



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

The Environmental Investment Fund  
of Namibia's journey with the  
**Green Climate Fund**

Experiences, Good Practice and Lessons Learned

OCTOBER 2021







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Louise Brown, Benedict Libanda, Karl Aribeb and Sakeus Kadhikwa

**October 2021**

## Abbreviations

AMA	Accreditation Master Agreement
CRAVE	Climate Resilient Agriculture in three of the Vulnerable Extreme Northern Crop-Growing Regions
CBOs	Community-Based Organisations
CBNRM	Community-based natural resource management
EbA	Ecosystems-based Adaptation
CBNRM EDA	Empower to Adapt: Creating Climate-Change Resilient Livelihoods through Community-Based Natural Resource Management in Namibia
EIF	Environmental Investment Fund of Namibia
ESS	Environmental and Social Safeguards
EDA	Enhanced Direct Access
NDP5	Fifth National Development Plan
GCF	Green Climate Fund
GEF	Global Environment Facility
IREMA	Improving Rangeland and Ecosystem Management Practices of Smallholder Farmers Under Conditions of Climate Change in Sesfontein, Fransfontein and Warmquelle Areas of the Republic of Namibia
ITAP	Independent Technical Advisory Panel
IIED	International Institute for Environment and Development
MAWLR	Ministry of Agriculture, Water, and Land Reform
MEFT	Ministry of Environment, Forestry and Tourism
MITS	Ministry of Industrialisation, Trade and SME Development
MCRACE	Mashare Climate Resilient Agriculture Centre of Excellence
MSMEs	Micro, Small and Medium-sized Enterprises
NILALEG	Namibia Integrated Landscape Approach for Enhancing Livelihoods and Environmental Governance to eradicate poverty
NCCC	National Climate Change Committee
NCCP	National Climate Change Policy
NCCSAP	National Climate Change Strategy and Action Plan
NDCs	Nationally Determined Contributions
NDA	National Designated Authority
NACSO	Namibian Association of CBNRM Support Organisations
NGOs	Non-Governmental Organisations
OCA	Organizational Capacity Assessment
PMU	Project Management Unit
PSC	Project Steering Committee
SUNREF Namibia	Sustainable Utilization of Natural Resources and Energy Financing
SDGIF	Sustainable Development Goals Impact Facility
HPP2	Second Harambee Prosperity Plan
UNFCCC	United Nations Framework Convention on Climate Change



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## Executive Summary

The Environmental Investment Fund of Namibia (EIF) was accredited to access the Green Climate Fund (GCF) in 2016, and has to date seen the approval of four GCF projects, for a total funding amount of nearly USD 40 million. The EIF was one of the first institutions to access the GCF through the “direct access” modality, whereby developing country institutions can access funds without international intermediation. It was also the first accredited entity to pilot the GCF’s “enhanced direct access” (EDA) approach, and one of the first to make use of the “simplified approval process”. These projects are now well into their implementation, with the first two nearing completion, and many lessons have been learned along the way.

The EIF’s journey with the GCF has been a rewarding and transformational one, significantly scaling up adaptation finance to Namibia, and enabling a paradigm shift in the way in which adaptation projects are conceived and financed. The CBNRM EDA project has been particularly transformational in devolving adaptation finance and decision making to local communities.

This report describes this journey from the perspective of the EIF, as a direct access entity (DAE), detailing the experiences both positive and challenging, and documenting the lessons and best practices that have been gleaned along the way. It identifies a number of recommendations for other developing country institutions, as well as for developing country governments and for the GCF.

### **For developing country institutions seeking access to the GCF, it sets out the following lessons and recommendations:**

- Build a strong relationship with the NDA, as this is crucial to ensuring that the DAE can effectively advance national climate change priorities;
- Senior level buy-in and support for GCF accreditation is crucial, as the process is challenging and requires cooperation from all parts of the institution;
- Invest in building a strong relationship with the GCF Secretariat to ensure a smooth and timely engagement;
- Invest in building in-house capacity to develop and implement GCF projects so as to avoid reliance on GCF or third party readiness support, which can cause delays;
- Comprehensive stakeholder engagement during project development is key to developing a strong project and enabling smooth implementation;
- Build enough time for project inception into the project timelines so as to avoid rushing project implementation.

**For the GCF, it identifies the following recommendations:**

- Support DAEs in the accreditation process, as they have a key role to play in advancing the objectives of the GCF;
- Strengthen the capacity and processes of the Independent Technical Advisory Panel (ITAP) so as to ensure fair, consistent and well informed project assessments;
- Ensure that the investment criteria for assessing a project proposals don't prejudice good practice by disadvantaging countries that are starting from a baseline of a strong track record in sustainable development;
- Strengthen the EDA modality such that it offers a meaningful opportunity to devolve funding and decision making to the local level, while strengthening local capacities and providing patient funding;
- Trust the judgement and capacity of DAEs to design projects that respond to the needs and context of their countries;
- Review the GCF's definition of accreditation size limits, as the current approach prevent DAEs from mobilizing co-financing;
- Allow and encourage DAEs to build capacity to upgrade their GCF accreditation status using a learning-by-doing approach through their GCF portfolios;
- Simplify the approval process for micro (up to USD 10 million) projects with low environmental and social risks;
- Review the accredited entity fee limit to ensure that the fees are adequate to cover the real costs of project administration;
- Facilitate access to readiness and project preparation funds so that DAEs can be better supported to develop quality project proposals.

**For developing countries that wish to benefit from direct access, it sets out the following recommendations:**

- Advocate for and prioritise direct access, as although the process is challenging, it brings transformational benefits to the country;
- Facilitate a multi-stakeholder consultative process to raise awareness on climate change issues and seek input into GCF country programming;
- Ensure a strong GCF country programme that will guide DAEs in identifying projects and ensure that funded activities align with the country's broader strategic climate change goals.



## Introduction

### Climate change in Namibia

Climate change poses a serious threat to ecosystems, natural resources, and the communities that depend on them, and undermines progress towards achieving the Sustainable Development Goals (SDGs). Namibia is one of the driest countries in Sub-Saharan Africa, relying heavily on climate-sensitive industries. Natural resources-dependent primary industries such as agriculture, fisheries and tourism which are critical to Namibia's economy are significantly impacted by climate change. Namibia is already experiencing more frequent and severe episodes of drought and flooding, and more erratic climatic conditions, which threaten agricultural production and the livelihoods of rural communities, damage infrastructure and threaten human settlements, access to water and sanitation and human health and wellbeing. Over 70% of Namibians rely on natural resources directly or indirectly for their livelihoods, making them extremely vulnerable to climate change. The costs of climate change are borne disproportionately by the poorest communities, as they are most dependent on climate-vulnerable sectors and have limited capacity to adapt.

Namibia is a signatory of the United Nations Framework Convention on Climate Change (UNFCCC), a global treaty on climate change. As a national response and recognition of the danger posed by climate change, the Namibian government established a policy framework for climate change which outlines the country's commitment to combat climate change impacts. The National Climate Change Committee was formed to provide advice and recommendations to the government on climate change, particularly how to satisfy the UNFCCC commitments. A National Climate Change Policy (NCCP) was adopted in 2011 and launched a National Climate Change Strategy and Action Plan (NCCSAP) in 2013.

Namibia is a signatory to the Paris Agreement, reached by all countries under the UNFCCC in December 2015, which aims to limit global temperature rise to "well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius". Under the Paris Agreement, all countries must develop and submit commitments to address climate change in the form of "nationally determined contributions" (NDCs). These commitments must be reviewed and updated every five years, with a view to enhancing ambition on climate action. Namibia submitted its initial NDC to the UNFCCC in 2015 and an updated NDC in 2021. The Updated NDC aims to reduce its greenhouse gas emissions by 91% against a business-as-usual baseline by 2030. Since Namibia is already a net carbon sink, this commitment implies that Namibia will remain a net zero emitter by 2030. In addition, its NDC sets out a number of adaptation activities that are intended to strengthen the resilience of key sectors including agriculture, water, tourism, infrastructure, ecosystems and livelihoods. The Updated NDC will require an estimated investment of USD5.3 billion by 2030, or roughly USD500 million per year. This is several times larger than current levels of climate investment in Namibia, which are estimated at roughly NAD 1.6 billion (USD 100 million) per year (Brown and Amutenya 2021).

### The Environmental Investment Fund

The Environmental Investment Fund of Namibia (EIF) is a government-owned entity that was established in 2002 by an Act of Parliament and operationalized in 2012 to mobilise and deploy funding to activities that promote the sustainable management and use of natural resources for the benefit of all Namibians, for the sustainable economic development of Namibia. It is funded through government budget allocations, donor contributions, and from part of the proceeds of environmental levies.

The EIF's 2018-2022 Strategic Plan, which is designed to complement Namibia's overall sustainable development agenda as set out in the country's Vision 2030, the fifth National Development Plan and the Second Harambee Prosperity Plan (HPP2), sets out its role as a strategic delivery vehicle to mobilise funds for Namibia's international and national commitments on sustainable development and climate change. The EIF provides grants and low-interest loans to Namibian institutions including community-based organisations (CBOs) and micro, small and medium-sized enterprises (MSMEs) to fund activities and projects that safeguard Namibia's vulnerable environment, preserve biodiversity, encourage innovative methods to environmental management, and boost the country's economic development. It also provides financial assistance in the form of bursaries and research grants to Namibians wishing to pursue careers in environmental management and natural resources conservation, as well as sponsorships for training, research and awareness creation initiatives on environmental and climate change issues. It hosts a range of funds and facilities in partnership with various donors and government ministries.

### **The Green Climate Fund**

The Green Climate Fund (GCF) was established in 2010 under the Cancún Agreement as a financial mechanism of the UNFCCC to support developing countries to respond to climate change. The GCF, headquartered in Songdo, Korea, is currently the world's largest climate fund with over USD20 billion in funding pledges to date. It provides funding to developing countries for projects that support climate change mitigation and adaptation, aiming at 50% of funds for adaptation.

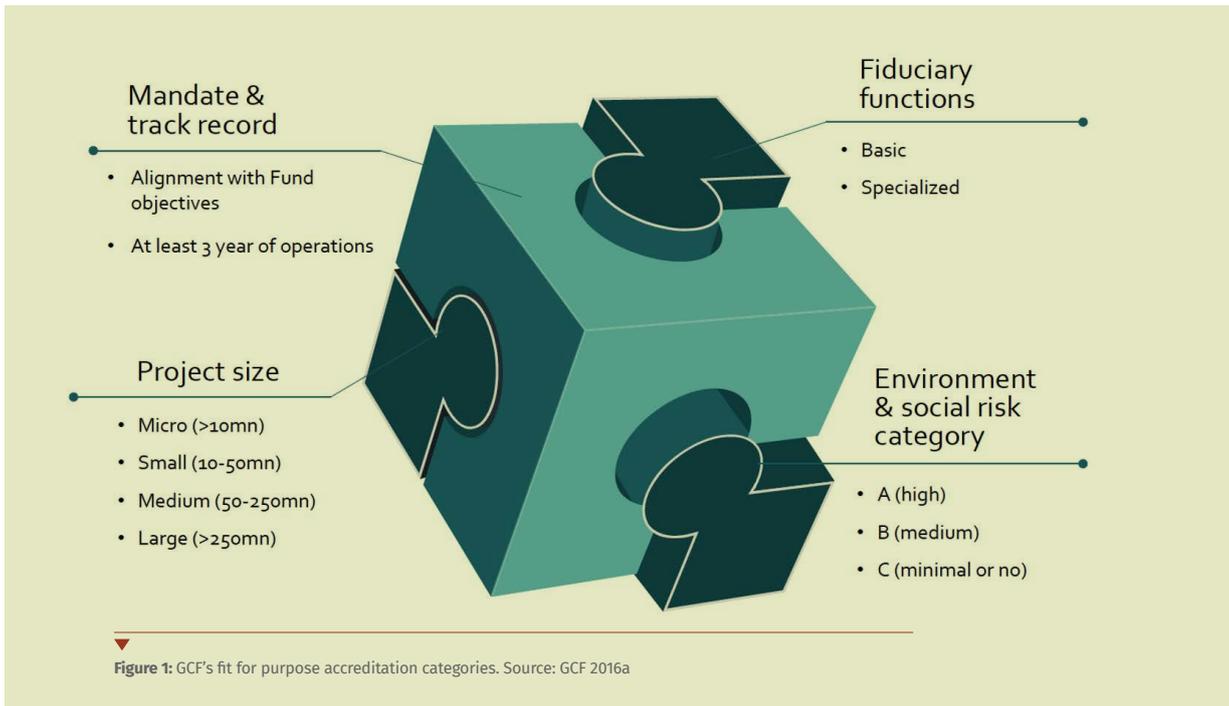
#### *Nationally Designated Authority*

The GCF engages with countries through a Nationally Designated Authority (NDA), which is the government institution nominated to coordinate on climate change and climate finance issues, to be the official liaison between the GCF and the country, and to ensure that any GCF-funded activity in the country is aligned with national needs and priorities, through a letter of non-objection. The NDA is expected to lead the development of a GCF country programme, which sets out the country's priorities and expectations for its engagement with the GCF. In Namibia, the NDA is the Ministry of Environment, Forestry and Tourism (MEFT).

#### *Accreditation*

Access to GCF project funding is through accredited entities, which may be international or national, public or private institutions, and through a range of financial instruments including grants, loans, equity, and guarantees. The process of accreditation to the GCF is rigorous and involves an assessment of the fiduciary and project management capacities of the entity, as well as its systems for ensuring that environmental and social safeguards (ESS) and gender equity are upheld. The accreditation process has three phases: review of an entity's application by the Secretariat for completeness; evaluation of the application by the Accreditation Panel, an independent panel of six experts; and approval by the GCF Board followed by signature of a legal agreement, the accreditation master agreement (AMA).

In order to enable access for a wide range of institutions, the GCF adopted a "fit-for-purpose" approach to accreditation (Figure 1) whereby entities can apply for accreditation at different levels depending on their scale and track record. These include four project size categories (micro: projects up to USD10 million; small: projects up to USD50 million; medium: projects up to USD250 million; and large: projects above USD250 million); and three environmental and social risk categories (Category A: high environment and social risk; Category B: medium environmental and social risk; Category C: low or no environmental and social risk). In addition to two sets of basic fiduciary criteria that all entities need to meet (for financial management and investigations), it also offers three sets of optional fiduciary categories: project management; grant award; and on-lending and blending.



### Direct access

A key feature of the GCF's accreditation approach is the opportunity for developing country institutions to apply for accreditation and thereby access funding directly, rather than through international intermediaries. This approach is referred to as "direct access" and the national and regional institutions from developing countries accredited to the GCF are referred to as "direct access entities" (DAEs), while the international institutions accredited to the GCF which are referred to as "international entities". Direct access, which was pioneered by the Adaptation Fund in 2010, was a key requirement for developing countries in setting up the GCF as a means to ensure ownership of their climate change agenda and empower developing country institutions, by moving away from the status quo which saw the vast majority of climate finance channelled through international intermediaries such as UN agencies and multilateral development banks. The GCF has thus far accredited 113 entities, of which 72 are DAEs.

### Project development

The GCF's project development process starts with the submission of a project concept note to the GCF Secretariat (although this step is not obligatory), after which a full project proposal is developed. The full project proposal goes is reviewed by the Secretariat, and then goes to the Independent Technical Advisory Panel (ITAP), an independent panel of six experts, for review. Once the ITAP considers the proposal acceptable, it is submitted to the GCF Board for approval. GCF proposals can fall within one or more of the eight results areas which are: reduced emissions from: energy access and power generation; low emission transport; buildings, cities and industries and appliances; and forestry and land use; and increased resilience of: most vulnerable people and communities; health and well-being, food and water security; infrastructure and built environment; and ecosystem and ecosystem services. The GCF assessed projects against six investment criteria: impact potential; paradigm shift potential; sustainable development potential; needs of the recipient; country ownership; and efficiency and effectiveness.

### Readiness and project preparation

In addition to its regular funding window, the GCF has established a readiness programme that provides funding to strengthen the NDA and support multi-stakeholder engagement and the development of the country programme,

as well as to support the accreditation of DAEs. A country can access up to USD 1 million per year from the readiness programme, in addition to USD3 million for the development of a National Adaptation Plan. These funds are channelled through a Delivery Partner, which may be an accredited institution but does not have to be. Readiness Delivery Partners do not have to go through the full accreditation process but they do go through a less rigorous financial management due diligence process.

In addition, the GCF has a Project Preparation Facility that provides accredited entities with funding for project preparation activities such as feasibility studies, stakeholder consultations, environmental and social impact assessments, gender assessments, or financial and economic modelling. It provides up to USD1.5 million per project, with an application process that involved the review of the GCF Secretariat and approved of the GCF Executive Director.



▼ Promoting use of solar water energy during official handover over of 125.4Kw-PVC plant at Mashare Agricultural Development Institute (MADI)



## The EIF's GCF projects

The EIF was accredited to the GCF in 2016 and has four approved GCF projects to date, which are in various stages of implementation. The following sections provide a summary of the four projects, while Section 3 provides more details on the EIF's journey with the GCF.

### **FP023: Climate Resilient Agriculture in three of the Vulnerable Extreme northern crop-growing regions (CRAVE)**

Namibia's agricultural production is vulnerable to climate change, and the small scale farming communities in the northern regions of Zambezi, Kavango East and Kavango West are reliant on rain-fed agriculture, making them especially vulnerable and at risk of food insecurity. The Namibian government launched the Comprehensive Agriculture Programme for Namibia (2015-2019) in an effort to educate and support subsistence crop producers on innovative farming methods aimed at reducing food insecurity and mitigating climate change consequences. The EIF's Climate Resilient Agriculture in three of the Vulnerable Extreme northern crop-growing regions (CRAVE) project, executed by the Ministry of Agriculture, Water, and Land Reform (MAWLR) builds on this programme and aims to reduce the vulnerability and food insecurity of subsistence farming communities in these three north-eastern regions of Namibia through the use of conservation agriculture, using off-grid solar energy for water pumping and refrigeration, and supporting subsistence farmers to access markets for their produce.

#### **The project includes the following components:**

- Component I aims to increase adaptive capacity and enhance climate change resilience for small scale farmers, including setting up a centre for research, piloting and training on climate resilient agriculture and setting up demonstration sites for piloting guano and organic fertilisers and conducting training and mentorship on climate smart cropping practices for small scale farmers.
- Component II aims to reduce exposure to risks and improve farmers' adaptive capacity to climate change by training and mentoring small scale horticultural farmers to adopt sustainable crop production practices such as intercropping, crop rotation, and the avoidance of chemical pesticides. It also aimed to set up a Micro Crop Insurance Scheme to benefit vulnerable farmers.
- Component III promotes solar energy technologies and solar water pumping and to facilitate the farmers' access to markets to sell their produce.

#### ***Achievements to date***

To date, the Mashare Climate Resilient Agriculture Centre of Excellence (MCRACE) has been established and operationalized as a research, piloting and training centre, and the fertiliser demonstration sites are operational. Training workshops on comprehensive conservation agriculture were conducted and the approaches are being implemented by farmers. The micro-crop insurance scheme was piloted, albeit at a much smaller scale than anticipated. The creation of irrigation system designs and layouts, as well as solar energy technologies has been completed. The project has supported 42 small scale farmers to have access to the services and facilities to market their produce.



▼ Hon. Wakudumo, Governor of Kavango East inspecting and testing the handover tractors at MCRACE

### CRAVE Project Fact Sheet

GCF grant amount:	USD 9.5 million
Co- financing:	USD 500 000 from MAWLR
Executing Entity:	MAWLR
Life span:	5 years
Expected adaptation impact:	21 000 beneficiaries
Approved date:	14 October 2016
FAA signature date:	December 2016
First disbursement date:	29 June 2017
Mid-term evaluation date:	January 2021



### FP024: Empower to Adapt: Creating Climate-Change Resilient Livelihoods through Community-Based Natural Resource Management in Namibia (CBNRM EDA)

Community-based natural resource management (CBNRM EDA), whereby local communities establish community-based organisations (CBOs) through which to manage and benefit from the sustainable use of natural resources, is an approach that has been used in Namibia with considerable success since 1996, when the legal framework for establishing communal conservancies was passed. The EIF's "Empower to Adapt: Creating Climate-Change Resilient Livelihoods through Community-Based Natural Resource Management in Namibia" (CBNRM EDA) project builds on the successes and institutional architecture of the CBNRM programme, and aims to support communal conservancies and community forests to respond to climate change.

#### BOX 1: Community based natural resource management in Namibia

Community based natural resource management (CBNRM) is based on the recognition that the wellbeing of people is linked to the health of the ecosystems and natural environment within which they live, and that local communities are best placed to sustainably manage their land and natural resources. CBNRM has been a key tenet of Namibia's approach to environmental conservation and socio-economic empowerment of rural communities since 1996, when the legal framework for communal management of wildlife and natural resources was adopted. Under Namibian law, local communities can establish community-based organisations (CBOs) through which to manage and benefit from the sustainable use of wildlife and other natural resources. As of the end of 2019, there were 86 registered communal conservancies around Namibia, and 43 community forests. The Namibian Association of CBNRM Support Organisations (NACSO), an umbrella organisation comprising several non-governmental organisations (NGOs), works closely with the CBOs to support them in strengthening governance systems, establishing income-generating initiatives (including partnerships with private sector such as tourism operators), and sustainably managing wildlife. The CBNRM programme in Namibia has had unprecedented impact in enabling conservation at a large scale as well as empowering local communities and generating sustainable sources of revenue. In 2019, areas under CBNRM covered over 180,000km<sup>2</sup> and benefitted some 228,000 people, and generated NAD156 million (roughly USD10 million) in returns for the communities.

### The project includes the following components:

- Component I aims to raise awareness and build capacity on climate change at the community level through a series of trainings and dissemination of awareness materials, as well as to establish a local climate change monitoring system integrated into the community level biodiversity monitoring system already in existence. Activities to strengthen community governance and enhance capacity for adaptation project planning and execution were originally proposed but were removed by the GCF Board.
- Component II established a small grant facility for CBOs within the communal conservancies or community forests with three themes: climate resilient agriculture, climate-proof infrastructure, and ecosystem-based adaptation. It awards grants in the range of USD50,000 to USD400,000 for the benefit of communities, either directly to the CBOs themselves (if they can demonstrate the requisite financial and project management capacity), or to a consortium comprising the CBO and a local partner organization, which supports financial management, monitoring and evaluation, and reporting.

### *Achievements to date*

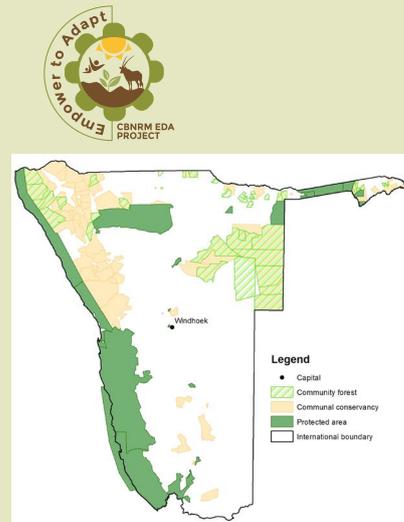
The project has increased awareness on climate change among CBNRM leaders and CBOs through the dissemination of climate change training and awareness materials. The project developed a local climate change monitoring system and integrated it in the functional biodiversity monitoring system of the CBNRM programme. A small grant facility for CBOs was established and awarded 19 grants under a first call for proposals and 12 grants under the second call for proposals, through the three investment themes highlighted above, which are in various stages of implementation.



▼ Promoting the use of solar energy during official handover over of 125.4Kw-PVC plant at Mashare Agricultural Development Institute (MADI)

### CBNRM EDA Project Fact Sheet

<b>GCF grant amount:</b>	USD 10 million
<b>Co- financing:</b>	None
<b>Executing Entity:</b>	EIF
<b>Life span:</b>	5 years
<b>Expected adaptation impact:</b>	76, 500 beneficiaries
<b>Approved date:</b>	14 October 2016
<b>FAA signature date:</b>	January 2017
<b>First disbursement date:</b>	29 June 2017
<b>Mid-term evaluation date:</b>	February 2020



#### SAP001: Improving Rangeland and Ecosystem Management Practices of Smallholder Farmers Under Conditions of Climate Change in Sesfontein, Fransfontein and Warmquelle Areas of the Republic of Namibia (IREMA)

The Kunene region of Namibia is an arid region that has experienced considerable climatic variability, making it one of Namibia's most vulnerable regions. Agriculture, mixed farming, and agro-pastoral practices are the main economic activity, with animal production being the most important. Through its three complimentary components, the project intends to address the vulnerability of subsistence farmers in Namibia's dry north-west Kunene area by empowering smallholder farmers to respond to climate change in terms of awareness, adaptive capacity, and climate resilient development.

#### The project has the following components:

- Component I aims to develop early warning systems to facilitate adaptive response to drought and extreme weather events and provide training to local stakeholders.
- Component II aims to enhance the resilience of vulnerable small scale farmers by supporting innovative drought adaptation actions, including through rehabilitation of green schemes, supporting farmers to adopt climate resilient agriculture practices including drought resistant small stock breeds and crop varieties, community gardens and orchards, water-wise fodder production and storage. It also supports farmers with energy efficient stoves, drip irrigation systems and rehabilitation of water points.

#### Achievements to date

The project has developed early warning systems and conducted training for trainers for local stakeholders. The rehabilitation of the green schemes is under way, as are the construction of community gardens in Fransfontein and Sesfontein. A small stock revolving scheme has been established and started delivering goats to vulnerable households, and backyard orchards have been established, and beneficiaries received seeds and training. Energy-efficient stoves had been distributed to 300 households and a farmers' needs assessment conducted.



Ehrovipuka Conservancy embracing the hydroponic fodder project

### IREMA Project Fact Sheet

<b>GCF grant amount:</b>	USD 9.3 million
<b>Co- financing:</b>	USD 700 000 from MAWLR
<b>Executing Entity:</b>	MAWLR
<b>Life span:</b>	5 years
<b>Expected adaptation impact:</b>	44 400 beneficiaries
<b>Approved date:</b>	01 March 2018
<b>FAA signature date:</b>	December 2018
<b>First disbursement date:</b>	April 2019
<b>Mid-term evaluation date:</b>	not yet started



### SAP006: Building resilience of communities living in landscapes threatened under climate change through an ecosystems-based adaptation approach (EbA)

The communities residing in Namibia's communal conservancies and community forest areas rely heavily on natural resources for their livelihoods. The productivity of these natural resources is threatened by climate change, putting rural populations at risk. Declining biodiversity and ecosystem services have been shown to increase community vulnerability and limit options for nature-based livelihoods and economic activities. The EbA project builds on the CBNRM EDA project by employing a large-scale ecosystems-based adaptation approach (EbA), to increase climate resilience in communities living in landscapes threatened by climate change.



**The project has the following components:**

- Component I aims to strengthen ecosystem-based landscape management approaches through the development of landscape management strategies and investment plans for the eight landscapes covered by the project and provide training for CBOs, NGOs, and government extension services.
- Component II will establish a small grant facility for CBOs within the target landscapes to enhance the resilience of ecosystem goods and services and improve livelihoods for local communities. It will award grants in the range of USD 100,000 to USD 400,000 to projects led by CBOs in partnership with various entities in two themes: landscape restoration and climate proofing; and eco-enterprise adaptation investments.

***Achievements to date***

To date, the project has undertaken stakeholder consultations and commenced the development of the landscape management strategies and investment plans for all landscapes developed as well as a training handbook to facilitate stakeholder training workshops.



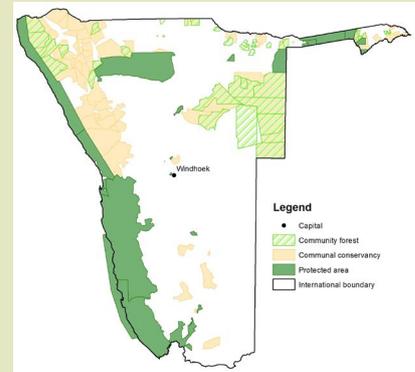
IREMA project hands over goats, fodder and fuel efficient stoves valued at N\$ 3.2 million

### EbA Project Fact Sheet

<b>GCF grant amount:</b>	USD8.9 million
<b>Co- financing:</b>	USD 160,000 from MEFT
<b>Executing Entity:</b>	MEFT
<b>Life span:</b>	5 years
<b>Expected adaptation impact:</b>	216 000 beneficiaries
<b>Approved date:</b>	28 February 2019
<b>FAA signature date:</b>	August 2019
<b>First disbursement date:</b>	February 2020
<b>Mid-term evaluation date:</b>	not yet started



**EbA** Ecosystem-based  
Adaptation Project



Hon Pohamba Shifeta Minister of Environment, Forestry and Tourism officiated the EbA project launch



## The EIF's journey with the GCF



### Awareness

In 2012, the government of Namibia submitted a bid to host the Green Climate Fund in Windhoek. The EIF was nominated to coordinate the process and was part of the delegation from Namibia that presented the country's bid to the GCF Board at its second meeting in Korea. Although Namibia's bid was not successful (Songdo, in Korea was selected as the host city), the engagement with the GCF raised awareness of the opportunity the Fund offered for Namibia, and the EIF was identified among other national institutions as a strong candidate to apply for accreditation. The EIF's senior management was quick to recognise the strategic opportunity that direct access to the GCF would offer for the institution and for Namibia, and informed the GCF Secretariat of its intention to start the process soon after the accreditation process was established in late 2014.

### Accreditation

The EIF received a no-objection from the NDA and submitted its application for accreditation to the GCF in January 2015. It went through several rounds of review by the Secretariat and then progressed to the second stage of review by the Accreditation Panel in May, and was submitted to the GCF Board in June. The GCF Board approved EIF's accreditation in July 2015 at micro size (up to USD 10 million per project), ESS risk category C (low risk projects), and with specialised fiduciary criteria for project management and grant award. It was accredited with several conditions prior to first disbursement, which were met within several months and the Accreditation Master Agreement, the legal agreement which sets out the terms of engagement between the GCF and its accredited entities, was signed on 27 April 2016.

Overall the accreditation process, although intensely demanding and rigorous, went smoothly and the EIF benefitted from early-mover advantage as it was among the first entities to submit its application, which received quick responses from the GCF Secretariat and the Accreditation Panel. The EIF did not rely on readiness support to compile its accreditation application, preferring to lead the process itself with the support of a local consultant funded through its own funds. Accreditation to the GCF has proved to be beneficial to the EIF in multiple ways (Box 2).



▼  
 Hon. Pohamba Shifeta, Minister of Environment, Forestry and Tourism together with Mr. Benedict Libanda, CEO of Environmental Investment Fund jointly handover of grant awards to various recipients.



### **BOX 2: GCF Accreditation as a badge of excellence**

The GCF accreditation has proved to be of value to the EIF beyond the scope of the GCF funding that it has been able to access as a result. Accreditation to the GCF is a signal that an institution meets international standards of best practice in fiduciary management, project management and ESS. This badge of good practice has raised the EIF's profile within Namibia and brought it international recognition which has enabled it to raise additional funding and build new partnerships to advance climate resilient, sustainable development in Namibia.

For example, the EIF was selected as the technical assistance partner to support three commercial banks to enhance their capacity in renewable energy financing through the Sustainable Utilization of Natural Resources and Energy Financing (SUNREF Namibia) programme, launched in 2018 with funding from the French Development Agency (AFD). It was also identified as the institution best placed to manage the small grant facility for the "Namibia Integrated Landscape Approach for Enhancing Livelihoods and Environmental Governance to eradicate poverty (NILALEG)" project, funded by the Global Environment Facility (GEF) in 2019, as well as the host of the Sustainable Development Goals Impact Facility (SDGIF) in 2020, which provides grant funding to micro, small and medium enterprises (MSMEs) aligned with the SDGs, in partnership with UNDP Namibia, the Ministry of Industrialisation, Trade and SME Development, and Standard Bank Namibia.

The EIF has been approached by a number of other Namibian and African governments and institutions seeking support for GCF engagement and accreditation and has provided guidance and training to several. It is currently in the process of applying for accreditation to the Adaptation Fund under the fast-track for GCF accredited entities.

In March 2021, the EIF applied for re-accreditation following five years as a GCF accredited entity. Its aim was to upgrade its accreditation category to a higher ESS risk category to enable it to take on medium risk projects. However since it has limited experience with medium risk projects, it applied for re-accreditation at the existing risk category. The re-accreditation process went smoothly, and the EIF was re-accredited in October 2021, although several conditions were placed on its re-accreditation which will be met before amendment of the AMA. The Accreditation Panel noted that the EIF's environmental and social management system displays a maturity beyond that required for low risk projects, and that it may in future wish to apply for an upgrade to medium risk (GCF 2021).

### **Project development and approval**

The EIF started developing projects for the GCF in mid 2015, in anticipation of its accreditation. The process of identifying a potential project pipeline was initiated through stakeholder consultations in early 2015, which led to the identification of a long list of potential projects, from which a shortlist of priority projects suitable for the EIF to take forward was identified. The first project to be developed was the CRAVE project, which was developed in the space of a few months following the GCF's regular project approval process. At around the same time, the EIF started developing the CBNRM project in response to the GCF's request for proposals for "enhancing direct access (EDA)". Both projects were developed by the EIF's own staff in a short space of time, and advanced rapidly through the Secretariat's review process. The CRAVE project received a favourable review by the ITAP, however the CBNRM EDA project encountered challenges in ITAP review which led to changes to the project activities (see Box 3). Both projects were approved at the GCF's 14th Board Meeting in October 2016.

### BOX 3: The GCF's "Enhanced Direct Access"

In 2016 the GCF launched a request for proposals for "enhancing direct access" (EDA), with the aim of strengthening country ownership by devolving decision making to the national level using programmatic (rather than project-based) approaches. The EIF saw an opportunity to build on the success of the CBNRM approach in Namibia by integrating climate resilience into community development approaches and building knowledge and capacity on climate-informed planning at the local level, and submitted a proposal in response to this call. This project was developed rapidly, in the space of a few months, by EIF's own staff in consultation with NACSO and the NDA, and moved quickly through the GCF Secretariat's review process. However, it encountered some resistance from the ITAP, for two reasons.

Firstly, when the GCF Board approved the request for proposals for EDA, it did not agree on how to assess EDA proposals. Since the EDA modality uses a programmatic process, the EIF's project proposed a small grant facility in which the projects to be selected were not known at the time of submission to the GCF. The ITAP noted in its assessment (GCF 2016b) that the GCF's investment criteria are inadequate to assess EDA projects, but that it had no alternative criteria to apply. Although this challenge is not unique to EDA projects – it would arise in any project that uses the grant award or financial intermediation fiduciary functions – it seems to have negatively affected the ITAP's assessment of the EIF project. Secondly and more fundamentally, the ITAP felt that the capacity building component of the project, which was originally budgeted at 9% of the total project budget, was not sufficiently climate related to be included. It stated that "full concessionality is not justified" for the governance strengthening component and recommended removing this component from the project.

The EIF provided a strong response to the ITAP comments, arguing that the capacity building component was necessary in order to build the understanding and know-how of community-based organisations to develop and implement climate change projects which they have little to no experience of prior to the project, and to strengthen the governance and institutional structures that would allow for the long term sustainability of the project interventions. The EIF's response states: "It is our considered opinion that sustainability of any initiative is based on strong institutional foundation. As the focus of the proposed project is on empowerment for local climate change adaptation action, the EIF saw it as appropriate to include strengthening of the corresponding governance foundation in the project activities" (GCF 2016c).

The EIF was not provided an opportunity to air its response to the concerns raised by ITAP. Its written responses were included in the package to the Board, along with ITAP's evaluation and proposed conditions. These were effectively ignored in the decision making process as there was no discussion of the EIF proposal during the Board meeting in October 2016, which approved 10 proposals as a package. The active observer for civil society opposed the ITAP's proposed condition to remove the capacity building component, noting that strengthening of local governance and capacity for climate resilience is the heart of what the EDA mechanism should be aiming to do. The active observer also noted that the ITAP appeared to apply stricter standards to projects submitted by entities from developing countries than to those involving international financial intermediation (GCF 2016d)<sup>1</sup>. However, the GCF Board did not open the project for discussion and thus chose to retain the ITAP conditions.

The capacity building component of the project was thus significantly reduced, to under 3% of the total project budget, with the funding re-allocated to the grant award component. Of the originally intended activities, the climate change awareness creation for CBNRM CBOs and the establishment of local level climate monitoring systems were retained. The activities that were removed were the strengthening of community governance for effective and equitable resource management, benefit capture and distribution; and training for CBOs on climate change adaptation measures (including training on local assessment of climate related-risks, integrating climate considerations into community planning, and developing project proposals for climate adaptation projects) so as to strengthen their capacity to submit quality proposals under the grant award component of the project.

<sup>1</sup> This observation was corroborated by an independent evaluation of the ITAP which notes that a survey of accredited entities on their experience with ITAP found that the "quality and consistency of assessments is perceived as irregular" (GCF 2020)



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The EIF's third GCF project, IREMA, was also developed by the EIF's own staff and submitted through the simplified approval process (SAP) and was approved in March 2017. In the same month, the EIF submitted a fourth proposal, for the EbA project which built on the EDA project and made use of the same structure as the EDA project of a small grants facility. The project was developed by the EIF's staff in collaboration with NACSO and the NDA. Although it was structured as an EDA project, it was not labelled as such and was instead submitted through the SAP. The project advanced through the review process fairly smoothly and received a positive review from the Secretariat. Although the project included a significant budget for capacity building activities (about 9% of the project), and included similar types of activities and a similar project structure to the EDA proposal, the ITAP did not raise concerns about it and indeed gave it a positive review.

#### **BOX 4: the GCF's Simplified Approval Process**

The GCF introduced the simplified approval process for micro size (up to USD 10 million) and low risk projects in October 2017, with the aim of reducing the complexity and increasing the speed of the project development process for projects that don't pose significant fiduciary or ESS risk. The EIF was quick to respond to the opportunity that the new access modality offered and submitted a full project proposal for the IREMA project in December 2017, which advanced through the review process in record time and was approved less than three months after submission, in March 2018. Both the Secretariat and ITAP provided positive reviews of the project, and it was approved without conditions. However, the EIF found that the SAP process, although reaching project approval faster, was not really simplified as most of the steps and documentation required for the regular project approval process were still required, but were developed after the project had been approved, thereby delaying the signature of the FAA, which was only signed 11 months later.

The EIF's second SAP proposal, for the EbA project, took longer to develop, with a full proposal initially submitted in March 2018 and several months of back-and-forth with the Secretariat to finalise it. The project was approved in April 2019, and still encountered a delay in achieving signature of the FAA, which was finalised in November 2019. The delay was linked to a condition placed on the EIF by the Board at the recommendation of the Secretariat, which is further discussed in Box 5.

### BOX 5: EIF's organisational capacity assessment

During the development of the EIF's fourth proposal in early 2019, the GCF's risk management team raised a concern about the EIF's financial standing, making reference to a qualified audit report citing liquidity challenges. The EIF submitted a letter explaining that the audit finding was a result of a reduced allocation to the EIF from the Ministry of Finance through the national budget as a result of the economic recession in Namibia, which had reduced overall government revenue. The issue did not impact on the EIF's management of GCF's projects which are ringfenced, and income from environmental levies was expected to make up for the reduced budgetary allocation. Nonetheless, the GCF Secretariat chose to raise a concern around the EIF's financial management capacities in the report to the Board just before the consideration of the EbA project proposal, without giving the EIF an opportunity to respond. On the sidelines of the Board meeting, through informal consultations, EIF was given the opportunity to explain the background to the issue. The GCF Board was satisfied with the response and evidence provided by the EIF and expressed its dissatisfaction with the way in which the Secretariat had handled the issue. However, it maintained the condition proposed by the Secretariat that a comprehensive risk and capacity assessment of the EIF should be conducted by an independent third party (GCF 2019).

The EIF contracted the UK firm Genesis Analytics to conduct the required capacity assessment, which was completed in 2019. The report provides an indicative assessment of the current and future financial health of the EIF, as well as a financial management assessment and an organizational capacity assessment (OCA). Its findings were positive, stating that "the financial analysis suggests that the financial health of the Environmental Investment Fund is improving substantially over the period to the end of financial year 2019/20 and that this is robust to at least some of the most likely downside risks that the organisation might face over this period" and "the financial management assessment finds that the EIF generally has in place good financial management practices and, with some exceptions, these are generally followed. It is particularly strong in relation to audit, budgeting, payroll and cash management." It further added "noting the proactive stances taken by the EIF to review personnel, resources, job roles and strategic planning, the OCA concludes that the organisation scores well on the key components of the organisational capacity assessment" (Genesis Analytics 2019)

### Project execution

For each of the four approved projects, project execution commenced following the signature of the FAA with the recruitment of the staff of the project management unit (PMU), starting with a project manager. Once the project team was on board, project inception started with a multi-stakeholder project inception workshop to present the project and the next steps to key stakeholders. In addition, a Project Steering Committee (PSC) was set up for each project as a subcommittee of the EIF Board. The inception report for each project was due to the GCF within 6 months of signature of the FAA. This time frame was found for all four projects to be too short, as the competitive procurement process to bring on the PMU team took several months, and once recruited the project manager needed some time to complete the on-boarding process and become familiar with the project, before starting the project inception activities. In addition, all projects have found that the accredited entity administration fee (which was 8% for the CRAVE and CBNRM EDA projects and 5% for the IREMA and EbA projects) is inadequate to cover the costs of managing the project. Project implementation on all the projects is advancing well for the most part, despite some delays caused by the COVID19 pandemic and other factors. Project specific experiences of implementation are discussed further below.



### *CRAVE project*

The CRAVE project, executed by the MAWLR, is more than half way through the implementation period and is scheduled to reach completion next year, although the EIF has requested a no-cost extension of the project completion date. The project has encountered a number of delays in implementation as a result of which it had not met all of its intended targets by mid term, but it is nonetheless advancing on all of the project activities. The CRAVE project was the first of the EIF's GCF projects and also one of the GCF's first DAE projects, so it represents a learning process for both institutions and a number of lessons came out of the experience that have informed the design of subsequent projects. One such lesson relates to the procurement arrangements, which were overly complex and involved carrying out a competitive procurement process for a multitude of small contracts, some of which would have been more appropriately procured directly due to the small size or specialised nature of the procurement. One of the recommendations of the mid-term evaluation is for the EIF to streamline its procurement processes.

The micro crop insurance scheme that the project aimed to pilot encountered a number of challenges including the lack of buy-in from insurance companies due to the lack of familiarity with and perceived risk of this type of insurance, as well as the fact that the piloting of the scheme coincided with a severe drought, and the pilot scheme was ultimately unsuccessful. Nonetheless, the effort led to the identification of lessons that could inform the design of future micro insurance schemes for small scale farmers, and led to increased awareness and discussions among key stakeholders that resulted in an agreement for the Namibia National Reinsurance Corporation to take on the responsibility of scaling up the crop insurance scheme in partnership with the EIF and MAWLR.

The other project activities are advancing smoothly despite the delays encountered, and the 2020 annual performance report indicates that the project is picking up speed with the majority of activities on track. The research and training centre and the demonstration sites are operational and the farmers engaged in rain fed climate resilient horticulture have seen increased production areas and increased yields. The project has been successful in scaling up the adoption of climate-resilient agriculture practices among vulnerable small scale farmers in the northern regions of Namibia and has significant potential to be replicated and scaled up.



▼  
Interviewed Farmers from Lusu and Machita areas on Crop Insurance and Incentive Scheme (CIIS), Zambezi Region

### *CBNRM EDA project*

The CBNRM EDA project has completed more than half of the project activities and is expected to reach completion of the project activities next year. The mid term evaluation of the project, which was completed in July 2020, found that the project represents a paradigm shift as it introduces a climate change dimension into the well established environmental conservation sector, and is the first project in Namibia that provides funding directly to CBOs to execute projects. It found that the project was on track to achieve its objectives and had already exceeded the targets set for mid-term.

The re-allocation of the project budget away from the capacity building component has had a number of consequences for the project during implementation. Firstly, the project was designed in collaboration with NACSO and was expected to include a key role for NACSO member NGOs who have longstanding relationships with CBNRM CBOs in the implementation of the capacity building component. The removal of key capacity building elements reduced the role of NACSO members, effectively side-lining them from the project.

Secondly, the capacity building elements were designed with the aim of ensuring that the CBOs that would benefit from the small grants mechanism would have the requisite governance systems, project and financial management capacities, and climate adaptation expertise to submit quality proposals and manage grants received effectively. Although the grant component of the project has been highly successful, the quality of proposals received may have been higher, and their implementation less dependent on the role of technical support entities, had the capacity building element been completed as planned. In addition, the sustainability of the impacts of the intervention beyond the life of the GCF project would have been significantly greater had the capacity building components been retained. The mid-term evaluation notes however that many of the CBOs lack capacity to manage projects themselves without outside assistance, and emphasizes that the decision of the GCF Board to reduce the budget for the capacity building component of the project “was a lost opportunity for the project to embark on capacity enhancement at local level” (Chapeyama 2020).

Nonetheless, the remaining capacity building activities were successful in raising awareness of CBOs on climate change and in piloting a local climate monitoring system, which was integrated into an existing system for community biodiversity monitoring. The small grant facility has been a key success of the project, and has demonstrated the impact that can be achieved from devolving project design, decision-making and funding to the local level. The experience and lessons for best-practice learned from this approach are discussed in Box 6.



▼  
 Sorris Sorris Conservancy Solar Power Plant



▼  
CBNRM-EDA Rehabilitated Borehole in Kunene Region

#### **BOX 6: Experiences and good practice in funding locally-led adaptation**

The small grants facility funded through the CBNRM EDA project has attracted significant demand from CBOs and has achieved results in advancing local adaptation and resilience beyond what was envisaged in the project design.

##### **Some of the good practices identified through the project include:**

- Building on existing institutions offers a strong starting point for successful design and execution of the small grants facility. The CBOs that are potential beneficiaries of the grants facility were already in existence, and required by law to have a number of systems in place, such as financial management plans, regular audits, procurement committees, benefit distribution plans, etc.
- The call for proposals approach fully devolved the decision-making around identifying, designing and implementing climate adaptation projects to the CBOs, and provided a transparent, efficient and fair process for allocating funding.
- The approach of allowing CBOs to partner with support entities of their choice (which may be MSMEs or NGOs) to support them in fund management, M&E and reporting has worked well, although some support entities have been more effective than others in passing on their expertise to the CBOs. Ultimately, it would be preferable for the CBOs to build their expertise in project management to the point where they don't need support entities, but this would require a significant investment in training.
- The disbursement approach was well designed and has resulted in good financial management of the funded projects. The disbursement schedule for each grant links disbursement with reporting and accounting for the previous tranche of funding, thus incentivising timely submission of reports. Payments to third party service providers are paid by the EIF directly upon approval of the CBO, while an administrative fee of 15% of the project amount is paid to the CBO, or split between the CBO and the support entity, for project management costs. This amount has proved to be adequate for covering the administrative costs of the project.

- Risk management systems have been effective in preventing any instances of fraud. These include a due diligence process at proposal evaluation stage to ensure that the CBO is in good standing with the law (and if any requirements are outstanding, e.g. audit reports not up to date, they must be addressed as a condition to first disbursement). They also include a quality assurance system that has an engineer review designs for all small infrastructure and works activities, and verify the quality of products and works delivered before final payment.
- Extensive and ongoing stakeholder engagement at the local level has been critical to ensuring that stakeholders understand and buy into the initiative. Engagement with traditional authorities has been important for the smooth implementation of project activities, and has also been useful to enable local conflict resolution in the event of any tensions that arise in the course of project execution.

**Some of the challenges experienced include:**

- Due to the many small projects funded, the vast distances between them, and the rigorous approach to M&E which involves regular in-person monitoring at project sites, the cost of M&E has significantly exceeded the 8% Accredited Entity administrative fee provided through the GCF project. The EIF has thus had to subsidize the costs of M&E through funding from other sources.
- The integration of gender equality considerations into the project has proved challenging, as cultural norms tend to entrench traditional gender roles. Although more women than men have benefitted from the small grant projects, women tend to be less represented in project decision-making structures.
- The activities that could be supported under the small grants facility were limited by the EIF's accreditation status, which limits it to low risk (Category C) projects. This meant that several good projects that included elements such as construction of buildings or drilling of boreholes could not be considered for funding.
- The time frame for implementation of the project was found to be too short.



### IREMA project

The IREMA project, executed by the MAWLR, is nearing the mid point of the implementation period with the mid-term evaluation expected to take place next year. The project started during a period of drought in the Kunene region which has persisted through the last rainy season, delaying some of the activities. However most of the project activities are advancing smoothly and starting to deliver results.



▼  
Stakeholders at the site for the Fransfontein Community Garden

### EbA project

The EbA project inception coincided with the COVID19 pandemic, causing some delays in getting started. Nonetheless, the project is advancing well and has the benefit of learning from the experiences of the CBNRM EDA project which is structured in a similar manner. It also uses the same Project Steering Committee as the CBNRM EDA project which will ensure continuity and learning. The EIF and the MEFT, as executing entity, are working closely with NACSO in the implementation of the capacity building component, and NACSO will also have a key role in monitoring of the small grant projects.



▼  
EbA first Project Steering committee meeting

### Monitoring, evaluation and reporting

The monitoring and evaluation of the GCF projects is the responsibility of the PMU teams, each of which has an M&E officer. M&E involves regular visits to the project sites in order to verify the state of advancement of project activities and consult stakeholders on the ground. The main challenge encountered in the M&E process has been the cost of routinely visiting the project sites which are remote and far apart, which exceeds the amount budgeted through the accredited entity fees. In order to cover the cost of M&E through the project budgets, the EIF covers the costs of some of the project staff through its own resources. Despite this the M&E process has mostly gone smoothly. Reporting to the GCF is done annually through an annual performance report. The EIF also has an internal quarterly reporting process in place which enables progress on implementation to be tracked more closely, and facilitates the annual reporting to the GCF. The GCF's reporting requirements are demanding and time-consuming but not unreasonable, as they allow for comprehensive tracking of project performance against targets. The EIF has struggled with timely submission of the annual performance reports due to limited staff capacity, an area that the GCF highlighted for improvement in the EIF's reaccreditation assessment. The GCF Secretariat's review of annual reports has also been untimely, which results in delays in project disbursement.

### Readiness

The EIF was the Delivery Partner for two readiness grants. The first was approved in 2016 and aimed to support stakeholder consultations to develop a follow up proposal that would build on the CBNRM EDA project and to strengthen the EIF's systems and capacities for ESS, gender assessment, internal audit and onlending. The stakeholder consultations informed the design of the EbA project and the institutional strengthening component enabled the EIF to strengthen some of its systems, but did not enable it to achieve an accreditation upgrade that was initially hoped. The second readiness grant was approved in 2017 for the purpose of supporting the NDA, including strengthening its capacity and procedures, supporting stakeholder consultation and the development of a country programme, and engaging the private sector on climate change. The EIF found the readiness grants onerous to access and manage, with prohibitively high administrative costs that were not worth incurring for the small value of the grant (USD 385,000 and USD300,000 respectively). The EIF has not attempted to access the GCF's Project Preparation Facility due to the complex requirements and slow process to access this funding.





## Lessons learned and recommendations

### **A. Lessons and recommendations for developing country institutions seeking access to the GCF**

The EIF's experience of developing and implementing GCF projects has revealed a number of lessons and recommendations for other developing country institutions that may be seeking to access the GCF as DAEs. These are discussed below.

#### *Build a strong relationship with the NDA*

The NDA is a key institution in a country's relationship with the GCF, responsible for setting the overall strategic direction of the country's engagement with the GCF including setting out the priority sectors and activities to be funded in a country programme. It is also responsible for coordinating stakeholder consultation and engagement on GCF programming at a national level. The EIF has established and maintained a strong working relationship with the NDA from the outset, and engages closely with the NDA in the design and development of projects as well as in their implementation. It has also been a delivery partner for readiness support to the NDA.

#### *Senior level buy-in and support for GCF accreditation is crucial*

GCF accreditation brings a number of advantages in addition to direct access to GCF funding. It strengthens the visibility and credibility of the organisation and elevates its profile on the national and international stage, attracting further funding and partnerships. However, it is a rigorous and demanding process that requires resources, and may require revisions to internal policies and processes in order to meet the requirements, and it cannot be achieved without strong support from the senior management of the institution. The EIF's senior management chose to prioritise the GCF accreditation application process and established an internal committee led by the Chief Executive Officer to drive the process, and recruited a local consultant funded through its own resources to compile the documents and fill in the application form.

#### *Invest in building a strong relationship with the GCF Secretariat*

The GCF Secretariat staff and consultants were for the most part very supportive and helpful throughout the process of accreditation, project development and reporting, and have made themselves available to respond to any questions or challenges that come up. The EIF attended GCF Board meetings from the outset at its own cost, which enabled it to keep track of evolving policies, build relationships with GCF Board members and Secretariat staff, and engage closely with the Secretariat to understand the accreditation requirements. It also made use of other opportunities to meet GCF Secretariat staff at international events such as the UNFCCC Conferences of the Parties (COPs). The GCF assigned one of its regional advisors to support the EIF through the accreditation process, which facilitated the engagement with the GCF and enabled quick responses to questions about the process and requirements. During the project development process, the Secretariat staff provided valuable input and guidance. By demonstrating its commitment to the process and through close engagement with the Secretariat, the EIF built strong working relationships that facilitated quicker response times and a smoother process to achieve accreditation and project approval.

#### *Invest in building in-house capacity to develop and implement GCF projects*

Despite having a small team with limited experience of climate change projects at the beginning of its engagement with the GCF, the EIF invested in building up and training its team (including by learning-through-doing) and has mostly relied on its own internal staff capacity and funding for its accreditation process and for developing projects. It received some readiness funding from the GCF in 2016 to support the strengthening of its ESS, gender assessment and audit systems, as well as to support the stakeholder consultation process for a project that would build on the CBNRM EDA project. However, the process of accessing and managing a GCF readiness grant was

laborious and required a similar level of effort to access, disburse and report on the grant as a full scale project. The EIF found that accessing the GCF's readiness funding was not worth the level of effort required. It has not attempted to access the GCF's Project Preparation Facility for similar reasons, as the process is onerous and likely to delay project preparation. The EIF has benefitted from the support of several third party readiness initiatives which have provided input to project development and helped it to expand its network. However, third party technical assistance is not always well aligned with the needs and timelines of the DAE and the EIF has largely avoided depending on readiness support to advance its projects. This has allowed it to move project proposals forward in a timely manner.

### *Comprehensive stakeholder engagement during project development is key to a strong project and smooth implementation*

The EIF was one of the first DAEs to be accredited to the GCF and it experienced a lot of pressure to get projects approved quickly following its accreditation as the GCF wanted to show results from the direct access modality. However, this resulted in a rushed stakeholder consultation process for the first two projects (CRAVE and CBNRM EDA) and made stakeholder consultations and coordination during project execution more challenging. In its subsequent projects, the EIF invested more time in the stakeholder consultations during project design stage so as to ensure that stakeholder feedback was considered in project design as well as to secure the awareness and buy-in of key stakeholders, thereby facilitating smooth project implementation. Although stakeholder engagement can be a costly and time consuming process, especially to reach local stakeholders in remote areas, it is important to ensure that the project design responds to the needs of the intended beneficiaries and takes into account the local context. Furthermore, when stakeholders have had the opportunity to engage in the project design, they are more engaged and supportive during the project execution stage.

### *Build enough time for project inception into the project timelines*

The EIF's GCF projects each had an inception phase of six months after signature of the FAA during which time the EIF has to hire the project manager and project team through a competitive procurement process, and once on board the PMU team had to organise an inception workshop and submit an inception report. The experience of all the projects was that this time frame was too short. In setting out the project timelines in the project proposal, it is recommended to include at least nine months for project inception and an additional nine months for project completion towards the end, in addition to the expected project implementation time frame, so as to avoid rushing project implementation.

## **B. Recommendations for the GCF**

The EIF's experience with the GCF has largely been a very positive and transformational journey, bringing significant new inflows of climate finance to enhance the resilience of some of the most vulnerable communities in Namibia and building the institutional capacity of the EIF and the partners it works with, including CBOs, in the process. In order for the GCF to further enhance the impact of its partnership with DAEs, a number of recommendations have come out of the EIF's experience, which are discussed below.

### *Support DAEs in accreditation*

As the experience of the EIF has shown, direct access is effective in delivering climate change adaptation results at the local level. As one of the first developing country institutions to apply for accreditation, the EIF benefitted from guidance provided by the GCF Secretariat through its regional advisors which was valuable in advancing the accreditation process smoothly and without any readiness support. As the number of applications for accreditation has increased, subsequent applicants have not benefitted from the same level of engagement and



support from the Secretariat. The EIF encourages the GCF Secretariat to strengthen the support that it provides to developing country institutions in their accreditation application process, for example through bringing on additional regional advisors.

### *Strengthen ITAP's capacity and processes*

The ITAP review of the EIF's CBNRM EDA project revealed some of the challenges of the ITAP's composition and approach, in particular the limited breadth of expertise (both sectoral and geographic) that the six-person team, of which only two are assigned to evaluate any given project, can be expected to have. In the case of the CBNRM EDA project, the EIF noted that the ITAP did not have experience in the southern Africa region, and lacked expertise in community-based natural resource management approaches in general. As a result, the assessment reflected a number of misconceptions about the project context and suitability of proposed activities. For example, the ITAP's assessment notes that the increase in adaptive capacity as a result of the proposed project activities would be low "due to the application of adaptive modalities in semi-arid regions undergoing climate change that are only marginally better than the originals" (GCF 2016b). However, this fails to take into account that the north-eastern regions in which the project interventions would take place are not within the semi-arid zone that characterizes much of southern and central Namibia, but are rather in the woodland and forest zones. Although the GCF has established a roster of independent experts that can be called upon to complement the ITAP's expertise, this resource was not used in the assessment of the EIF's EDA project. In addition there's a need for better guidelines for assessing projects so that there is more consistency across members, across entities, and across projects.

### *Ensure that the investment criteria don't prejudice good practice*

In its assessment of the EDA project, the fact that the project builds on a CBNRM programme that has been internationally lauded for its success in generating environmental, economic and social benefits for some of the most vulnerable Namibians resulted in a less than favourable assessment of the project's impacts by ITAP. ITAP noted limited paradigm shift potential because the "prevailing paradigm will largely continue, perhaps being only slightly modulated by incorporating responses to climate change" and that "no effort will be made to identify policy needs and/or to address policy gaps in relation to future service delivery". EIF's response (GCF 2016c) to these comments highlights the fact that the proposal was designed to build upon an existing paradigm (the CBNRM programme) precisely because of the significant success that it has had in delivering economic, environmental and social benefits to vulnerable communities and to the country, and that policy change is not an objective of the proposal because of the widespread recognition of the quality of existing policies. This highlights a perverse outcome in an interpretation of the investment criterion for paradigm shift that may disadvantage countries that have a strong track record of environmental management and seek to deploy GCF-funding to build on existing strengths. Project assessments must take into account the baseline context and should not disadvantage countries that have a good track record of environmental management.

### *Strengthen the EDA modality*

The EIF's CBNRM EDA project has clearly demonstrated the impacts that can be achieved when decision making and funding are devolved to the local level. This project has led to a paradigm shift towards empowering communities in Namibia that are on the front lines of responding to the impacts of climate change. The EIF views the GCF's efforts to enhance direct access through devolving funds to the local level as a crucial element for achieving the GCF's goals of transformative impact, in particular for adaptation. The design of the EDA programme could however be reconsidered to explore how it could "enhance" direct access beyond what is already possible with the regular access modality using the grant award function. The Principles of Locally Led Adaptation (Soanes et al. 2021) that were recently put forward by the International Institute for Environment and Development (IIED) and its partners offer a good set of principles by which the EDA modality should operate. In particular, it should:

- Include a strong focus on building institutional capacity and governance for climate change adaptation and resilience at the local level, which will form the foundation for effective project management, results-oriented implementation and sustainable impact
- Strengthen knowledge and information around climate change vulnerability and impacts at local level, including through the use of traditional knowledge, to inform adaptation needs and project design
- Provide patient funding over longer time frames than a regular GCF project
- Ensure adequate budget (up to 15% of the total grant amount) for DAE administrative costs and monitoring and evaluation
- Allow flexibility in programme design to respond to needs on the ground as they evolve, and trust DAE systems to evaluate projects
- Encourage partnerships at local level including through flexibility in implementation arrangements, including encouraging partnerships with local private sector actors that have potential to establish lasting revenue generation opportunities for local communities, and encouraging revolving fund models for grant award that enhance the sustainability and impact of GCF funding.
- Provide project preparation funding (of USD500,000 per project) through a simplified process to the DAE to support comprehensive stakeholder engagement at the local level during the project design phase.

#### *Trust the judgement and capacity of DAEs*

There were times in the proposal review process by the GCF Secretariat or the ITAP in which a difference of opinion or judgement arose on elements of the design of project activities. While the Secretariat and ITAP bring considerable expertise and experience that largely strengthens the quality of the proposals, at times they were stubborn in pushing a particular perspective without fully understanding the DAE's perspective and comprehending the country context. Examples of this are discussed above (Box 3) in the context of the EDA project. It is recommended that in cases where there are differences of judgement between the accredited entity and the GCF Secretariat or ITAP on the design of project activities, the GCF should place greater trust in the judgment and expertise of the DAE, which has gone through a rigorous accreditation process to demonstrate its capacity, and has a knowledge of the local context that the GCF may lack.

#### *The GCF's definition of accreditation size limits prevent DAEs from mobilizing co-financing*

In developing the CRAVE project, the EIF was able to secure USD 30 million in co-financing from the MAWLR through its budget allocation for climate-resilient agriculture activities. This co-financing was included in the concept note submitted to the GCF in late 2015, but had to be dropped in light of the GCF's accreditation size limits, which apply to the full project (including co-financing) rather than the GCF contribution. This de facto limitation on co-financing is a missed opportunity for the GCF to encourage developing country governments to increase their own contribution to climate projects and thereby to improve the alignment of national budgets with climate change goals. The GCF could reconsider the way it defines accreditation size categories to include only the GCF contribution to a project, and encourage DAEs to mobilise co-financing.



### *Allow and encourage DAEs to build capacity to upgrade through their GCF portfolios*

The activities that the EIF can undertake through its GCF projects have been limited by its accreditation status, in particular its accreditation at environmental and social risk category C (low risk projects). This has restricted the projects that could be funded under the small grants facility in the CBNRM EDA project, for example excluding projects that propose to construct buildings, drill boreholes or clear land, even on a tiny scale. It has also limited CRAVE and IREMA project activities, for example to the use of pre-fabricated structures in place of constructing solid structures. While the EIF's ESS system is designed to safeguard against unintended negative impacts on the environment and people, it could provide more flexibility without incurring undue risk. The GCF should introduce an approach that allows DAEs to build experience in areas above their accreditation capacity through learning by doing, with additional monitoring. For example, DAEs accredited for Category C projects could be given the opportunity to undertake some activities at Category B level, with prior review and approval of the GCF Secretariat. This would enable the DAE to build experience and strengthen its systems for managing risk and, if managed successfully, should be used to support an accreditation upgrade at a later stage. Similarly, the GCF could allow and encourage DAEs to build capacity through partnerships with larger entities. For example, the EIF could be an executing entity for a GCF-funded lending programme through a larger accredited entity such as the DBSA, and in doing so build experience and capacity that would enable it to upgrade its fiduciary capacities to include onlending.

### *Simplify the approval process for micro and low risk projects*

The EIF found that the SAP process did not offer any additional simplification beyond the regular project approval process, and would recommend eliminating the SAP process and simply establishing a simplified and less onerous project review and approval process for all GCF projects that are at the micro size and low risk category.

### *Review administrative fees*

The EIF found that for all projects, the accredited entity fees are too low to cover the costs of administering the grant. The EIF has managed this challenge by funding the salaries of some of the project staff through its own resources, in order to free up some of the GCF fees for M&E activities. However it is not sustainable for the EIF to continue subsidizing GCF project administration from its own resources. The EIF thus recommends that the GCF review its policy on administrative fees, and revise the administrative fees upwards to 10% of the GCF grant amount for regular GCF projects and 15% for EDA projects.

### *Facilitate access to readiness and project preparation funds*

The EIF found that the GCF's readiness programme is overly complex to access and the reporting requirements are too burdensome, to the extent that accessing readiness funds was not worth the transaction costs involved. This is unfortunate, as the readiness programme has an important role to play in strengthening the role of NDAs and enabling direct access, and it cannot play that role effectively if it is prohibitively complex to access. The EIF recommends that the GCF review and streamline the readiness programme to make it much quicker and simpler to access, with reporting that is commensurate with the small scale of funding and low level of risk involved. Similarly, it recommends significantly simplifying access to the Project Preparation Facility so that more DAEs can benefit from this resource.

## **C. Recommendations for developing country governments**

The EIF can attribute part of the success it has achieved in its engagement with the GCF to the strong support that it has received from the Namibian government and from Namibian society at large. Direct access to the GCF is not an easy undertaking for a developing country, as evidenced by the fact that the majority of developing countries

still do not have a single DAE accredited. The EIF offers a number of recommendations for developing country governments looking to access the GCF.

#### *Advocate for and prioritise direct access*

In Namibia, direct access to the GCF has been a game-changer, shifting the way in which adaptation interventions are conceived and financed to a fully country-owned approach that is more empowering to the communities on the frontlines of the climate crisis than previous adaptation projects have been. The CBNRM EDA project has been particularly pioneering in devolving climate finance to the local level, an approach that has proved to be impactful and which is replicated in the EbA project. The EIF projects in Namibia have achieved high levels of stakeholder awareness and buy-in through extensive stakeholder consultation and transparent communication, in sharp contrast to the GCF projects in Namibia that are led by international accredited entities. As a Namibian institution, staffed by Namibians who have decades of experience in sustainable development, the EIF is able to bring a deep understanding of the unique challenges, needs and opportunities that climate finance can respond to. Several other Namibian institutions have also been encouraged to apply for accreditation and received non-objection letters from the NDA, including institutions from government, private sector and the non-profit sector, and their accreditation would complement the EIF's role and further strengthen Namibia's direct access to the GCF. Developing country governments should engage and support national institutions to apply for accreditation.

#### *Facilitate a multi-stakeholder consultative process to raise awareness on climate change issues*

Climate change is a challenge that has implications for all sectors of the economy and all members of society and the response to it must be similarly multi-sectoral and inclusive. It is the role of the NDA to facilitate broad multi-stakeholder engagement in order to raise awareness of climate change, strengthen the integration of climate resilience into development planning, and identify priority interventions through a consultative process. Ensuring the awareness and engagement of key economic ministries such as those responsible for finance and planning is also of crucial importance. In Namibia, the MEFT, as the NDA to the GCF, has been active in engaging stakeholders and there are generally high levels of awareness on climate change issues across various sectors, although the level of action on climate change is higher in some sectors (e.g. the agriculture sector) than others. Having a high level of climate change awareness and engagement across sectors and within the civil society and private sectors greatly facilitates the work of the DAE in developing projects in various sectors, and enables partnerships and collaborations that can enhance the impact of funded activities.

#### *Ensure a strong GCF country programme*

The country programme for the GCF is a strategy document that sets out the key climate change needs and priorities for the country and what it aims to achieve in its engagement with the GCF. Its development is led by the NDA and should be based on a broad stakeholder engagement as discussed above, which should include consultations with communities at the local level. It provides direction to accredited entities developing projects for the GCF and is an important tool for ensuring that all GCF-funded projects in the country are aligned with national priorities. In Namibia, a first draft of the country programme was developed in 2017 with support from South South North, an NGO based in South Africa, and a revised version was developed and submitted to the GCF in 2020. The country programme identifies five priority sectors for Namibia's engagement with the GCF, namely food security; water security; energy security; ecosystems, biodiversity and land restoration; and resilient infrastructure and low carbon transport. A well developed country programme creates a clear framework for a DAE to develop projects that align with a broader national strategic approach to financing climate change.



## Looking forward

Looking forward, the EIF aims to continue to play a key role in the mobilisation of climate finance to support the implementation of Namibia's climate change ambition, and will continue to engage with the GCF as a key partner. It plans to develop further GCF projects in the sectors of off-grid solar energy access, climate resilient informal settlement upgrading, and sustainable rangeland management and biomass value chains, among others. The EIF is also applying for accreditation to the Adaptation Fund and intends to build partnerships with a range of other potential funders in order to expand its funding base. In order to achieve its ambitious goals, the EIF will also invest in strengthening its capacities and staffing, including enhancing its procurement, internal audit and ethics policies, enhancing its capacities, systems and staffing for managing environmental and social risks, strengthening its fiduciary capacities for onlending, updating its operations manual, reviewing its management structure, bringing on additional staff to address gaps in expertise, enhancing project monitoring systems and upskilling project staff, and enhancing its knowledge management systems.



▼  
Kahimbi Desire Masule during CRAVE tractor operation training in Zambezi region



►  
The first five young women from Zambezi Vocational Training Center going through tractor driving training under the CRAVE Project

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