime rate minus 2% per annum, for a period of 54 months and the monthly installment is N\$18,162.39. As security for the proper and timeous performance by the CC of the secured obligations, the member out cedes, in securitatem debiti ("Cession"), transfers and makes over to the Lender it's right, title and interest, and to present and future, in and in the proceeds from the member's life cover policy with death and disability benefits to the value of N\$ 1,000,000.00. However, this loan has been fully impaired due to the pending lawsuit against Benz Manufacturing Woodwork CC.

#### ***Greenfields Organic Fertilizer***

The loan bears interest of prime rate minus 3.5% per annum for a period of 120 months and the monthly installment is N\$54,667.01. The loan is secured by the insurance of premises and any buildings constructed thereon as owned by the CC against fire and other damage to the value of N\$ 2,000,000.00. However, this loan has been fully impaired due to the pending lawsuit against Greenfields Organic Fertilizer.

#### ***Guinea Fowl Investments***

The loan bears interest of prime rate minus 2% per annum, for a period of 120 months and the monthly installment is N\$53,306.57. As security the borrower shall maintain insurance cover in relation to the assets for their full reinstatement value of a type an in an amount as is usual for prudent companies carrying on a business such as that carried on by the borrower and will record the lender as the first loss payee on such insurances. the borrower also pledges to the lender all of the members interest held by the member("Pledge") and cedes in securitatem debiti to the lender all of his right, title and interest in and to the members interest("Cession").

#### ***Ngunga Investments***

The loan bears interest of prime rate less 4% per annum, for a period of 60 months and the monthly installment is N\$19,812.52. As security for the proper and timeous performance by the borrower of it's secured obligations, the member hereby pledges to the lender all of the members interest held by the member("Pledge") and cedes in securitatem debiti to the lender all of his right, title and interest in and to the members interest("Cession"). In addition, the borrower shall maintain insurance cover in relation to the assets for their full reinstatement value of a type an in an amount as is usual for prudent companies carrying on a business such as that carried on by the borrower and will record the lender as the first loss payee on such insurances.

## Notes to the Annual Financial Statements

	2018 N\$	2017 N\$
<b>3. Other financial assets (continued)</b>		
<i>Green Grazing Solutions CC</i>		
The loan bears interest rate of prime rate less 2% per annum, for a period of 120 months and the monthly installment is N\$41,512.22. As security members consents to the registration of the Surety Mortgage Bond as a sixth covering bond over the Property in favour of the Lender as security for the fulfillment of the Secured Obligations, Member One hereby cedes in securitatem debiti to the Lender all of his right,title and interest in and to the Samlam Risk and Life Insurance Policy ("Life insurance Cession").		
<b>Non-current assets</b>		
At amortised cost	5,131,851	10,137,648
<b>Current assets</b>		
At amortised cost	2,238,654	2,977,074
	<b>7,370,505</b>	<b>13,114,722</b>
<b>4. Trade and other receivables</b>		
Trade receivables	645,707	3,256,448
<b>5. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	49	49
Bank balances	214,655	474,555
Short-term deposits	2,440,316	643,611
Trust accounts (Projects)	45,745,340	1,063,073
	<b>48,400,360</b>	<b>2,181,288</b>
<b>Restricted cash</b>		
Included in the cash and cash equivalents is an amount of N\$ 45,745,340 (2017: N\$ 1,063,073) relating to specific projects. The funds are held in a designated bank deposit account to be used only for the purpose of the specific projects. (Refer to supplementary information.)		
<b>6. Financial assets by category</b>		
<b>2018</b>	<b>Loans and receivables</b>	<b>Total</b>
Other financial assets	7,370,506	7,370,506
Trade and other receivables	645,707	645,707
Cash and cash equivalents	2,655,020	2,655,020
	<b>10,671,233</b>	<b>10,671,233</b>
<b>2017</b>	<b>Loans and receivables</b>	<b>Total</b>
Other financial assets	13,114,722	13,114,722
Trade and other receivables	3,256,448	3,256,448
Cash and cash equivalents	1,118,215	1,118,215
	<b>17,489,385</b>	<b>17,489,385</b>

The carrying amount approximates fair value.



## Notes to the Annual Financial Statements

	2018 N\$	2017 N\$
<b>7. Deferred income</b>		
This amount presents the government grant used for the funding of assets.		
Government grants are recognised as deferred income, and released to the income statement over the useful life of the purchased assets.		
Opening balance	20,568,072	11,449,771
Grants received during the year	3,427,512	9,464,070
Grants received from sale of assets	-	(4,528)
Release to the income statement	(340,946)	(341,241)
	<b>23,654,638</b>	<b>20,568,072</b>
Non-current liabilities	23,313,693	20,226,831
Current liabilities	340,946	341,241
	<b>23,654,639</b>	<b>20,568,072</b>

## 8. Trade and other payables

Trade payables	8,804,519	9,358,326
Grants control account	2,502,136	3,292,669
Trust Accounts (Projects)	45,745,340	1,063,073
Accrued leave pay	260,851	208,006
Accrued bonus	286,099	345,903
Other payables	96	2,885
	<b>57,599,041</b>	<b>14,270,862</b>

## 9. Provisions

### Reconciliation of provisions - 2018

	Opening balance	Additions	Total
Provision for severance pay	225,256	75,779	301,035

### Reconciliation of provisions - 2017

	Opening balance	Additions	Total
Provision for severance pay	156,397	68,859	225,256

## 10. Financial liabilities by category

### 2018

	Financial liabilities at amortised cost	Total
Trade and other payables	11,306,655	11,306,655

### 2017

	Financial liabilities at amortised cost	Total
Trade and other payables	12,653,880	12,653,880

The carrying amount approximates fair value.

## Notes to the Annual Financial Statements

	2018 N\$	2017 N\$
<b>11. Revenue</b>		
Government contribution	6,913,433	6,146,699
Other income	918,924	692,659
Administration fees	6,354,548	721,794
	<b>14,186,905</b>	<b>7,561,152</b>
<b>12. Operating loss</b>		
Operating loss for the year is stated after accounting for the following:		
<b>Operating lease charges</b>		
Premises		
• Contractual amounts	1,590,006	1,255,806
Amortisation on intangible assets	-	80,957
Depreciation on property, plant and equipment	340,946	341,241
Employee costs	9,115,534	8,199,776
<b>13. Investment revenue</b>		
<b>Interest revenue</b>		
Loans	1,091,255	1,066,741
Bank	122,669	97,291
	<b>1,213,924</b>	<b>1,164,032</b>
<b>14. Auditor's remuneration</b>		
External Audit Fees	178,250	158,501
Internal Audit Fees	487,612	397,547
	<b>665,862</b>	<b>556,048</b>
<b>15. Cash generated used in operations</b>		
Deficit for the year	(5,539,843)	(17,303,845)
<b>Adjustments for:</b>		
Depreciation and amortisation	340,946	422,198
Interest received	(1,213,924)	(1,164,032)
Movements in provisions	75,779	68,859
Impairment of financial assets	5,557,762	-
<b>Changes in working capital:</b>		
Trade and other receivables	2,610,741	4,590,936
Trade and other payables	43,328,179	5,672,523
Deferred income	3,086,567	9,118,301
	<b>48,246,207</b>	<b>1,404,940</b>

## Notes to the Annual Financial Statements

	2018 N\$	2017 N\$
<b>16. Related parties</b>		
Relationships		
Line Ministry	Ministry of Environment and Tourism	
Directors	J. Andowa K. Nott T. Ndove T. Nghitila I. Hasheela	
Members of key management	B. Libanda I. Hijamutiti K. Aribeb	
<b>Related party transactions with related parties</b>		
<b>Related party transactions</b>		
<b>Compensation paid to key management</b>		
Directors emoluments	237,518	283,980
Remuneration of key management	3,386,168	2,932,431
<b>Government grants received</b>		
Ministry of Environment and Tourism-revenue	6,913,433	6,146,699
Ministry of Environment and Tourism-deferred income	3,427,512	9,464,070
<b>17. Commitments</b>		
<b>Authorised capital expenditure</b>		
Not yet contracted for and authorised by directors	845,000	214,000
<b>Loans and grants</b>		
The fund has made commitments to students for bursaries and loans payable to them as follows.		
<b>Minimum payments due</b>		
- within one year	1,620,000	765,725
<b>Operating leases - as lessee (expense)</b>		
<b>Minimum lease payments due</b>		
- within one year	3,706,284	1,485,000

Operating lease payments represent rentals payable by the fund for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

### 18. Going concern

We draw attention to the fact that at 31 March 2018, fund's current liabilities of N\$ 58,434,348 (2017 : N\$ 14,837,359) exceed current assets of N\$ 51,478,046 (2017 : N\$ 8,414,810) by N\$ 6,956,302 (2017 : N\$ 6,422,549). The fund is also in a net liability position of N\$ 1,483,503.

The fund's annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

## Notes to the Annual Financial Statements

2018	2017
N\$	N\$

### 18. Going concern (continued)

The ability of the fund to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the fund from the Ministry of Environment and Tourism and scale down operations to be within the available cash resources.

### 19. Events after the reporting period and contingencies

In July 2018, the Environment Investment Fund initiated legal proceedings against Greenfields Organic Fertilizer and Benz Manufacturing Woodwork CC for defaulting on repayments in terms of the agreements signed. Although the lawsuit is still ongoing, the loans to Greenfields Organic Fertilizer and Benz Manufacturing Woodwork CC amounting to N\$ 5,557,762 have been fully impaired.

## Detailed Income Statement

	Note(s)	2018 N\$	2017 N\$
<b>Revenue</b>			
Government grant		6,913,433	6,146,699
Other income		918,924	692,659
Administration fee		6,354,548	721,794
	11	<b>14,186,905</b>	<b>7,561,152</b>
<b>Other income</b>			
VAT accrual reversed		-	1,216,585
Interest received	13	1,213,924	1,164,032
		<b>1,213,924</b>	<b>2,380,617</b>
<b>Expenses (Refer to page 25)</b>		<b>(20,940,672)</b>	<b>(27,245,614)</b>
<b>Loss for the year</b>		<b>(5,539,843)</b>	<b>(17,303,845)</b>

## Detailed Income Statement

	Note(s)	2018 N\$	2017 N\$
<b>Operating expenses</b>			
Advertising		(9,476)	(273,906)
Auditors remuneration	14	(665,862)	(556,048)
Awareness raising programs		-	(160,263)
Bad debts		(5,582,972)	(9,939,254)
Bank charges		(28,610)	(18,955)
Computer expenses		(116,814)	(668,044)
Consulting and professional fees		(162,220)	(823,640)
Corporate sponsorship		(141,311)	(266,412)
Depreciation, amortisation and impairments		(340,946)	(422,198)
Educational support		(301,792)	(1,150,551)
Employee costs		(9,115,534)	(8,199,776)
Entertainment		(15,385)	(71,194)
General office supplies		(37,686)	(103,893)
Financial/Operational manual		-	(267,893)
Gifts		-	(48,001)
IT expenses		(51,418)	(48,934)
Insurance		(66,736)	(60,427)
Lease rentals on operating lease		(1,590,006)	(1,255,806)
Legal expenses		(145,118)	(141,286)
Motor vehicle expenses		(70,490)	(55,360)
Printing and publication		(173,450)	(376,262)
Repairs and maintenance		(179,078)	(215,408)
Report and development		-	(9,743)
Sustainable development awards		(309,313)	-
Telephone and fax		(246,876)	(248,743)
Training		(344,970)	(296,151)
Travel - local		(1,155,048)	(1,489,288)
Vocational educational and training levy		(89,561)	(78,178)
		<b>(20,940,672)</b>	<b>(27,245,614)</b>

## Supplementary Information

### 1. Trust Accounts (Projects)

The Fund administers some accounts that are used to finance certain projects on behalf of the Government and multilateral organisations. The accounts are opened and operated by the Environmental Investment Fund. The Environmental Investment Fund had recorded those accounts as restricted cash with corresponding amounts included in the reconciliation below;

Trust accounts reconciliation	2018 N\$	2017 N\$
Bank charges	(16,287)	(11,004)
UNFCCC	163,795	163,795
UNEP - Brown Agenda	(667,554)	(667,554)
Namibia Customs Smelters	-	(322,284)
ICEMA	-	(1,632)
KNP	-	-
NIP	755,062	15,262
SGP	269,746	(44,688)
Bank Windhoek	751,000	1,213,380
INDC	(260,706)	(509,444)
UNCCD	59,098	217,675
NBSAP	(8,902)	21,398
MET-CPP	(16,767)	34,418
OPM-NEDF	149,929	149,929
EIA	-	109,400
PDMP Closure Audit	415,969	-
Nagoya Protocol	70,511	-
PCB Elimination Project	530,587	-
Bio Diversity Management & Climate Change	1,435,355	10,319
World Environmental Day	26,389	326,389
Kalahari Namib Project	36,167	96,393
African Draught Conference	56,467	55,960
Bio Diversity Strategy	235,389	203,054
EIF / EDA (Green Climate Fund)	2,879,538	769
EIF / Green Climate Fund (Readiness Project)	2,795,670	769
EIF / CRAVE (Green Climate Fund)	36,084,884	769
	<b>45,745,340</b>	<b>1,063,073</b>
<b>Balance at the end of the year is made up as follows:</b>		
Balance at the beginning of the year	1,063,073	1,213,380
Advances during the year	55,450,378	4,147,550
Payments during the year	(10,768,111)	(4,297,857)
	<b>45,745,340</b>	<b>1,063,073</b>









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