

## Annex II: Re-accreditation assessment of Environmental Investment Fund (RAPL008)

### I. Introduction

1. The Environmental Investment Fund (EIF) is a national entity and an environmental fund located in Namibia. It was established with a mandate to be a sustainable source of funding for the development and implementation of environmentally sustainable development projects and programmes in partnership with both public and private sector organizations. EIF was officially established in 2001 and began operations in 2011. The results of its activities overlap with the results areas of the Green Climate Fund (GCF) in the areas of natural resource management, green technology and low carbon development, nature-based tourism and capacity-building.

2. EIF was accredited by the GCF Board on 9 July 2015 in decision B.10/06, paragraph (c), and signed its accreditation master agreement (AMA) with GCF on 27 April 2016, which became effective on 14 June 2016, for the following parameters, as recommended by the Accreditation Panel (AP), under the fit-for-purpose approach of GCF:

- (a) **Access modality:** direct access, national. The accredited entity (AE) received a national designated authority (NDA) or focal point nomination for its accreditation application from Namibia;
- (b) **Track:** normal track;
- (c) **Maximum size of an individual project or activity within a programme:** micro<sup>1</sup>
- (d) **Fiduciary functions:**<sup>2</sup>
  - (i) Basic fiduciary standards;
  - (ii) Specialized fiduciary standard for project management; and
  - (iii) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
- (e) **Maximum environmental and social risk category:** minimal to no risk (category C/intermediation 3 (I-3)).<sup>3</sup>

3. With the AMA having become effective on 14 June 2016, the AE's first accreditation term was from 14 June 2016 to 13 June 2021. Due to the Coronavirus disease (COVID-19) pandemic, the AE requested for, and was issued, an extension in the deadline to submit its reaccreditation application to GCF to 13 June 2021. The AE submitted its application for reaccreditation to GCF via the digital accreditation platform on 27 March 2021. Accreditation fees were not applicable since the AE is seeking reaccreditation for the same accreditation scope it was previously accredited for; thus, the stage I institutional assessment and completeness check commenced upon submission of the reaccreditation application. Stage I

<sup>1</sup> As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), "micro" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of up to and including US\$ 10 million for an individual project or an activity within a programme".

<sup>2</sup> Decision B.07/02.

<sup>3</sup> As per annex I to decision B.07/02, category C is defined as "Activities with minimal or no adverse environmental and/or social risks and/or impacts," and intermediation 3 is defined as "When an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts."<sup>4</sup> As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), "micro" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of up to and including US\$ 10 million for an individual project or an activity within a programme".

was completed on 10 August 2021 and the AE was progressed to the stage II (step 1) accreditation review by the AP, which was concluded with the publication of this assessment. The AE applied for the same accreditation scope it was previously accredited for:

- (a) **Access modality:** direct access, national. The AE received an NDA or focal point nomination for its accreditation application from Namibia;
- (b) **Track:** normal track;
- (c) **Maximum size of an individual project or activity within a programme:** micro<sup>4</sup>;
- (d) **Fiduciary functions:**<sup>5</sup>
  - (i) Basic fiduciary standards;
  - (ii) Specialized fiduciary standard for project management; and
  - (iii) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
- (e) **Maximum environmental and social risk category:** minimal to no risk (category C/intermediation 3 (I-3)).<sup>6</sup>

## II. Stage I institutional assessment and completeness check

4. The AE applied and was assessed by the Secretariat during stage I under the normal track reaccreditation process in accordance with the GCF policies and standards below:

- (a) “Updated Strategic Plan for the Green Climate Fund: 2020–2023” (decision B.27/06);
- (b) “Matters related to the accreditation framework” and “Consideration of accreditation proposals, including consideration of the reaccreditation deadline” regarding the reaccreditation process (decisions B.24/13 and B.26/01 respectively);
- (c) “Guiding Framework and Procedures for Accrediting National, Regional and International Implementing Entities and Intermediaries, Including the Fund’s Fiduciary Principles and Standards and Environmental and Social Safeguards” (decision B.07/02);
- (d) “Guidelines for the Operationalization of the Fit-for-purpose Accreditation Approach” (decision B.08/02);
- (e) “Policy on Prohibited Practices” (decision B.22/19);
- (f) “Anti-Money Laundering and Countering the Financing of Terrorism Policy” (AML/CFT Policy) (decision B.18/10);
- (g) “Policy on the Protection of Whistleblowers and Witnesses” (decision B.BM-2018/21);
- (h) “Environmental and Social Management System: Environmental and Social Policy” (decision B.19/10);
- (i) “Comprehensive Information Disclosure Policy of the Fund” (decision B.12/35) regarding the disclosure of environmental and social (E&S) information; and

<sup>4</sup> As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), “micro” is defined as “maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of up to and including US\$ 10 million for an individual project or an activity within a programme”.

<sup>5</sup> Decision B.07/02.

<sup>6</sup> As per annex I to decision B.07/02, category C is defined as “Activities with minimal or no adverse environmental and/or social risks and/or impacts” and intermediation 3 is defined as “When an intermediary’s existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts”.

- (i) “Updated Gender Policy and Gender Action Plan 2020–2023” (decision B.24/12).

## 2.1 Legal status, registration, permits and licences

5. The AE provided documents on its establishment and licences to operate, where relevant, as a part of the application. The AE confirmed that it is willing to engage on amending the AMA to account for new GCF policies adopted after the initial accreditation and that it will put necessary resources to review the draft AMA by the time of publication of this recommendation.

## 2.2 Accredited entity performance in contributing to GCF programming results

### 2.2.1 Approved GCF projects under implementation and national designated authority participatory monitoring:

6. GCF has approved four funded activities (FP023, FP024, SAP001 and SAP006) with a total budget of USD37.7 million under the oversight of EIF. These are all adaptation projects in drought-stricken rural communities in Namibia with the use of grants as the financial instrument. EIF’s engagement with GCF also includes two approved grants under the Readiness and Preparatory Support Programme (Readiness Programme) (NAM-RS-001 and NAM-RS-002).

7. Overall, project implementation in three of the earlier signed funded activities are progressing well and the projects are striving to meet the investment criteria and already demonstrating economic, social and environmental benefits. The last approved project (SAP006), which had experienced delays, is slowly picking up. Some core deliverables have been achieved under FP023 and FP024, though there is still some level of effort required to achieve planned outcomes. Also, for the Readiness grant, project implementation has shown significant delays.

8. The AE attributes implementation delays in the funded activities to the following:

- (a) Weak project design assumptions at the funding approval stage;
- (b) Underestimation of the timing to fulfilling the FAA fiduciary conditions and submission of related documents;
- (c) Changes in government procurement policy (Namibia’s Public Procurement Act, 2015 (Act No. 15 of 2015)), which was at variance with GCF procurement regulations;
- (d) Budget misalignments;
- (e) Lack of fair gender representation in the mandatory training workshops;
- (f) Lengthy procurement process due to the capacity constraints of the AE and of the Project Management Unit in project monitoring;
- (g) Co-financing constraints and limited capacity of the executing entities (EEs); and
- (h) COVID-19, which has also restricted travel and on-ground activities.

9. For the Readiness portfolio, the challenges are:

- (a) Delays with reporting obligations from EIF for the completion report (CR) and first audited financial report due March 20 2021;
- (b) Lack of understanding of monitoring rules as the AE has not requested for waivers for the reports that were not submitted or for those that are long overdue; and

- (c) One of the key issues to be noted with the AE is the issue of lack of submission of the grant deliverables for NAM-RS-001 as required for the submission of the CR. The AE was unable to provide GCF with the final deliverables achieved in this first grant in late 2019 and the AE focal point reported that his computer had crashed.
10. For the funded activities, as a result of the delays that had been highlighted in the interim evaluation reports of the first two projects and in the annual performance reports (APRs), EIF recently submitted requests for the extension of the project closing and completion dates for FP023 and FP024 to enable the projects to meet their overall objectives. This is currently being reviewed and would soon be processed.
11. The experience of GCF is that EIF has limited technical capacity, especially in relation to financial reporting, which resulted in the Secretariat having to provide extensive support to the AE over a significant period, such as guidance on financial reporting in the APRs for three consecutive years.
12. In 2017, some issues had emerged over the AE's financial standing and the implementation of the first approved project (FP023), pointing to potential capacity constraints within EIF. This was revealed in the submitted audited financial statement where the auditors raised an issue on material uncertainty over the ability of EIF to continue as a going concern, as current liabilities exceeded current assets. The issue persisted in the 2018 audited financial statement (fiscal year ending March 2018, in its final form), and EIF moved into a negative equity position.
13. As for the implementation of the approved FP023, which started in March 2017, there have been budget and procurement plan changes submitted by the AE following the Secretariat's review of documentation related to conditions precedent to the request for second disbursement submitted by EIF on 23 August 2018. The revised budget included non-eligible expenses (building construction works instead of building renovation, and vehicle acquisition). Following several exchanges and by the Secretariat's recommendation, EIF submitted to GCF on 19 December 2018 a notice of withdrawal of their second disbursement request, followed on 22 December 2018 by a request for authorization of vehicle purchase. Particularly for this project, the interim evaluation report, finalized in May 2021, rated the project progress towards targeted results as unsatisfactory as several outputs have not been achieved and further rated the budget absorption capacity as low. This report, therefore, strongly recommended that the AE seek GCF approval for a no-cost extension of at least 12 months.
14. For the Readiness grants, EIF had received a no-cost extension for both grants – a seven-month extension for NAM-RS-001 while the second grant (NAM-RS-002) received the six-month blanket no-cost extension granted by GCF in 2020 as an adaptive management strategy due to the COVID-19 pandemic.
15. **Reporting:**
- (a) In terms of timeliness of reporting, EIF reports are not submitted in a timely manner. Under the funded activities, all of EIF's APRs for 2018, 2019 and 2020 were submitted with delays. Also, the independent midterm evaluations for FP023 and FP024 were not submitted as per schedule by the AE. In fact, the AE received notices of default for two of the projects due to non-compliance in its reporting obligations, specifically the submission of an interim evaluation report (FP023) and an inception report (SAP006). For the Readiness grants, the reporting timeliness differs between the two grants, with the CR for NAM-RS-002 being the only report that was submitted on time. The delivery partner performance analysis shows significant delays in report submission, with 75 per cent of the reports overdue (particularly for NAM-RS-002). These reports include an overdue first audit report that was scheduled over two years ago as well as the CR and its associated audit report, which were due in March 2021.

- (b) The independent interim evaluation has been undertaken for the first two projects (FP023 and FP024), which were approved in 2017 and also experienced delays in submissions. However, the AE requested for extensions to submit the reports, which was approved by GCF. The AE also requested for an extension in the submission of its 2020 audited reports.
- (c) Overall, EIF appears to have limited technical expertise to provide support in the monitoring of the projects to the level required in project implementation and management. To address this constraint, it may be useful for EIF to build its human and technical capacities especially in the areas of financial management and monitoring and evaluation (M&E) skills for effective and efficient project and programme support and delivery.
- (d) Overall, looking at the key quantitative performance parameters, EIF's performance is generally good compared with other direct access entities (DAEs); it has high results delivery, disbursement and expenditure rates, but is below average in timely reporting especially as relates to both funded activities and Readiness grants. However, the AE is quite responsive, eager to respond to comments and always seeks guidance on areas that are unclear.
16. Key challenges and risks include the following:
- (a) **Financial risk:** In 2017, some issues emerged over the AE's financial standing and the implementation of the first approved project (FP023), pointing to the potential capacity constraints within EIF. This was revealed in the submitted audited financial statement in which the auditors raised an issue on material uncertainty over the ability of EIF to continue as a going concern, as current liabilities exceeded current assets. The going concern issue persisted in the 2018 audited financial statement (fiscal year ending March 2018, in its final form), and EIF moved into a negative equity position. From a common report prepared by the Finance Unit and the Office of Risk Management and Compliance in collaboration with the Office of Portfolio Management in January 2019, an updated assessment of the AE's capacity concluded that EIF's financial situation might not improve in the short term and could even worsen. In addition, there could be risk of diversion of resources in an attempt to plug financial gaps, as was observed in the implementation of FP023. However, this was cleared and the last funding proposal was approved when the AE was able to confirm that it was solvent.
- (b) As for the implementation of the approved FP023, which started in March 2017, there have been budget and procurement plan changes submitted by the AE following the Secretariat's review of documentation related to conditions precedent to the request for second disbursement submitted by EIF on 23 August 2018. The revised budget included non-eligible expenses (building construction works instead of building renovation, and vehicle acquisition). Following several exchanges and by the Secretariat's recommendation, EIF submitted to GCF on 19 December 2018 a notice of withdrawal of their second disbursement request, followed on 22 December 2018 by a request for authorization of vehicle purchase.
- (c) **Operational risk:** The issues with implementation of the approved FP023 (e.g. inclusion of ineligible expenses, revised budget not conforming to conditions set in Clause 7.01(c) of the FAA) as well as the large impairment of EIF's loan book and the persistence of liabilities exceeding assets may indicate limitations in EIF's capacity in a few key aspects.
- (d) **Reputational risk:** Due to its early engagement with GCF as a national direct access AE and the multiplicity of the said engagement, EIF is considered a showcase for successful collaboration with GCF. As such, it has often been called upon to share its experience with GCF, including during international gatherings (i.e. meetings of the Conference of



the Parties, structured dialogues) and various South-South exchanges. It is important for the Secretariat to review the financial capacity of the entity as an ongoing concern so that the earlier raised concerns do not belie the success story that EIF is considered to be, especially as the number of projects under the AE continues to grow.

- (e) **Limited capacity:** The AE may need to review its human and technical resource capacity to enable delivery of quality project designs as well as financial reporting. This is demonstrated by the weak financial reporting capacity of the AE that requires a lot of guidance and direction in reporting during APR submissions. To address this constraint, it may be useful for EIF to consider building its human resource (HR) capacity in the areas of financial management and M&E.

#### 2.2.2 **Inclusion in the country programme (for national DAEs) of concept notes, funding proposals and Project Preparation Facility requests**

17. Namibia submitted a country programme for the consideration of the GCF Secretariat in June 2021. The programme outlines programmes and projects planned for development between 2020 and 2030 under five climate change priorities consistent with low-emission and climate-resilient development pathways:

- (a) **Energy security** – Six interventions are foreseen, with EIF presented as the AE (potentially partnering with other AEs) for two of these, targeting: (i) off-grid (mini-grids) solar energy (concessional loans and grants); and (ii) one Simplified Approval Process (SAP) project on biomass-fueled mini-grids (financial instruments are not included in the country programme);
- (b) **Ecosystems, biodiversity and land restoration** – Three interventions are foreseen, all with EIF as a confirmed AE (potentially partnering with other AEs): (i) biomass value chains, sustainable rangeland management and afforestation (USD 50 million of the total project size, all with GCF financing); (ii) meat value chain in northern communal areas (financial instruments are not included in the country programme); and (iii) one SAP project on the development of a climate change resource center and centralized database (financial instruments are not included in the country programme);
- (c) **Resilient infrastructure and low carbon transport** – Six interventions are foreseen, with EIF presented as the AE for five of them: (i) green building initiative (concessional loans and grants); (ii) transformation of urban informal settlements and flexible land tenure systems (grants); (iii) coastal infrastructure buffering (financial instruments are not included in the country programme); (iv) one SAP project on early warning system/national climate monitoring programme (grants); and (v) wastewater treatment and waste-to-energy (financial instruments are not included in the country programme);
- (d) **Water security** – Five interventions are foreseen, none of which indicate EIF as the confirmed AE; and
- (e) **Food security** – Four interventions are foreseen, none of which indicate EIF as the confirmed AE.

18. The country programme is currently being revised by the GCF Secretariat. The project/programme pipeline that it presents allow for a partial assessment of the appropriateness of the interventions listed above vis-à-vis GCF targets and requirements. Further work will be undertaken between GCF and the NDA (and EIF) to clarify the objectives of each intervention. The GCF Secretariat will provide feedback to the NDA (and EIF) to ensure, among others, that appropriate alignment is found among:

- (a) the proposed pipeline and EIF's accreditation standards;

- (b) proposed interventions and the transformative impact sought by GCF; and
- (c) interventions and the appropriate GCF financing windows.

19. Overall, while the GCF Secretariat wants to discuss Namibia's engagement strategy (as presented in the current version of the country programme) further, it is clear that the Government of Namibia expects EIF to play a substantive role as a GCF DAE in the delivery of planned interventions within the next nine years.

20. **Concept notes/funding proposals:** There are currently no concept notes or funding proposals from the AE in the GCF pipeline.

### 2.2.3 Risk flags incurred by the projects, accredited entity or country during the previous accreditation term

21. The AE has robust environmental, social and corporate governance and gender-sensitive principles to guide its programming. It has also demonstrated a sufficiently strong inclination to report on economic, social, gender and environmental benefits even though delays were reported in implementation leading to limited uptake of issues related to environmental and social safeguards (ESS), gender and indigenous peoples (IPs). There are opportunities for improvement not only in terms of compliance but also in timely and adequate reporting. The AE is making efforts to address ESS, gender and IP-related programming gaps. Certain mechanisms can be improved to resolve land acquisition and resettlement issues; provide updates on operationalizing institutional/project-level grievance redress mechanisms; and report in a timely and adequate manner on all gender/IP-based activities, per approved gender action plans and priorities related to IPs.

## 2.3 Overall portfolio of activities of the accredited entity beyond those funded by GCF

22. As per the USP,<sup>7</sup> the reaccreditation process<sup>8</sup> and the monitoring and accountability framework,<sup>9</sup> the Secretariat and the AP are requested to provide an assessment of the extent to which the overall portfolio of activities of the AE beyond those funded by GCF has evolved during the accreditation period, in order to advance the goal of GCF to promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development.

23. EIF has provided information on the climate change-related projects financed by various multilateral and national funds and entities, such as the Agence Française de Développement (AFD), Global Environment Facility (GEF) and European Commission.

24. The AE provided the following information with regard to guiding questions established in the baseline methodology:

### (a) Guiding question 1. Has the entity established policies or commitments in the short, medium or long term regarding investment in climate change projects?

- (i) EIF provides Namibian government agencies with a platform for the establishment and hosting mechanism for a sustainable development fund for large climate investments and financing in Namibia. The National Climate

<sup>7</sup> Decision B.27/06 and annex VI thereto.

<sup>8</sup> Decision B.24/13 and annex XXVI thereto.

<sup>9</sup> Decision B.11/10 and annex I thereto.

Change Adaptation Strategy and Action Plan (2013–2020)<sup>10</sup> includes the need for “Mainstreaming climate change into policies, legal framework and development planning” as its principle 1 under section 4 “Guiding Principles” and explicitly states the crucial role played by EIF in financial resource mobilization and management. The AE has a number of subsidiary agreements and memoranda of agreement with the Ministry of Environment, Tourism and Forestry (METF), where EIF is responsible for the financial management of projects and METF is the EE. An example of a subsidiary agreement has been provided by the AE. EIF has nominated an Environment and Climate Change Manager, under the supervision of the Chief Operations Officer.

- (ii) EIF's strategic plan for 2018–2022<sup>11</sup> provides information on the AE's strategy and plan to address climate change adaptation and mitigation and to develop climate change programming. EIF's vision commits the AE to becoming a “recognized leader in the development and application of innovative financing mechanisms to support environmentally and climate change resilient development pathways in Namibia”.
  - (iii) The AE has provided the EIF Act (Act 13 of 2001), which outlines the objectives of EIF: (a) the sustainable use and management of environmental and natural resources; (b) the maintenance of the natural resource base and ecological processes; (c) the maintenance of biological diversity and ecosystems for the benefit of all Namibians; and (d) economic improvements in the use of natural resources for sustainable rural and urban development.
  - (iv) Accordingly, the current project portfolio of EIF does not have carbon-intensive projects and is considered to be 100 per cent climate-related.
  - (v) EIF secured a deal with the Ministry of Finance through which the former receives 30 per cent of all environmental taxes on carbon from the transport sector, tires, incandescent bulbs, lubricant oils and batteries. Furthermore, the Ministry of Finance has earmarked 100 per cent of the environmental tax on plastic bags for EIF since October 2019. To date, EIF has received more than 29 million Namibian dollars (NAD) (approximately USD 1.94 million) in environmental taxes from the Ministry of Finance. The EIF<sup>12</sup> earmarked climate change mitigation and adaptation projects for financing through these environmental levies. These environmental levies are also expected to play a key role in promoting fuel efficiency in transport systems towards low greenhouse gas (GHG) emission in the country.
- (b) **Guiding question 2. Does the entity receive resources from third parties for the financing of climate projects?**
- (i) The EIF portfolio is 100 per cent climate-related, amounting to USD 50,808,020 in financial values and 19 projects implemented since 2014, with support from 10 donors, such as GCF, the Government of Namibia (through METF, under the Game Products Trust Fund (GPTF)), AFD, GEF and the German Corporation for International Cooperation (GIZ).
  - (ii) During the accreditation period under GCF, new and additional donor contributions for EIF climate adaptation and mitigation projects amounted to

<sup>10</sup> Available at

<https://www.met.gov.na/files/files/National%20Climate%20Change%20Strategy%20&%20Action%20Plan%202013%20-%202020.pdf>

<sup>11</sup> Available at [https://www.eif.org.na/uploads/files/EIF\\_Strategic\\_Plan\\_V4.pdf](https://www.eif.org.na/uploads/files/EIF_Strategic_Plan_V4.pdf)

<sup>12</sup> Available at <https://www.eif.org.na/download/eif-investment-plan>



USD 42,900,771. Currently, there are four projects under implementation financed by GCF amounting to USD 37,864,000 while two Readiness support grants amounting to USD 691,009 were already concluded.

(c) **Guiding question 3. Does the entity calculate and reduce its greenhouse gas emissions?**

- (i) EIF reported no experience with calculating and tracking the GHG emissions of its portfolio. The AE provided Namibia's Fourth Biennial Update Report, which was submitted in February 2021 to the United Nations Framework Convention on Climate Change, and informed GCF that the establishment of a national system for GHG inventory is in progress. Once the system is operational, the AE intends to use it for reporting progress. The AE also indicated March 2022 as the estimated time frame for reporting progress on this matter to the GCF.
- (ii) At the project level, EIF is considering estimates of the carbon sequestration capacity of its interventions in the GCF-funded Community Based Natural Resource Management (CBNRM) project, which aims at incorporating climate adaptation response strategies into local practices so that assets, livelihoods and ecosystem services are protected from climate-induced risks. An estimation of carbon stocks in forested areas of Namibia using forest inventory data has been provided by the AE, with results showing that the mean carbon stock for the regions where conservancies and communal areas are located is estimated to be 17 tonnes per hectare. This information is intended to enhance management approaches by the local communities, serving as an important natural brake on climate change.

(d) **Guiding question 4. Does the entity evaluate the climate risks of its portfolio?**

- (i) EIF informed GCF that, currently, it does not undertake climate change vulnerability assessments on grantee or project levels.

(e) **Guiding question 5. What are the main sectors of activity of the entity?**

- (i) EIF targets investments towards activities related to the environment and climate change, both adaptation and mitigation. From a sector point of view, the AE targets energy, green building, sustainable water, sustainable agriculture and land use, forestry and ecosystems.

(f) **Guiding question 6. Is the entity investing in mitigation projects/operations?**

- (i) EIF has invested in renewable energy and land use, forestry and ecosystem conservation projects, with mitigation benefits. The AE informed GCF that its future involvement in mitigation activities will be guided by the national project pipelines and government or developmental partner engagements.

(g) **Guiding question 7. Is the entity investing in adaptation projects/operations?**

- (i) EIF is a DAE from a least developed country and its areas of expertise and capabilities are mostly in adaptation, as is confirmed by the nature of its project pipeline. EIF reported that the total number of direct and indirect grant beneficiaries from adaptation projects has been 103,051 persons since accreditation. The AE informed GCF that gender-disaggregated information on beneficiaries will be made available on its website in 2021.
- (ii) Based on the information presented by the AE and analysed as part of the reaccreditation assessment, the AP notes the following:
  - (1) The past five years have seen EIF grow in stature and gradually become a brand in Namibia known for innovative financing solutions in the

- environmental space. The AE positioned itself as a key player in the environmental and climate change financing scope in Namibia;
- (2) The strategic direction for EIF is set out in its strategic plan for 2018–2022, which outlines the mandate, vision and programmes for EIF to consolidate gains and capitalize on mobilizing resources, growing its financial services and striving for sustainability;
  - (3) The strategic plan of the AE aligns with the mandate and objectives of GCF and its USP to promote paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development and efforts to eradicate poverty;
  - (4) As stated under guiding question 1 above, the AE has never been involved in fossil fuel financing; and
  - (5) As stated under guiding question 2 above, climate change projects make up 100 per cent of the current funding portfolio of the AE.

25. The AP considers that the evidence provided demonstrates the continuous positive trend of EIF in developing climate change adaptation, mitigation and cross-cutting activities. Both the strategy and the trend of activities are aligned with the GCF mandate and objectives. The AP concludes that EIF aligns with the GCF mandate and objectives and with the USP for 2020–2023.

### III. Stage II accreditation review assessment

26. The AE applied under the normal track accreditation process. Its application was assessed by the AP during stage II (step 1) against the standards of GCF in accordance with the reaccreditation requirements identified in paragraph 4 above.

27. As part of this assessment, the AP consulted the AE's website and third-party websites to complement the information provided in the application.

#### 3.1 Fiduciary standards

28. EIF does not have any outstanding fiduciary conditions from the previous accreditation term.

##### 3.1.1. Basic fiduciary standards: key administrative and financial capacities

29. EIF is a non-commercial public enterprise classified under the Namibian Public Enterprises Governance Act as a financial institution, with extrabudgetary funding.

30. In 2020 EIF's line ministry oversight moved from METF to the Ministry of Finance, resulting in several changes in board and board committee membership and, because of bureaucracy-related delays, there was a short and temporary gap in board continuity.

31. During its first accreditation period with GCF, the AE reported changes in its governance and organizational structure, several policies and procedures, finance system, and risk and controls framework.

32. EIF's funding increased significantly during the accreditation period due to accessing GCF funding, partnering with other international donors, and increased government budget allocations and tax and fee revenue designated to funds and projects managed by EIF.

33. The board and management of EIF committed to voluntary compliance with the corporate governance code of Namibia (Namcode) and have been tracking and implementing

recommendations from an internal audit on governance, on a prioritized basis. Revised charters for the EIF Finance, Audit and Risk Committee (FARC) and the Human Resources and Remuneration Committee (HRRC) better articulate the roles of committees and the ex-officio board membership of the Chief Executive Officer (CEO) and status of management as observers. The AP notes that the board and the FARC have been active in holding management to account with their review and approval of the EIF budget and tracking of internal audit findings and strategic oversight of risk.

34. The AE is in the fourth year of a strategic plan (2018–2022) aligned with the National Development Plan of Namibia and is currently prioritizing organizational development, which has included managerial and departmental restructuring to support its increased portfolio of funding and operational risks. Management monitors and reports to the board on progress against its strategic plan and is in the process of integrating strategic and annual objectives into unit and individual performance management.

35. The current phase of strategic adjustment is an ongoing review of key policies and procedures where standardization and harmonization will position EIF to manage compliance with funding requirements and position it for future growth. The latest organization chart provides evidence of the expansion of the AE's capacity in project coordination, M&E and financial management.

36. A key development during the accreditation period, noting that EIF had accreditation conditions (which were fulfilled as per paragraph 28 above) related to commissioning specific internal audits and internal audit planning, has been creating and developing an internal audit function.

37. EIF had outsourced its internal audit planning and fieldwork from February 2015 to Ernst & Young Namibia. The latter provided value-adding, international standard internal audit services and delivered audit reports that informed EIF policy and process improvements during the accreditation period.

38. Recently under the auspices of the FARC, an in-house internal audit function was created, with the approval of an Internal Audit Charter aligned to internationally recognized standards and an Internal Audit Manual as well as the appointment of an Internal Auditor.

39. The internal audit function provides audit reports and an annual plan to the FARC and management; the AE shared examples of these documents. However, as the Internal Audit Charter is relatively new, the AE is not yet able to demonstrate that it is functioning according to its charter and to internationally recognized standards. Furthermore, the AE is not yet able to demonstrate a track record in monitoring the implementation of action plans for high-risk recommendations. Evidence that the AE's internal audit function is operating according to its charter as well as to internationally recognized standards and that high-risk internal audit recommendations are being prioritized and implemented on time has not been provided.

40. EIF upgraded to a later version of its Sage X3 enterprise resource planner with financial management during the accreditation period. The upgraded version can incorporate and automate human resource management, which the AE is considering, to strengthen its control framework, and supply chain management, which the AE has not yet considered. In addition, two internal audits on information technology (an accreditation condition) have led to improvements in information technology controls and applications.

41. Independent audit reports through to financial year 2020 have delivered unqualified opinions and the same is anticipated for financial year 2020. The closure and approval of EIF's financial statements for financial year 2020 (ending March 2020) were delayed by the changes in ministerial line management, board membership and the COVID-19 pandemic context; however, the financial statements were recently approved and accepted by a competent government authority.

42. EIF's risk management framework has strengthened during the accreditation period, evidenced by a risk register and the assessment of project risks in project management. Procurement policies and procedures were revised to comply with the Public Procurement Act of Namibia, thus fulfilling an accreditation condition. Procurement tenders are publicly advertised and the results are publicly disclosed, plus procurement committees oversee the procurement process.

43. The AP finds that the policies, procedures and capacity of the AE fully meet the basic fiduciary standards on key administrative and financial capacities. However, the AP finds that the AE's track record is insufficient. The relevant gap is identified in paragraph 39 above and reflected by the corresponding condition for reaccreditation in section 4.2 of this document.

### 3.1.2 Basic fiduciary standards: transparency and accountability

44. The EIF Board Charter and committee charters do not include documented responsibility for ethics so a risk exists that oversight of ethics may not be clear at board and management levels and may dissipate among different committees. The AE indicated that oversight of ethics will be part of the HR consultancy planned for early 2022.

45. Regarding a code of ethics or policies and provisions that define expected ethical behaviour, EIF's HR Policy Manual contains a Code of Conduct applicable to all employees and a Code of Ethics, which is appended to the HR Policy Manual and applies to employees and board and sub-committee members.

46. The Code of Ethics contains sections on professional responsibility, ethical leadership and conflicts of interest. The AE currently does not apply either codes to all individuals contracted or functionally related to the AE. Evidence will be requested by the AP that responsibility and oversight for ethics is clearly articulated in its governance and management structure, policies and processes, and that its Code of Ethics is applied to all individuals contracted or functionally related to the AE.

47. The AE's staff complement has grown significantly in recent years and the AE, at the time of reaccreditation, is in the process of procuring consultancy services to assist with updating its HR Policy Manual and Code of Ethics to align with current and future needs and to support the AE's plans to provide training to employees and other contracted individuals.

48. Regarding the disclosure and management of conflicts of interest, EIF has a conflict-of-interest review and resolution procedure and a process for annual disclosures by board and board committee and procurement committee members as well as detailed disclosure/declaration forms for employees. The AP noted that this process could be strengthened with an annual requirement and minor policy amendment to require disclosures by employees on an annual basis.

49. EIF continues to operate under its Anti-Fraud Policy and Whistleblower Policy (both updated in 2015), aligned with the principles and requirements of the Anti-Corruption Act of Namibia and the Labour Act of Namibia. The AE is observing the government's current process of reviewing and updating statutes covering fraud and whistleblowing. EIF intends to adopt any amendments to the national legal framework and, in the process, ensure that is aligned to international standards. To do this, EIF plans to collaborate with the Namibian Anti-Corruption Commission for expertise on technical policy issues.

50. The EIF Whistleblower Policy, general appeals and grievance mechanisms (including procurement), and ad hoc complaints registration feature adequately on the AE's website. The AE could not demonstrate its track record in relation to tone from the top and a zero-tolerance stance towards preventing financial mismanagement and other forms of malpractice; however, it has indicated its motivation to meet this requirement in the next accreditation period. Evidence will be requested by the AP of the AE's stance of zero tolerance for fraud, financial

mismanagement and other forms of malpractice by staff members, consultants, contractors and EEs.

51. EIF's Anti-Fraud Policy contains a summary of investigation procedures including roles and responsibilities, ensuring independence, and a table on investigation guidelines.

52. EIF demonstrated that it can conduct investigations via an example of a procurement tender appeal raised under its published complaints handling procedure and overseen by its Review Committee.

53. Regarding prohibited practices related to AML/CFT, EIF is subject to government financial intelligence regulations and provisions and has developed and put in place Know Your Customer Guidelines and Anti-Money Laundering Standards aligned to the Financial Intelligence Act of Namibia; however, these guidelines and standards are not framed as a policy.

54. EIF shared documents that demonstrated its practical application of the guidelines and standards when transacting with EEs and individuals.

55. The AP finds that the AE's policies, procedures and capacity fully meet basic fiduciary standards on transparency and accountability, the GCF Policy on Prohibited Practices,<sup>13</sup> the GCF Policy on the Protection of Whistle-blowers and Witnesses<sup>14</sup> and the GCF AML/CFT Policy.<sup>15</sup> However, the AP finds that the AE's track record is insufficient. The relevant gaps are identified in paragraphs 46 and 50 above and are reflected by the corresponding conditions for reaccreditation in section 4.2 below.

### 3.1.3 Specialized fiduciary standard for project management

56. EIF, in its reaccreditation application, indicated no significant changes since accreditation in its policies, procedures, process and track record in relation to project management; however, it indicated to the AP that its Operations Manual is currently under review.

57. EIF's Operations Manual includes policies, procedures and processes for overall project management and the management of awards to EEs. The manual has sections on project governance structure, aspects of overall project management and various operational activities. Tools, templates and checklists are annexed to the Operations Manual and read in conjunction with specific policy and procedure manuals for monitoring and evaluation, ESS, gender, risk, procurement, finance, HR and communications.

58. EIF has a project management unit under its Chief Operations Officer and project managers oversee GCF-funded projects largely implemented via grant awards to local EEs.

59. The AE shared relevant project workplans, implementation plans and budget amendment documents for current/recent projects, including GCF-funded projects, non-GCF projects, such as the GIZ-funded Biodiversity Management and Climate Change (BMCC II) project, and trust funds, such as GPTF. It also shared examples of ongoing project monitoring at management level via internal weekly and quarterly reporting and functioning project steering committees. Financial monitoring reports were not shared.

60. EIF indicated that its Operations Manual is currently under review (in 2021) and that the review will ensure the AE's project management methodology, policies, procedures and tools and templates used are fully articulated and integrated. The AP noted EIF's openness and motivation to improve and streamline its policy and procedure framework continually. The AP notes that its reaccreditation review corresponds with the Secretariat's review of performance

<sup>13</sup> Decision B.22/19 and annex XIV thereto.

<sup>14</sup> Decision B.21/25 and annex II thereto.

<sup>15</sup> Decision B.18/10 and annex XIV thereto.



in project implementation including reporting and challenges and risks identified in section 2.2 of this document.

61. The AP notes that EIF has successfully designed proposals and secured GCF and other funding since accreditation and has received regular feedback and support from the GCF Secretariat when reviewing project reports and annual self-assessments.

62. The AP finds that the AE's policies, procedures and capacity partially meet the specialized fiduciary standard for project management and that the AE's track record is insufficient. The relevant gaps are identified in paragraph 60 of this document and are reflected by the corresponding conditions for reaccreditation in section 4.2 below.

### 3.1.4 Specialized fiduciary standard for grant award and funding allocation mechanisms

63. EIF indicated no significant changes since accreditation in its policies, procedures, process and track record in relation to the management of grant awards and allocations; however, as previously mentioned, it indicated to the AP that its Operations Manual is currently under review.

64. EIF's Operations Manual and associated policies and procedures cover project management and the management of grant awards and allocations.

65. Grant award decisions are made through a process that involves the AE's Fund Management Committee (FMC) screening projects for endorsement by the independent Technical Advisory Panel (TAP).

66. EIF shared further information on its due diligence process for EEs as part of the project appraisal process, including site visits, and demonstrated how significant risks identified and recommendations from the due diligence assessments are incorporated as conditions attached to milestones in EE grant agreements.

67. Reports prepared for and reviewed by executive management that evidence financial monitoring of sub-grants were not provided by the AE; hence the AE's track record regarding the allocation of financial resources was not demonstrated. The process for monitoring the implementation of specific conditions included in EE grant agreements was not evidenced nor was a procedure for disseminating and publishing lessons learned, including to the public. The AE's updated Operations Manual covers project and grant award management, and including these areas will be requested by the AP.

68. Regarding the AE's track record in relation to the management of other funds, the AP notes that EIF manages GPTF. The most recently available (financial year 2018/19) Namibian Auditor General's report on the accounts of GPTF is a qualified report and the consequences of this for GPTF and the AE are not clear. The AP noted that previous audit reports were unqualified. At the time of its reaccreditation review, the AP is in the process of clarifying the status of GPTF audit reports with the AE.

69. The AP finds that the AE's policies, procedures and capacity partially meet the specialized fiduciary standard for grant award and/or funding allocation mechanisms, and that the AE's track record is insufficient. The relevant gaps are identified in paragraphs 67 and 68 of this document and are reflected by the corresponding conditions for reaccreditation in section 4.2 below.

### 3.1.5 Specialized fiduciary standard for on-lending and/or blending (for loans, equity and/or guarantees)

70. The AE did not apply for this standard at this time.

## 3.2 Environmental and social safeguards

71. EIF does not have any outstanding conditions related to ESS from the previous accreditation term.

72. EIF applied for reaccreditation against the minimal to low ESS risk category (category C/I-3), which by definition entails minimal to no environmental and/or social risks or impacts. Commensurate with the fit-for-purpose accreditation approach and the nature of category C/I-3, an ESS policy within an institutional environmental and social management system (ESMS) is not required for the category C/I-3 level of risk. The AE, however, does have an ESS Policy that includes overall ESS policy principles, safeguards, a project screening tool, and provisions on monitoring and reporting. EIF's four ESS requirements are as follows: (i) environment, (ii) involuntary resettlement, (iii) indigenous peoples, and (iv) special requirements for different finance modalities.

73. The AE's ESS Policy contains provisions for E&S risk categorization that is consistent with GCF interim ESS, as well as provisions for the management programme, organizational competence, monitoring, stakeholder engagement, disclosure of information, grievance redress mechanism, free, prior and informed consent (FPIC) and gender inclusivity and responsiveness.

74. The current project portfolio of EIF does not have carbon-intensive projects and is considered to be 100 per cent climate-related. The AE prioritizes funding for environmentally and socially acceptable projects, as guided by its exclusion list, which, for instance, prevents investments in projects/activities that can do harm to biodiversity and ecosystems.

75. Regarding Performance Standard (PS) 7 (indigenous peoples), EIF's current ESS Policy contains specific provisions. However, the AE provided information on the development of the Indigenous Nomadic Peoples Inclusion and Mainstreaming Policy (INPIM), guided by the report on the State of Indigenous Human Rights in Namibia prepared for the 57th Session of Committee on Economic, Social, and Cultural Rights. The AE indicated that this policy development is to be finalized by end of March 2022. Regarding its implementation and operationalization, EIF indicated that it will follow its ESS Policy and its annex II on institutional-wide integration of ESS aspects, in line with the requirements of the GCF Indigenous Peoples Policy; it will also be included in the Operations Manual annexes as e INPIM assessment report and INPIM Action Plan.

76. The AP finds that the AE's ESMS, comprising the ESS Policy and supported by evidence of its track record, fully meets the GCF Environmental and Social Policy<sup>16</sup> and GCF interim ESS standards<sup>17</sup> for maximum E&S risk category C/I-3 projects/programmes with respect to performance standards 1-8.

### 3.2.1. Identification of environmental and social risks and impacts

77. EIF's ESMS includes an assessment process that is commensurate with the E&S risk and the scale of the project it would be financing. Regarding E&S procedures, the Risk Activity Matrix by sector tool (annex III of EIF's ESS Policy) describes a process that screens projects/programmes against PS 1-8 and is able to consistently confirm the risk category was provided. It provides for a process of categorization, stakeholder consultation and management of the projects throughout their life cycle. This tool also provides an administrative screening tool for triggered performance standards, determining whether to continue with a client and, if so, how to do the E&S assessment.

78. Projects that have an indicative risk category of B or A are automatically referred to the ESS Coordination Team. If the proposed project falls within the investment priority areas of EIF

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<sup>16</sup> Decision B.19/10 and annex X thereto.

<sup>17</sup> Decision B.07/02 and annex III thereto.

and the chance of approval by the TAP is high, then FMC can approve medium risk projects on conditions of further assessment. However, EIF does not fund projects that are indicated as ESS category A. The Risk and Due Diligence Team, consisting of a risk analyst, M&E specialist, project managers and project accountant, will be tasked with the further assessment of high-risk projects, with the aim of reducing high risk to medium risk and assessing the cost-benefit value of continuing the project versus declining the project. For category C projects, there is no further environmental or social assessment. For category B projects, EIF will use the ESS Software Toolkit to identify and red flag the significant risks, which will function as an "early-warning system". The ESS Risk Analysis Summary report provides an indication of potential environmental or social risks involved in a project.

79. Since its accreditation to GCF, the AE has adopted new E&S guidelines to strengthen its ESMS towards greater alignment with GCF E&S requirements. Additional changes and improvements involved the development of new tools, guidelines, checklists and templates to improve the effectiveness and sustainability of the ESS function in EIF and in the projects funded by and through the AE.

80. Regarding its track record, EIF provided two sample ESS appraisal reports for category C projects.

81. The AP finds that the AE's system of identification of E&S risks and impacts, supported by evidence of its track record, fully meets the GCF Environmental and Social Policy and GCF interim ESS standards for maximum E&S risk category C/I-3 projects/programmes with respect to performance standards 1–8.

### 3.2.2. Environmental and social management programme

82. EIF's Operations Manual outlines how, at an early stage of the assessment, the grant or credit officer communicates with the potential client in order to improve the quality of the proposals before their submission to FMC. The appraisal involves technical, administrative and financial assessments against the set investment criteria of EIF and whether the project will have a good chance to be approved by the FMC and the TAP. At this stage the client and the project shall also be checked against the ESS Policy of EIF and the exclusion list. By completing the administrative screening form, the grant or credit officer will determine the E&S category of the client and with that the further need for environmental or social appraisal. It is EIF policy to ensure that all funded projects and activities comply with ESS policies, procedures and forms. In this regard, the client is required to develop an ESS Action Plan that shows how it will take initiative to become compliant and mitigate ESS risks.

83. EIF has a fully developed and documented institutional process and track record for managing mitigation measures and actions stemming from the E&S risk identification process through its Financial Investment Policy that calls for E&S screening of all EIF investments.

84. Regarding the effectiveness of the institution-wide management programme for E&S risk and impacts, an ESMS audit final report dated 2018 was provided, demonstrating that an independent audit on the ESMS has been conducted by external experts. As a result, additional tools and the ESMS manual were developed to enhance focus on PS and ESS assessments.

85. The AP finds that the AE's E&S management programme, supported by evidence of its track record, fully meets the GCF Environmental and Social Policy and GCF interim ESS standards for maximum E&S risk category C/I-3 projects/programmes with respect to performance standards 1–8.

### 3.2.3. Monitoring and review

86. Monitoring and review of projects with respect to E&S requirements is guided by EIF's Operations Manual, an M&E framework and its E&S Policy. Project M&E reports that have been assessed indicate a need for consistency in the reporting format.
87. Examples of application of ESS were provided for flight paths, Ai-/Ais Hotsprings Game Park and International Development Research Centre anti-poaching projects, showing the application of the ESS process based on periodic performance reviews. Furthermore, a financial risk framework document provided a review/monitoring of actions taken for mitigation and performance improvement for meeting objectives related to the ESS Policy.
88. EIF has recruited an M&E Officer whose remit includes the mainstreaming of ESS and gender risks and impacts into the institution-wide monitoring and accountability framework. In addition, the ESS Officer and Project ESS Officers collaborate and coordinate the alignment of ESS risk and impacts on projects or programmes into the strategic objectives of the organization.
89. EIF reported that it is currently in the process of developing an ESS risk indicator database to help with the screening of ESS risk categories at appraisal stage. This is deemed sufficient for projects with minimal to no E&S risks and impacts, and EIF is found to meet this requirement in the context of this category. It is recommended that the AE consistently implements the monitoring and review procedures set out in its policies and procedures.
90. The AP finds that the AE's system of E&S related monitoring and review, supported by evidence of its track record, fully meets the GCF Environmental and Social Policy and GCF interim ESS standards for maximum E&S risk category C/I-3 projects/programmes with respect to performance standards 1–8.

#### **3.2.4. External communications, consultations, information disclosure and grievance redress mechanism at the institutional level**

91. There are provisions for a grievance redress mechanism in both the ESS Policy 18 and the Procurement and Operations Policy 19 are available on the AE's website.
92. A public consultation mechanism and disclosure policy related to E&S information follows the guidelines set out in the EIF Disclosure Policy, Operations Manual, Complaints Policy, appeals and grievance procedures, communication strategy, ESS Policy, M&E Framework and stakeholder engagement strategy, depending on the stage at which public consultation is required. In addition, the EIF follows national environmental management regulations in situations where the project needs a mandated environment management plan.
93. The EIF has a grievance and redress mechanisms in place to ensure that complaints are being promptly reviewed and addressed by the responsible units, at both institutional and project levels. A dedicated Appeals Administrator is appointed by EIF from among its senior staff members to investigate and contact parties about complaints. The Appeals Administrator is accountable to the Accounting Officer under the CEO of EIF.
94. Furthermore, the Appeals and Review Committee has been established and sits when the need arises. The AE provided the terms of reference for this independent committee, which consists of reviewing, investigating and inquiring into any activity or process by any person employed by EIF in taking decisions and/or following procedure. An Appeals Committee decision on a matter brought before it in the past two years has been provided by the AE to the AP.

<sup>18</sup> See [https://www.eif.org/na/uploads/files/EIF\\_DISCLOSURE\\_POLICY.pdf](https://www.eif.org/na/uploads/files/EIF_DISCLOSURE_POLICY.pdf)

<sup>19</sup> See [https://www.eif.org/na/uploads/files/EIF\\_Complaints\\_Policy\\_and\\_procedures.pdf](https://www.eif.org/na/uploads/files/EIF_Complaints_Policy_and_procedures.pdf)

95. With regards to the E&S reports for category C/I-3 projects, the entity informed GCF that it is currently developing a publicly available mechanism, which is planned to go online on the AE's website in September 2021.

96. The AP finds that the AE's system of external communications, consultations, information disclosure and grievance redress mechanism, supported by evidence of its track record, fully meets the GCF Environmental and Social Policy, GCF interim ESS standards and GCF Information Disclosure Policy regarding E&S information disclosure requirements for maximum E&S risk category C/I-3 projects/programmes with respect to performance standards 1–8.

### 3.2.5. Organizational capacity and competency

97. The EIF organizational structure has been provided as well as the list of staff responsible for E&S matters. The structure indicates that the ESS Officer reports to the M&E Specialist. Evidence that E&S staff are knowledgeable about PS 1–8, can screen and categorize funding proposals, and manage E&S risks and impacts throughout the project cycle has been provided. Therefore, the AE has competency within its structures to undertake the tasks associated with an ESMS dealing with minimal to no E&S risk category C/I-3. EIF also reported an effort to acquire E&S skills through a South-South cooperation agreement with the Brazilian Biodiversity Fund (FUNBIO), a biodiversity organization based in Brazil.

98. Regarding oversight, the Manager for M&E, ESS and Gender reports to the FMC, which is chaired by the CEO and includes the Director of Operations and the Director of Finance and Administration. The FMC plays the role of the executive committee with the main responsibility of overseeing implementation of strategies, monitoring, reporting, and the final screening of projects for the TAP. The FMC submits its recommendations to the internal oversight committees, the Human Resource and Audit Committee, the Risk and Investment Committee and the TAP.

99. The AP finds that the AE's organizational capacity and competency to implement the ESMS, supported by evidence of its track record, fully meet the GCF Environmental and Social Policy and GCF interim ESS standards for maximum E&S risk category C/I-3 projects/programmes with respect to performance standards 1–8.

## 3.3 Gender

100. EIF does not have any outstanding gender-related conditions from the previous accreditation term.

101. EIF's commitment to gender equality is expressed in the EIF Gender Equality Charter (GEC), which has the following overarching objectives: reduction of gender disparities in access to, control over and benefit from natural resources, wealth, opportunities and services-economic, social, political, and cultural; reduction of gender-based discrimination and improvement of participation of women in sustainable development processes; promotion of financing for gender results; and increasing capability of women to realize their rights, determine their life outcomes, and influence decision-making processes. The GEC was approved by the EIF's board on 31 March 2015. The Director of Operations oversees the implementation of this policy and reports to the FMC, which is chaired by the CEO.

102. This gender policy is aligned to the Updated GCF Gender Policy on the commitment of promoting gender equality within EIF and across its investment criteria, and as an integrated measure of the social dividends of the overall portfolio. However, the AE's GEC does not have provisions relating to gender-responsive procedures and requirements at entity level, fund level and programme/project level. Also, as it currently stands, the GEC does not fully align with



principles of the Updated GCF Gender Policy (from 2019), such as principle 3, which covers FPIC in projects involving IPs as well as gender-sensitive stakeholder engagement; and principle 4, which covers disclosure of information, which should be transparent and provide non-discriminatory access to information and gender-relevant information. These principles should be complied with through projects and be reflected in procedures and process, in order to mitigate risks relating to gender discrimination in the implementation of activities and disclosure of information. This gap should be addressed by the AE through the inclusion of such provisions in an updated gender policy.

103. EIF has developed standards in five areas to act as benchmarks against which progress is measured. These are further operationalized through the ESS Operations Manual and the institutional-wide integration of ESS and gender aspects

104. At the institutional-level, the AE informed GCF that the GEC is under review by the HR and Remuneration Committee. At the project-level, a sample of two logical frameworks and two gender appraisal reports of projects/programmes, highlighting linkages between gender mainstreaming and climate change impacts, was provided.

105. Regarding track record, EIF has provided a sample of three projects where women are key beneficiaries and engaged in projects in a meaningful manner: the Nico Nord Environmental Training Centre/Falkenhorst Micro Drippers; the Fighting Rural Poverty with Mopane Worms, which involves both men and women affected by the drought that left most parts of the country with no rainfall for two years; and the Benz Woodwork Workshop, which has balanced ownership between men and women over workshops on recycling wooden pallets into furniture. Three gender assessment reports at project level were provided with corresponding identification of corrective measures.

106. Regarding capacity, EIF provided copies of the job descriptions and curricula vitae of the Gender Integration Analyst and the Gender Integration Intern. These staff members report to the M&E Specialist under the Department of Operations. The AE has provided evidence of having conducted gender activities and gender training events. Copies of some gender training materials and journal articles covering these events were provided.

107. Regarding knowledge generation, the AE provided copies of two gender-relevant knowledge products developed and disseminated to its staff and recipients/borrowers/clients, including a Gender Management System Manual.

108. The AP finds that the AE's gender policy, procedures, capacities and competencies, supported by evidence of its track record, partially meet the Updated GCF Gender Policy. The relevant gap is identified in paragraph 102 of this document and is reflected by the corresponding condition for reaccreditation in section 4.2 below.

## IV. Conclusions and recommendation

### 4.1 Conclusions

109. Following its assessment, the Secretariat concludes the following in relation to the application:

- (a) EIF will continue to contribute to GCF programming results under the orientations of the USP. The entity's work reflects priorities as indicated in their country programme, which was recently shared with GCF. The support is strengthened by discussions of the GCF Secretariat with relevant NDAs.

110. Following its assessment, the AP concludes the following in relation to the application:

- (a) The AE meets the requirements of the GCF basic fiduciary standards, the GCF Policy on the Protection of Whistle-blowers and Witnesses, the GCF Policy on Prohibited Practices and the GCF AML/CFT Policy, and partially meets the specialized fiduciary standard for project management and the specialized fiduciary standard for grant award and/or funding allocation mechanisms. Relevant gaps are indicated in paragraphs 46, 47 and 53 above and include gaps in financial oversight of EE grants, monitoring of EE grant conditions and the dissemination of project results and lessons learned. Said gaps are addressed by corresponding conditions in section 4.2 below;
- (b) The AE meets the GCF Environmental and Social Policy, GCF interim ESS standards and the GCF Information Disclosure Policy on disclosure of E&S information in relation to the minimal to no E&S risk (category C/I-3). The AE demonstrates a greater degree of ESMS maturity than is required by the GCF Environmental and Social Policy and GCF interim ESS standards for category C/I-3, against which the AE is seeking accreditation. Building on its experience in implementing higher E&S risk projects and programmes, the AE may, in the future, seek an upgrade in accreditation for medium E&S risk (category B/intermediation 2 (I-2)); and
- (c) The AE has demonstrated that it has a policy, procedures and competencies in order to implement its gender policy, which is found to be partially consistent with the Updated GCF Gender Policy, and has demonstrated that it has experience in gender consideration in the context of climate change. The gap in the AE's policy related to principles and requirements in its GEC and internal procedures and manuals regarding disclosure of information, FPIC and gender-disaggregated indicators, as reflected in paragraph 102 above, are addressed in the corresponding condition for accreditation in section 4.2 below.

## 4.2 Recommendation on reaccreditation

111. The AP recommends, for consideration by the Board, EIF for reaccreditation for its second term as follows:

- (a) **Accreditation type:**
  - (i) **Maximum size of an individual project or activity within a programme:** micro<sup>20</sup>
  - (ii) **Fiduciary functions:**
    - (1) Basic fiduciary standards;
    - (2) Specialized fiduciary standard for project management;
    - (3) Specialized fiduciary standard for grant award and/or funding allocation mechanisms; and
  - (iii) **Maximum environmental and social risk category:** minimal to no risk (category C/I3).
- (d) **Conditions:** The AE will be required to submit to the AP, through the GCF Secretariat, information on how it has complied with the conditions. The AP will thereafter assess whether the conditions have been met. This assessment will be communicated by the Secretariat, on behalf of the AP, to the Board for information purposes:

<sup>20</sup> As per annex I to decision B.08/02 (annex I to document GCF/B.08/45), "micro" is defined as "maximum total projected costs at the time of application, irrespective of the portion that is funded by the GCF, of up to and including US\$ 10 million for an individual project or an activity within a programme".

- (i) Conditions to be met prior to the effectiveness of the amendment to the accreditation master agreement during stage III of the reaccreditation process:
  1. Provision of evidence that the AE has updated the EIF GEC, including principles and provisions related to gender-responsive procedures and requirements at entity level, fund level and programme level;
  2. Provision by the AE of a current grant/project financial monitoring report, including budget variances and corrective actions as applicable; and
  3. Provision by the AE of a status update on the Auditor General's qualified audit opinion in its audit of GPTF for the year ending 31 March 2019 including clarification of the nature of the adverse findings, and confirmation of whether the adverse findings have been or are anticipated to be resolved in the 2020 audit; and
- (ii) Conditions to be met within one year of the effectiveness of the amendment to the accreditation master agreement:
  1. Provision of evidence by the AE, by way of confirmation by the AE's FARC or an external opinion, that its internal audit function is operating according to its charter, including to internationally recognized standards, and that high-risk internal audit recommendations are being prioritized and implemented on time;
  2. Provision of evidence by the AE that responsibility and oversight for ethics is clearly articulated in its governance and management structure, policies and processes, and that its Code of Ethics is applied to all individuals contracted or functionally related to the AE;
  3. Provision of evidence by the AE that through its policies and communications, the AE takes a stance of zero tolerance for fraud, financial mismanagement and other forms of wrongdoing, as defined in the GCF Policy on Prohibited Practices, by staff members, consultants, contractors and EEs. Such evidence could include specific mention of zero tolerance in policies as well as regular communications from the CEO and management, such as internal memoranda, emails and materials from training sessions; and
  4. Provision by the AE of its updated Operations Manual covering project and grant award management, including:
    - a. A process for ensuring any milestone-based condition included in EE grant agreements is monitored by senior management and implemented by the EEs;
    - b. A process for dissemination and publication of project results and lessons learned, including to the public; and
    - c. A process for financial and compliance monitoring of EE grants by management including budget variances and corrective actions.

112. The AE has been informed of the recommendation for reaccreditation, including the reaccreditation type and conditions, as identified in paragraph 111 above, and agrees to the recommendation.

### 4.3 Remarks

113. The AE is already making progress on a strategic realignment project that included a restructure in 2020, strategic planning and implementing a new performance management

system in 2021, and alignment of policies and processes to the current portfolio and operational structure in 2021.

114. As part of its current policy and process review, the AE is encouraged to recast its guidelines and standards for Know Your Customer due diligence and AML/CTF in the AE's standardized corporate policy format.

115. The AE is already taking steps to revise its Operations Manual in 2021 to ensure the AE's project management methodology, policies, procedures and tools and templates used are updated and integrated.

116. The AE is already taking steps in the development of INPIM, to be guided by the report on the State of Indigenous Human Rights in Namibia prepared for the 57th Session of Committee on Economic, Social, and Cultural Rights. The AE is encouraged to report on progress on this matter in its next self-assessment report to the GCF.

117. The AE is already taking steps in updating its GEC. The AE informed GCF that the review and approval of its updated GEC is slated for March 2022.