



ANNUAL REPORT 2020/2021



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Operational, marketing, governance and financial information about the activities of the Namibia Students Financial Assistance Fund for the year 2020/2021

www.nsfaf.na

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PART A: GENERAL INFORMATION

Country of incorporation and domicile:

Namibia

Nature of business and principal activities:

NSFAF's principal activities include providing financial assistance in the form of loans and scholarships to eligible students at public and private accredited Higher Education Institutions (HEIs) in Namibia and abroad.

Directors:

K. /Awarab (Chairperson)
T. Munyika
S. Tjiuoro
A. Angula
I. Neema
N. Hamutumwa

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Postal address:

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Auditors:

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Lawyers

Ellis Shilengudwa Inc.
Frans Kwala & Co
Kangueehi & Kavendjii Legal Practitioners
Dr Weder, Kauta & Hoveka Inc.



FOREWORD & REPORTS

FOREWORD BY MINISTER OF HIGHER EDUCATION, TECHNOLOGY AND INNOVATION



Hon. Dr. Itah Kandjii-Murangi

Minister of Higher Education, Technology
and Innovation

The correlation between human capital and socio-economic development is evident in every nation. Higher education is a vehicle through which human capital development is realised and optimised. It imparts the appropriate knowledge and skills to the country's citizens and, by extension, creates a knowledge-based society and a productive nation. Investing in people improves the quality of life as much as it occasions economic values and improvements to institutional governance and process efficiency. The Ministry of Higher Education, Training and Innovation (MoHETI) is the chief leader of the strategy towards human capital development in Namibia from a tertiary level perspective. The Ministry hosts several agencies that perform specific roles toward the attainment of its vision to be a sustainable and international provider of excellence in higher education, training, research and innovation by 2030.

Namibia Students Financial Assistance Fund (NSFAF) is one of the agencies under the MoHETI performing an ancillary role to the mandate of the Ministry. The Fund provides financial assistance to students studying or conducting research at approved Institutions of Higher Learning (IHLs). The majority of Namibian students were able to access tertiary education through this strategic institution and have joined the job market after graduation, thereby breaking free from the slavery of socio-economic poverty. The second legal function of the Fund's mandate is to recover the money advanced to students in the form of loans upon their graduation and/or employment. The Fund has carried out the former aforementioned function exceptionally well since its inception, though there have been challenges in meeting the targets set for the recovery of loans.

The Fund continued to execute its mandate under the stewardship of a highly skilled, highly qualified, competent and diverse Board. The Board has, through its dedication and commitment to sound corporate governance practices, managed to strengthen the reputation and brand equity of NSFAF. Significant progress was made by the Board in the strategic execution of the Fund's mandate, with a detailed account of the achievements recorded, challenges encountered, opportunities presented, financial utilisation, and award statistics during the reference quarter provided in this report.

The Fund's continuous publication of annual reports underscores the institutional commitment to transparency, accountability and disclosure, and mirrors the culture of compliance within the organisation.

The NSFAF Board has finalised the review and refined the Financial Assistance and Recovery Policy, has developed the Sustainability Model, and has reviewed the Organisational Structure to promote leanness in anticipation of the re-integration of the various functions of the Fund into the Ministry of Finance (MoF) and MoHETI, respectively. It has, furthermore, developed the re-integration project's Gantt chart, ensured that spending was within budget, and, when additional funds were required, ensured that motivation therefore was adequately articulated to the line Ministry. The Board also maintained, protected and advocated for healthier relationships with all the Fund's stakeholders. The Board achieved its objectives with the assistance of the Fund's Secretariat.

On the strengths of the above, I pleasantly express my Ministry's gratitude to the NSFAF's Board and its Secretariat for their continued dedication in their service to the Fund. The combined skill and expertise of the current Board and management presents a desirable leadership recipe for continual improvement within the NSFAF. I am optimistic that the status quo, subject to some improvements, will prevail into the future.



Honourable Dr Itah Kandjii-Murangi
Minister of Higher Education, Technology and
Innovation

REPORT BY THE BOARD CHAIRPERSON



Klemens /Awarab

Board Chairperson

The Board remained true to its calling of providing an oversight function over the affairs and processes of the Fund throughout the period under review. This was achieved through ensuring good corporate governance practices, thereby enabling a high-performance culture within the Fund, and strengthening shareholder confidence while enabling proactive responses to the external environment.

The Board, through sustained good corporate governance, further supported management and staff in their pursuit of the realisation of the organisational goals. At NSFAF, corporate governance encompasses the principles, processes and practices that guide the control, management, authority and direction of the Fund. The Board continues to refine and/or consolidate the Fund's strategy, and regulatory and compliance framework while seeking to strengthen stakeholder management and resource utilisation.

Apart from ensuring that the Secretariat conducted its managerial functions of awarding financial assistance to students and recovering monies advanced in the form of loans dutifully and diligently, the Board also developed and approved several operational policies as aids to the enforcement of corporate governance. Amongst the policies developed, reviewed and/or approved are:

- IT Service Continuity Management Policy (development)
- Board Performance Assessment Policy (development)
- Remuneration and Reward Policy (review)
- Employee Relations Policy (review)
- Compliance Policy (development)

The Board further refined the following documents for the approval of the line Ministry:

- The Organisational Structure for Re-integration
- Financial Assistance and Recovery Policy
- Sustainability Model

The support provided to the Board from stakeholders throughout the period under review has been overwhelming. This placed enormous pressure on the Board to assure the public, particularly various segmented stakeholders, of the integrity, transparency, and objectivity of the Fund's business processes

through the preservation and maintenance of a watertight governance architecture/system. The Board dealt proactively with public perceptions concerning NSFAF before they could be repeated and converted into reality.

We remain gratefully and deeply indebted to our line Minister, Hon. Dr. Itah Kandjii-Murangi, for her continued support to the Board and its management. Her stewardship, mentorship and professional counsel have provided clear direction throughout the period under review. Equally, the professional assistance and technical support from the entire Ministry, under the leadership of Dr. Alfred van Kent, cannot be matched, for which we unreservedly express our profound gratitude.

Despite the many aforementioned inroads, governance challenges, by their very nature, are endless to the extent that each financial year has its own array of trials requiring a doubling of efforts from the Governors. We remain keenly aware of this fact and are ready for the succeeding financial year and its ensuing challenges.

In conclusion, the Board's fulfillment of overall governance is only possible with the support of NSFAF management, which has been ever-present throughout the period under review.



Klemens /Awarab
Board Chairperson

CHIEF EXECUTIVE OFFICER'S OVERVIEW

This year has been another significant period in the operation of the NSFAF as we navigate our way through the difficult circumstances imposed by the Novel Coronavirus of 2019 (COVID-19). The Fund managed to award financial assistance to 14,179 eligible students, representing an 8% increase compared to 13,139 awardees in the 2019/2020 financial year. The Fund also managed to timely process and execute payments to 40,000 students, for both continuing and new intakes, to the tune of N\$1.49 billion. We succeeded in disbursing 99.4% of funds allocated for tuition and non-tuition fees before the end of the students' academic years.

In addition to the above operational achievements, the Fund also made progress in the following Strategic Objectives:

- Review of Student Financial Assistance and Debt Recovery Policy - with the blessing of the Board and shareholder, we have reviewed the 2015 Awards of Loans, Grants and Scholarship Policy. Today we have the Students Financial Assistance and Debt Recovery Policy in place, which ensures that the provision of financial assistance is responsive and aligned to national development goals. Apart from eligibility for financial assistance, the policy makes provision for the introduction of means-testing, borrower's obligations, and defined repayment periods.
- Data Integrity and Recordkeeping - effective record management is key to the smooth administration of an organisation. In the case of NSFAF, clear records enhance debt recovery. We managed to convert all physical files into electronic format, leading to the establishment of a loan book. To date, 131,000 physical files have been converted into electronic format, with a nominal value of N\$7.5 billion, of which N\$5.8 billion are loans, while N\$1.7 billion are grants. This means that the Fund is now able to determine what amount is recoverable, i.e., loans vis-à-vis grants.
- Automation of Business Processes - to ensure efficiency, our business processes have significantly transitioned from manual to automation during the period under review. Apart from an online application system, we have implemented the Loan Management System, i.e., an Enterprise Resource Planning (ERP) system, which enables the processing of students' payments and the maintenance of financial records.

A portrait of Kennedy Kandume, a man with short dark hair, wearing a dark blue suit, white shirt, and blue tie. He is standing with his hands in his pockets, looking directly at the camera.

Kennedy Kandume

Acting Chief Executive Officer

- Improved Risk Management – we have introduced a three-layer risk management plan comprised of an Operational Risk Champions Committee that reports to a dedicated Executive Management Committee (EXCO) and ultimately to the Board's Audit and Risk Committee (ARC). Due to this interactive approach, we have managed to close off many legacy audit findings.

The advent of COVID-19 during the year under review negatively impacted the economy and the daily operations of institutions. Most IHLs in the country suspended face-to-face lectures and switched to online teaching and learning solutions.

It is against this background that the Fund, with the support of MoHETI, launched the COVID-19 Support Initiative to students as well as to IHLs. This initiative was the result of a well thought and evidence-based intervention, whereby a fact findings analysis on online teaching and learning was conducted, which resulted in the following findings:

- Many students don't have access to laptops or computers.
- Many students cannot afford the cost of data to access platforms and educational resources.
- Information Communication Technology (ICT) infrastructure (including servers and storage devices) at institutions cannot cope with the increasing volume of courses or programmes and supporting materials to be uploaded.
- Internal and external bandwidth of the various IHLs became a challenge as all students were diverted to online learning.

In response to the above findings, the Fund provided the following COVID-19 support to students and to institutions:

- 28,000 internet devices with 10 gigabytes per second data per month were acquired for students.
- N\$2.4 million was availed to the Namibia University of Science and Technology (NUST) to upgrade its servers/storage facilities, as well as to expand institutional bandwidth.

- N\$7 million was paid to the University of Namibia (UNAM) to upgrade its servers/storage facilities for its own use and to accommodate e-learning platforms of other HEIs.
- 10,500 laptops were ordered for needy students, both NSFAP funded and privately funded. Laptops were, however, not delivered during the period under review due to delays in manufacturing. We remain confident that laptops will be delivered in the next financial period.

On behalf of management and staff, I would like to thank our line Minister, Hon. Dr. Itah Kandjii-Murangi, for the support, especially in ensuring that NSFAP receives sufficient allocation to provide financial assistance to all eligible Namibian students.

I would also like to thank our Board Members for their guidance and support to management. The Board has been instrumental in ensuring the implementation of Strategic Objectives and the execution of the annual business plan.

Lastly, let me extend my gratitude to the entire NSFAP staff complement for their efforts, dedication and resilience during this difficult time. The challenges brought by COVID-19 have made it difficult to operate as normal, and the Fund remains indebted to you for your commitment to deliver much needed services to our clientele, the students.



Kennedy Kandume
Acting Chief Executive Officer

NSFAF MANDATE, VISION, MISSION AND CORE VALUES

MANDATE

To provide financial assistance to eligible students for access to approved tertiary educational institutions.

VISION

To be a sustainable institution, equitably providing financial assistance to contribute to the development of Namibia's human capital.

MISSION

We provide financial assistance to eligible Namibians to access vocational and higher education and training.

CORE VALUES

EXCELLENCE

We strive for outstanding quality in the execution of our duties and responsibilities.



LET'S DO IT RIGHT

ACCOUNTABILITY

We are accountable and responsible for our actions



WE OWN UP TO OUR ACTIONS

TRUST

We are reliable and truthful in dealing with our customers.



WE KEEP OUR PROMISES

EMPATHY

We understand and share feelings of our teammates and most importantly our customers.



WE CARE

TEAMWORK

We are committed to a common goal: believing and backing each other up.



LET'S DO IT TOGETHER

INTEGRITY

We uphold strong moral principles in interacting with our customers.



WE ARE PRINCIPLE IN OUR DEALINGS

NSFAF STRATEGIC OBJECTIVES AND SUMMARY OF ACHIEVEMENTS

STRATEGIC OBJECTIVES

HIGH-LEVEL ACHIEVEMENTS

SUFFICIENT BUDGET



We targeted 100% budget availability, which was achieved.

EFFECTIVE BUDGET PLANNING AND EXECUTION



99% achieved against the 90% target.

EFFECTIVE DEBT MANAGEMENT



100% loan book established and 60% as a % of the 2019/2020 base of N\$3.6 million achieved against the 100% target.

ALTERNATIVE SOURCES OF FUNDING



N\$99,425.67 collected against the N\$3 million target.

EXCELLENT CUSTOMER EXPERIENCE



Stakeholder's satisfaction index of 61.6% achieved against the 75% target.

IMPROVE OPERATIONAL EFFICIENCY



- 32% audit findings closed against the 80% target.
- 75% of risk mitigation actions implemented against the 80% target.
- 85% validation of mitigation responses to non-compliance against the 80% target.
- 85% validation of compliance issues against the 80% target.

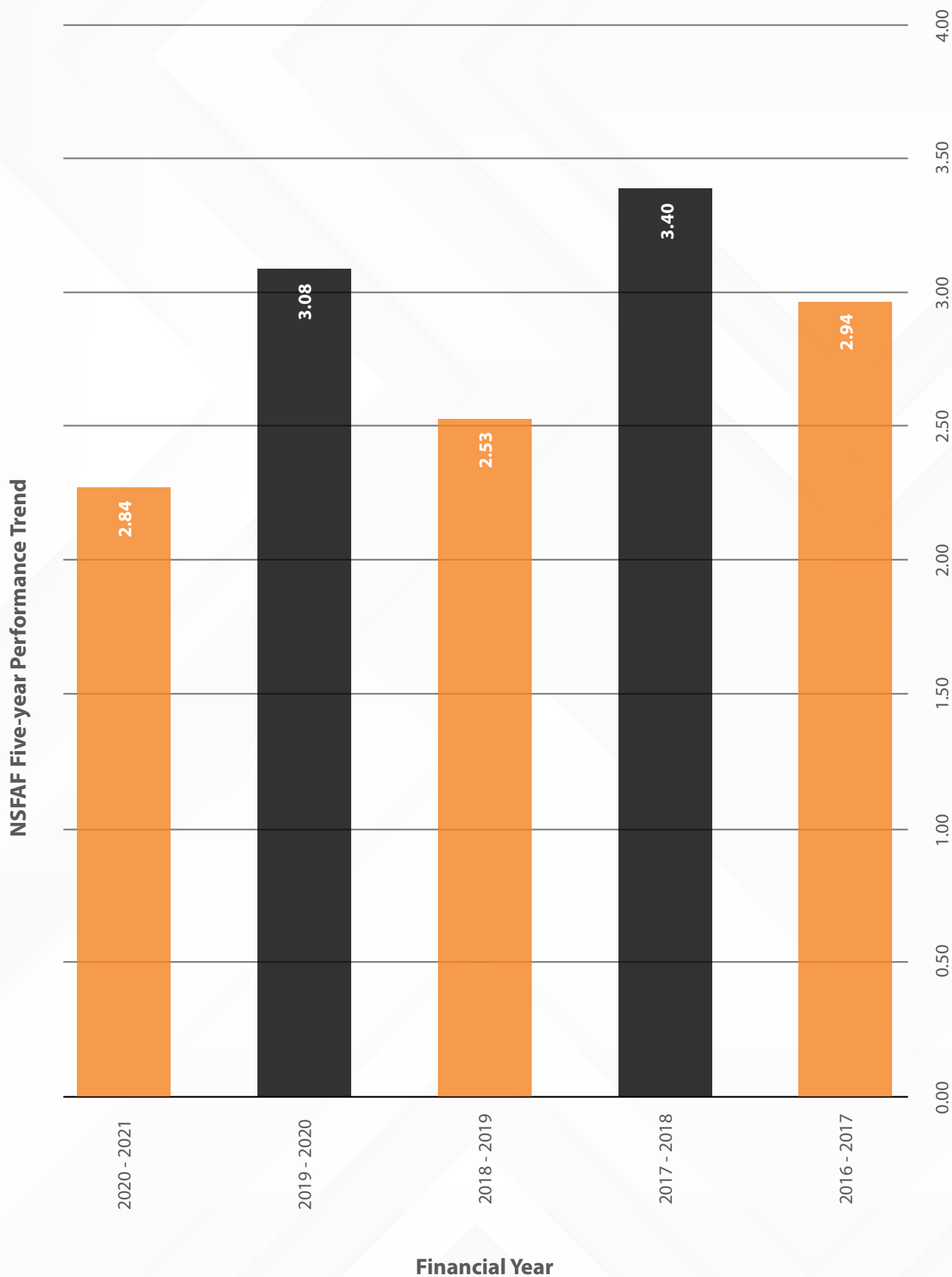
IMPROVE ORGANISATIONAL CULTURE AND PERFORMANCE



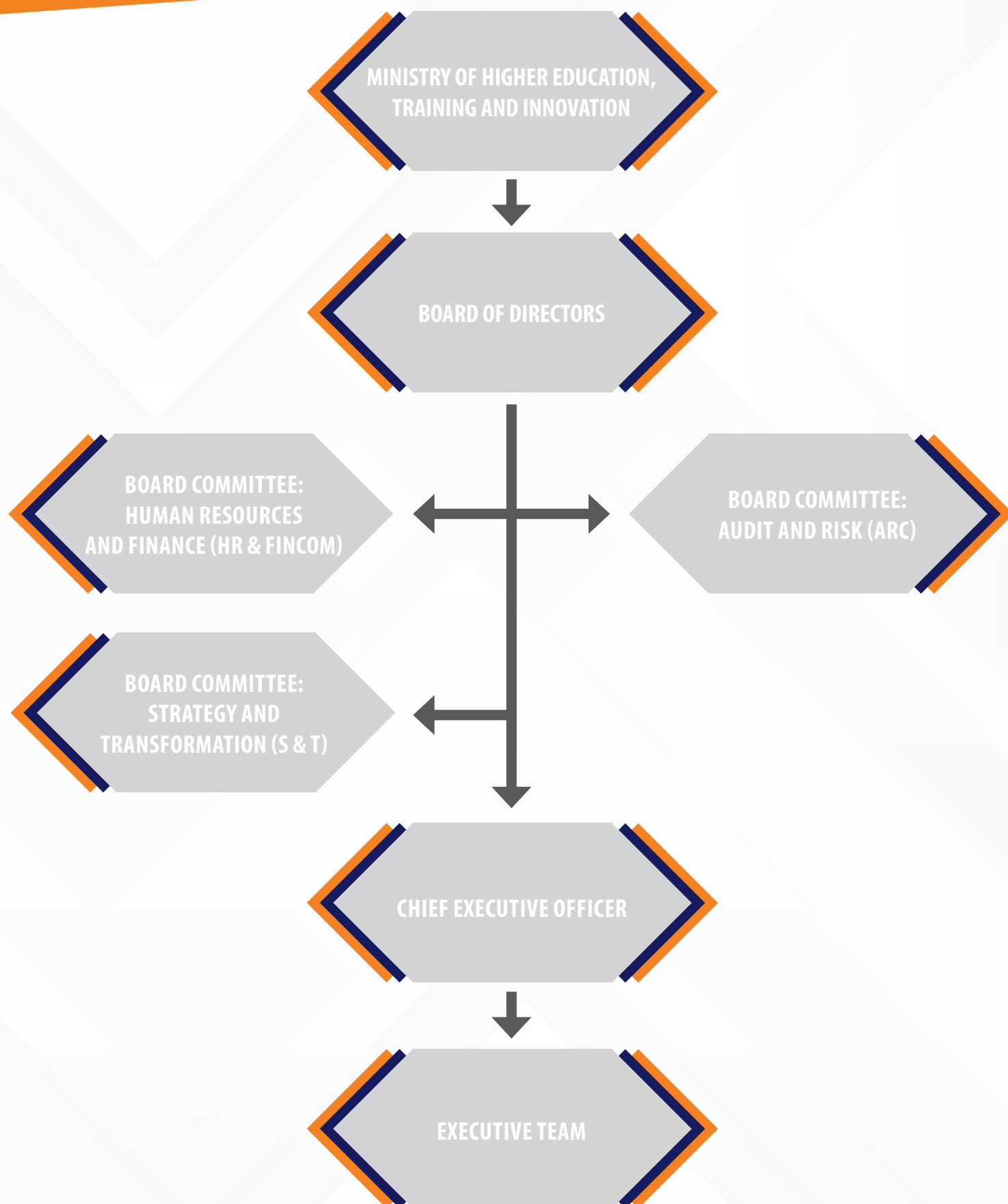
Employee's satisfaction index of 32% achieved against the 65% target.

Perspectives	Key Performance Area	Measurement	Annual Target	Annual Achievement/ Lag	1-5 Rating Scale
Financial	Ensure sufficient budget for both student funding and operation	% of total required budget secured	100%	100%	3
	Improve Planning and Student Budget Control	% margin of deviation from the budget plan	5%	<3%	5
	Improve Planning and Operational Budget Control	% organisational budget execution rate	90%	99%	5
	Establish the Loan Book	% establishment of Loan Book	100%	100%	3
	Increase Recovery	% of 2019/2020 base of N\$3.6 million	100%	60%	1
Stakeholder	Generate Additional Revenue from SMS Competition	N\$ additional revenue generated	N\$ 3 million	N\$99,425.67	1
	Establish and Strengthen Key Stakeholder Relations	% stakeholder satisfaction index	75%	61.6%	1
Internal Process	Improve Business Processes (Award, Payment and Query Management, etc.)	% of turnaround time	10%	9-5%	4
	Ensure Compliance, Monitoring and Evaluation (Quality Assurance)	% of audit findings actioned	80%	32%	1
		% of risk mitigation actions implemented	80%	75%	2.5
		% validation of compliance issues	80%	81-85%	4
		% validation of mitigation responses to non-compliance	80%	81-85%	4
Learning and Growth	Business Unit Performance	% of unit scores (Aggregate)	60%	60%	3
	Make NSFAF the Best Company to Work for	% employee satisfaction rate	65%	32%	1
	Live NSFAF Values	% score value competencies assessment	70%	75%	4
	Provide Influential Leadership	% score of leadership competencies assessment	70%	70%	3
	Corporate Performance				2.8

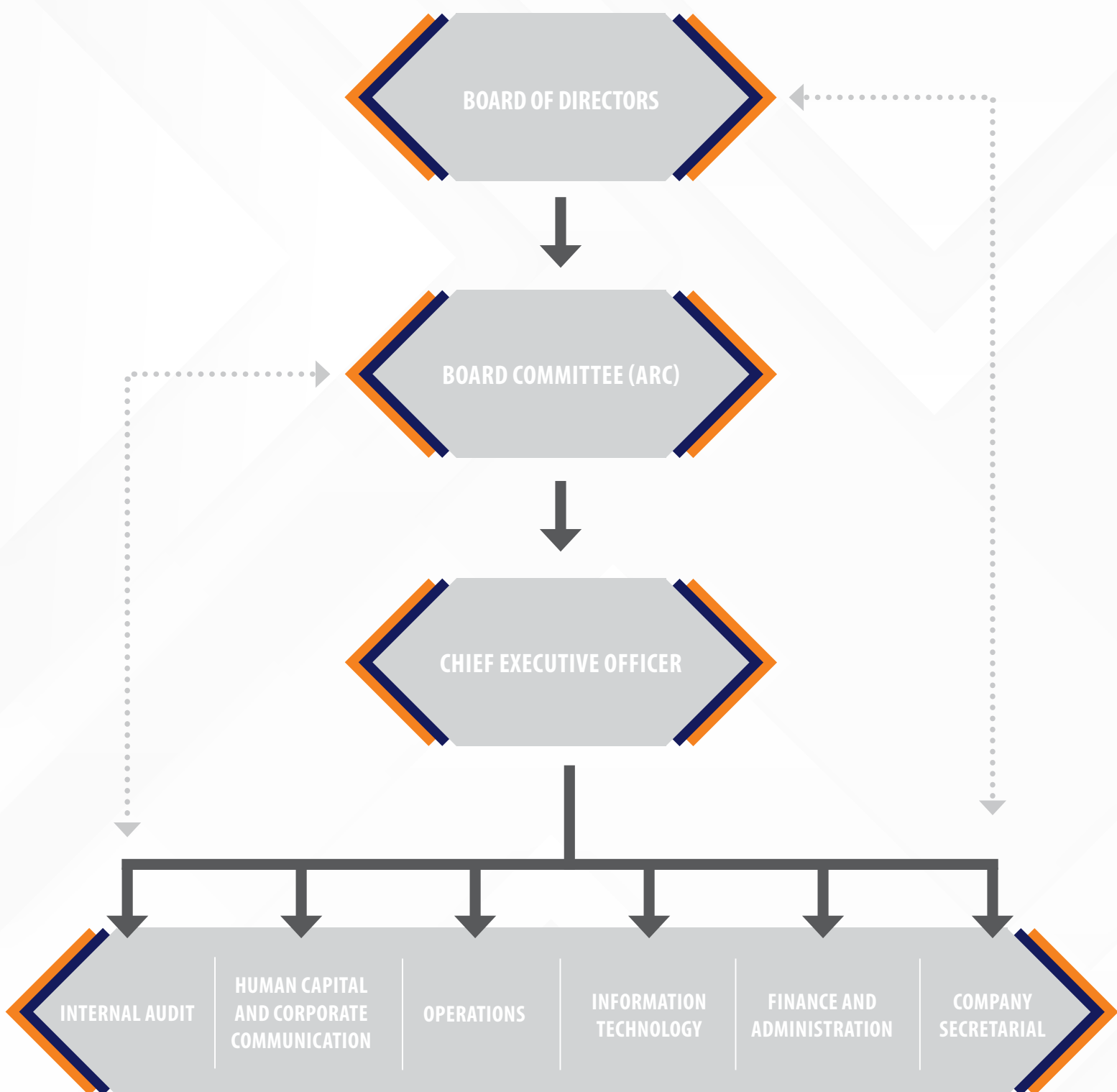
3 – 5	Meets requirements / exceeds expectations / outstanding	2 – 2.9	Needs improvement	1 – 1.9	Not acceptable
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GOVERNANCE STRUCTURE:



ORGANISATIONAL STRUCTURE: GOVERNANCE AND EXECUTIVE STRUCTURE



NSFAF BOARD MEMBERS



Mr. Klemens /Awarab
Chairperson



Ms. Adda K Angola
Member



Dr. Isak Neema
Member



Ms. Tulimeke Munyika
Member



Mr. Stephen U Tjiuoro
Member



Mr. Ndeulipula Hamutumwa
Member



Kennedy Kandume
Acting Chief Executive Officer



Brumilda Gawachab
Chief Financial Officer



Harris Ntema
Internal Auditor

EXECUTIVE MANAGEMENT



Olavi Hamwele
**Chief Human Capital and
Corporate Affairs**



Nabot Uushona
Chief Information Officer



David Nathingé
**Acting Senior Manager:
Operations**



Fillemon Wise Immanuel
Company Secretary



GOVERNANCE & REGULATION ENVIRONMENT

PART B: GOVERNANCE AND REGULATORY ENVIRONMENT

2.1. INTRODUCTION

Corporate governance has become part of NSFAF's DNA. The Fund's Board has designed an appropriate governance architecture to ensure the attainment of the institutional mandate. The architecture entails the Organisational Structure, Strategic Plan, Board Charter and Board Committees, Delegation Framework, and various operational policies that management is responsible for their effective implementation.

The NSFAF have several operational policies in place, among which include: the Code of Ethics, Conflict Management Policy, Risk Management Policy and Framework, Compliance Policy, and the Performance Management Policy.

An effective corporate governance framework seeks conformity and strives for exceptional organisational performance. It facilitates the determination of the rights and responsibilities of all active players within the organisation, attracts talents, and induces capital investments while assuring a long-lasting shareholder value. It brings further benefits in the form of efficiency to internal processes, visibility of errors (risks are identified, managed, controlled and mitigated), reduced costs, compliance, and smoother-running operations (organisational procedures are streamlined and consistently applied). For this section, the discussion is ringfenced to Ethics/Code of Conduct, Conflict Management, Risk Management, and Internal Control mechanisms.

2.2. ETHICS/CODE OF CONDUCT

Both the Code of Ethics and Conduct are synonymous in fostering healthy relationships, encouraging a specific standard of behaviour, and building trust among all stakeholders. The Code of Ethics guides the corporate values and choices, while the Code of Conduct prescribes which actions are appropriate and which are not.

The Code of Ethics continues to be the catalyst that encourages the standards of behaviour desirable in the conduct of NSFAF's business operations. It presents unique benefits and opportunities such as building the right culture, maintaining brand equity, a good reputation, ensuring compliance, the attraction of talent, the promotion of social change, and enhanced competitive advantage.

It furthermore enables rationality and objectivity to be the centre of the Fund's decision-making process and inspires both shareholder and customers' confidence and, by extension, the formation of governance equity within the institution. The core values of the Fund are the yardstick by which ethics are measured. These core values translate into the building blocks of the NSFAF. Regulating ethics are codified and all employees are expected to live by them. This is a collectively shared position, thus the conduct of every employee needs to resonate in the fullest of terms.

2.3. CONFLICT OF INTEREST

Notwithstanding the existence of the Code of Ethics in the industry, the private interests of employees quite often contradict and conflict with those of their employers. NSFAF is keenly aware of this fact, hence the adoption of a Conflict of Interest Management Policy by the Fund's Board. Although this is a separate policy, it needs to be viewed in the context of the broader risk management framework.

This policy specifically provides for a regulatory framework for identification, management, control, and mitigation of conflicts of interest, either actual, potential, or perceived. With this policy in place, NSFAF can boost both the public and shareholder's confidence by guaranteeing that what constitutes personal interests can easily be distilled from the institutional interests at all material times. Through these arrangements, employees' loyalty to the Fund is reinforced and the attainment of strategic objectives becomes guaranteed.

The management of conflicts of interest seeks to ensure that the Fund's business processes are based on the principles of consistency, transparency, impartiality and fairness and that anything to the contrary is decisively dealt with. In maintaining our Code of Ethics, all allegations of conflicts of interest across the organisation during the period under review received deserving attention.

2.4. BOARD MEETING ATTENDANCE SCHEDULE

BOARD						
Type of Meeting	ATTENDANCE					
	Meeting Date	Mr. Klemens / Awarab (Board Chairperson)	Mr. Stephen Tjiuoro (Board Deputy Chairperson)	Ms. Adda Angula	Dr. Isak Neema	Dr. Ndeulipula Hamutumwa
Ordinary Board Meeting	16-Apr-2020	x	x	x	x	x
Ordinary Board Meeting	19-May-2020	x	x	x	x	x
Ordinary Board Meeting	29-Jun-2020	x	x	x	x	x
Ordinary Board Meeting	29-Sep-2020	x	x	x	x	x
Ordinary Board Meeting	03-Dec-2020	x	x	x	x	x
Ordinary Board Meeting	29-Mar-2021	x	x	x	x	x
HUMAN RESOURCES & FINANCE COMMITTEE						
Type of Meeting	ATTENDANCE					
	Meeting Date	Ms. Tulimeke Munyika (Committee Chairperson)	Mr. Stephen Tjiuoro	Dr. Ndeulipula Hamutumwa		
Extraordinary Committee Meeting	12-May-2020	x	x	x		
Ordinary Meeting	09-Jun-2020	x	x	x		
Extraordinary Committee Meeting	17-Jun-2020	x	x	x		
Extraordinary Committee Meeting	14-Jul-2020	x	x	x		
Extraordinary Committee Meeting	24-Aug-2020	x	x	x		
Ordinary Meeting	08-Sep-2020	x	x	x		
Ordinary Meeting	06-Nov-2020	x	x	x		
Continuation of 06 November 2020 Committee Meeting	17-Nov-2020	x	x	x		
Ordinary Meeting	09-Mar-2021	x	x	x		
AUDIT & RISK COMMITTEE						
Type of Meeting	ATTENDANCE					
	Meeting Date	Mr. Stephen Tjiuoro (Committee Chairperson)	Dr. Isak Neema	Ms. Tulimeke Munyika		
Ordinary Meeting	10-Jun-2020	x	x	x		
Ordinary Meeting	10-Sep-2020	x	x	x		
Extraordinary Committee Meeting	16-Oct-2020	x	x	-		
Ordinary Meeting	04-Nov-2020	x	x	x		
Ordinary Meeting	11-Mar-2021	x	x	x		
STRATEGY & TRANSFORMATION COMMITTEE						
Type of Meeting	ATTENDANCE					
	Meeting Date	Ms. Adda Angula (Committee Chairperson)	Dr. Isak Neema	Mr. Klemens / Awarab		
Ordinary Meeting	16-Jun-2020	x	x	x		
Ordinary Meeting	14-Sep-2020	x	x	x		
Ordinary Meeting	13-Nov-2020	x	x	-		
Ordinary Meeting	15-Mar-2021	x	x	x		

2.5 RISK MANAGEMENT

2.5.1 STRATEGIC RISKS

Risk exposure is an inherent element of conducting the business activities of the Fund, such as the awarding and payment of financial assistance and the recovery of students' loans. Effective risk management and internal control systems are therefore necessary to protect the Fund from exposure to unnecessary risks and ensure the sustainability of the Fund's business.

The Board has overall responsibility for establishing procedures to manage risk, oversight of the internal control processes, and determining the nature and extent of the significant risks that the Fund is willing to take or accept in order to achieve its long-term objectives.

The Board has delegated the monitoring of the Fund's risk management and internal control systems to the ARC. This process is executed by reviewing reports and presentations made by the Internal Audit and Risk Management Division every quarter.

2.5.2 RISK MANAGEMENT PROCESS

The Fund's Risk Management Process is underpinned by the Risk Management Framework as approved by the Board. The Risk Management Framework is based on the international standard ISO 31000 Risk Management – Process and Guidelines and provides a systematic approach to managing risks in the Fund.

2.5.2.1 IDENTIFYING AND ASSESSING RISKS

Risks are identified through risk assessments and scanning the internal and external business environment factors that can impact the execution of the Fund's strategic objectives. Risks are assigned to risk owners responsible for the activity generating the risk. Where a risk contains multiple causes and consequences, risk owners are required to collaborate in devising and implementing the necessary mitigating measures.

The Fund's Risk Register is the central repository for documenting and assessing risks and recording existing control measures and mitigation strategies. The Register forms a significant portion of the Fund's risk management process.

2.5.2.2 RESPONDING AND MONITORING RISKS

On a management level, the Risk Champions Committee and EXCO Risk Committee convene regular meetings to discuss and review the risk responses to key risks, adequacy of existing controls, and the status of risk mitigating actions.

Operational risks (control deficiencies/audit issues) identified by the internal and external assurance providers, and the subsequent management actions, are discussed and reviewed at these internal platforms and escalated to the Board every quarter.

2.5.2.3 RISK REPORTING AND COMMUNICATION

Risk information within the Fund Risk Register and Risk Implementation Plans are analysed and used for reporting key risks to the Board. A presentation of the Fund's key risks is made to the Board at least quarterly, during which the Board challenges management in terms of the top key risks, current control measures, and the mitigating actions to be taken to reduce the residual risk exposure to acceptable levels (where appropriate).

Any risk which is determined to be potentially tolerable is communicated to the Board for review and approval.

RISK PROFILE – TOP RISKS

The table below indicates the significant risks to which the Fund is exposed and the movements/trends in the residual risk levels during the reporting period:

Movements/Trends in Enterprise Risk Profile

KEY RISK	STRATEGIC OBJECTIVES	RESIDUAL RISK EXPOSURES / RATINGS		
		Beginning (Q1) [FY2020/2021]	TREND / MOVEMENT	Year-end (Q4) [FY2020/2021]
Financial Sustainability	Improve Quality of Funding	EXTREME	↓	HIGH
Operations	Improve Operational Efficiency	HIGH	↔	HIGH
Recovery and Default	Effective Debt Management	EXTREME	↔	EXTREME
Information Technology	Improve Operational Efficiency	HIGH	↔	HIGH
Reputational	Deliver Excellent Customer Experience	MODERATE	↓	LOW
Financial Reporting	Effective Debt Management	EXTREME	↓	HIGH
Strategic	Improve Organisational Culture and Performance	HIGH	↓	LOW
Compliance	Improve Operational Efficiency	HIGH	↔	HIGH
Business Continuity	Improve Operational Efficiency	MODERATE	↔	MODERATE
People	Improve Organisational Culture and Performance	HIGH	↓	MODERATE

Residual Risk Rating: Extreme ■ High ■ Moderate ■ Low ■ Insignificant ■

Trend: Risk exposure increased ↑ Risk exposure decreased ↓ Risk exposure remained the same ↔

Risk profile reporting is an important method of keeping the Board and management apprised of key risk exposures, progress made on implementing the risk mitigation actions, and to improve the decision-making process. 75% of risk mitigation actions were implemented against a target of 80% during the year under review.

2.6 INTERNAL AUDIT

The Annual Internal Audit Plan, as approved by the Board, is developed following a risk-based assurance approach and is focused on adding value to the control environment whilst rendering independent assurance to the ARC and the Board on, among other areas, the effectiveness of internal controls over the financial, operational and compliance activities of the Fund.

The Internal Audit Division also oversees and manages the risk management function of the Fund. In this instance, assurance on the effectiveness and maturity of the risk management process is performed by external service providers in order to maintain the independent functioning of the Internal Audit Division.

Specialist skills are outsourced, when required, to assist with reviews of technical and specialised areas, such as information technology and forensic services. During the period under review, 32% of audit findings were closed against a target of 80%.



FINANCIAL & OPERATIONAL HIGHLIGHTS

PART C: FINANCIAL & OPERATIONAL HIGHLIGHTS

3.1 FINANCIAL HIGHLIGHTS

Subventions received from Treasury during the current financial year amounted to N\$1.224 billion, which is slightly lower (1.2%) than N\$1.238 billion received during the previous year. Investment income decreased to N\$3.9 million, compared to N\$10.5 million in the preceding year. This was due to the timeous execution of student disbursements during the current financial year. Recoveries of previously impaired student loans increased with approximately 19%, from N\$3.6 million reported in the previous year to N\$4.3 million reported in the current financial year. The impairment of student loans, which is a provision of 10% of the loan balance for loans that may be irrecoverable, increased with 27.3%, amounting to N\$123.5 million for the year under review.

The total assets of the Fund increased from N\$4.640 billion to N\$5.649 billion in the current financial year. This increase is mainly attributable to student loans accounted for as receivables, classified as non-current assets. Other assets contributing to this increase were the acquisition of IT equipment amounting to N\$345,000 and the capitalisation of costs relating to the building amounting to N\$300,000. It is worth noting that even though the cash and cash-equivalents reflected a favourable balance of N\$76 million at the end of the reporting period, this should be read in conjunction with the overdraft facility of N\$111.2 million, which was utilised by the Fund for the same period. Based on this position, the Fund does not have sufficient cash available to service their short-term liabilities as they become due and payable. Had the Fund not utilised the overdraft facility, the Fund would have had a negative cash and cash-equivalents balance of approximately N\$34 million as at 31 March 2021.

Current liabilities have increased from N\$48.3 million to N\$167.7 million. This significant increase is attributable to the overdraft facility of N\$111.2 that was utilised in the current financial year. Trade and other payables further relate to accruals for goods or services delivered but not yet paid, payroll provisions, (i.e., severance and leave pay and bonuses), and student accruals for payments due to Universities.

3.1.1 BUDGET PLANNING AND EXECUTION

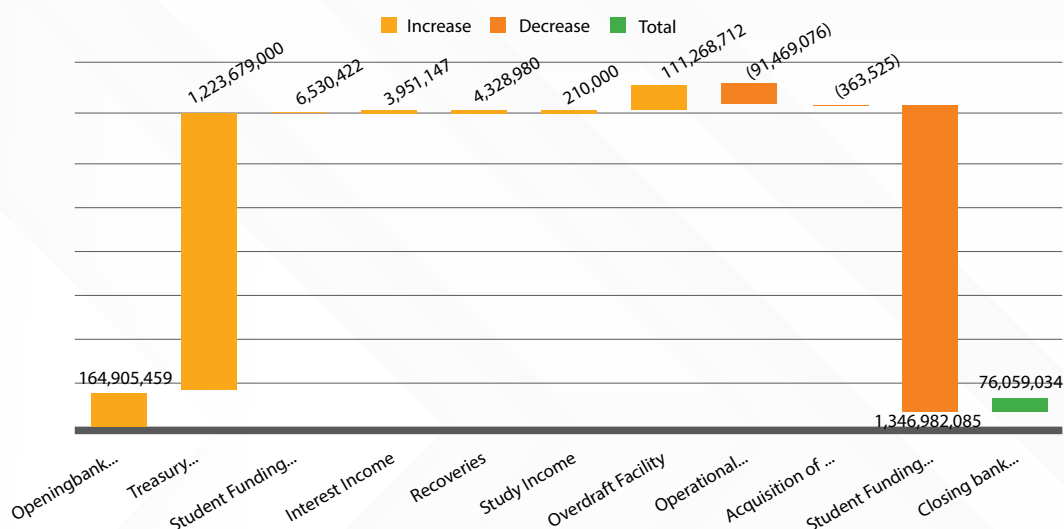
The Fund closed with a total of N\$76 million on hand for the financial year end under review. The 2020/2021 budget was approved with a deficit, which is funded from the available cash at the beginning of the financial year, amounting to N\$164.9 million, and partially from the approved overdraft facility utilised of N\$110 million.

The graph below depicts the opening bank balances together with the cash movements for the year, consisting of both cash inflows and outflows. The cash inflows include the following grants and other income:

- (i) Approved appropriation of N\$1.223 billion from Treasury.
- (ii) Other student funding consisting of N\$6 million and the remaining funds from closure of accounts with various embassies.
- (iii) The N\$4.3 million from the recovery of legacy loans.
- (iv) Other income of N\$210,000 from ad-hoc activities, such as a competition run in conjunction with Bank Windhoek.
- (v) Interest income of N\$3.9 million from various banking institutions.

The cash outflows cover the student funding disbursements of N\$1.423 billion and operational costs of N\$ 64.854 million for the day-to-day running of operations. Student funding expenses have been funded by an opening balance of cash on hand from the previous financial year of N\$164.905 million and the overdraft facility of N\$110 million.

Cashflow Management 1 April 2020 - 31 March 2021



3.1.2 FINANCIAL ASSISTANCE POLICY

The Students Financial Assistance and Debt Recovery Policy is aimed at ensuring that the provision of financial assistance is responsive and aligned to national development goals. The policy covers the following strategic areas regarding the provision of financial assistance to students: eligibility criteria for granting financial assistance; general conditions for granting financial assistance; and borrower's obligations and expected repayment period. The Fund continued to implement the policy by ensuring that awards are made in line with the provisions of the policy. The Fund identified certain provisions that needed reviews in order to strengthen the aforementioned strategic areas. The reviewed policy has been approved during 2020 for implementation on 2021 awards.

3.1.3 AWARD STATISTICS

The statistics below provide an insight of singular and cumulative awards over the past five years. This

information is significant in order to analyse the data pertaining to the year under review and the Fund's performance over the past five years.

3.1.3.1 OVERALL AWARDS

During the application process for the year under review, applicants meeting NSFAP funding requirements stood at 15,654. Due to budgetary and other constraints, only 14,179 eventually signed their contracts for financial assistance. This carried the cumulative number of students awarded financial assistance by NSFAP over the past five years to 67,950, as shown in the table below. Despite resources being insufficient to meet growing demand for financial assistance, NSFAP strives to fulfill its mandate by ensuring that more students are awarded annually in order to close identified skill gaps in the country.

Total Awards (five-year statistics)

Academic Year	Vocational Education	Under-graduate	Postgraduate	Scholarships and Special Initiative	Grand Total
2020	3,252	10,733	192	2	14,179
2019	2,823	9,985	311	20	13,139
2018	3,830	6,834	427	124	11,215
2017	3,248	10,888	1,181		15,317
2016	5,030	8,222	712	136	14,100
Grand Total	18,183	46,662	2,823	282	67,950

Academic Year Vocational Education Undergraduate Postgraduate Scholarship

3.1.3.2 AWARDS PER REGION

The statistics below detail the distribution of awards per region over the past five years, i.e., 2016 – 2020. While the decision to fund students is not regionally based, the numbers align with the regional population, as well as the presence of secondary schools. Budgetary constraints and changes in policy provisions influenced a decline in the number of awards during 2018, though the numbers awarded have started to increase steadily from 2019.

Number of students awarded per region

Region	2016	2017	2018	2019	2020	TOTAL
Oshikoto	872	970	731	1,384	1,503	5,460
Oshana	1,015	1,322	1,081	1,893	1,883	7,194
Erongo	418	594	331	707	742	2,792
Otjozondjupa	241	306	169	498	575	1,789
Hardap	126	153	72	149	211	711
Zambezi	372	488	353	812	877	2,902
Kavango West	122	168	108	257	295	950
Kavango East	461	838	459	1,149	1,213	4,120
Omaheke	86	87	62	151	248	634
Ohangwena	768	824	820	1,599	1,731	5,742
Omusati	1,003	1,035	886	2,073	2,142	7,139
//Kharas	117	228	135	300	390	1,170
Khomas	1,448	3,067	1,215	2,039	2,139	9,908
Kunene	74	90	58	117	219	558
VTC	5,030	3,248	3,830			12,108
Completed Grade 12 outside Namibia	68	67	5	11	11	162
Junior Diploma	1,031	651	349			2,031
Scholarships and Special Initiatives	136		124			260
Postgraduate	712	1,181	427			2,320
TOTAL	14,100	15,317	11,215	13,139	14,179	67,950

3.1.3.3 AWARDS PER FIELD OF STUDIES

The table below indicates awards per field of study mainly for undergraduate students over the past five years. The field of Education, Training and Development continues to attract the majority of students. This is trailed by the field of Business, Commerce and Management Studies while, on average, Culture and the Arts attracts the least number of applicants. The higher number of students in the field of Education, Training and Development is attributed to education programmes introduced at various institutions in the country, as well as improved prospects of early employment after graduation.

Number of undergraduates awarded per field of study at Local IHLs

Field of Study	2016	2017	2018	2019	2020
Agriculture and Nature Conservation	311	213	338	221	315
Business, Commerce and Management Studies	1,897	2,197	662	1,861	2,094
Communication Studies and Language	245	378	64	183	231
Culture and the Arts	98	242	80	7	240
Education, Training and Development	2,950	3,775	2,599	4,411	5,501
Health Sciences and Social Services	818	805	1,125	654	842
Human and Social Studies	572	671	809	389	112
Law, Military Science and Security	135	433	194	298	368

Field of Study	2016	2017	2018	2019	2020
Manufacturing, Engineering and Technology	803	1,195	409	526	2,397
Physical Planning and Construction *	*	*	55	41	677
Physical, Mathematical and Computer Sciences	393	871	412	1,134	785
Services and Life Sciences *	*	*	87	131	617
TOTAL	8,222	10,780	6,834	9,856	14,179

* For 2016 to 2017, data for Physical Planning and Construction was included in the Manufacturing, Engineering and Technology field. For Services and Life Sciences, data was included in Health Sciences and Social Services field.

2020, however, represents the number at local, Southern Africa Development Community (SADC) and international institutions.

3.1.3.4 AWARDS PER COUNTRY (LOCAL VS FOREIGN)

The table below indicates that 98.98% of newly awarded students are studying at local IHLs. This leaves a mere 1% comprising of students who are funded studying at SADC and International institutions.

Number of students awarded loans at local and international institutions

Country	Number of awards	Total % of awards
Local	14,036	98.99%
SADC	111	0.78%
International	30	0.21%
Scholarships	2	0.01%
Total	14,179	100%

3.1.3.5 BILATERAL OR MULTILATERAL SCHOLARSHIPS PER COUNTRY

Bilateral and Multilateral Scholarships are funding opportunities received from other Governments, Institutions or Organisations through bilateral/multilateral agreements, or initiated by the Fund to encourage students to pursue studies in various fields of study. The scholarships offered during the year under review were advertised to encourage students to pursue studies in the areas indicated. In cases where the scholarship does not provide adequate funding, NSFAP may supplement with a once-off flight ticket, stipends, and/or medical insurance. Two (2) students received supplemental funding during the year under review. The table below shows the bilateral and multilateral scholarship awards per country in the past five years.

Bilateral and multilateral scholarship awards per country (2016 to 2020)

Year	Algeria	Australia	China	Cuba	Malay-sia	Hungary	Russia	Total
2020	0	0	0	0	0	2	0	2
2019	0	0	8	2	0	2	8	20
2018	0	0	8	2	0	0	0	10
2017	4	3	12	2	0	0	24	45
2016	0	0	10	1	8	0	21	40
TOTAL	4	3	38	7	8	4	53	117

3.1.3.6 AWARD PER LEVEL OF STUDIES (VOCATIONAL, UNDERGRADUATE AND POSTGRADUATE)

The table below indicates an increase of 7.9% in new intakes awarded in 2020 when compared to those awarded in 2019. The majority of students funded are pursuing studies at undergraduate level, followed by funding for vocational education training, giving fair opportunity to Namibians to obtain a qualification higher than a secondary schooling certificate. This trend has been maintained over the past five years.

Academic Year	2016	2017	2018	2019	2020
Undergraduate	8,222	10,888	6,834	9,985	10,733
Postgraduate	712	1,181	427	311	192
Vocational Training Centres (VTCs)	5,030	3,248	3,830	2,823	3,252
Special Initiatives and Scholarships	136		124	20	2
Grand Total	14,100	15,317	11,215	13,139	14,179
% Increase/decrease	21.6%	9%	-27%	17.2%	7.9%

3.1.4 STUDENT POPULATION

The number of beneficiaries stood at 36,060 during the year under review. This population is made up of newly awarded students and eligible continuing students who have registered at the various IHLs for the academic year 2020. As indicated in the table below, the average annual population amounts to approximately 34,088 over the past five years. Furthermore, the trending increase from 2018 to 2020 is attributed to an annual increase in demand for financial assistance from eligible students, thus demonstrating that the majority of Namibian students rely heavily on NSFAP funding for their education at tertiary and vocational training levels.

NSFAP student population over the past five years:

Year	2016	2017	2018	2019	2020
New Intakes	12,395	15,317	11,215	13,139	14,179
Continuing Students	18,110	19,941	22,890	21,371	21,881
Total Student Population	30,505	35,258	34,105	34,510	36,060

3.1.5 FUNDS DISBURSEMENT

The table below depicts the expenditure incurred for the year under review against the revised budget for both student funding and operational budgetary categories. The overall actual spending total of N\$1.487 billion translates into a total budget execution rate of 99.4%.

2020/2021 Budget Execution					
Description	Budget	Allocation %	YTD Actuals	Budget Execution %	Budget Variance
Student Funding	1,316,336,463	87.9%	1,394,401,051	105.9%	-5.9%
COVID-19 relief	80,000,000	5.3%	20,666,345	25.8%	74.2%
UNAM and NUST Infrastructure	9,400,000	0.6%	8,035,576	85.5%	14.5%
Operational	91,203,910	6.1%	64,854,100	71.1%	28.9%
Total Budget	1,496,940,373		1,487,957,071	99.4%	0.6%

Student Funding

Student funding closed on an overall unfavorable variance of 5.9%. This is caused by the observed increase in funding disbursed to continuing students, which closed off with an unfavorable overall variance of 11%. Only new awards and flight tickets categories have shown positive variances, for the following reasons:

A. New Awards, COVID-19 relief and UNAM/NUST Infrastructure

The new awards reflect a positive variance of 1% amounting to approximately N\$7 million due to the following:

- (i) Some institutions, like the VTCs, were negatively affected by COVID-19 restrictions, causing some students, who were initially awarded, to fail to register at all.
- (ii) Laptops are yet to be delivered, with payment to be made in the following financial year.

B. Continuing

Continuing students reflect a negative variance against the budget of 11% amounting to N\$87.693 million, due to the following:

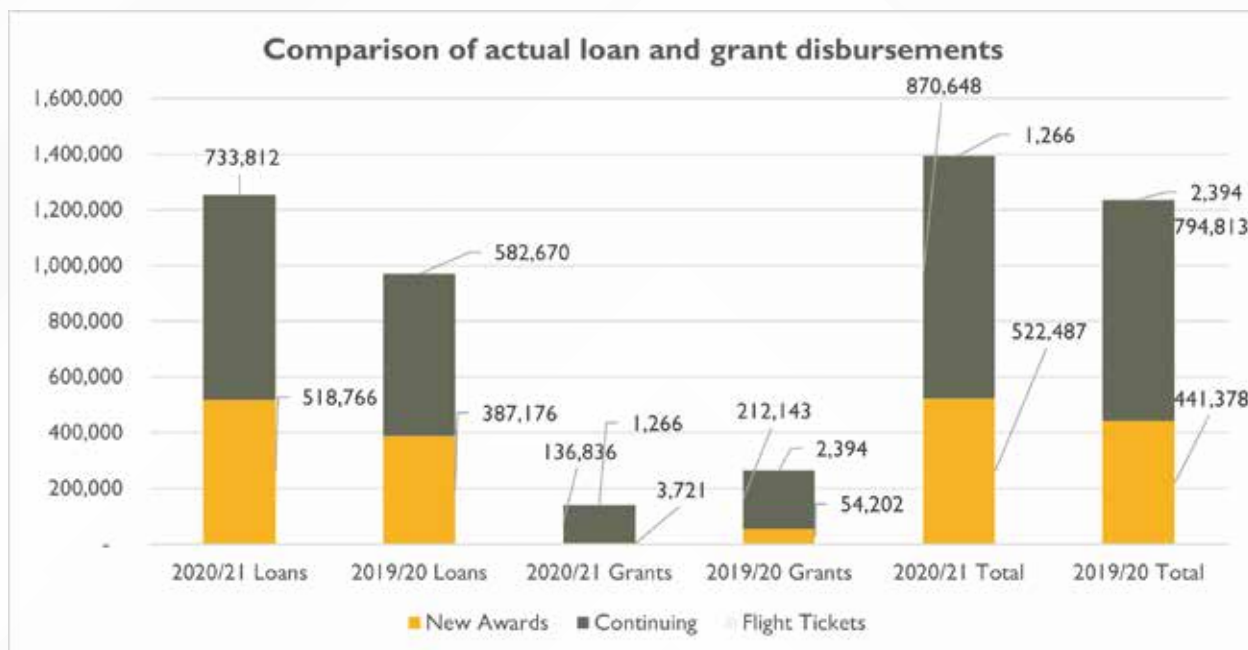
- (i) A low estimation of average tuition fees has been made against the budget for institutions such as UNAM and NUST, which have the biggest student funding allocation.
- (ii) A low estimation in the number of students eligible to continue for the International University of Management (IUM) has been observed and more disbursements have been made than what was anticipated.

C. Flight Tickets

The actual costs incurred for flight tickets was approximately 58%, for the following reasons:

- (i) A number of students abroad could not travel home during the year due to COVID-19 regulations and resulting travel restrictions.
- (ii) The number of scholarship holders and other beneficiaries that applied to return home upon graduation were fewer than that for which was initially budgeted.

The graph below portrays a comparison of two years' actuals for loans and grants in the three major student funding categories, together with the total annual disbursements for the respective periods.



1. The total loans disbursements increased significantly with 29% to N\$1.252 billion compared to the previous year's actuals of N\$969.8 million. The average rise is attributed to the following factors:

- (i) The new award loan disbursements growth is up 34% from the previous year of N\$387.1 million. This increase in disbursements is reflected in IUM, NUST, and UNAM intakes that increased with 46.5%, 39.7%, and 8.8%, respectively, while SADC Postgraduates, VTC'S and private institutions reduced with 65.2%, 40.6%, 15.4%, and 1.3%, respectively. Furthermore, it is worth noting that the COVID-19 support in the form of laptops, which was committed in the year under review, have not yet been delivered and as a result payment has not yet been made.

- (ii) The continuing loan disbursements increased with 26% to N\$733.8 million in relation to the 2019/2020 actuals of N\$582.6 million. The rise is observed in increased funds disbursed to IUM, NUST and UNAM with 85%, 49%, and 37%, respectively. This is due to the fact that the initial budget was based on a deduction of non-tuition fees of N\$6.6 million for laptops and gadgets. However, due to outcry from students, such deduction did not take place. Hence, the full non-tuition fee of N\$17,000 was disbursed for student funding in addition to the N\$6.6 million earmarked for laptops and gadgets, resulting in an increase of 11% above the initial budget.

2. The total loan grant expenses decreased with 48% to N\$139.4 million compared to the previous year's actuals of N\$268.7 million. The average decline is attributed to the following factors:

- (i) a significant decrease in the new award grant expense to the VTCs, which was not disbursed as a grant in the current year.

- (ii) The continuing grant expenses decreased with 35% from the N\$212.1 million recorded in the previous year, to N\$136.8 million in the year under review. Flight tickets also shows a reduction of 47% from N\$2.3 million to N\$1.2 million in 2020/2021.

3. The total funds disbursed for student funding in 2020/2021 of N\$1.394 billion increased with 12.5% compared to the 2019/2020 actual student disbursements of N\$1.239 billion. In the major student funding categories, the following was detected:

- (i) The new awards increased with 18.38% from the N\$441.38 million in the previous year to N\$522.49 million in the current year.

Operational budget

Spending on operational expenses was below budget with approximately 29%. This deviation follows a request to reduce the operational budget and reallocate the funds to student funding. A total of N\$59.3 million (65%) of the operational budget was allocated to employee costs, 22% thereof allocated to goods and services and 13% thereof allocated to projects, including the finalisation of the building project. Goods and services yielded a positive budget variance of approximately 33.1% as a result of delays experienced in the implementation of the Loan Management System, which is set to be finalised in the upcoming financial year.

3.2 SUSTAINABILITY

Students who received loan funding from the Fund are required to repay their loans upon the completion of their studies and when they secure employment.

3.2.1 LOAN RECOVERY

The Fund recovered approximately N\$4.3 million during the financial year under review, an increase of 19% from the prior financial year. Equally, the Fund achieved an increase of 1.89% in active debtors during this reporting period.

The low recovery rate experienced during the preceding five financial years is mainly attributable to the following challenges:

- (i) The high unemployment rate in the country.
- (ii) The high cost of living, rendering most debtors unable to pay back their loans due to low disposable income.
- (iii) The slowdown in economic growth in the country due to the economic recession experienced in the last three years.
- (iv) The effects of the COVID-19 pandemic, which negatively impacted the livelihood of many people in the country.
- (v) Lack of systems integrated with those of the Institutions of Higher Learning, which would otherwise enable the Fund to promptly identify graduates and flag them as matured loans.

The Fund is in the process of implementing the following mitigation measures in order to improve the recovery rate and enhance collection efficiency:

- (i) Proposing the amendment of the Namibia Students Financial Assistance Fund Act No. 26 of 2000, to facilitate the classification of students' loan repayments as a statutory deduction.
- (ii) Fostering a relationship with key stakeholders and employers to improve the recovery rate.
- (iii) Developing a comprehensive Recovery Strategy, which inter alia includes vigorous loan repayment campaigns, distribution of bulk SMSs and messages reminding the defaulters of their repayment obligations, demand letters, and blacklisting and litigation of defaulters.

Amounts recovered in the years 2015/2016 to 2020/2021.

Year	Amount recovered (N\$)	% increase / decrease	Active debtors	% increase/decrease in active debtors
2020/2021	4,316,930	19.00	540	1.89
2019/2020	3,627,619	13.90	530	-17.80
2018/2019	3,184,950	-23.40	646	-16.75
2017/2018	4,157,655	-8.08	776	-25.46
2016/2017	4,523,241	-0.87	1,041	-5.3
2015/2016	4,563,154	9.86	1,099	44.6

3.3 OPERATIONAL EXCELLENCE

3.3.1 ONLINE APPLICATION

The Fund invites applicants to apply for financial assistance annually. A total of 21,218 applications for financial assistance were logged via the online application platform during the year under review. The total applications received were 17% lower compared to 24,739 applications received in 2019. The platform provides easy access to potential Namibian applicants all over the world by visiting the NSFAP website and following the instructions provided. This collaborative platform continued to provide the best possible service to applicants, thereby enabling feedback via the online portal and further enhance efficiency in the awarding process.

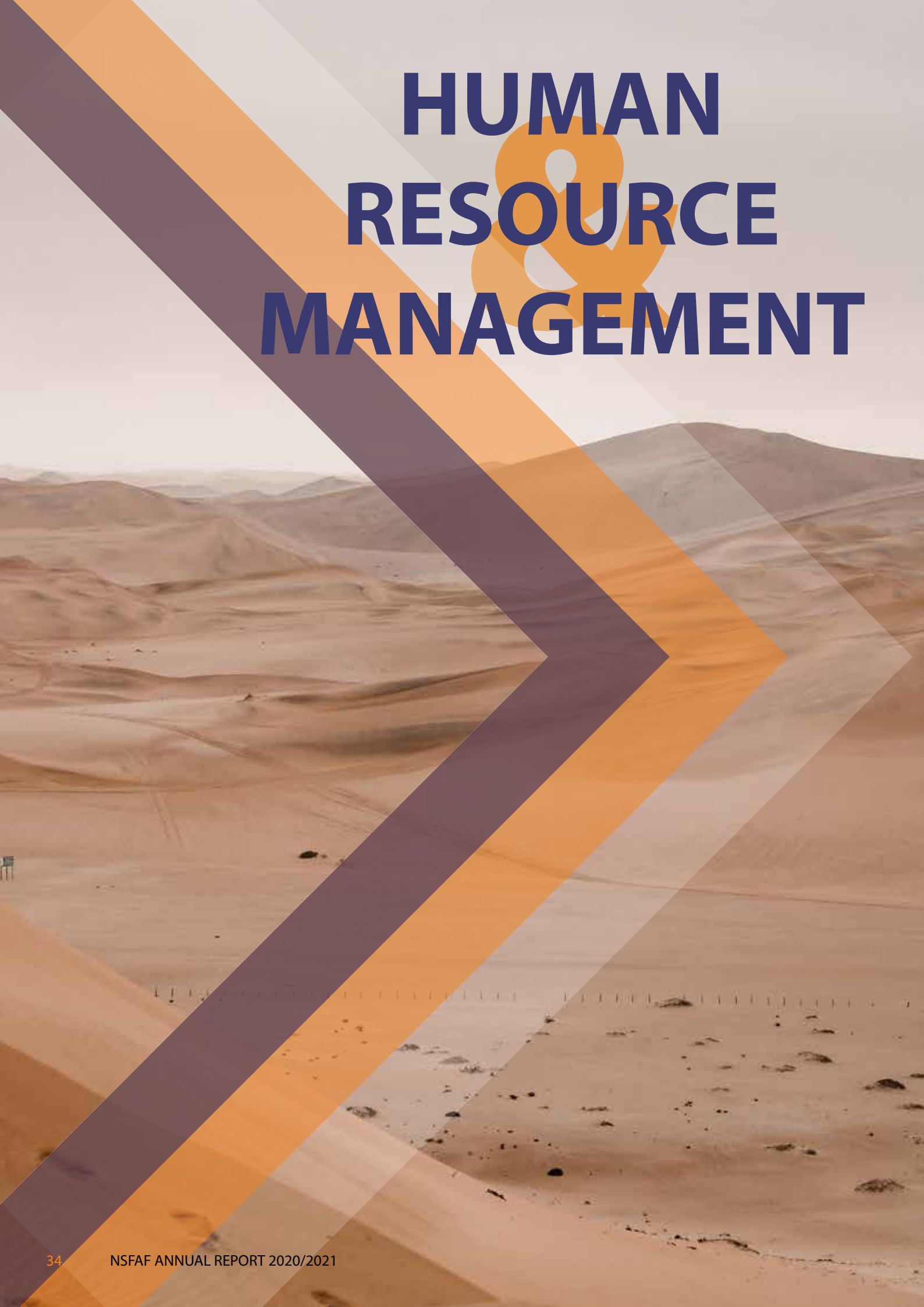
3.3.2 STUDENT SUPPORT

The Fund reinforced its quest to provide quality customer support to its beneficiaries. Much support is provided to students with regard to status of awards or payments and appeals for approval to change courses or institutions. Extended support was given to needy students who have graduated from universities in Russia, China, Ukraine and other remote countries, with flight tickets upon completion of their courses. The Fund continues to observe a trend in the number of students changing courses and/or institutions during the period under review. This trend is largely attributed to changes in career choices and new exciting programmes with better prospects of future employment introduced at various IHLs.

3.3.2.1 OTHER SUPPORT TO STUDENTS

The breakout of the COVID-19 virus resulted in the declaration of state of emergency in the country. As a result, IHLs could not offer face-to-face lectures. In order to ensure continuity of lectures, the government, through the MoHET, advised IHLs to introduce online teaching. It was, however, established that about 34,000 students at local institutions were unable to access online teaching as they lacked computers and access to internet. The government resolved to upgrade IT infrastructure and purchase laptops including internet devices via the Fund. Through this support, a number of students were issued with internet devices to access online learning platforms.

In addition, support limited to USD250 per student was provided to Namibian students who were studying outside the country. This support assisted students in curbing the currency exchange and relief during lockdowns as a result of the pandemic.



HUMAN & RESOURCE MANAGEMENT

PART D: HUMAN RESOURCE MANAGEMENT

4.1 INTRODUCTION

We strive to offer a corporate culture and workplace environment conducive to attracting and retaining high performing employees. We appreciate and value the important role our staff play in implementing the NSFAF mandate of funding the Namibian child. During the period under review NSFAF had 58 permanent staff members. In addition, 19 temporary staff and nine project-based employees were recruited. The staff turnover rate, as of 31 March 2021, was 6.8%.

The Fund continued to share information with the beneficiaries through emails, short message services, social media platforms, the website, television, and radio. The NSFAF website interaction with students, through the student portal, cannot be over emphasized, coupled with social media platforms such as Facebook and Twitter that provide access to information to a wide range of stakeholders.

Intervention	Male	Female
Customer Care Training	14	37
VMWARE	1	0
Internal Audit Conference	1	1
Total Investment	16	38

4.2 LEARNING AND DEVELOPMENT

We place a high priority on staff development and training. During the year under review, NSFAF invested N\$1,125,266.54 in training, development and study grants for more than 56 staff members.

4.2.1 Targeted interventions

NSFAF strategically determined three (3) learning and development interventions for employees across all levels during the period under review

4.2.2 Staff development programme

Seventeen (17) permanently appointed employees participated in distance-education and modular and part-time studies, which are directly related to their current sphere of work and/or job responsibilities, or for reasonable career progression within NSFAF. For this purpose, NSFAF granted interest-free study loans for tuition fees in different but relevant fields of study.

Furthermore, the corporate engagement calendar plan was not fully executed due to the pandemic. Significant effort has nonetheless been directed at maintaining sector stability, rebuilding relationships across the sector, and rebuilding trust in NSFAF.

The stakeholder satisfaction index rate was 61.6% against the targeted 75%. In future, the Fund will enhance its focus on customer orientation models and strategies to improve the satisfaction index scores. Key to this will be the establishment of a call centre supported by the required systems and processes to guide customer service standards going forward.

4.3 STAKEHOLDER ENGAGEMENT RELATIONS

The educational outreach program was greatly affected by COVID-19, since gatherings of persons was restricted for most of the year. As such, no career fairs, exhibitions/trade fairs and consultations with students and their representatives from various IHLs have taken place. Smaller delegations, face-to-face meetings, and virtual meetings were held.



INFORMATION & TECHNOLOGY

PART E: INFORMATION AND TECHNOLOGY

5.1 INTRODUCTION

IT initiatives have been re-aligned to mitigate the negative impacts caused by the COVID-19 pandemic. One such impact was the suspension of face-to-face teaching at Higher Education Institutions (HEIs).

With the support of the Ministry of Higher Education, Training and Innovation (MHETI), the Fund undertook a decision to support the students and institutions to continue with teaching and learning during the pandemic. To this end, the Fund procured the following:

- Servers and storage infrastructure to support UNAM, NUST, and small institutions to support e-learning.
- 4G devices with 10GB monthly data from TN mobiles which are provided to students at a subsidised, annual fee of N\$300.00.
- Ten thousand five hundred (10,500) laptops loaded with Microsoft Office software to be sold to students at a subsidised fee.

4G Internet

The Fund procured 4G Internet devices with a monthly data of 10GB to be sold at a subsidised, annual fee of N\$300.00.

Online Application

A new Online Students Management Information System that allows students to apply online went live in January 2021. The system is developed and supported by a local company replacing the system developed and supported in Tunisia.

Challenges

Various projects, such as the Loan Management Information System and Omni Channel Customer Service solution, could not be completed in the period under review.

5.2 IT GOVERNANCE

The Board is accountable for IT Governance and ensures that the IT strategy is aligned to that of the organisation. In addition, the Board evaluates and approves all significant IT investments. EXCO is responsible for the management and implementation of IT governance.

During the period under review, IT drafted and workshopped the IT Services Continuity Policy. The policy, however, could not be submitted to the Board for approval before the end of the financial year.

5.3 ACHIEVEMENTS AND CHALLENGES

Online Students Bank Cards Booking System

NSFAF and Bank Windhoek have an agreement that requires all NSFAF funded students awarded non-tuition fees to open a bank account with the bank. The COVID-19 regulations, however, restricted the number of people allowed on one premise at a time. Functionality was, however, added to the students' online portal to enable them to book a time to visit a bank branch. Students log onto the portal and select the bank branch and the time. The system restricts the number of students per each time slot per branch.



FINANCIAL & INFORMATION

PART F: FINANCIAL INFORMATION

6.1 DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report, as mandated by the State-Owned Enterprises Governance Act of 2006. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Fund as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditor is engaged to express an independent opinion on the annual financial statements.

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Fund and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal controls aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within

a clearly defined framework, effective accounting procedures, and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Fund and all employees are required to maintain the highest ethical standards in ensuring the Fund's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management in the Fund is on identifying, assessing, managing and monitoring all known forms of risk across the Fund. While operating risk cannot be fully eliminated, the Fund endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The Auditor-General is responsible for independently auditing and reporting on the Fund's annual financial statements.

The annual financial statements set out on pages 39 to 62, which have been prepared on the going concern basis, were approved by the board of directors and were signed on its behalf by:

Approval of financial statements



Director



Director

6.2 REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

SECTION A: FINANCIAL AUDIT

1. ADVERSE AUDIT OPINION

I have audited the financial statements of the Namibia Students Financial Assistance Fund for the financial year ended 31 March 2021. These financial statements comprise the statement of financial position, statement of comprehensive income, statement of changes in equity, cash flow statement and notes to the financial statements for the year then ended.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Audit Opinion paragraph, the accompanying financial statements do not give a true and fair view of the financial position of the Namibia Students Financial Assistance Fund as at 31 March 2021 and its financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

2. BASIS FOR ADVERSE OPINION

I conducted my audit in accordance with International Standards for Supreme Audit Institutions. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the entity in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion. An adverse audit opinion is being expressed due to the following:

2.1 FINANCIAL REPORTING FRAMEWORK 2021

Without an acceptable financial reporting framework, the fund does not have an appropriate basis for the preparation of the financial statements and auditors do not have suitable criteria for auditing the financial statements (ISA 210).

The Association's financial statement were prepared in accordance with the Small and Medium-sized Entities (IFRS), while the Association is a public interest entity.

2.2 INVENTORIES – WRITE DOWN OF INVENTORIES TO NRV (NET REALISABLE VALUE)

Auditors observed that there was manual write-down of inventories (mobile devices) amounting to N\$ 9 660 000. This was calculated on N\$ 345 for 28 000 devices. However, there was no directive; nor special resolution obtained from the Board to substantiate this write-off.

2.3 PAYMENT OF REMUNERATION TO SUSPENDED FORMER CEO (CHIEF EXECUTIVE OFFICER)

The auditors observed that the former Chief Executive Officer was reinstated, after a legal labour dispute was ruled in her favour. Therefore, resulting in NSFAF remunerating two CEOs concurrently during the current financial period 2020/2021.

2.4 EXCEL INVOICES FROM TERTIARY INSTITUTIONS

The auditors observed that NSFAF made total payment amounting to N\$ 147 919 395 to local Tertiary institutions using excel invoices to settle student accounts.

Auditors could not ascertain the completeness and accuracy of the payments made to local Tertiary institutions, as the student funding expenses are not supported by valid source documentation.

2.5 RECOVERIES

The auditors once again observed that recoveries on loans amounting to N\$ 4 328 980 are recorded as revenue straight from the bank statements (on a cash-basis accounting). The recording of recoveries straight from the bank statements as revenue does not comply with IFRS 15 – Revenue recognition standard and accrual basis of accounting: states that revenue is recorded when a transaction occurs and not when actual revenue is received.

2.6 STUDENT LOAN BOOK 2021

The loan book as per financial statement stood at N\$ 5 322 782 193. The auditors could not verify the nominal balance and the carrying amount of the borrowers, including loan principal and interest and therefore the loan book valuation could not be ascertained.

The Board could not provide auditors with proof of student loan schedule to ascertain the loan interest computation thereof.

2.7 MATURED STUDENT LOANS

The financial policy of the Fund states that the loans should be separated between matured and unmatured loans. The auditors observed that the Fund did not separate the disclosure of student loans totalling N\$ 5 322 782 193 between matured and unmatured.

2.8 STUDENT FUND - PAYMENTS MADE TO THE SAME BANK ACCOUNT NUMBER AND SAME STUDENT ID, BUT DIFFERENT INSTITUTIONS

The auditors observed that there was a record of 14 students whom each were over paid a non-tuition fee of N\$ 5 000, amounting to N\$ 70 000. The payments were made to the same bank account, for the same student (ID) but different institutions during the same financial period.

3. KEY AUDIT MATTERS

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I have nothing to report in this regard.

4. OTHER INFORMATION

Management is responsible for the other information. My opinion on the financial statements does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. I have nothing to report in this regard.

5. OTHER MATTERS

Attention is drawn to the management on the following matters that relate to my responsibility

in the audit of the financial statements, and excluding matters already disclosed by the Namibia Student Financial Assistance Fund in the financial statements. My opinion is not modified in respect of this matter.

6. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with legislation, and for such internal control as management determines it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible of overseeing the entity's financial reporting process.

7. AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards for Supreme Audit Institutions, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with the International Standards for Supreme Audit Institutions, I exercise professional scepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
- I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

8. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (COMPLIANCE)

The financial statements were submitted by the Accounting Officer to the Auditor-General in compliance with Section 22 of the Public Enterprise Governance Act, 2019.

WINDHOEK, June 2022



JUNIAS ETUNA KANDJEKE AUDITOR-GENERAL

6.3 DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual financial statements of Namibia Students Financial Assistance Fund for the year ended 31 March 2021.

1. Nature of business

Namibia Students Financial Assistance Fund was established in January 1997 to provide financial assistance to students at approved institutions of higher education. A decision was taken to establish an independent Secretariat with effect from 1 May 2013. As a result, and by implication, the Secretariat assumed the responsibility for all the loans advanced and commitments that were approved and awarded in prior by the Ministry. These loans and commitments could not be measured reliably as there were no accurate and complete records received from the Ministry.

Although the Fund was promulgated by Act 26 of 2000 of Parliament, it was still part of the Ministry of Education.

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

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the State-Owned Enterprises Governance Act of 2006. The accounting policies have been applied consistently compared to the prior year.

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

3. Directors

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

Directors	Nationality
K/Awarab (Chairman)	Namibian
STjiuro	Namibian
A Angula	Namibian
N Hamutumwa	Namibian
I Neema	Namibian
T Munyika	Namibian

4. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

5. Going concern

The directors believe that the Fund has adequate financial resources to continue in operation for the foreseeable future and the annual financial statements have accordingly been prepared on a going concern basis. The directors have satisfied themselves that the Fund is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the Fund. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Fund.

6. Auditor

Office of the Auditor-General will remain the auditors for 2021.

7. Secretary

The Company Secretary is F. Immanuel.

6.4 STATEMENT OF FINANCIAL POSITION

Namibia Students Financial Assistance Fund Annual Financial Statements for the year ended 31 March 2021

Statement of Financial Position as at 31 March

		2021	2020
	Note(s)	N\$	N\$
Assets Non-Current Assets			
Property, plant and equipment	2	136 575 812	235 742 800
Student loans	3	5 322 782 193	4 203 633 000
		<u>5 459 358 005</u>	<u>4 439 375 800</u>
Current Assets			
Trade and other receivables	4	1 329 508	867 131
Prepayments	5	347 021	33 997 021
Cash and cash equivalents	6	76 059 034	164 905 459
Inventories	7	2 037 915	-
		<u>79 773 478</u>	<u>199 769 611</u>
Total Assets		<u>5 539 131 483</u>	<u>4 639 145 411</u>
Equity and Liabilities			
Equity			
Accumulated funds		<u>5 367 471 321</u>	<u>4 590 838 744</u>
Liabilities			
Current Liabilities			
Overdraft Facility	8	111 268 712	-
Trade and other payables	9	50 616 091	38 036 910
Provisions	20	9 775 360	10 269 757
		<u>171 660 163</u>	<u>48 306 667</u>
Total Equity and Liabilities		<u>5 539 131 483</u>	<u>4 639 145 411</u>

6.5 STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED

Namibia Students Financial Assistance Fund Annual Financial Statements for the year ended 31 March 2021

Statement of profit or loss and other comprehensive income for the year ended 31 March

		2021	2020
	Note(s)	N\$	N\$
Grants for student funding	10	1 223 679 000	1 238 360 000
Grants for student funding other	10	2 893 086	76 443 555
Recoveries of previously impaired loans	10	4 326 380	3 627 619
Other income	11	210 000	155 392
Student funding expenses		(160 955 538)	(268 738 302)
Impairment loss on buildings		(93 816 410)	-
Impairment of student loans	3	(123 512 145)	(96 984 605)
Administrative expenses		(78 957 060)	(76 316 513)
Surplus before Investment income and Finance cost		773 867 313	876 547 146
Investment income	12	3 962 410	10 536 991
Finance cost	13	(1 197 146)	-
Surplus for the year		776 632 577	887 084 137

6.6 STATEMENT OF CHANGES IN EQUITY

Namibia Students Financial Assistance Fund
Annual Financial Statements for the year ended 31 March 2021

Statement of change in equity for the year ended 31 March

	Accumulated Funds N\$
Balance 31 March 2019	3 704 341 911
Correction of error (note 1)	-587 304
Restated balance at 31 March 2019	3 703 754 607
Restated Surplus	887 084 137
Restated balance at 31 March 2020	4 590 838 744
Surplus for the year	776 632 577
Balance at 31 March 2021	5 367 471 321

6.7 STATEMENT OF CASH FLOWS

Namibia Students Financial Assistance Fund Annual Financial Statements for the year ended 31 March 2021

Statement of cash flows for the year ended 31 March

	Note(s)	2021 N\$	2020 N\$
Cash flows from operating activities			
Receipts			
Grants for student funding	10	1 223 679 000	1 238 360 000
Grants for student funding other	10	2 893 086	76 443 555
Recoveries	10	4 326 380	3 627 619
Other income	11	210 000	155 392
		1 231 108 466	1 318 586 566
Payments			
For student awards		(1 346 982 084)	(1 269 846 907)
To employees and suppliers		(87 840 405)	(67 729 982)
		(1 434 822 489)	(1 337 576 889)
Net cash from operating activities	16	(203 714 023)	(18 990 323)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(363 524)	(6 379 313)
Interest income	12	3 962 410	10 536 991
Net cash to investing activities		3 598 886	4 157 678
Overdraft facility	8	111 268 712	-
Total cash movement for the year		(88 846 425)	(14 832 645)
Cash at the beginning of the year		164 905 459	179 738 104
Total cash at end of the year	6	76 059 034	164 905 459

6.8 ACCOUNTING POLICIES

Namibia Students Financial Assistance Fund Annual Financial Statements for the year ended 31 March 2021

Accounting Policies for the year ended 31 March

1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the State-Owned Enterprises Governance Act of 2006. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Namibia Dollar.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

Management is required to make critical judgements in applying accounting policies from time to time. The judgements, apart from those involving estimations, that have the most significant effect on the amounts recognized in the annual financial statements, are outlined as follows:

Key sources of estimation uncertainty

Useful lives and residual values of property, plant and equipment

The company reviews the estimated useful lives of property, plant and equipment when changing circumstances indicate that they may have changed since the most recent reporting date.

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

Impairment testing

The company reviews and tests the carrying value of property, plant and equipment and intangible assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not

possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

1.2 Property, plant and equipment

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

Accounting Policies

Namibia Students Financial Assistance Fund Annual Financial Statements for the year ended 31 March 2021

Accounting Policies for the year ended 31 March

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

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

Item	Depreciation Method	Average useful life
Buildings	Straight line	30 years
Furniture and fixtures	Straight line	7-15 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 years
IT equipment	Straight line	3-5 years

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

Land is not depreciated

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

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment.

Financial instruments at fair value

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

Accounting Policies

Namibia Students Financial Assistance Fund

Annual Financial Statements for the year ended 31 March 2021

Accounting Policies for the year ended 31 March

Student loans

The student loans are recognised at cost at inception. Up until the point of repayment, the loans are measured at cost and only start to accrue interest when the first instalment falls due. The subsequent value is calculated based on amortised cost using 50% of the prevailing prime rate.

At each reporting date, student loans are impaired based on 10% N\$ 123 512 145 (2020: N\$ 96 984 605; 10%) of the total value of the loans. Impairment losses are recognized in profit or loss.

Cash and cash equivalents

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

1.4 Leases

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

Operating leases – lessee

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

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

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

1.5 Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell, on the first-in, first-out (FIFO) basis.

1.6 Legacy rewards

Recoveries relating to legacy awards from students whose loans and commitments were approved prior May 2013 were ceded as revenue to the fund by the ministry and is accounted for on receipt.

1.7 Impairment of assets

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

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

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

1.8 Employee benefits

Short-term employee benefits

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

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method.

Accounting Policies

Namibia Students Financial Assistance Fund Annual Financial Statements for the year ended 31 March 2021

Accounting Policies for the year ended 31 March

Past service costs are recognised immediately as an expense.

Actuarial gains or losses are recognised in other comprehensive income.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognised in profit or loss when the company is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In the statement of income and retained earnings, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

Termination benefits

Termination benefits are recognised as an expense with its resulting liability when the entity is demonstrably committed either:

- to terminate the employment of an employee or group of employees before the normal retirement date; or
- to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The termination benefits are measured at the best estimate of the expenditure that would be required to settle the obligation at the reporting date.

1.9 Provisions and contingencies

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

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and

the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

1.10 Government Grants

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

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

Grants received before the revenue recognition criteria are satisfied are recognised as a liability.

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

1.11 Revenue

Revenue comprises of grants received for student funding and administration costs, recoveries of loans awarded prior to fund becoming an independent Secretariat, interest on student loans and donation received or receivable from the Ministry of Higher Education, Training and Innovation in the ordinary course of the fund's activities.

The fund recognises revenue when:

- the amount of revenue can be reliably measured;
- It is probable that future economic benefits will flow to the entity;
- and specific criteria have been met for each fund's activities, as described below

(a) Government grants

The fund recognises government grants when received or receivable from the Ministry of Education per cabinet directive of ME012. The fund is required to split the government grant for student funding into loans and grants on a 70:30 basis respectively. Grants for administration costs are reflected separately.

Accounting Policies

Namibia Students Financial Assistance Fund Annual Financial Statements for the year ended 31 March 2021

Accounting Policies for the year ended 31 March

(b) Interest income

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

(c) Recoveries

Recoveries on legacy loans are recognised as and when received from the debtors

1.12 Foreign exchange

Foreign currency transactions

The fund is exposed to foreign currency transactions through the payment of student awards, for students studying abroad. The fund carries the foreign currency risk.

Foreign currency transactions are translated into Namibian Dollars using the exchange rates prevailing at the dates of the transactions.

At the end of each reporting period:

- * foreign currency monetary items are translated using the closing rate;
- * non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- * Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised in other comprehensive income or directly in equity, any exchange component of that gain or loss is recognised in other comprehensive income or directly in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

6.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Namibia Students Financial Assistance Fund Annual Financial Statements for the year ended 31 March 2021

Notes to the annual financial statements for the year ended 31 March

1.13 Prior period error

In 2019, the cost of the furniture and fittings acquired and fitted to the building was erroneously capitalized to the cost of the building. The depreciation was incorrectly calculated. The effect of the prior period error on the financial statements is summarised below.

Item	2021 N\$	2020 N\$
Increase / (Decrease) in depreciation	745 517	587 305
(Decrease) / Increase in total surplus for the year	(745 517)	(587 305)
Increase / (Decrease) in furniture and fittings – cost	-	5 218 620
(Increase) / Decrease in accumulated depreciation	(745 517)	(587 305)
(Decrease) / Increase in equity	(745 517)	(587 305)

6.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Namibia Students Financial Assistance Fund Annual Financial Statements for the year ended 31 March 2021

Notes to the annual financial statements for the year ended 31 March

	2021			2020		
	Cost	Accumulated depreciation and impairment loss	Carrying Value	Cost	Accumulated depreciation	Carrying Value
Furniture and fixtures	7 461 503	(4 099 186)	3 362 317	7 461 503	(3 132 422)	4 329 081
Motor vehicles	1 255 155	(1 255 155)	-	1 255 155	(1 182 130)	73 025
Office equipment	2 441 345	(2 412 268)	29 077	2 422 631	(2 225 777)	196 854
IT equipment	4 253 479	(3 669 061)	584 418	3 908 668	(3 369 149)	539 519
Building	230 904 553	(98 304 553)	132 600 000	230 604 321	-	230 604 321
	246 316 035	(109 740 223)	136 575 812	245 652 278	(9 909 478)	235 742 800

6.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Namibia Students Financial Assistance Fund Annual Financial Statements for the year ended 31 March 2021

Notes to the annual financial statements for the year ended 31 March

The building was valued by the Valuator General Rudolf! Nanuseb, on the basis of the income approach value, based on an active market of comparable office rental space within the Central Business District and Klein Windhoek areas. The most recent valuation was performed in September 2020.

An impairment loss amounting to N\$ 93 816 410 was recognized on 31 March 2021 in respect of the building. The recoverable amount is based on value in use, using the capitalization rate in perpetuity of 9%.

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Depreciation	Impairment loss	Total
Furniture and fixtures	4 329 081		(966 764)		3 362 317
Motor vehicles	73 025		(73 025)		-
Office equipment	196 854	18 714	(186 491)		29 077
IT equipment	539 519	344 810	(299 911)		584 418
Buildings	230 604 321	300 232	(4 488 143)	(93 816 410)	132 600 000
	235 742 800	663 756	(6 014 334)	(93 816 410)	136 575 812

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	5 352 732	24 597	(1 048 248)	4 329 081
Motor vehicles	192 269		(119 244)	73 025
Office equipment	449 209	6 056	(258 411)	196 854
IT equipment	750 074	197 046	(407 601)	539 519
Buildings	224 452 707	6 151 614		230 604 321
	231 196 991	6 379 313	(1 833 504)	235 742 800

Details of properties

A register containing the information required by Regulation 25(3) of the Companies Regulations and is available for inspection at the registered office of the company.

6.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Namibia Students Financial Assistance Fund Annual Financial Statements for the year ended 31 March 2021

Notes to the annual financial statements for the year ended 31 March

3. Student loans

Student loans comprise of loans awarded subsequent to the date the Fund became an independent secretariat.

2021	New Awards Loans	Continuing loans	Total
Opening balance	1 636 909 550	3 033 793 783	4 670 703 333
Loans awarded	495 375 324	719 216 462	1 214 591 786
Student accruals	2 364 100	18 165 562	20 529 662
Impairment of student loans	(213 464 897)	(377 117 581)	(590 582 478)
	1 921 184 076	3 394 058 227	5 315 242 303

2020	New Awards Loans	Continuing loans	Total
Opening balance	1 249 733 689	2 451 123 597	3 700 857 286
Loans awarded	383 015 601	568 079 503	951 095 104
Student accruals	4 160 260	14 590 683	18 750 943
Impairment of student loans	(163 690 955)	(303 379 378)	(467 070 333)
	1 473 218 595	2 730 414 405	4 203 633 000

Debtor – Mobile devices

Loans not impaired	7 539 890	
Total student loans	5 322 782 193	4 203 633 000

4. Trade and other receivables

Staff loans	1 329 508	867 131
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5. Prepayments

	347 021	33 997 021
Prepaid rental deposits	347 021	347 021
Prepaid student deposits		33 650 000

6. Cash and cash equivalents

	76 059 034	164 905 459
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Cash and cash equivalents consist of:

Cash on hand	1	1686
Bank balances	76 045 207	164 890 598
Short-term deposits	13 826	13 175

6.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Namibia Students Financial Assistance Fund Annual Financial Statements for the year ended 31 March 2021

Notes to the annual financial statements for the year ended 31 March

7. Inventories

Mobile devices

2 037 915

2 037 915 -

8. Overdraft Facility

Standard Bank Loan Facility

111 268 712

111 268 712 -

9. Trade and other payables

Deferred revenue

Trade payables

Student loans accruals

Payroll related accruals

Prepayments – Student Laptops

50 616 091

38 036 911

3 637 336

2 000 000

5 437 310

7 677 697

33 480 646

20 605 483

8 057 799

7 753 731

3 000

-

10. Revenue

Grants for student funding

Grants for student funding other

Recoveries

1 230 898 466

1 318 431 174

1 223 679 000

1 238 360 000

2 893 086

76 443 555

4 326 380

3 627 619

11. Other income

Donations received from stakeholders

210 000

155 392

210 000

155 392

12. Investment revenue

Interest revenue

Bank

3 962 410

10 536 991

3 962 410

10 536 991

13. Finance costs

Bank overdraft

1 197 146

1 197 146

-

14. Taxation

The Fund has obtained income tax exemption from the Receiver of Revenue. This exemption is applicable from the date on which the Fund was established.

6.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Namibia Students Financial Assistance Fund

Annual Financial Statements for the year ended 31 March 2021

Notes to the annual financial statements for the year ended 31 March

15. Auditor's remuneration

Fees

40 250

239 241

40 250

239 241

16. Cash (used in) generated from operations

Surplus for the year

776 632 577

887 084 137

Adjustments for:

Depreciation and Impairment

99 830 744

1 833 504

Interest received - investment

(3 962 410)

(10 536 991)

Impairments of student loans

123 512 145

96 984 605

Changes in working capital:

Decrease/(increase) in trade receivables

(462 377)

(192 509)

Decrease/(increase) in Prepayments

33 650 000

33 650 000

Increase/(decrease) in trade and other payables

12 278 949

(63 377 590)

(Increase)/decrease in student loans

(1 242 661 338)

(969 705 236)

(Decrease)/increase in provisions

(494 397)

5 269 757

(Increase)/decrease in inventories

(2 037 916)

-

(203 714 023)

(18 990 323)

17. Commitments

Operating leases – as lessee (expense)

Minimum lease payments due

- within one year

Operating lease payments represent rentals payable by the company for certain of its office properties.

Legacy commitments

The Fund inherited loan balances and financial commitments to continuing students whose loans were approved previously from the Ministry of Education upon becoming an independent Secretariat. These loans and commitments could not be measured reliably as there were no accurate and complete records received from the Ministry.

6.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Namibia Students Financial Assistance Fund Annual Financial Statements for the year ended 31 March 2021

Notes to the annual financial statements for the year ended 31 March

18. Related parties

Relationships

Line Ministry	Ministry of Higher Education, Technology and Innovation
Directors	K. /Awarab (Chairperson) N. Hamutumwa S. Tjiuro A. Angula I. Neema T. Munyika
Members of key management	K. Kandume (Acting Chief Executive Officer) O. Hamwele (Chief Human Capital & Corporate Affairs) B. Gawachab (Chief Financial Officer) N. Uushona (Chief Information Officer) P. Tjahere (Senior Manager: Marketing) D. Nathinge (Acting Senior Manager: Operations) F. Immanuel (Company Secretary) H. Ntema (Internal Auditor)

Related party balances and transactions with entities with other related parties

Related party transactions

Key management

Salaries	10 029 116	13 505 855
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Key management comprises of the CEO and members of the executive committee

Grants received from related parties

Grants for capital fund and administration fees	-	-
Grants for students funding: Ministry of Higher Education, Technology and Innovation	1 223 679 000	1 238 360 000

6.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Namibia Students Financial Assistance Fund Annual Financial Statements for the year ended 31 March 2021

Notes to the annual financial statements for the year ended 31 March

16. Directors' remuneration

Directors' remuneration of N\$ 941 584 (2020: N\$ 1 467 759) was paid to directors during the year.

17. Provisions

Reconciliation of provisions - 2021

	Opening balance	Utilised	Total
Legal settlement	10 269 757	(494 397)	(9 775 360)

Detailed Statement of Comprehensive Income

Namibia Students Financial Assistance Fund
Annual Financial Statements for the year ended 31 March 2021

Detailed Statement of Comprehensive Income for the year ended 31 March

	Note(s)	2021 N\$	2020 N\$
Revenue	10	1 230 898 465	1 318 431 174
Recoveries		4 326 380	3 627 619
Grants for student funding		1 223 679 000	1 238 360 000
Grants for student funding other		2 893 085	76 443 555
Other income		4 172 410	10 692 383
Tender documentation fees	11	210 000	155 392
Interest received	12	3 962 410	10 536 991
Finance Cost		(1 197 146)	
Interest paid	13	(1 197 146)	
Other expenses		(217 328 555)	(96 984 605)
Impairment loss on building	2	(93 816 410)	-
Impairment of student loans	3	(123 512 145)	(96 984 605)
Administrative expenses		(78 957 060)	(76 316 513)
Advertising		(1 441 459)	(659 374)
Auditor's remuneration		(40 250)	(239 241)
Bank charges		(926 246)	(732 534)
Board and subcommittee fees		(1 128 753)	(1 467 759)
Cleaning		(460 754)	(499 810)
Computer expenses		(40 002)	(336 959)
Consulting and professional fees		(3 336 174)	(8 821 677)
Depreciation		(6 014 334)	(1 833 505)
Employee costs		(46 614 427)	(51 155 309)
Entertainment		(269 639)	(241 712)
General expenses		(9 173)	(30 034)
Inventory write-down		(9 660 000)	

Detailed Statement of Comprehensive Income

Namibia Students Financial Assistance Fund

Annual Financial Statements for the year ended 31 March 2021

Detailed Statement of Comprehensive Income for the year ended 31 March

	Note(s)	2021 N\$	2020 N\$
Motor vehicle expenses		(65 415)	(72 380)
Office refreshments		(19 540)	(25 685)
Postage		(19 506)	(16 863)
Printing and stationery		(1 230 414)	(1 597 019)
Projects		(2 816 082)	(5 195 756)
Repairs and maintenance		(354 910)	(35 305)
Security		(315 106)	(395 460)
Staff welfare		(103 088)	(114 041)
Subscriptions		(2 247 517)	(632 678)
Travel and accommodation		(48 776)	(694 933)
Telephone and fax		(1 026 205)	(925 627)
Water and electricity		(451 895)	(512 282)
Workshop and conferences		(13 390)	(80 570)
Insurance		(304 005)	
Student funding expenses		(160 955 536)	(268 738 303)
Postgraduate awards (grants)		(462 791)	(387 095)
Student flight and travel expenses		(1 265 932)	(2 393 730)
Undergraduate student awards (grants)		(151 191 237)	(265 957 478)
Infrastructure		(8 035 576)	
Total Income for the year		1 235 070 875	1 329 123 557
Less total expenses		(458 438 297)	(442 039 421)
Surplus for the year ended 31 March 2021		776 632 578	887 084 136

The supplementary information presented does not form part of the annual financial statements and is unaudited.

List of Abbreviations

ARC	Audit and Risk Committee
COVID-19	Novel Coronavirus Disease of 2019
ERP	Enterprise Resource Planning
EXCO	Executive Management Committee
FINCOM	Finance Committee
HEIs	Higher Education Institutions
ICT	Information Communication Technology
IHLs	Institutions of Higher Learnings
IUM	International University of Management
MoHETI	Ministry of Higher Education, Training and Innovation
MoF	Ministry of Finance
NSFAF	Namibia Students Financial Assistance Fund
NUST	Namibia University of Science and Technology
SADC	Southern Africa Development Community
UNAM	University of Namibia
VTCs	Vocational Training Centres

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Namibia Students Financial Assistance Fund

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