

NSFAF Annual Report 2015/16

Funding a brighter future

NSFAF

Namibia Students Financial Assistance Fund



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NSFAF

Namibia Students Financial Assistance Fund



Funding a brighter future

SECTION A:

GENERAL INFORMATION



“

I am thankful to NSFAP for assisting us with loans, because our parents cannot afford to pay for our tuition and accommodation fees due to certain circumstances. I however also would like to advise our parents across the country that the responsibility to educate a nation should not be left entirely to government, parents must lend a helping hand in assisting in the educational development of their children.

”

Ester N. Mbago

Age: 19

Namibia University of Science and
Technology

NSFAF 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 in Namibia and abroad.

Directors

P. Karuaihe-Martin (Chairperson)
H. Nghiwete (CEO/ex-officio)
M. Ntinda
F. Gertze
L. van Wyk
O. Hamwele
D. Shinyemba
A. Nankela
T. Angala

Business Address

51-52 Werner List Street
United Africa Building, 3rd Floor
Windhoek
Namibia

Postal address

PO Box 23053
Windhoek
Namibia

Bankers

Bank Windhoek Limited
First National Bank of Namibia (FNB)
Standard Bank Namibia Limited

Auditors

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)
PwC, a partnership duly organised according to the laws of the Republic of Namibia
(hereafter referred to as "PwC")

Lawyers

Ellis Shilengudwa Inc

LIST OF ABBREVIATIONS

ARC	Audit & Risk Committee
CEO	Chief Executive Officer
ICT	Information and Communications Technology
FINCOM	Finance Committee
HRRC	Human Resources & Remunerations Committee
LGAMIS	Loan and Grant Administration Management Information System
MCA-N	Millennium Challenge Account Namibia
MOE	Ministry of Education
MTP	Medium Term Plan
NAMCOL	Namibia College of Open Learning
NANSO	Namibia National Students Organization
NSFAF	Namibia Students Financial Assistance Fund
O/M/A's	Offices, Ministries, Agencies
RSA	Republic of South Africa
SAAC	Selection & Award Advisory Committee
SCC	Strategic & Communications Committee
SADC	Southern Africa Development Community
SOEGC	State Owned Enterprises Government Council
SRC	Students Representative Council
VET	Vocational Education and Training

STRATEGIC OVERVIEW

Vision

To build a sustainable and reputable funding institution contributing to Namibia's human capital development.

Mission

We provide financial assistance enabling Namibian citizens to access tertiary education at approved tertiary education institutions.

Values: (ExCITED)

Excellence	We perform above expectations
Commitment	We are dedicated to our purpose
Integrity	We do the right thing, even when no one is watching
Team work	We work together to achieve our mission
Ethics	We are principled in whatever we do
Diversity	We embrace our uniqueness

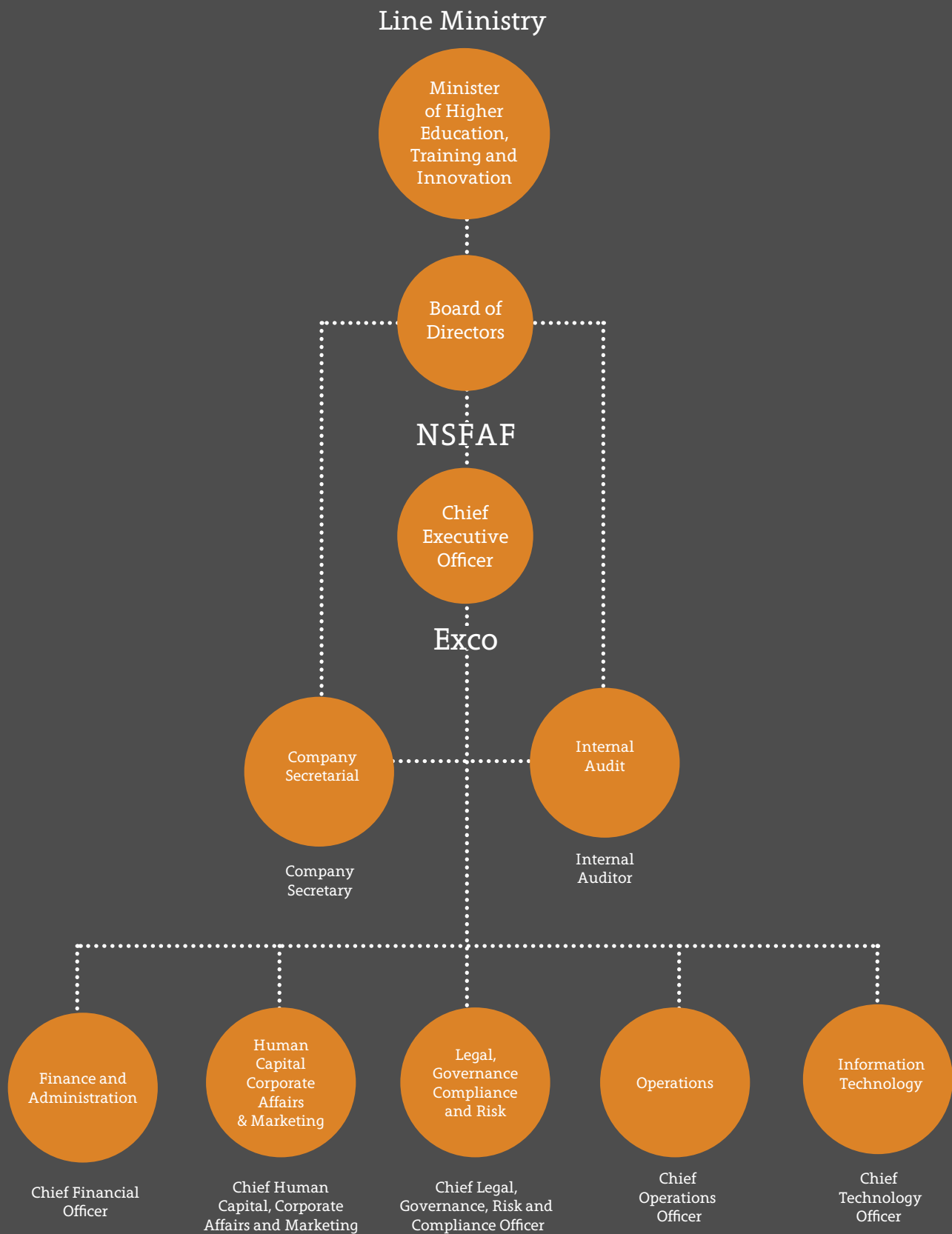
NSFAF MANDATE

Namibia Students Financial Assistance Fund derives its mandate from the NSFAF Act, No. 26 of 2000, as amended by the NSFAF Amendment, No. 7 of 2014.

In terms of Section 4 of the above-mentioned Act, NSFAF's core function is to provide financial assistance, subject to the same Act, to students in order:

- To enable them to study or to conduct research; and
- More specifically, but without limiting the foregoing, to facilitate the training of students in prescribed courses or fields of study at approved tertiary institutions.

ORGANISATIONAL STRUCTURE





MINISTER'S FOREWORD

The Founding President of Namibia, Dr. Sam Nujoma, said: "Our country is abundantly endowed with countless natural resources. We need trained personnel to be able to harness these resources and make them useful to the benefit of our people."

There is no doubt in my mind that Namibia is also endowed with immense potential, and that the task of the two education ministries – by offering quality education and training opportunities – is to ensure that every Namibian is able to fulfill his/her potential and make a contribution towards making Namibia a great country.

By improving access to quality tertiary education, NSFAF plays a major role in supporting the mandate of the Ministry of Higher Education, Training and Innovation, and in helping Namibian students to meet this potential.

The NSFAF Act mandates the Fund to "provide financial assistance, subject to this Act, to students in order (a) to enable students to study or to do research; and (b) more specifically, but without limiting the forgoing, to facilitate the training of students in prescribed courses or fields of study at approved institutions of higher education."

Over the past five years, the NSFAF has disbursed awards to aid in meeting the educational dreams of Namibian students at institutions of higher learning and vocational centers.

In line with President Hage Geingob's prerogative to eradicate poverty and to ensure that 'no Namibian must be left out', it is critical that the Fund put an important focus on conducting needs based assessments, to ensure the most needy receive the funds required (particularly non-tuition funds), to complete their course of study. This will both enhance access, and contribute to the completion of their study programmes, in line with the Ministry's objectives.

It is my conviction that whilst ensuring that graduates are indebted, strategies be put in place to ensure sustainability. It is with this in mind that the Ministry

is revising the award policy, by providing grants to needy, good performers and a partial loan system for the parents that can afford. Hence, the need for Governors' participation to ensure regional equitable distribution of the fund.

During the upcoming financial year, I urge the Fund to be responsive to the mandate set out in the Harambee Prosperity Plan (HPP) with regards to prioritizing vocational education and training. HPP highlights a goal "to increase the number of qualified VET trainees from 15 000 in 2015 to 25 000 by 2020." In this regard, the NSFAF has a major contribution to make in assisting eligible students to fund vocational education, and meeting the set targets.

I wish to congratulate the NSFAF Board, Management and staff on its achievements this year, and on submitting this Annual Report. The Ministry will continue to hold the Fund to addressing the issues noted in the Auditor's Report, which is a qualified one, and to establishing more clearly what remains outstanding in terms of loan recovery. Further, I provide assurance of the Ministry's support to NSFAF in our collective efforts to train Namibians "to be able to harness these (our national) resources and make them useful to the benefit of our people."

Dr. Itah Kandji-Murangi
Minister of Higher Education, Training and Innovation

CHAIRPERSON'S FOREWORD



The Namibia Students Financial Assistance Fund (NSFAF) was established as an independent agency in 2013, after delinking from the Ministry of Education, where it had formerly been a division. Building on the foundations laid by earlier Ministers of Education, the late Minister of Education, Hon. Dr. Abraham Iyambo and Hon. Dr. David Namwandi, brought to the fore the increasing importance of ensuring that NSFAF is well-established, well-administered and committed to serving our most important clients, the students.

The important role that the NSFAF plays in meeting our long-term national development goals cannot be overstated. In achieving the objectives set out by Vision 2030, for example, the Fund works to achieve the goals set out with regards to human development, institutional capacity and knowledge building, and enhancing information and technology based information. These are all important for the development of our country, and NSFAF's contribution to the Vision lies in ensuring that all eligible students in need of financial assistance to carry out their studies receive financial support.

During the 2015 academic year, NSFAF awarded 11 063 loans or scholarships to eligible Namibian students to pursue studies at vocational centres and other institutions of higher learning, both in Namibia and abroad. This represents a 5.5% increase in the number of awards made, compared to the previous year, and is a clear indication of the fund's importance in advancing education and development in Namibia.

Promisingly, the demand for tertiary education is high. Naturally, this is coupled with a growing demand for the funds necessary to cover the cost of this education, a challenge that NSFAF strives to meet in a way that is efficient, sustainable, transparent, and responsive to our most important stakeholder: the Namibian student.

In executing its mandate, the NSFAF has had to overcome various challenges since delinking from the Ministry of Education. Some of the challenges that the Fund continues to tackle include:

- Exploring ways to respond to the high demand for financial assistance, which continues to grow at a faster rate than resources can be made available;
- Improving loan recovery rates, in order to fulfill the potential of a revolving fund that more adequately contributes to the funding of future eligible students
- Fully addressing the lack of full coordination with regards to financial assistance among different Government offices, ministries and agencies, as well as coordinating/facilitating scholarship availability and awards with other providers of financial assistance (e.g. private sector, embassies, national and international organisations, etc.)
- Securing the long-term sustainability of the Fund in a way that addresses funding constraints, and that also ensures that the fund contributes to national human capital development by funding education in the priority areas needed for the nation's long-term development

In addressing the challenges noted above, some of the successes realized in the year being reported on include that priority fields of study were redefined and linked to National Development Plan to address national skills gaps. In addition, several notable achievements have been realized in the development and approval of policies. These include the Award of Loan, Grant & Scholarships Policy, the Board Remunerations Policy, the Communications Policy, the Corporate Stakeholder Engagement Plan, and the Recovery Policy, among others. A joint funding agreement with the National Council on Research, Science and Technology (NCRST) was completed during the year under review, helping to enhance coordination between our two agencies.

We continue to address the various challenges that the Fund faces in meeting its strategic and national development objectives, while striving to offer the best service to our stakeholders. The Board recognises and values the importance of continuous dialogue and engagement with stakeholders at all levels.

CHAIRPERSON'S FOREWORD *continued*

This annual report reflects the activities of the NSFAP for the year 2015/16, under the guidance of the previous and current board. It highlights the great strides made in overcoming some of the key challenges noted earlier, and in pursuing the strategic objectives of the Fund.

I would like to highlight the continued and very important contributions made by members of the Board in steering the NSFAP ship, and ensuring that the Fund is increasingly equipped to ensure that all eligible Namibians receive an equal opportunity to pursue further studies.

And on behalf of the NSFAP Board, I would like to thank the NSFAP management and staff, whose hard work and dedication ensures that Namibia continues to strive towards achieving the education and human development goals set out in Vision 2030 and other long terms development goals.



Patty Karuaihe-Martin
Board Chairperson

GENERAL FACTS & FIGURES

70%

Total percentage of
funding making up
loans

30%

Total percentage of
funding making up
scholarships



20 000

Average number
of undergraduate
applications received

309 847 012



Amount spent on
undergraduate studies



CEO'S OVERVIEW

It is said, "education is the greatest equalizer." At NSFAF, we view our role as catalysts in bringing about educational equality, and helping talented Namibian students to reach their educational and life goals.

The NSFAF Management is highly cognizant of its empowering potential in improving the life prospects of Namibian student by enhancing their access to education, and we do not take this role lightly. I believe that this Annual Report is testament to this view, and to our efforts to continuously enhance our ability to effectively and efficiently award deserving students with loans and scholarships.

During the year under review, the NSFAF received government subventions of N\$1 072 441 553, and brought in N\$4 847 961 in loan recoveries. Slightly more than 91% of funding was spent on extending loans and scholarships to eligible Namibian students, and the remainder was directed towards the capital and administrative costs of running this important organization. A total of 11063 loans/scholarships (for vocational, undergraduate and postgraduate study) were awarded in the 2015/16 financial year, indicating a 5.5% increase from the number of awards made in the previous year.

The Fund has made notable achievements in terms of fulfilling our mandate. In this regard, NSFAF constantly monitors 3 key indicators: (1) Accessibility, (2) Contribution to National Human Capital Development, and (3) Regional Equity.

In terms of accessibility, the increase in the number of awards disbursed is an important achievement. Of the 11,063 awards made, 57% were for undergraduate study, 40% were for vocational study, and the remaining 3% for postgraduate study and special initiatives. In financial terms, this amounts to a total spend of N\$314,075,917 in awards (79% for undergraduate study, 15% for vocational study, and 6% for postgraduate study). This is somewhat in line with the Fund's decision to earmark 15% of its award budget to postgraduate study, 15% to vocational studies, and 70% to undergraduate study. In order to become more aligned to the national priorities that have been set out in our national development plans, this breakdown needs to be modified to reflect

the new reality with respect to the priorities set, and to contribute to government efforts in this regard. This will, specifically, mean an increase in funds allocated to vocational studies.

The increase with regards to the interest in and funding of postgraduate study – from 21 in 2011 to 218 in 2015 – is notable, and the Fund remains committed to increasing this number to reflect the budget priorities.

With regards to contributing to national human capital development, a notable achievement is that the NSFAF has increased funding and awards to the priority fields of study highlighted in Vision 2030 and the Fourth National Development Plan, as well as in Board-approved priority areas. Collectively, these include the areas of Tourism, Agriculture, Manufacturing, Education and Science and Technology. In this regard, the large increases in the number of students awarded funds in the areas of 'Medicine, Nursing and Related Sciences' (184% undergraduate increase and 72% postgraduate increase (for specialization in medical fields)), 'Education and Related fields' (25.2% increase at undergraduate level, 63.2% postgraduate increase), and in 'Communication, Conservation and Tourism' (29% undergraduate increase) are important indicators of the Fund's commitment to responding to the national skills need. The large increases in funds awarded for the study of finance, law and public administration are also impressive.

Finally, with regards to Regional Equity, although the disbursement of awards and funds is somewhat aligned to the population distribution across the country (per the last census indicators), there is room for improvement (e.g. improving grade 10 and grade 12 pass rates and enhancing interest in NSFAF's offerings in underrepresented regions) in bringing about a more equitable distribution of funds.

In pursuit of its overarching Vision to 'build a sustainable and reputable funding institution contributing to Namibia's human capital development', NSFAF strategic objective following six important themes: (1) Awareness and Accessibility, (2) Capacity and Organisational Effectiveness, (3) Efficiency, (4) Sustainability, (5) Transparency and (6) National Human Capital Development. These themes underline our mandate, and direct the Fund Board and Management in strategically

executing our role. This overview is set out along these six themes.

Awareness and Accessibility

NSFAF has been hard at work to enhance awareness about its product offerings, and to ensure that potential beneficiaries are well informed about eligibility requirements, the application process, available scholarships (which form 30% of awards made) and the disbursement process. Efforts have also been made to sensitize past, present and potential beneficiaries with regards to their contractual and social obligation to pay back their loans, in order to ensure the sustainability of the revolving fund. Outreach has been conducted at schools and during higher learning orientation programmes to better inform students of the way the Fund works, and engagement in both traditional and social media has improved awareness of the Fund's offerings and processes. The increase in the number of applications for funding, as well as our responding increase in the number of awards disbursed, is partly attributable to the success of our awareness raising activities.

Capacity

NSFAF relies heavily on the 69 people employed by the Fund, to meet our mission, vision, and the strategic objectives outlined earlier. The contributions to ensuring the effective functioning and running of the Fund cannot be understated, and the strides made over the past few years speak loudly of their commitment to Namibians pursuing tertiary education. In this vein, NSFAF continues to place a strong emphasis on improving its workforce – whether in the hiring process, in the development of the competencies of existing staff, or in managing performance on the whole.

Efficiency

In carrying out its mandate and addressing the challenges that arise from an operational and strategic perspective, NSFAF is hard at work to improve its efficiencies and deliver an optimal service. This includes improving efficiencies in awarding loans and scholarships, paying out those awards, and managing student queries. A major challenge that existed until recently, was the fact that much of NSFAF's application systems were paper-based, creating an administrative nightmare not only in the processing of applications, but also in their tracking for progress and loan recovery. During the period under review, NSFAF made significant strides in addressing the obstacles hampering broader successes. An IT Consultant was hired at the end of 2015 to do an overhaul of our information systems, and by January 2016, major successes – including the digitisation of applications and the set-up of an online application system – had already been realised. In addition, NSFAF has outsourced the loan recovery process to ensure the sustainability of the revolving fund. By the end of the financial year under review, the chosen agency, (name of agency) had (list some of their activities). It is expected that the positive outcomes in

loan recoveries of this revised structure will be realised during the next financial year. Query response times have improved tremendously, thus playing a major role in enhancing communications with students, and decreasing complaints.

The launch of the Loans and Grants Management Information System (LGAMIS) – one of the Education-related impacts of the Millennium Challenge Account – has helped tremendously in improving the Fund's efficiency by helping to deal with queries, explain NSFAF processes, improve turnaround times, and thereby build organizational trust.

Sustainability

Government's continued support of the Fund, and our efforts to ensure that the Revolving Fund (through loan recovery) bears the intended fruit, are key to NSFAF's long-term sustainability. As such, enhancing efficiencies, ensuring competent capacity, improving organizational effectiveness, and meeting our strategic themes in carrying out our mandate are vital. One of the major challenges faced with regards to sustainability of the Fund is the limited space in the national budget to increase the Fund's budget in a way that would allow NSFAF to adequately meet the demand for funding. We have observed that while the annual national budget growth rate is 5.2%, the NSFAF annual budget growth rate over the past 3 years has been 36% on average. In this regard, engaging our stakeholders in finding ways to sufficiently respond to the demand for educational funds is of paramount importance.

Ensuring a strong return on investment in terms of the graduation of students funded by NSFAF, and their eventual employment, is a challenge that the Fund works hard to achieve. However, NSFAF has no control over the learning/teaching at the institutions in which students are placed, nor is it able to influence economic dynamics that may influence graduates' absorption into the economy as employees.

Nevertheless, NSFAF can play an important support function to realize this RoI, by ensuring that funds awarded are targeted at priority areas for the national development, where skills are critically needed. Matching market needs to funds prioritized is vital in improving employment prospects for students after they have graduated from the programmes for which funding has been provided by NSFAF.

Transparency

Transparency is key for trust and legitimacy-building, and NSFAF is attuned to the need to make all its processes at all levels are pro-actively communicated. In this regard, NSFAF has worked to enhance the publication of its award criteria, ensuring the publication of the annual report on a timely basis, improving information-sharing at the constituency level, publicly advertising educational loan/scholarship information, and establishing an independent selection committee with representatives from all fourteen regions.

Operational Excellence

Operational excellence is key to ensuring that the Fund – at an operation level – is running at its optimal. This means minimizing unnecessary costs and improving efficiencies at a broad level. A strong example of how the Fund worked towards operational excellence in the 2015/16 financial year, was through the upgrade of its LGAMIS to provide for an online application process. This has significantly reduced the award turnaround time, and saved the Fund significant costs in overtime.

Conclusion

While the various successes above have been realized, several challenges – arising from the previous NSFAP regime – continue to serve as impediments. It is for this reason that the Auditor's report is a qualified one, and the Fund is working to address the issues raised – particularly in terms of establishing the true value of the student loans that have been awarded over the years, establishing a complete database of these loans, and reconciling these amounts with the total amounts recorded.

NSFAF continues to address public perception with respect to regional equity. As noted above, the Fund is working towards improving the regional distribution of awards and funds, and ensuring that 'no Namibian is left out', as promised by the nation's President.

Another challenge that the Fund is addressing is that of legacy. At the end of the previous financial year, NSFAP committed itself to holding a high-level conversation with its stakeholders on the issue of sustainability. This activity has now been slated for the coming financial year. In the meantime, with regards to addressing the challenges related to fund resources, NSFAP has embarked on implementing means testing criteria to ensure that funding is also needs-based, and prioritises the most needy. Additionally, the Fund is intensifying its campaign to mobilise scholarships – both at a national level, and internationally.

The NSFAP is greatly concerned about the impact of the Fees Must Fall movement in South Africa. With over 60% of the students studying outside Namibia being based in South Africa, this concern is important, and calls for the Fund not only to closely monitor the situation, but also to explore diversification strategies in ensuring the studies of Namibian students are not interrupted.

People, Systems and Technology are at the core of the execution of NSFAP's strategy. In this regard, during the year under review, NSFAP sought to improve our core processes in terms of application turnaround times (with the ambitious target to decrease turnaround times to 48 hours in the next year), automating payments, systems integration with universities, piloting systems integration with the Ministry of Education, and the piloting of the NSFAP payment card. With piloted projects going into full implementation in the 2016-17 financial year, there is no doubt that NSFAP is braced to make significant strides in the next year.

NSFAF remains committed to ensuring overall organizational excellence, and responding to the national call for a fund that is sustainable, reputable, and that helps Namibia to reach her long term goals (e.g. Vision 2030, the AU's Agenda 2063, and the UN SDGs), or medium term goals such as the national development plan. I believe that the activities of the financial year being reported on have brought us significantly closer to meeting these important goals, and many of the projects that have been piloted during the financial year will be implemented and bear results during the 2016/17 financial year. It is against this background that I am pleased to present this report and our audited financial statements for the 2015/16 financial year.



Ms. Hilya Nghiwete
Chief Executive Officer

NSFAF BOARD

The Board constituted after the promulgation of the NSFAF Amendment Act, No 7 of 2014 and in office from 1 January 2015 until 31 December 2017 comprises



Ms. Patty Karuaihe-Martin
NSFAF Board Chairperson



Mr. Mbushandje Ntinda
NSFAF Vice Chairperson



Ms. Hilya Nghiwete
Chief Executive Officer / Ex-officio



Ms. Leezhel Van Wyk
NSFAF Board Member



Mr. Franz Gertze
NSFAF Board Member



Ms. Taina Nankela
NSFAF Board Member



Mr. Timotheus Angala
NSFAF Board Member

NSFAF EXCO

For the period under review, the executive management of NSFAF consisted of the Chief Executive Officer, Chief Human Capital and Corporate Affairs Officer, Company Secretary, Chief Financial Officer, Acting Chief Operating Officer



Ms. Hilya Nghiwete
Chief Executive Officer



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



Mr. Kennedy Kandume
*Acting Chief Operating
Officer*

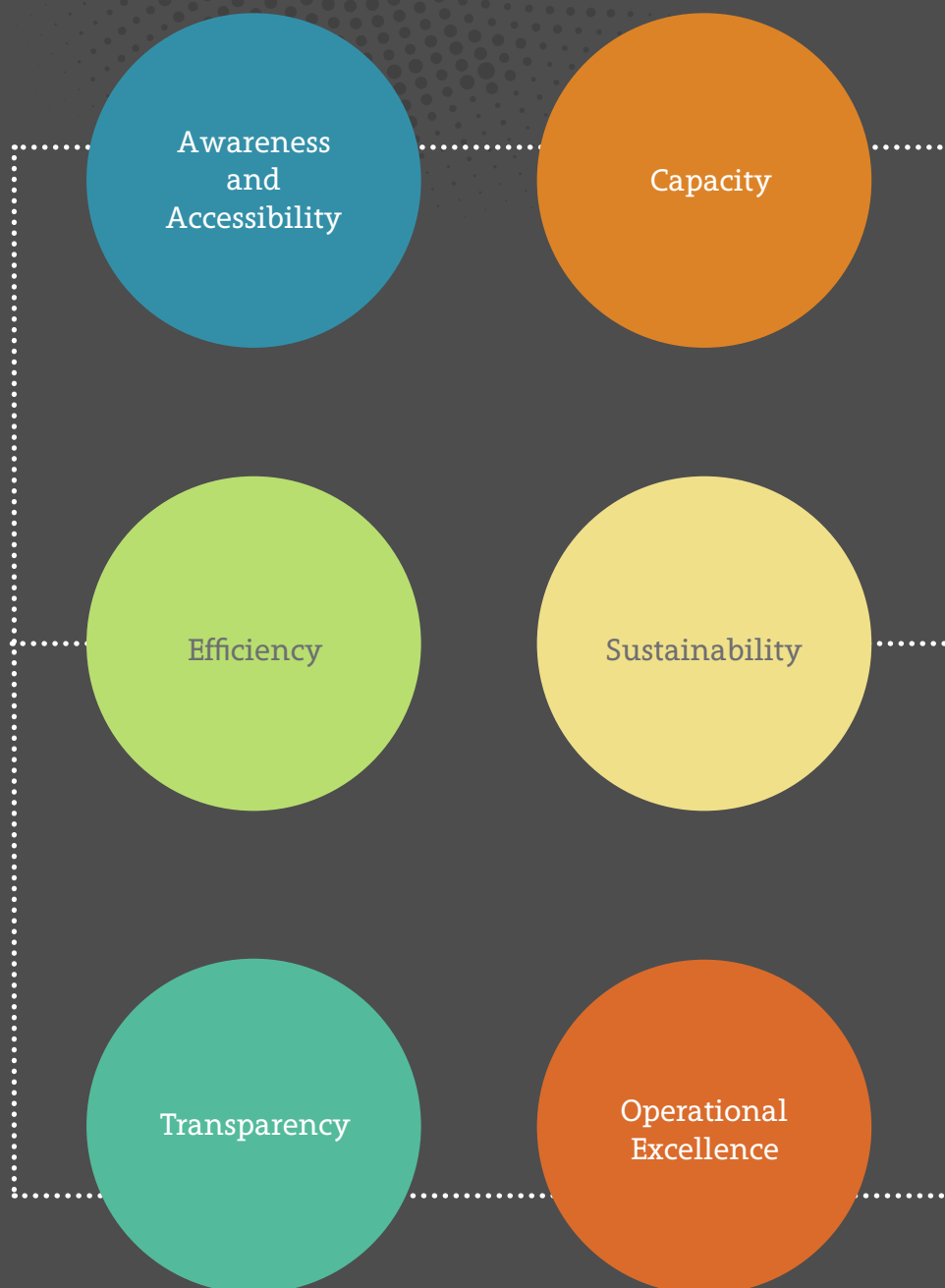


Mr. Fillemon Immanuel
Company Secretary



Mr. Sven von Blottnitz
Chief Financial Officer

NSFAF'S 6 STRATEGIC THEMES



SECTION B:

ANNUAL PERFORMANCE 2015/2016



“

I'm extremely grateful to NSFAP for their assistance, as it has made a huge and positive impact on my education. I am so glad we have a Fund in Namibia that prioritizes the nation's education. My message to the youth out there, especially those on their route to matriculation is, study very hard, obtain excellent points required by universities and the NSFAP, and know what you want to study to avoid uncertainty and confusion, prioritise your studies and have a goal in life.

”

Paulina Shonghela

Age: 23

Bachelor in Logistics and Supply Chain
Namibia University of Science and
Technology

GENERAL FACTS & FIGURES

11 595

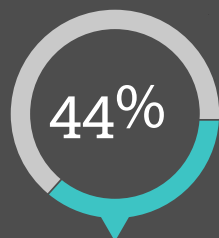


Number of Awards (loans and scholarships) made in 2015

1 072 441 553



Amount allocated to NSFAP by government



Increase in funds allocated to NSFAP by government

4,563,154

Total amount of funds recovered



218

Number of postgraduate students awarded

171

Number of students assisted for internship purposes



69

Number of employees at NSFAP

EDUCATION & related fields
Field in which the majority of students awarded are studying

STRATEGIC CONTEXT & ALIGNMENT TO GOVERNMENT POLICIES

The process of formulating NSFAP's strategic plan was informed by Vision 2030, the fourth National Development Plan (NDP4), and the National Education and Skills Plan.

Where Vision 2030 is concerned, the NSFAP strategically plays an enabling role in line with three important pillars: Human Development & Institutional Capacity

Building as well as knowledge, information and technology base-formation. The NSFAP contributes vigorously to the said pillars by facilitating the development of a totally integrated, unified, flexible and high quality education and training system in the country, through the provision of financial assistance to Namibian students.

In pursuit of the overall strategic intent, NSFAP has identified six strategic themes in support of its mandate and strategic objective, namely:

- a) Awareness and Accessibility
- b) Capacity and Organisational Effectiveness
- c) Efficiency
- d) Sustainability
- e) Transparency
- f) National Human Capital Development

Table 1: The role that NSFAP plays in achieving Vision 2030

High Level Strategic Goals				
NSFAP Strategic objective	NSFAP Strategic initiative	NDP 4 Strategic initiative	NDP 4 Desired Outcome 2 – Education and Skills	Vision 2030
Ensure the relevance of financial assistance to National Human Resources needs	1. Align NSFAP training framework to national needs. 1.1 Diversify NSFAP product offerings to achieve equity 1.2 Develop a list of priority fields of study to ensure market relevance 2. Provide student support programmes (e.g. internships) to enhance employability	Address the mismatch in demand for and supply of skills	By 2017, Namibia is characterized by a high quality and internationally recognized education system that capacitates the population to meet current and future demands for skills and innovation	A prosperous and industrialised Namibia, developed by her human resources, enjoying peace, harmony and political stability

STRATEGIC THEME: AWARENESS AND ACCESSIBILITY

Under this strategic theme, NSFAP strives to ensure that every eligible Namibian is aware about the products and services the Fund offer. During the period under review, a number of activities were carried out to improve accessibility and awareness, as described below.

Awareness

During the period under review, a stakeholder engagement calendar was developed and various activities were undertaken. Through this initiative, 179 high schools across the country were visited, ensuring that awareness regarding the pre-application process for 2016 academic year was raised among about 21 000

learners. This figure is not inclusive of outreach to over 26 000 grade 12 learners improving their subject grades at NAMCOL.

NSFAP also enhanced its image and visibility by attending various trade and career fairs and exhibitions. In total, NSFAP marketed its product offerings at 37 career expos, trade fairs and exhibitions, and held 12 regional stakeholder engagement meetings where parents, prospective students, regional councilors and governors, and traditional authorities had opportunities to interact with Fund.

To reach continuing students at Institutions of Higher Learning, NSFAP worked with student representative councils to use orientation as a platform to inform new students about the activities of the Fund before they embark on their studies.

With respect to advertising, NSFAP is in the process of finalizing a tri-partite co-operation agreement with

the Namibia Broadcasting Corporation and New Era, which will allow the Fund to reach a broader audience using both print and broadcast media.

Accessibility

During the 2015/2016 financial year, NSFAF awarded financial assistance to 10 486 eligible Namibians from across the breadth and width of Namibia, to pursue studies at Vocational Centres and at Institutions of Higher Learning nationally and internationally.

Strategic Theme: Capacity & Organisational Effectiveness
Having the right human capital is critical to realising NSFAF's mandate and to ensuring organizational effectiveness. The strategic theme on Capacity and Organisational Effectiveness focuses on recruiting, retaining and improving NSFAF's skills-base, as a means to exceptional delivery in all areas of operation. In this regard, NSFAF's focus is on establishing the workforce, while managing performance and securing and developing key competencies in fulfilling the needs of the Fund. Furthermore, the Fund significantly invested in the development of its employees as a means to building the necessary skills and competencies for operational efficiency.

STRATEGIC THEME: EFFICIENCY

Efficiency refers to the ongoing improvement of internal business processes in order to reduce turnaround times in core business processes. This includes enhancing efficiencies in awarding loans and scholarships, paying out those awards, and managing student queries. Essentially, enhanced efficiency equates to better service delivery to the Fund's past, present and potential beneficiaries.

During the year under review, NSFAF continued to address various operational challenges hampering maximum efficiency. A prime example of this challenge was the continued lack of Management Information System (MIS). This meant that most of NSFAF's core functions were dependent on manual processes, resulting in high operational costs, particularly in overtime pay and the hiring of temporary staff

Going forward, the Fund plans to optimize its IT processes, including introducing online applications, reducing turnaround times to 48 hours, and proving instant payment functionalities.

Award

The award process is deemed to be complete when the following processes/stages have been executed:

- **Application stage**
This stage involves receiving application forms from potential beneficiaries from all fourteen political regions of Namibia.
- **Preparation of the documents**
Preparation involves arranging and readying

documents for selection by the Independent Selection Committee.

- **Selection and verification**

During this stage, applications are selected using a set of criteria. This stage also involves internal validation to confirm whether the selection was done in accordance with the set criteria.

- **Contract/awarding**

This stage involves informing the successful applicants and entering into agreements with them.

The selection process is dependent on the release of grade 12 results (and the student meeting minimum requirements in this regard), as well as proof of registration at institutions of higher learning.

The Fund has developed a Loan and Grant Administration Management Information System (LGAMIS) to automate the award process.

Payments

The student payment card solution was successfully launched during the review period, and significant improvements in the making of payments to both students and institutions are anticipated. The card has various ring-fenced pockets for payable items and pay points or points of sale.

Recovery

The recovery function has been outsourced, and NSFAF anticipates significant improvements in the amounts recovered by the Fund.

STRATEGIC THEME: SUSTAINABILITY

Sustainability entails the Fund's ability to remain a revolving fund with the repayment of loans by beneficiaries, as well as from the funding received from the state.

The Fund has to bridge the gap between the demand for access to tertiary education and available resources. One of the strategic objectives of the Fund is to secure adequate funding in order to be sustainable, and presently, the funding is primarily provided by the central government. In this regard, there is a need to agree on the common understanding of sustainability with the NSFAF's stakeholders and the line Ministry.

Government Subventions

During the year under review, government allocated N\$1 072 441 553 to NSFAF – a 44% increase from the previous financial year. This amount is divided into two use components as illustrated in the graph below namely:

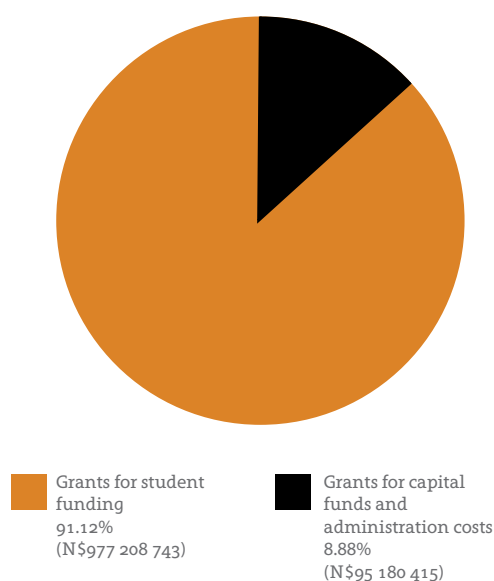
- **Student funding (approx. 91% of government allocated funds)**

This component comprises funding for Vocational, Under-graduate and Post-graduate studies, as well as expenditure related to ad-hoc scholarships offered by other countries.

- **Fund Administration (approximate 9% of government allocated funds)**

This component includes grants for capital funds and administrative costs, including the day-to-day running expenses of the Fund Secretariat.

Figure 1: Distribution of government subvention for the 2015/16 financial year.



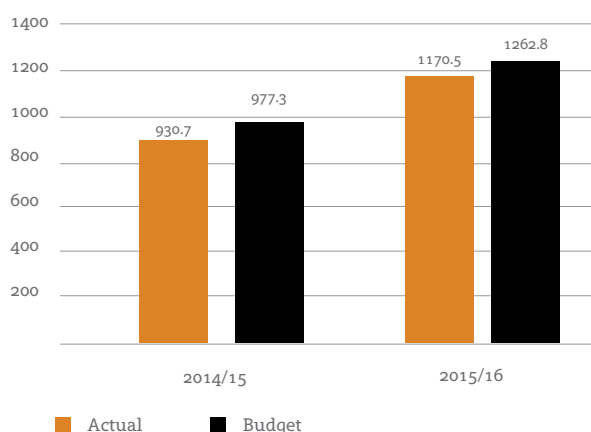
Student Funding

Since the inception of the NSFAP, student funding has increased significantly over the years. These trends demonstrate the continuously increasing demand for financial assistance from eligible Namibians. Despite this, however, the Fund continues to be inundated with requests by students to consider adjusting their funding rates. The majority of our students – given their socio-economic background – are unable to pay the unfunded portions of their fees, as NSFAP's financial assistance is only partial. During 2014, NSFAP conducted a comprehensive study on tuition fees and other cost of living expenses at universities in South Africa, the SADC region and overseas (e.g. China, India, Ukraine and Russia), where NSFAP has a large concentration of students. The study revealed that some students top up as much as N\$ 40,000 per annum on the funds received from NSFAP. The Board therefore resolved to increase financial assistance offered for undergraduate studies by an amount of N\$8,000 to N\$ 24,000, and for vocational programs by an amount of N\$ 8,500. The new rates per field of study were implemented during the year under review, contributing to the steep growth in funding.

The graph below illustrates the growth in the student funding for the previous two financial years.

The budget execution rate for student funding was 92.7% in 2015/16. The Fund also implemented the Cabinet Directive ME012 that funding should comprise 70% loans and 30% scholarships. The surplus of approximately 46.6 million in the 2014/15 Financial Year was used as start-up capital for the 2016/17 financial period.

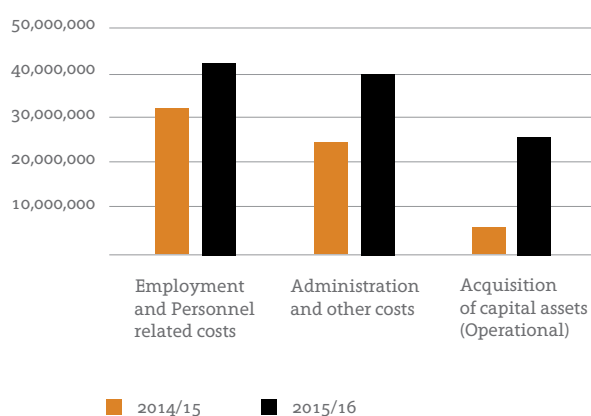
Figure 2: Student funding over the past 2 years (budget vs. actual)



Funding for NSFAP Support Function:

The Support Function costs include the architectural costs incurred for the design of new NSFAP headquarters. The graph below provides a cost comparisons illustrating the major cost drivers in the support function.

Figure 3: Support Function cost comparisons



Challenges experienced with government funding

Budgeting is an annual process and is constantly reviewed to keep abreast of emerging issues that require budgetary revision. The budget is based on the three-year Medium Term Plans (MTPs), and provides firm estimates for the first year and indicative estimates for the following two years. The 2015/16 financial year marked the third financial year since NSFAP delinked from the Ministry of Education. The non-availability of suitable data from previous years on which to base budgetary requirements was a major challenge for the budgeting process. A comprehensive needs modeling exercise is required to arrive at a position of certainty for the budget process.

A further impediment to sustainability lies in the growth rate of the NSFAP budget in comparison to the national budget. While the annual national budget growth rate is 5.2%, the NSFAP annual budget growth rate over the past 3 years has been 36% on average.

Numerous factors contribute to the annual increase of the budgetary requirement, including the increasing demand for tertiary education, rates adjustments for tuition fees and non-tuition costs, support programmes, internships and matters incidental to study programmes such as flight tickets, stipends and medical insurance.

Loan recovery

NSFAP needs to manage a Fund that is financially sound. For this reason, it is imperative to recover funds lent, in order to lend these out to future applicants. The NSFAP Act establishing the Fund emphasizes that it should become a revolving fund. Creating awareness among Fund beneficiaries on the importance of repaying their loans for the benefit of successive generations of students is therefore vital.

To enhance sustainability, the following critical aspects should be adhered to:

- Develop a recovery strategy that includes cooperation with other Offices, Ministries and Agencies to trace debtors and
- Consistent and relentless pursuit of loan debtors to recover the full loan

During the year under review, the Fund embarked on strategic initiatives to improve the recovery of loans, since the sustainability of a revolving fund depends on the effectiveness of recovering loans. This strategic initiative included the development of policies and ICT systems to facilitate loan recovery, and these initiatives are expected to bear fruit in the 2016/17 financial year.

The previous financial report approximated that by the end of the last financial year, about N\$ N\$400 million in loans remained unrecovered. The exact figure is yet to be determined. This estimate is based on the fact that financial assistance provided from 1996 to 2009 was in the form of loans. Whereas financial assistance provided between 2010 and 2013 was a mixture of loans and grants.

Achievements during the period under review that will enhance loan recovery included:

- The terms and conditions in the student contracts were reviewed and aligned with the Amended NSFAP Act.
- Introduction of a recovery system to enable the recording and tracing of debtors.
- The streamlining of priority fields of study to increase the number of loans in order to enhance future recoverability.

Status of Recovery during 2015/16

During the period under review, the Fund recovered N\$4.85 million, an increase of 17.6% on the recovery in the previous year. The fund concurrently saw a 45.5% increase from 2014 in the number of active debtors, illustrating some important gains in loan recovery, despite the challenges that exist.

STRATEGIC THEME: TRANSPARENCY

Universally, an organization would be said to be transparent when its decision-making processes and information flow are dominated by openness, accuracy, timeliness and inclusivity. During the period under review, the Fund successfully launched the Loans and Grants Management Information System (LGAMIS), which handled the selection for the 2016 academic year, resulting in timely award and feedback.

STRATEGIC THEME: OPERATIONAL EXCELLENCE

The Fund upgraded its LGAMIS to provide for an online application process. This significantly reduced the award turnaround time, and saved the Fund significant costs in overtime.

Provision of Financial Assistance

Number of undergraduate applicants: 2012-2015

On average, the NSFAP receives over twenty thousand applications per year for undergraduate study. However, only about six thousand are awarded financial assistance each year as the rest do not meet the minimum requirements (25 points in grade 12 to study at local Institutions, a minimum of 30 points in grade 12 to study abroad, or 35 points in 5 subjects to study engineering and medicine).

Table 2: Number of students awarded

Regions	2012	2013	2014	2015
Oshikoto	865	1 282	650	671
Oshana	1159	1 583	792	794
Erongo	247	468	301	281
Otjozondjupa	263	262	216	179
Hardap	84	127	100	86
Zambezi	278	351	344	335
Kavango West	341	468	363	103
Kavango East	*	*	*	408
Omaheke	96	109	47	51
Ohangwena	718	869	615	554
Omusati	1141	1 703	819	929
Karas	139	155	122	162
Khomas	1225	1 374	1 091	997
Kunene	80	51	27	42
Completed Grade 12 outside	58	151	57	77
Junior Diploma Education	*	*	*	635
Special Case	*	*	*	35
Total	6694	8953	5544	6339

*No Award made for that year

Awards offered to grade 12 matriculants: 2012-2015

The table below summarises the changes in the number of students funded, as a percentage of grade 12 enrolment, for the years 2012 to 2015. It should be noted that the number of students awarded is greater than the number with qualifying points because

most students were awarded financial assistance after improving at NAMCOL Centers. Moreover, some students awarded are already at institutions of Higher Learning and are not directly from grade 12. The large decline in the percentage from 2013 to 2014 can be attributed to relaxed requirements applied in 2013, and the miscalculation of grade 12 points in that year.

Table 3: Number of students awarded

	2012	2013	2014	2015
Grade 12 Enrolment	19,021	19,491	18,600	19,701
Candidates who obtained 25 points in grade 12	1,451	1,482	4,122	5,261
Number of students awarded	6,694	8,953	5,544	6339

*A regional breakdown of the figures above is provided in the annexure.

Technical Vocational Education and Training (TVET)

The Fund provides financial assistance to all applicants who are admitted at Vocational Training Centres

(normally to State-owned Vocational Training Centres, with the exception of NIMT). The number of students funded to study at Vocational Training Centres increased from only 950 in 2012, to an average of 3000 between 2013 and 2015.

Table 4: Award Data for VTCs

	2011			2012			2013			2014			2015		
	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total
Benhana VTC	31	35	66	134	99	233	44	44	88	51	47	98	142	103	245
Nakayale VTC	34	8	42	39	5	44	39	4	43	34	6	40	61	10	71
Okakarara VTC	47	293	340	105	293	398	166	283	449	259	444	703	242	435	677
Rundu VTC	216	310	526	397	341	738	356	400	756	406	109	515	337	339	676
Valombola VTC	185	204	389	319	281	600	331	299	630	323	260	583	357	314	671
Windhoek VTC	193	274	467	374	214	588	370	210	580	149	364	513	204	510	714
Zambezi VTC	200	201	401	207	207	414	234	213	447	218	178	396	388	239	627
NIMT	167	667	834	171	704	875	187	773	960	198	832	1030	207	1064	1271
Total	1073	1992	3065	1746	2144	3890	1727	2226	2993	1638	2240	3878	1938	3014	4952

Note regarding Special Initiatives:

Per Section 8.2 of the NSFAP Award and Scholarship Policy, Special Initiatives are geared towards vocational education and training, and meant to contribute to government's strategy of addressing unemployment amongst the youth by providing skills that makes the youth employable and/or self-employed. Under Special Initiatives, the Fun may also initiate opportunities to study abroad, at institutions identified by Fund, in the areas considered critical by the Fund for the economic development of the country.

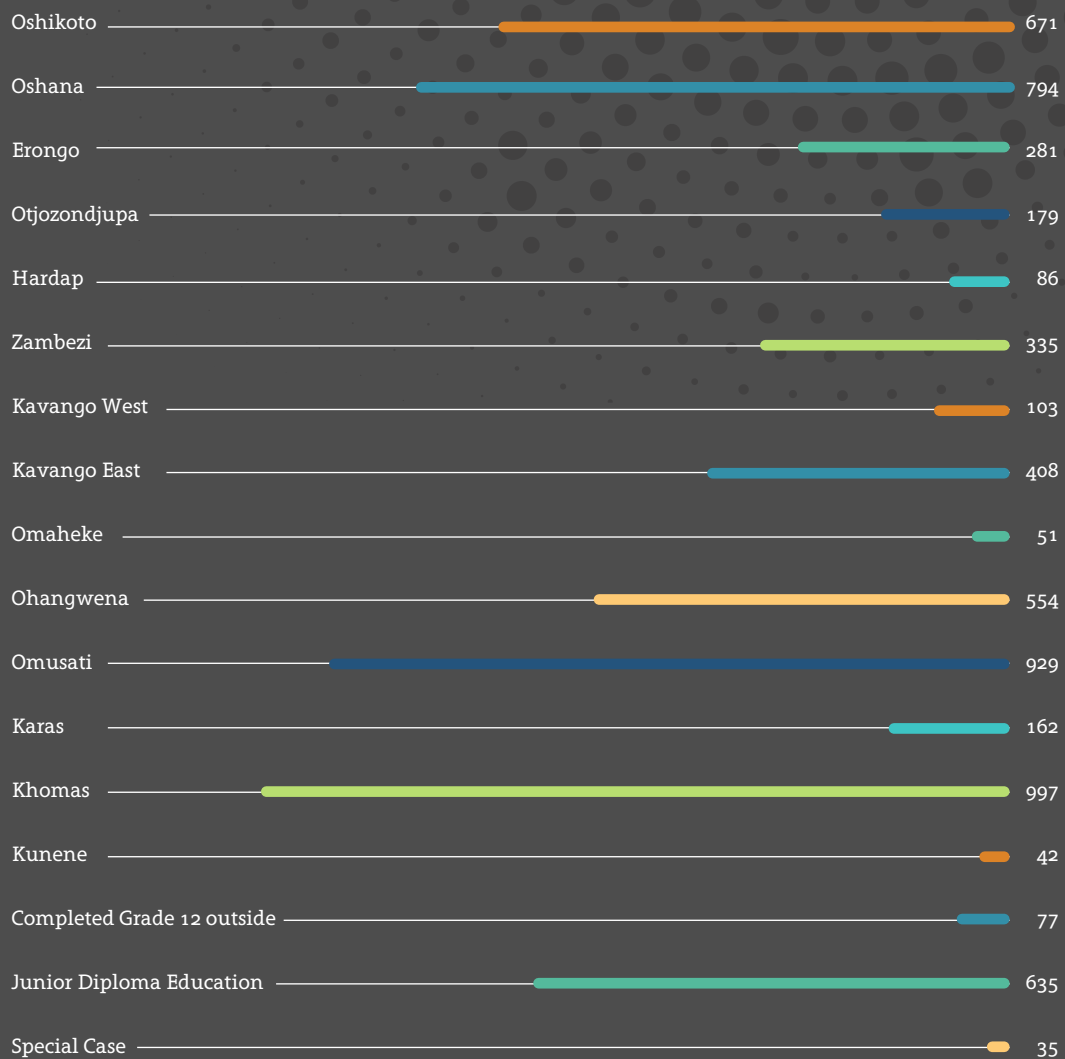
Total Number of Students awarded

The total number of students (undergraduate, postgraduate, VTCs and special initiatives) funded by the NSFAP during 2015 stood at 10324. While this figure was slightly less than the numbers funded in the two previous years, the increase in awards from 7702 in 2012, to over 10000 in the three subsequent years is notable.

Table 5: Total Number of Students awarded

	2012	2013	2014	2015
Undergraduate	6694	8953	5544	6339
postgraduate	58	222	159	218
VTCs	3890	2993	3878	4952
Special Initiatives				86
Total Overall	10642	12168	9581	11595

NUMBER OF UNDERGRADUATES AWARDED PER REGION 2015



TOTAL 6339

Information Technology

Over the years, NSFAF experienced several IT challenges with an IT system that was not optimised to support the operational efficiency of the Fund.

In 2013, the LGAMIS system was developed to handle these challenges, but it was discovered that several loopholes existed in translating this into improved efficiencies. During the financial year under review, NSFAF placed a strong priority on ensuring that information technology fully worked in the Fund's favour, through the creation of an efficient, integrated and lasting IT Platform for the Fund. A major part of this focus would be to address the identified loopholes, including the integration of the various systems being used, and addressing the huge amount of manual intervention from the operation teams, which led to tedious, cumbersome, error prone and non compliant workloads and processes.

During the year under review, the main challenge was the intake of some 23.000 paper-based applications, which had been scanned and needed to be imported into the LGAMIS. With the investments made in enhancing our IT efficiencies, by January 2016, these problems were analysed, isolated, patterns defined and algorithms applied to resolve the 17,000 import issues down to 146. On January 25, 2016, 12.000 students received their preliminary award letters by SMS and email, completely automated from the new LGAMIS system.

A number of IT projects were defined and structured into the themes: General Infrastructure, General Collaboration, Finance, Student Care Centre, Human Resources, Value Added Services, Digital Presence, Training, Change Management and MIS Enhancements and Modifications. These projects are being managed in a project management collaboration platform.

The above-mentioned IT initiatives aim to create the most efficient, seamlessly integrated, fully automated application and collaboration platform in any Namibian State Owned Enterprise within the next 12 months.



2015 VTC ENROLMENT FACTS & FIGURES

Eenhana VTC

  **245**

Nakayale VTC

  **71**

Okakarara VTC

  **677**

Rundu VTC

  **676**

Valombola VTC

  **671**

Windhoek VTC

  **714**

Zambezi VTC

  **627**

NIMT

  **1271**

SECTION C:

EXECUTION OF NSFAF MANDATE



“

Having financial assistance from NSFAF helps me focus on my books and allows me to study hard, meaning that I do not have to worry about where my tuition fee is going to come from. My responsibility is that I pass all my modules so I continue to be assisted by NSFAF. This assistance helps my parents greatly, who continue to express their gratitude to NSFAF for their help and for providing for my future. I can't wait to plough back into my community and help others get the same opportunity.

”

Abraham Laban Shetty

Bachelor of Transport Management
(1st Year)
Namibia University of Science and
Technology

AWARD STATISTICS

Table 6: Total Awards (5-year view)

Year	Vocational Education	Under Graduate	Post Graduate	Special Initiative	Grand Total
2015	4952	6339	218	86	11595
2014	3878	5544	159	*	9581
2013	2993	8953	222	*	12168
2012	3890	6692	58	*	10640
2011	3065	5264	23	*	8352
Total	18778	32792	680	86	52336

Over the past five years, NSFAF had awarded a total of 45,886 loans and/or scholarships to deserving students. Year on year, there has been an increase in the number of awards made – from 5,977 students in 2011 to 11,063

in 2015. This reflects not only the increasing demand for education at this level, but also NSFAF's commitment to funding tertiary studies at an enhanced level each year.

Table 7: Undergraduate Total Awards

Year	No of students awarded loans/grants	% Increase/Decrease	Amount Allocated N\$
2015	6,339	14.3	309,847,012
2014	5,544	-38.1	169,038,451
2013	8,953	33.8	282,576,270
2012	6,692	27.1	201,430,843
2011	5,264	-4.1	152,072,263
Grand Total	32,792		1,114,964,839

The table above presents the number of undergraduate awards made from 2011 to 2015, the monetary value of these awards, as well as the percentage increase or decrease on a year-on-year basis. Overall, the number of students awarded increased by 33% for the past five years

Over the past two years, there has been an increase in the number of students funded at undergraduate level, from 5,544 in 2014 to 6,339 in 2015. This can be attributed to the number of applications received as a result of enhanced awareness created by NSFAF.

Figure 4: Number of students funded at undergraduate level

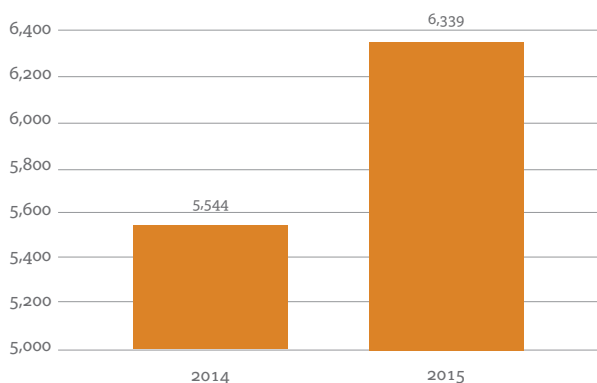
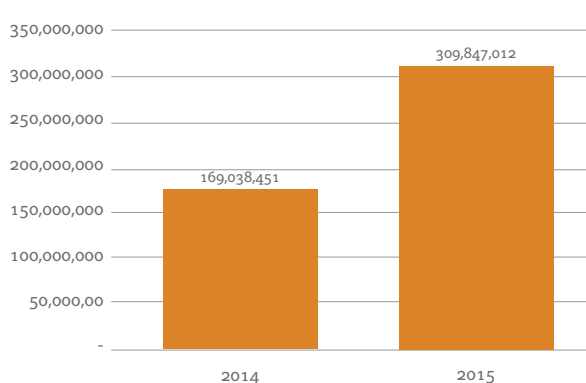


Figure 5: Amount spent on undergraduate students



Award per field of study

The table below indicates that the undergraduate fields of study that received the most applications and awards in 2015 were Education, followed by Medicine, Nursing and related sciences, and by Public Administration. In comparison, in 2014, the most popular field of

study was Economics and Commerce. The 25.2% rise in funding for studies in Education can be attributed to a request by the Ministry of Education, Art and Culture to fund Junior Diploma Students in 2015. The largest increases in funding took place in the fields of Public Administration, Medicine, Nursing and related sciences, and Accountancy.

Table 8: Number of students awarded per field of study

Field of Study	2014	2015	% Increase/Decrease
Accountancy	219	377	72.1
Agriculture and veterinary science	193	109	-43.5
Communication, conservation & tourism,	155	200	29.0
Culture, Sport and Art	186	286	53.8
Economics, & commerce	1473	607	-58.8
Engineering and related fields	205	146	-28.8
Humanities & social work	306	233	-23.9
Law	130	192	47.7
Medicine, Nursing and related sciences	473	1345	184.4
Natural science & IT	734	279	-62.0
Police and strategic studies	13	0	-100.0
Public Administration	216	996	361.1
Education & related fields	1253	1569	25.2
TOTAL	5544	6339	14.3

Regional Awards

The table below shows the funding awarded per region (at local institutions) in 2015. Regions that received the most student awards during this year were Omusati Region (with 909 awards), followed closely by the Khomas Region (with 891 awards). (Note: The Kavango Region was split into Kavango East and West as a result of the delimitation exercise preceding the 2014 national elections. As such, the 2014 awards and the increase/

decrease are represented jointly). It is important to note that while NSFAP strives to ensure regional equity in the awarding of loans, the Fund does not use a quota system, and focusses, instead, on student eligibility for loans. That said, factors that contribute to the underrepresentation of certain regions include issues such as the rate of failure at grade 10 and grade 12 in those regions, non-application for funding from students in the said regions, or the movement of students between regions.

Table 9: 2014 & 2015 undergraduates' local Institution award per region:

	2014	2015	%Increase/Decrease
Oshikoto	629	650	3.3
Oshana	771	791	2.6
Erongo	291	264	-9.3
Otjozondjupa	197	167	-15.2
Hardap	95	81	-14.7
Zambezi	343	335	-2.3
Kavango West	359	101	40
Kavango East		402	
Omaheke	43	51	18.6
Ohangwena	603	547	-9.3
Omusati	800	909	13.6
Karas	117	159	35.9

	2014	2015	%Increase/Decrease
Khomas	998	891	-10.7
Kunene	27	42	55.6
Completed Grade 12 outside	41	33	-19.5
Junior Diploma Education	*	635	n/a
Special Case	*	35	n/a
Total Local	5314	6093	14.7

The table below indicates the regional distribution of funding awards for study in the SADC region and at International Institutions.

Table 10: 2014 & 2015 undergraduate International award per region:

	2014	2015	%Increase/Decrease
Oshikoto	21	21	0.0
Oshana	21	3	-85.7
Erongo	10	17	70.0
Otjozondjupa	19	12	-36.8
Hardap	5	5	0.0
Zambezi	1	0	-100.0
Kavango (East)	4*	2	-50.0
Kavango West		6	n/a
Omaheke	4	0	-100.0
Ohangwena	12	7	-41.7
Omusati	19	20	5.3
Karas	5	3	-40.0
Khomas	93	106	14.0
Kunene	0	0	n/a
Completed grade 12 outside	16	44	175.0
Total	230	246	7.0

* Figures for Kavango West and East are combined for 2014

Table 5 below indicates the amount spent on awards for study at local institutions, per region, in 2014 and 2015. Although the Omusati region had the most awards in terms of the number of students awarded, the regions that received the most in terms of the amount for funds

were Khomas and Oshana regions. This is mainly due to the fact that NSFAP provides financial assistance in the form of a pre-determined rate, which differs from one field of study to the next, as well as from one Institution to the other.

Table 11: 2014 & 2015 undergraduate International award per region:

	2014	2015	%Increase/Decrease
Oshikoto	18 952 682.00	29 191 925.00	54.03
Oshana	22 925 360.00	41 937 835.00	82.93
Erongo	8 313 707.00	12 588 530.00	51.42
Otjozondjupa	5 473 414.00	8 165 309.00	49.18
Hardap	2 601 656.00	3 802 159.00	46.14
Zambezi	10 183 646.00	20 932 800.00	105.55
Kavango West	11 495 790.00	4 747 100.00	-58.71

	2014	2015	%Increase/Decrease
Kavango East		18 543 992.00	n/a
Omaheke	1 268 430.00	1 903 300.00	50.05
Ohangwena	18 837 934.00	25 823 538.00	37.08
Omusati	24 394 716.00	37 442 347.00	53.49
Karas	3 405 095.00	7 551 228.00	121.76
Khomas	28 775 595.00	50 446 291.00	75.31
Kunene	795 065.00	2 065 862.00	159.84
Completed Grade 12 outside	1 225 422.00	1 241 529.00	1.31
Special Case - Junior Diploma Education		25 209 500.00	n/a
Special Case		1 213 354.00	n/a
Total Local	158 648 512.00	292 806 599.00	84.56

Table 6 below provides the regional distribution of the monetary amounts spent for study at institutions outside Namibia. In this regard, the table shows that of the country's 14 regions, Khomas received the highest value in awards for study abroad.

Table 12: Amount spent on undergraduate awards per region: International

	2014	2015	%Increase/Decrease
Oshikoto	897 502	1 813 386	102
Oshana	791 001	247 784	-68.70
Erongo	482 977	983 272	103.60
Otjozondjupa	838 682	715 554	-14.70
Hardap	237 505	260 461	9.70
Zambezi	61 436		-100
Kavango West	165 177	174 137	5.40
Kavango East			n/a
Omaheke	155 347	33 824	-78.20
Ohangwena	428 858	431 616	0.60
Omusati	737 954	2 080 959	182
Karas	257 029	187 580	-27
Khomas	4 464 405	7 661 738	71.60
Kunene			n/a
Completed Grade 12 outside	751 054	2 450 102	226.20
Total Local	10 268 927	17 040 413	65.9

Awards compared to grade 12 enrolment 2012

The data in table 2 below indicates that there was an increase in the number of students funded, as a percentage of grade 12 enrolment. Although total grade

12 enrolment declined from 20273 in 2011 to 19021 in 2012, the number of students funded increased to 6694, representing 35.2% of enrolment.

Table 13: Awards for 2012

Region	Grade 12 enrollment	Candidates obtained 25 points in grade 12	No. of students awarded
Oshikoto	2 100	182	865
Oshana	2 418	69	1 159
Erongo	1 078	182	247
Otjozondjupa	709	129	263
Hardap	504	49	84
Zambezi	1 061	96	278
Kavango	1 469	114	341
Omaheke	265	36	96
Ohangwena	2 398	158	718
Omusati	2 876	241	1 141
Karas	528	24	139
Khomas	3 323	396	1 225
Kunene	293	9	80
Completed grade 12 outside Namibia			58
Total	19 021	1 451	6 694

Awards compared to Grade 12 enrolment 2013

Table 3 below compares the number of students awarded financial assistance to the grade 12 pass rate (i.e. candidates who obtained a minimum of 25 points in grade 12). The number of students awarded is more than the candidates who obtained 25 points in grade

12 as this only include full time students, and excludes candidates who improved their grade 12 with Namibia College of Opening Learning (NAMCOL). Furthermore, the number of students awarded includes those already in their second, third or fourth year at Institutions of Higher Learning. In 2013, 19491 were, and 8953 were provided financial assistance by NSFAF. This represents a 45.9% awards: enrollment rate.

Table 14: Awards for 2013

Region	Grade 12 enrollment	Candidates obtained 25 points in grade 12	No. of students awarded
Oshikoto	2 097	180	1 282
Oshana	2 633	77	1 583
Erongo	1 067	151	468
Otjozondjupa	775	159	262
Hardap	529	60	127
Zambezi	1 184	49	351
Kavango	1 383	103	468
Omaheke	231	24	109
Ohangwena	2 590	170	869
Omusati	2 951	9	1 703
Karas	560	37	155

Region	Grade 12 enrollment	Candidates obtained 25 points in grade 12	No. of students awarded
Khomas	3 178	438	1 374
Kunene	313	25	51
Completed grade 12 outside Namibia			151
Total	19 491	1 482	8 953

Awards compared to Grade 12 enrolment 2014

The table below indicates that awards as a percentage of Grade 12 enrolment were at 29.8% in 2014. This is a significant decline when compared to the 45.9%

recorded in 2013. This can be attributed to relaxed requirements applied in 2013, and the miscalculation of grade 12 points during selection in that year.

Table 15: Awards for 2014

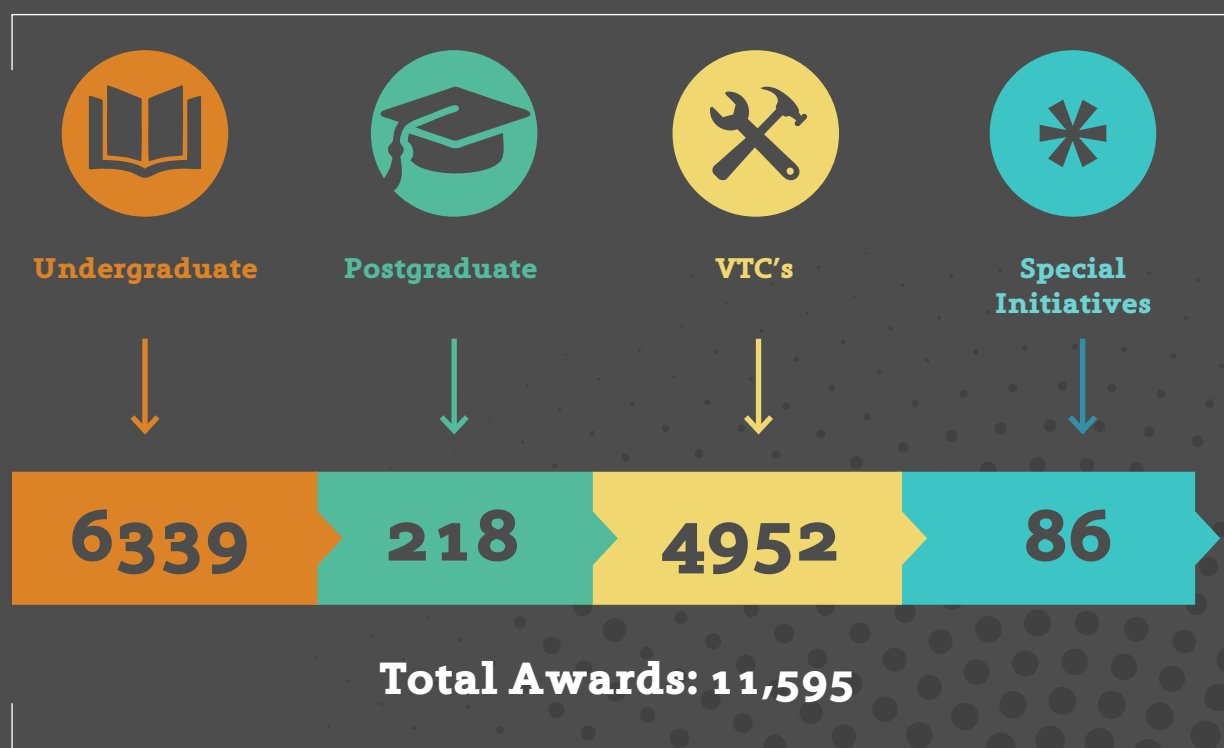
Region	Grade 12 enrollment	Candidates obtained 25 points in grade 12	No. of students awarded
Oshikoto	2 196	537	650
Oshana	2 507	427	792
Erongo	1 078	466	301
Otjozondjupa	476	159	216
Hardap	457	80	100
Zambezi	1 074	151	344
Kavango	936	650	363
Omaheke	416	19	47
Ohangwena	2 471	329	615
Omusati	3 064	716	819
Karas	498	118	122
Khomas	3 131	438	1 091
Kunene	296	32	27
Completed grade 12 outside Namibia			57
Total	18 600	4 122	5 544

AWARDS FACTS



AND FIGURES

Total number of students awarded (2015)



	2015	2016
Grants received for student funding	1 240 416 367	977 261 138
Student award payments	1 236 747 451	856 731 025
Refunds received from tertiary institutions	910 262	993 580
Postgraduate awards	10 071 462	17 363 352
Undergraduate awards	489 049 615	196 279 511
Student loans	1 386 019 541	762 310 374
Student loan recoveries	4 563 154	4 153 506
Solidarity scholarships	739 490	1 075 254
Student stipends	25 364 664	33 551 805

Awards compared to Grade 12 enrolment 2015

The table below compares the number of students awarded per region to the number of candidates who obtained 25 points in grade 12 in 2015.

Table 16: Awards for 2015

Region	Grade 12 enrollment	Candidates obtained 25 points in grade 12	No. of students awarded
Oshikoto	2255	537	671
Oshana	2517	427	794
Erongo	1180	466	281
Otjozondjupa	765	169	179
Hardap	498	80	86
Zambezi	1056	151	335
Kavango West	1609	289	103
Kavango East		361	408
Omaheke	223	19	51
Ohangwena	2486	328	554
Omusati	3343	716	929
Karas	521	118	162
Khomas	2935	1568	997
Kunene	313	32	42
Completed grade 12 outside Namibia			77
Special Case – Junior Diploma Education			635
Special Case			35
Total	19701	5261	6339

Vocational Education and Training Award Statistics

The number of trainees funded at Vocational Training Centres in 2015 decreased to 4420 from 4783 funded in 2014, although a larger monetary amount was spent in funding these awards. This increase is attributable to the Fund's commitment to provide market-related loan/grant amounts to students to better meet their funding needs, thereby increasing the award per vocational student in 2015. In this regard, the amount spent on vocational training increased from N\$40.6 million in 2014 to N\$70.7 million in 2015.

Figure 6: Number of students funded at VTCs in the 2014 & 2015 academic years

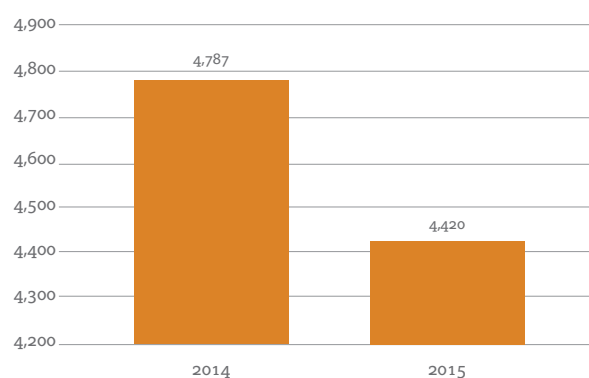
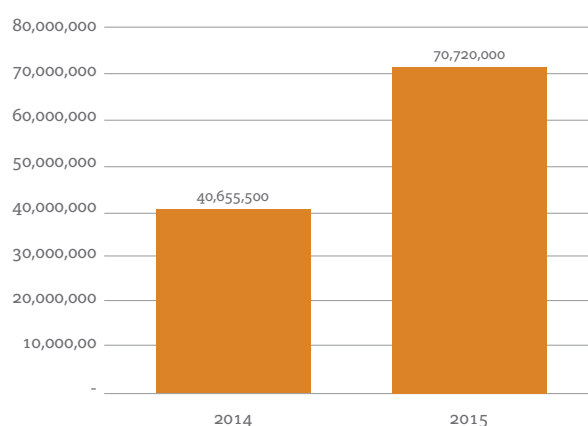


Figure 7: Amount spent on awards to VTCs for the 2014 & 2015 academic years



The table below indicates number of students given financial assistance per field of study at the VTCs to which they were admitted. It reveals that the most popular fields of study at VTCs during the 2015 academic year were Office Administration, Plumbing and Bricklaying. In terms of percentage increase in the number of awards per field of study, the largest increases were seen in the fields of Welding (47.2% increase), Plumbing (29.7% increase), and Radio and Television (32.8% increase). New fields of study that were not previously pursued but that proved popular in 2015 included Secretarial and Admin, Early Childhood Development, and Autotronics.

Table 17: VTCs per field of study 2014 & 2015

Field of Study	2014	2015
Hospitality	186	199
Office Administration	849	712
Plumbing	350	454
Welding	193	284
Joinery & Carpentry	417	293
Clothing	110	118
Bricklaying	389	379
Community Development	0	31
Airconditional	88	115
Boiler Maker	197	230
electric General	212	311
Fitter and Tuner	119	272
Fitter Machinery	212	36
Radio & Television	64	85
Auto Mechanics	177	423
Diesel Mechanic	114	329
Instrumental	75	64
Millwright	50	275
Auto tech	25	174
Hairdressing	24	
Secretarial & Admin		19
Early Child development		41
Metal Fabrication		1
Autronic		106
Cabinet Making		1
Water Care	27	
Total	3878	4952

Postgraduate Award

The table below highlights the number of students awarded financial assistance at postgraduate level in 2014 and 2015. It shows that the number of awards made increased from 159 in 2014 to 218 in 2015.

The most popular postgraduate fields of study to which awards were made included Finance and Education related studies.

Figure 8: Awards to postgraduate students

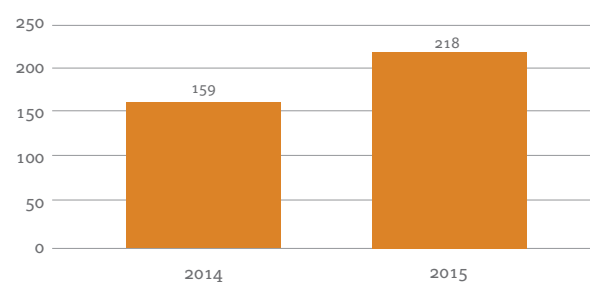


Table 18: Postgraduate awards per field of study

Field of Study	2014	2015	% Increase/Decrease
Education	19	31	63.2
Agriculture	6	11	83.3
Science	11	9	-18.2
Admin & Management & development	5	0	-100.0
Finance (Chartered Accounting)	35	57	62.9
Engineering	10	10	0.0
Environmental & Land Management	13	11	-15.4
Law	15	9	-40.0
ICT	7	23	228.6
Medicine (Specialisation)	8	14	75.0
Media & Arts	16	1	-93.8
Architecture	0	6	n/a
Tourism	2	1	-50.0
English	0	10	n/a
Humanities(Psychology/S Work) arts	0	4	n/a
Human Resources	1	4	300.0
Logistic & Supply Chain	3	0	-100.0
Security Studies	1	0	-100.0
Economics	4	0	-100.0
Development	2	0	-100.0
Aviation	1	0	-100.0
Mining	0	5	n/a
Public Health	0	5	n/a
Library	0	1	n/a
Digital Currency	0	1	n/a
Water	0	5	n/a
Totals	159	218	37.1

RECOVERY STATISTICS

Historical Challenges

Under the previous regime, NSFAF operated as a division in the Ministry of Education – from its inception in 1997 until the establishment of the Fund as an independent secretariat in 2013. During this time, all records kept were paper-based, with manually recorded information. This approach presented a myriad of challenges, including incomplete information in files, missing contact details for past beneficiaries after they completed or abandoned their studies, and a high level of ambiguity with regards to the nature of student contracts – i.e. whether funding was awarded as a loan or grant, repayable or not. The impact of this paper-based system on present day recovery attempts has been significant, and NSFAF has had to increase its efforts to trace past beneficiaries and establish the correct amount owed by the beneficiary. The general unwillingness by some beneficiaries to even accept repayment of a loan has immense strain to the loan recovery challenge.

In addition to the issues noted above, the recovery division of NSFAF has always been understaffed due to lacking funds and commitments to recovery. No serious recovery effort was deployed under the past regimes and only those payments received from willing debtors were recorded. Serious efforts to trace beneficiaries and enforce repayment were not undertaken, resulting in many past beneficiaries escaping their responsibility to commence repayment.

Systemic factors such as delayed completion of studies at institutions of higher learning, or the suspension of study efforts due to various factors (including lack of funding for beneficiaries who failed an academic year), has also resulted in a decreased number of students completing their studies and successfully graduating from their institution of higher learning. A lower completion rate impacts the recovery amount as well, as those who are still students cannot be held liable to repay their loans until they graduate or completely abandon their study efforts and breach their agreements.

Additionally, the national high unemployment rate, and in this case specifically for beneficiaries, has led to reduced ability to repay a loan, even if the beneficiary recognises the requirement to repay. Many instances are known where past beneficiaries take many years to secure employment, often in jobs unrelated to their field of study.

Amounts recovered per year

The table below presents the amounts recovered in the years 2010 to 2015, alongside the number of active debtors for this period.

Table 19: Recovered amounts per year

Year	Amount recovered	% Increase/Decrease	Active debtors	% Increase/Decrease Active debtors
2015/16	4,563,154	9.86	1099	44.6
2014/15	4,153,506	-33.4	760	-44.2
2013/14	6 237 475	-9.41	1 362	-17.8
2012/13	6 885 113	-0.27	1 656	21.59
2011/12	6 866 614	2.82	1 951	17.81

Way forward (solution)

Given the need to step up efforts in the recovery of past loans, NSFAF procured the services of an outsourced debt recovery agency to assist in tackling this dilemma. In November 2014, the employment of the agency was decided and implemented; and initial efforts had to deal mainly with the historic difficulties outlined above.

The efforts are slowly bearing fruit and additional capacity is presently being installed to make future recovery efforts more successful.

Tracing past beneficiaries using conventional methods such as Credit Information Bureaus has proven to be a costly and lengthy exercise. It is envisaged that through the Fund's collaboration with the Ministry of Finance's Inland Revenue section as well as Social Security

Commission, efforts to trace employed beneficiaries will be simplified, since every employed person will pay taxes and social security contributions. Presently, the legal obstacles preventing greater collaboration are evaluated and amended, if need be.

The collaboration of the Public Service Commission for employment in the Public Sector and the Namibian Employer Federation for employment in the Private Sector is also required in order to identify NSFAF beneficiaries upon employment, and to commence deducting the debt repayment from the salary at source. These efforts should result in a significant increase in NSFAF's debt recovery efforts.

Lastly, a revised Recovery Policy has been proposed, which includes incentives for NSFAF beneficiaries for on time completion of their studies, as well as various

incentives for the repayment of legacy debts. This policy, once approved, foresees an income contingent, rather than a mortgage type recovery method, to ensure fairness of repayment for the beneficiary.

STUDENT SUPPORT SERVICES

Query Management / Turnaround times

The Fund continued to render the service experience by closely monitoring service gaps and implementing quick wins related to service improvements to address the gaps identified. Statistics show that students still prefer a human touch and contact with the student care centre, as indicated by the high number of walk-ins with enquiries related to payment, awards and other support related matters.

Topping the enquiries list are appeals for special considerations and approval. Students appeal to the NSFAF for a wide range of reasons, such as changing courses or institutions, loan extensions and loan transfers, loan cancellations and requests for additional funding. In the past, due to lengthy review processes, the Fund would take an average of 6 months provide feedback to students on the outcome of their appeals.

For the financial year under review, the Fund received 1903 appeals from students. These appeals ranged from:

1. Change of courses;
2. Change of institutions;
3. Loan/grant extensions;
4. Requests to put loans on hold (of which there were 995 appeals).

As depicted in Table 1 below, 49% of the appeals received were related to loan extensions, 25% to course changes, 25% to loan transfers, and at least 1% to placing loans on hold for various reasons.

Table 20: Typical requests received by student care centre

Cases Received	
Loan on Hold	1%
Change of Course	25%
Loan Transfer	25%
Loan Extension	49%

Query management service delivery timeline

NSFAF remains committed to effectively responding to student issues by maintaining and monitoring the enquiry logging mechanisms that track student-related enquiries and measure turnaround times on query resolution. The data shows that by the end of the financial year under review, most queries were responded to on the same day, while complex matters took an average of 3 days.

Students' Internship and practicums

Over the years, NSFAF has been inundated with requests from students who wish to be funded for internship purposes. In response to these requests, the Fund implemented an Internship Policy to provide a general framework that specifically guides, regulates and facilitates the provision of financial assistance, to Namibian Students studying abroad towards Medicine and Engineering qualifications. These courses often require a practicum or internship program to be undertaken by the student, as a critical and integral part of a their curricula. The Fund further took into consideration other prevailing factors, as well as the laws of those foreign countries, which often inhibit the students' exposure to the much-needed hands-on experience.

The fundamental principle underlying NSFAF's funding of internships is that the practical knowledge gained by practicing at credible institutions under the guidance of a knowledgeable and experienced supervisor, is invaluable to the success of that student.

During the financial year under review, NSFAF assisted 171 students with flight tickets for internship/practicum purposes, as depicted in table 2 below:

Table 21: student internship cost for 2015/16 FY

No	Country	Number of Students	Estimated cost N\$
1	Venezuela	17	425 000
2	Cuba	3	91 537
3	Ukraine	25	599 677
4	Russia	51	2 590 507
6	Malaysia	9	111 690
7	China	64	1 152 000
8	India	2	108 000
	TOTAL	171	N\$ 5 078 411

The Fund assisted at least 263 students studying abroad to travel to Namibia for practicum/internship purposes, at a cost of N\$ 7 890 000.00. The majority of these students were studying in Russia, Ukraine, China and Cuba. Internships/practicums last for varied periods of time – from a minimum of 3 months to a year – as dictated by their respective curricula.

It remains the Fund's focus and commitment to render the best service experience to its stakeholders, as embedded in our stakeholder service charter.

Disbursement of Student Fund

During the period under review, the Fund introduced the splitting of payments to local institutions of Higher Learning, excluding Vocational Training Centres. The splitting of payments was piloted with two local institutions during the previous financial year, with tuition fees being paid to institutions of higher learning, while non-tuition fees were paid directly to students. This disbursement structure has eliminated delays in student refunds by Institutions of Higher Learning.

Although the splitting of payments recorded significant success, the Fund relied on students to supply their banking details, so that non-tuition fees could be transmitted to those accounts. However, in piloting this initiative, it transpired that several student bank accounts were either dormant or invalid, resulting in some students not being paid on time, due to bank rejections.

To overcome this challenge, the Fund explored various options for payment solutions that would expedite payments to students, for implementation in the next financial year. In this regard, NSFAP introduced the NSFAP Payment Card, which is issued to all NSFAP beneficiaries studying at local Institutions of Higher Learning, including those at the Vocational Training Centres. The Card, which does not expire, doubles as proof of being a NSFAP beneficiary, and is also able to generate a track record of funds paid to a student or paid for a student to an Institution of Higher Learning.

At the end of the 2015/16 financial year, the Fund worked on reviewing the current pre-determined rates, with the aim of introducing a new funding model in the next financial year. The strategy is to address the shortfalls experienced by many students in covering their costs, and to provide financial assistance in a more student centred fashion.

SECTION D:

HUMAN RESOURCE MANAGEMENT



“

The loan provided to my by NSFAP has been very helpful. I couldn't afford to pay tuition fees towards my studies, and the loan, which was awarded to me, met my daily needs, transport and my tuition. My message to aspiring young prospective students is that you should always make sure that you progress academically in order for you to retain financial assistance. It is important to remain focused.

”

Thomas Kasita

Age: 24

B-Juris Degree and a LLB (Honors)

University of Namibia 2013 Graduate

The quality of an organization is unequivocally determined by the quality of the people it employs. NSFAF strives to link the Fund's human capital functions with its strategic goals and objectives, to improve business performance and develop an organizational culture that fosters innovation, flexibility and competitive advantage. NSFAF operates in line with modern management principles, where the Human Capital function is deemed a strategic partner in the formulation and implementation of the company's strategies.

In the service industry, the key ingredient to superb service delivery is people. A key success factor is, therefore, to have an effective human capital environment that rewards good performers, and adequately addresses

poor performers. The biggest challenge is to retain good staff. This can be achieved by providing a stimulating and exciting work environment for these individuals, with good prospects of career advancement.

Staff Complement

Although the Fund has grown significantly in terms of the customer (student) base, the staff complement increased only slightly, by 3 staff members (from 66 in March 2015 to 69 in February 2016). The new employees were hired to fill existing positions on the approved NSFAF structure.

Below is a gender distribution of the staff complement per department:

Table 22: staff complement per department

No	Department	April 2015 - February 2016		
		Male	Female	Total
1	Office of the CEO	2	3	5
2	Human Capital and Corporate Affairs	5	2	7
3	Finance and Administration	3	8	11
4	Operations	16	27	43
5	Legal, Governance, Compliance & Risk	0	0	0
6	Information Technology	3	0	3
7	Internal Audit	0	0	0
	TOTAL	29	40	69

The Fund accommodated 30 graduates or final year students from different institutions of high learning during the period under review, as part of its skills transfer programme. Graduates and students were placed under experienced staff for proper practical skills transfer, over a period ranging between 3 to 12 months.

New appointments and staff movement

A total of 9 staff members were appointed during the period under review. 8 of the appointed new employees were skilled, and one unskilled.

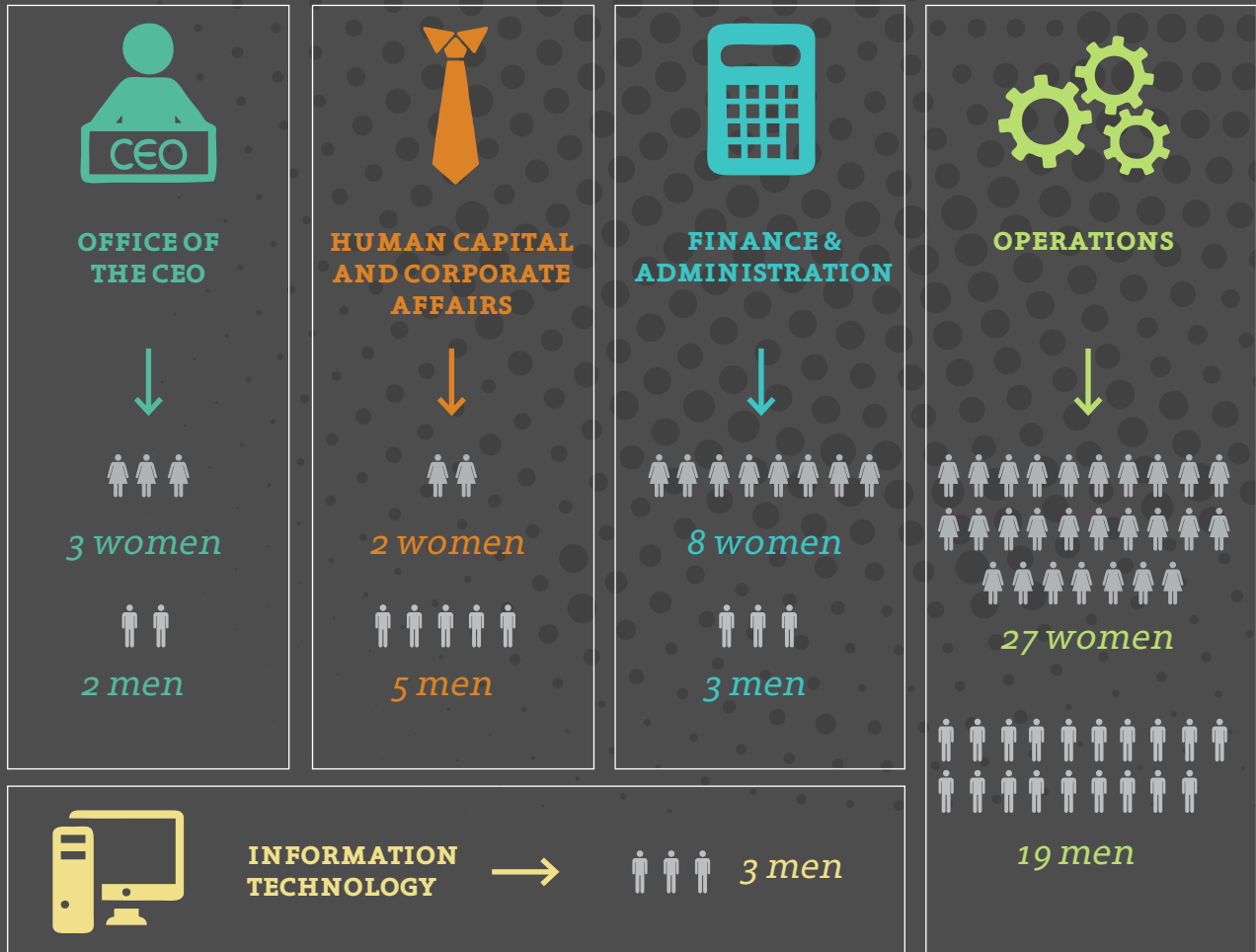
During the period under review, NSFAF appointed 40 temporary data capturers for the Loan Recovery Project. About 36 temporary workers were appointed in the Awards and Payment division to help with online application processes and the payment of fees to institutions of high learning.

Table 23: temporary appointments

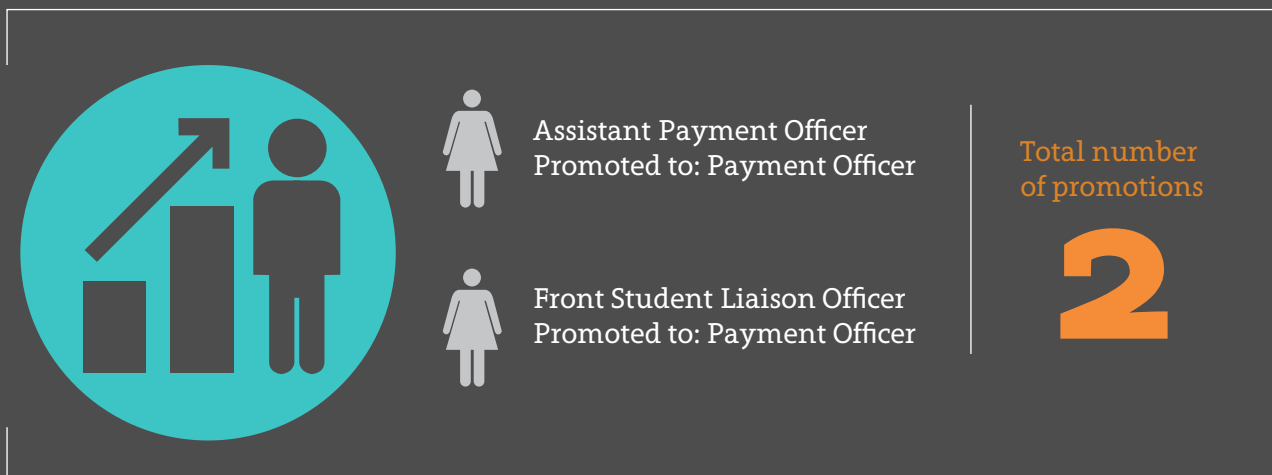
No	Position	Quantity		Total
		Male	Female	
1	Temporary Payment Officers	4	3	7
2	Temporary Awards Officers	22	7	29
3	Temporary Data Capturers	14	26	40
	TOTAL	40	36	76

HR FACTS & FIGURES

Gender distribution and staff complement per department:



Promotions



Promotions

NSFAF believes in assisting its staff members with potential and willpower to grow with the company. In this regard two (2) staff members were promoted during the period under review:

Table 24: promotions

No	Position	Quantity		Total
		Male	Female	
1	Assistant Payment Officer – Payment Officer	0	1	1
2	Front Student Liaison Officer – Payment Officer	0	1	1
	TOTAL	0	2	2

Separation

“Five to seven percent labour turnover is normal – above 10 percent, an organization should develop a retention strategy” – Namibian Ministry of Labour.

The labour turnover for the period under review was five persons. This translates into 7% labour (attrition) turnover for the period under review. This is within the norm of five to seven percent as defined by the Ministry of Labour. The Ministry recommends that employers develop a retention strategy if the annual labour turnover is 10% and/or above.

Learning and Development

Continuous and competency-based learning is key to service delivery. It ensures service standards consistent with industry norms. 55 staff members (out of a total of 69) underwent various formal training interventions between April 2015 and February 2016. Operational mentorship and coaching is ongoing throughout the Fund.

Below are learning and development interventions undertaken during the period under review:

Table 25: learning and development interventions

Intervention	Male	Female	Total
Leadership – O & L Group	1	0	1
Labour Law Relations Conference	1	2	3
Corporate Governance, Accountability and Chairing the Board Training	2	2	4
15th African Corporate Governance Conference	3	1	4
Executive Coaching Sessions	7	4	11
Higher Education Funding Conference	1	0	1
IFRS Annual Update 2015	1	2	3
360 Leadership Circle Profile	10	6	16
Dynamic Presentation Skill Training	6	6	12
Certified Talent Economics	3	2	5
Microsoft Excel 2013 Intermediate Level & Advanced Level	5	5	10
Woman Leadership Conference	0	3	3
Principles of Remuneration Training	0	3	3
Masterclass on Dashboard and Advance Report using Excel	0	3	3
Loud ‘n Clear Public Speaking	0	1	1
Evolution Practitioner Training	0	2	2
Old Mutual Summit	0	10	10
IPM conference	1	1	2

Intervention	Male	Female	Total
2nd Annual Procurement Conference	1	1	2
FortiGate Multi-Threat Security System I & II	1	0	1
OHSE Training and Awareness and First aid Training	6	8	14
19th African Wellness & HIV/AIDS Conference	0	1	1
Fraud Prevention and Ethics Course	1	0	1
Leadership Development For PA's, Secretaries, HR, Office Administrators Conference	0	5	5
Business Ethics & Office Etiquettes	2	4	6
Leadership - African Leadership Institute (ALI)	2	7	9

Employee Relations

NSFAF is a unionized organisation with signed up members of two unions – NAFINU (43) and NAPWU (8) – and members' monthly contribution in excess of N\$

2,900 was made to the unions. The Fund has a cordial relationship with the recognised union (NAFINU) and thus fosters a culture of trust and respect and, subsequently, superb execution. The following cases were active during the period under review:

Table 26: Employee cases

No.	Type of Case	No. of Employees Involved	Status
1	Misconduct - AWOL	1	Final Written Warning
2	Group Grievance - Dissatisfaction with management style	6	Resolved
	Total	7	

Grievances

One grievance was launched by a group of six (6) Student Care Centre employees against the Acting Manager of the Student Care Centre. The grievance was successfully closed. One of the recommendations made was that NSFAF should ensure that supervisors and managers are trained on supervisory, managerial, communication, interpersonal skills and people management processes such as probation, performance management and grievance handling.

Misconduct

One case of misconduct was recorded during the first two quarters of 2015, i.e. absence without leave of a female employee at an entry level. The Disciplinary Committee held a mitigating hearing and made recommendations to the CEO for consideration.

Employee Wellness

Illnesses and psychosocial conditions (such as stress, alcohol and substance abuse, domestic violence, HIV/AIDS) can have negative impacts on the workforce and operations. As such, NSFAF promotes a comprehensive and holistic approach to employee wellness, regarding physical-, psychosocial- and spiritual wellbeing.

In terms of HIV/AIDS, all staff members on medical aid are automatically covered under Vitality (a medical aid benefit for HIV/AIDS treatment). There were no registered cases of employees on HIV/AIDS treatment.

The following activities were carried out during the period under review:

Table 27: Wellness activities

No.	Activity	Description
1	Occupational Health Safety, and Environment	Companywide employee sensitization on workplace health, safety and environment
2	Employee Health Screening	Companywide employee health screening
3	Condom Distribution	Distribution of male condoms in all bathrooms at the head office

Employee health screenings were conducted in February 2016. Health indicators such as blood pressure, sugar levels, alcohol consumption and body mass index were checked. A total of 30 employees participated in the screening process. The screening revealed that of the 30 employees:

- Five employees had alarmingly high blood pressure (from 144/91 to 185/119) levels, and were advised to consult their doctors without delay.
- The blood pressure levels of the other employees were found to be within the normal ranges, but they were advised to exercise and maintain healthy life styles.
- Most employees' sugar levels fell within the normal range, and only one employee had a blood sugar level in excess of 9.1 ml. None of the employees assessed were found to be underweight. However, seven employees were found to be overweight, with two categorised as obese.

SECTION E:

GOVERNANCE & REGULATORY ENVIRONMENT

“

During the registration process, I overheard some students talking about the NSFAF and how they were going to hand in their documents to apply for financial assistance. I compiled my Grade 12 results, letter of acceptance from the University as well as proof that my grandparents were unemployed. NSDFAF funded my education throughout my studies, in which I did very well. I hereby urge all students, both Grade 12 and those at universities, to not only study hard but also to avoid any distractions that pull them away from focusing on their goals.

”

Emilia Michael

Age 27

Bachelor of Economics

Namibia University of Science and
Technology



Mandate of the NSFAF Board

In exercising its fiduciary duties, the Board expects commitment, trustworthiness, honesty, responsibility and accountability from all members of the Secretariat. It sets this tone through strategy setting, policy formulation, system formation, human capital development, clarity of processes and risk management. With these important elements in place, a management team is firmly positioned to carry out its day-to-day activities and to help build public confidence in the organization.

Specifically, the NSFAF Board is mandated to:

- Initiate the formulation of policies and provide a regulatory framework for the administration of the Fund and the granting of financial assistance;
- Enter into agreements (in the name of the Fund) with students on the terms and conditions under which financial assistance is provided in each case;
- Take such measures, including the engagement of government or non-governmental institutions, as are appropriate to properly administer and control the affairs of the Fund;
- Borrow money on such terms and conditions as may be approved by the Minister with the concurrence of the Minister responsible for Finance;
- Accept grants, donations and bequests, and recover any monies due to the Fund;
- Invest, at its discretion, any monies standing to the credit of the Fund and not immediately required for use, provided that such investments shall be made by placements in financial institutions of good standing.
- Pay all expenses incurred for or in connection with the establishment and administration of the Fund
- Investigate or deal with or cause to be investigated or to be dealt with any matter related to the object of the Fund;
- Determine the manner and form and the periods to be observed with regard to the applications for financial assistance and the consideration and processes of applications for financial assistance;
- Ensure the allocation of financial assistance in a fair and transparent manner to all eligible students;
- Raise funds as contemplated in the Act;
- Expand the number of students receiving financial assistance;
- Ensure the sustainability of the Fund;
- Develop an advocacy and marketing strategy;
- Ensure the development of appropriate criteria and a conducive environment or conditions for the granting of financial assistance in consultation with key stakeholders and the Minister and in support of the State's decentralization process;
- Ensure the effective recovery of loans, which includes instituting legal action in the name of the Fund for the purposes of recovery of loans;
- Ensure maintenance and analysis of a database, which will promote loan recovery;
- Carry out research for the better use of financial resources;
- Advise the Minister on matters relating to student financial assistance; and
- Constantly liaise with the National Planning Commission, the Namibia Statistics Agency and the Ministry of Higher Education, Training and Innovation and Ministry of Basic Education, Arts and Culture in order to update information pertaining to the demand for projections of areas of study, priority fields and data on the number of students.

Board Information

The table below provides an indication of the number of meetings (ordinary and special) and retreats attended by members of NSFAF's Board.

Table 28: Board meetings and retreats

BOARD									
Date of Meeting	Type of Meeting	Ms. Petronella Karuaihe-Martin (Chairperson)	Mr. Mbushandje Ntinda	Mr. Franz Gertze	Ms. Albertina Nankela	Mr. Olavi Hamwele	Ms. Dutte Shinyemba	Ms. Leezhel van Wyk	Mr. Timotheus Angala
02-Apr-15	Special Board Meeting	/	/	/	-	-	-	/	/
22-Jun-15	Ordinary Board Meeting	/	/	-	-	/	/	/	/
25-Jun-15	Ordinary Board meeting (continued from 22 June 2015)	/	/	-	-	/	/	/	/
13-Aug-15	Board retreat	/	/	/	-	/	/	-	/
14-Aug-15	Board retreat	/	/	/	-	/	/	/	/
08-Oct-15	Special Board Meeting	/	/	/	/	/	-	/	/
20-Nov-15	Special Board Meeting	/	/	/	-	-	-	/	/
09-Dec-15	Special Board Meeting	-	/	/	-		/	/	/

BOARD									
Date of Meeting	Type of Meeting	Ms. Petronella Karuaihe-Martin (Chairperson)	Mr. Mbushandje Ntinda	Mr. Franz Gertze	Ms. Albertina Nankela	Mr. Olavi Hamwele	Ms. Dutte Shinyemba	Ms. Leezhel van Wyk	Mr. Timotheus Angela
07-Mar-16	Board Strategic Session	/	/	/	-			-	/
08-Mar-16	Board Strategic Session	/	/	/	-			-	/
13-Mar-16	Special Board Meeting	/	/	/	-			/	/
29-Mar-16	Board Strategic Session	/	/	/	/			/	/

Committee Information

The Board is made up of the following committees:

Selection and Award Advisory Committee (SAAC)

The SAAC's responsibility relates to the awarding of loans and scholarships, in accordance with the NSFAF Act, the Award Policy, Board resolutions and reforms. These activities contribute to the effectiveness of the Fund.

Table 29: Selection and Award Advisory Committee meetings and retreats

SELECTION & AWARD ADVISORY COMMITTEE						
Date of Meeting	Type of Meeting	Ms. Dutte Shinyemba (Chairperson 01 April 2015-29 February 2016)	Mr. Franz Gertze (Chairperson 01 March 2016-31 March 2016)	Mr. Mbushandje Ntinda	Ms. Leezhel van Wyk	Mr. Timotheus Angela
15-May-15	Ordinary Committee Meeting	/	/	-	-	/
27-Jul-15	Ordinary Committee Meeting	/	/	/	/	/
14-Oct-15	Committee Retreat	/	/	/	/	/
03-Feb-16	Special Committee Meeting	/	/	/	/	/

Human Resources and Remuneration Committee (HRRC)

The HRRC makes recommendations to the Board on the NSFAF remuneration policy for Board members, executive management and staff. It is further mandated to develop, review and update Human Resources policies and procedures.

Table 30: Human Resources & remunerations committee meetings and retreats

HUMAN RESOURCES & REMUNERATIONS COMMITTEE				
Date of Meeting	Type of Meeting	Mr. Olavi Hamwele (Chairperson 01 April 2015-30 November 2015)	Ms. Leezhel van Wyk (Chairperson 01 December 2016-31 March 2016)	Mr. Mbushandje Ntinda
13-Mar-15	Ordinary Committee Meeting	/	/	-
01-Apr-15	Special Committee Meeting	/	/	/
21-May-15	Ordinary Committee Meeting	/	/	/
28-Jul-15	Ordinary Committee Meeting	/	/	/
08-Sep-15	Special Committee Meeting	/	/	/
17-Nov-15	Ordinary Committee Meeting	-	/	/

Strategic and Communications Committee (SCC)

The SCC oversees and recommends guidelines to the Board on the implementation of strategic projects, reforms and strategies.

Table 31: Strategic and Communications Committee meetings

STRATEGIC AND COMMUNICATIONS COMMITTEE (SCC)									
Date of Meeting	Type of Meeting	Ms. Petronella Karuaihe-Martin (Chairperson)	Mr. Mbushandje Ntinda	Mr. Franz Gertze	Ms. Albertina Nankela	Mr. Olavi Hamwele	Ms. Dutte Shinyemba	Ms. Leezhel van Wyk	Mr. Timotheus Angala
20-Mar-15	Ordinary Committee Meeting	/	-	-	-	/	-	/	
24-Mar-15	Continuation meeting from 20 March 2015	/	-	-	-	/	-	/	
05-May-15	Special Committee Meeting	/	/	/	/	/		/	
08-May-15	Ordinary Committee Meeting	/	/	/	/	/		/	-
08-Jun-15	Ordinary Committee Meeting	/	/	/	/	/	-	/	
23-Sep-15	Ordinary Committee Meeting	/	/	/		/	-	/	
16-Oct-15	Special Committee Meeting	/	/	/	-	/	-	/	/
19-Nov-15	Ordinary Committee Meeting	/	-	/	-	-	/	/	
09-Mar-16	Ordinary Committee Meeting	/	-	/	/	-		/	/
13-Mar-16	Special Board Meeting	/	/	/	-			/	/
29-Mar-16	Board Strategic Session	/	/	/	/			/	/

Finance Committee (Risk, Tender and Audit) (FINCOM)

The FINCOM committee has an independent role, with accountability to both the Board and the stakeholders. The committee does not assume management functions, which remain the responsibility of NSFAP executives, officers and senior management.

Table 32: Finance Committee (Risk, Tender and Audit) (FINCOM) meetings

FINANCE COMMITTEE					
Date of Meeting	Type of Meeting	Ms. Petronella Karuaihe-Martin (Chairperson)	Ms. Albertina Nankela	Ms. Leezhel van Wyk	Mr. Timotheus Angala
20-Mar-15	Ordinary Committee Meeting	/	-	/	-
27-May-15	Ordinary Committee Meeting	/	/	/	/
05-Jun-15	Ordinary Committee Meeting	/	-	/	-
10-Aug-15	Ordinary Committee Meeting	/	-	/	/
06-Nov-15	Ordinary Committee Meeting	/	/	/	/
04-Mar-16	Ordinary Committee Meeting	/	/	-	/

AUDIT & RISK COMMITTEE					
Date of Meeting	Type of Meeting	Mr. Mbushandje Ntinda (Chairperson)	Mr. Olavi Hamwele	Ms. Dutte Shinyemba	Mr. Timotheus Angala
12-May-15	Ordinary Committee Meeting	/	/	-	/
08-Sep-15	Ordinary Committee Meeting	/	/	-	/
12-Oct-15	Special Committee Meeting	/	/	-	/

Risk Management

During the period under review, NSFAF intensified its efforts to institutionalise risk management across the organisation. The Board holds overall responsibility for governance risk, through formal processes that include the total system of approving Risk Management Policy, risk identification, risk analysis and risk prevention, amongst others. The Board is also responsible for the appointment of the Audit and Risk Committee, as an integral structure for the risk management process.

The current Board took office on 1 January 2015. Upon assumption of office, the Board re-organized and re-structured the then Finance Committee (which previously oversaw various roles, including tender, budget, risk and audit). As a result of the re-organisation, the FINCOM role (tender & budget) was separated from the Audit & Risk responsibilities, as a means of strengthening risk management.

The terms of reference were then developed for the Audit & Risk Committee, and approved by the Board. In terms of the ToR, all the audit functions (external and internal) are accordingly vested in the Audit & Risk committee.

Although NSFAF had a Risk Register in place in terms of which risk management activities had been based since the 2014/2015 Financial Year, the current Board – with the assistance of the Audit & Risk Committee – realised the absence of the Risk Management Policy and Framework as a major obstacle in the proper implementation of risk management system.

With the guidance of the Audit & Risk Committee, during the 2015/16 financial year, NSFAF Management began the process of developing the Risk Management Policy and Framework alongside a review of the Risk Register. The Risk Management Policy, which is expected to introduce a team-based approach for effective application across the organisation, will provide mechanisms for conducting Risk Assessment, Risk Response, Risk Monitoring, Risk Assurance and Risk Disclosure, among others.

It is further expected that the Policy will provide for an all-inclusive framework for managing IT, Financial (fraud) and Human Resources related risks. Everything being equal, the Board is expected to approve both the Risk Management Policy & Framework as well as the reviewed Risk Register.

Internal Audit

During the reference period, the Board, through the appointed Internal Auditor, KPMG, managed to successfully complete four audits in accordance with the Internal Audit Plan. These were: the Application Process, Stakeholder Management Process, Customer Services Management Process and Recovery of Loans Process.

NSFAF management is expected to close off all audit findings in the 2016/17 financial year. Remaining audits that are expected to be completed during the next financial year include Procurement and Accounts Payable Review, Human Resources and Payable Review, Fixed Asset Review, Records Management System Review, IT System Review, Legislative & Contract Compliance as well as Corporate Governance Compliance.

Compliance with laws and regulations

Corporate Governance is the expression of ethical values and standards. As such, compliance should also be understood to be an ethical imperative for the governance of NSFAF. Furthermore, the compliance requirement is an integral part of the holistic risk management process. Hence, a comprehensive understanding of the compliance environment that has a bearing on NSFAF is essential. The compliance environment entails complying with laws, rules, codes and standards, which should be incorporated into the code of conduct of the company in order to entrench a culture of compliance.

During the reference period, NSFAF completed a draft Compliance Schedule (Plan), and is currently awaiting consideration by the Audit & Risk Committee and approval by the Board.

SECTION F:

FINANCIAL INFORMATION



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DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the State Owned Enterprises Governance Act of 2006, 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. It is their responsibility to ensure that the annual financial statements present the state of affairs of the company 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's is engaged to express an independent opinion on the annual financial statements.

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company 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 control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company 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 control 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 directors have reviewed the company's cash flow forecast for the year to 31 March 2017 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate

resources to continue in operational existence for the foreseeable future.

The external auditor's are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 4 to 6.

The annual financial statements set out on pages 7 to 23, which have been prepared on the going concern basis, were approved by the board of directors and were signed on its behalf by:

Director
Windhoek
25 November 2016

Director
Windhoek
25 November 2016

INDEPENDENT AUDITOR'S REPORT

To the Minister of Higher Education, Training and Innovation

We have audited the annual financial statements of Namibia Students Financial Assistance Fund, which comprise the statement of financial position as at 31 March 2016, and the statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and the directors' report, as set out on pages 7 to 21.

Directors' Responsibility for the Financial Statements

The Fund's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium sized Entities and the requirements of the State Owned Enterprises Governance Act of 2006 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

1. Before May 2013, the fund was part of the Ministry of Education. A decision was taken to establish an independent Secretariat. The Secretariat took over all loans advanced and commitments from the Ministry. Management could not provide us with a complete list of all loans and commitments taken over from the Ministry. As a result, we were unable to satisfy ourselves over the completeness of these loans, recoveries and related commitments.

2. Student loans is a material balance stated at N\$ 1,386,019,541 as at 31 March 2016 and student funding expenses amounted to N\$ 543,294,649. Management could not provide us with the total value of commitments relating to these loans and grants as at 31 March 2016 due to the fact that the student loan database is not completed yet. Consequently we could not satisfy ourselves as to the completeness of disclosures related to commitments and the classification (long term vs. short term) of student loans balances.

3. Student loans are a material balance stated at N\$ 1,386,019,541 as at 31 March 2016. Management is in a process of establishing a student loans database and hence the student loans balance due from each student is kept in the student files. Management did not perform a reconciliation between the total amount receivable from each student as per the student files to the total amount receivable as per amount paid as recorded in the general ledger. As a result, we were unable to determine whether any adjustments would be required in respect of student loans balance and the related elements making up the statements of financial position, statement of profit or loss and other comprehensive income and changes in equity and cash flows.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Namibia Students Financial Assistance Fund as at 31 March 2016, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium sized Entities.

Supplementary information

The supplementary information set out on pages 22 to 23 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

The logo for PricewaterhouseCoopers, featuring the company name in a stylized, cursive script.

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: Samuel N Ndahangwapo, Partner

Windhoek, 25 November 2016

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 2016.

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 over 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.

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	Changes
A. Nankela	Namibian	
D. Shinyemba	Namibian	Resigned 01 March 2016
F. Gertze	Namibian	
L. van Wyk	Namibian	
M. Ntinda	Namibian	
O. Hamwele	Namibian	Resigned 01 December 2015
P. Karuaihe Martin (Chair person)	Namibian	
T. Angala	Namibian	

4. Directors' interests in contracts

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

5. 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.

6. Going concern

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

7. Auditors

PricewaterhouseCoopers continued in office as auditors for the fund for 2016.

Statement of Financial Position *as at 31 March 2016*

	Note(s)	2016 N\$	2015 N\$
Assets			
Non Current Assets			
Property, plant and equipment	2	32,411,911	8,788,978
Student loans	4	1,386,019,541	762,310,374
		1,418,431,452	771,099,352
Current Assets			
Prepayments	3	370,461	263,228
Cash and cash equivalents	5	258,843,805	187,223,685
		259,214,266	187,486,913
Total Assets		1,677,645,718	958,586,265
Equity and Liabilities			
Equity			
Accumulated funds		1,658,070,442	870,142,555
Liabilities			
Current Liabilities			
Trade and other payables	6	19,575,276	88,443,710
Total Equity and Liabilities		1,677,645,718	958,586,265

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2016 N\$	2015 N\$
Grants for administrative costs	7	165,915,291	95,180,415
Grants for student funding	7	1,240,416,367	977,261,138
Recoveries of previously impaired loans	7	4,563,154	4,153,506
Other income	8	931,682	998,880
Student funding expenses		(534,040,222)	(258,418,528)
Impairment of student loans		(12,728,758)	(15,557,355)
Administrative expenses		(87,539,019)	(57,964,209)
Surplus before Investment income		777,518,495	745,653,847
Investment income	9	10,409,392	10,282,196
Surplus for the year		787,927,887	755,936,043

Statement of Changes in Equity

	Accumulated funds N\$	Total funds N\$
Balance at 01 April 2014	114,206,512	114,206,512
Surplus for the year	755,936,043	755,936,043
Balance at 01 April 2015	870,142,555	870,142,555
Surplus for the year	787,927,887	787,927,887
Balance at 31 March 2016	1,658,070,442	1,658,070,442

Statement of Cash Flows

	Note(s)	2016 N\$	2015 N\$
Cash fbws from operating activities			
Receipts			
Grants for capital fund and administration costs		165,915,291	95,180,415
Grants for student funding		1,240,416,367	977,261,138
Recoveries		4,563,154	4,153,506
Other income		931,682	998,880
	7	1,411,826,494	1,077,593,939
Payments			
For student awards		(1,236,747,451)	(856,731,025)
To employees and suppliers		(89,026,723)	(50,718,010)
		(1,325,774,174)	(907,449,035)
Net cash from operating activities	11	86,052,320	170,144,904
Cash fbws from investing activities			
Acquisition of property, plant and equipment	2	(24,841,592)	(5,981,898)
Interest income	9	10,409,392	10,282,196
Net cash to investing activities		(14,432,200)	4,300,298
Total cash movement for the year		71,620,120	174,445,202
Cash at the beginning of the year		187,223,685	12,778,483
Total cash at end of the year	5	258,843,805	187,223,685

ACCOUNTING POLICIES

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. 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 Dollars.

These accounting policies are consistent with the previous period.

1.1 Statement of compliance

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgment are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

1.2 Basis of preparation

The financial statements of the fund have been prepared in accordance with the International Financial Reporting Standard for Small and Medium sized Entities (IFRS for SMEs). They have been prepared under the historical cost convention.

The preparation of financial statements in conformity with the IFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimations are significant to the financial statements, are disclosed as and when applicable.

1.3 Significant judgments and sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

Financial assets measured at cost and amortised cost

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

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

Impairment testing

The fund reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

Useful lives and residual values

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

1.4 Property, plant and equipment

Property, plant and equipment are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and
- are expected to be used during more than one period.

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The fund adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental

future benefits to the group. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation on assets is charged so as to allocate the cost of the asset less their residual value over their estimated useful lives, using the straight line method. The estimated useful lives range as follows:

Item	Average useful life
Furniture and fixtures	7 15 years
Motor vehicles	5 years
Office equipment	5 years
IT equipment	3 5 years

The assets residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An assets carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other gains/(losses) ñ net in the statement of comprehensive income.

1.5 Financial instruments

Financial instruments at amortised cost

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include trade and other receivables, loans and trade and other payables. At the end of each reporting period date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised in profit and loss.

Financial instruments at fair value

All other financial instruments are measured at fair value through profit and loss.

Student loans

The student loans offered by the fund are unique within the market. The primary focus of these loans is not profit generation, but rather to provide affordable financing for Namibian students (from low income households) studying at various approved institutions of higher learning. The loans have no fixed repayment terms and the debt is only due 6 months after completion of the studies, provided that the student (debtor) is employed, otherwise the debtor is required to provide a letter in which the debtor makes a declaration that he/she is still unemployed and looking for a job. The debtor may

negotiate the repayment period, with a maximum of 3 times the number of years of the loan.

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 installment 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 2% of the total book value of the loans. Impairment losses are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents includes 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.

Trade and other payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Trade payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into Namibian dollars using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.

1.6 Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight line basis over the period of the lease. The fund leases certain items of property, plant and equipment. Leases of property, plant and equipment where the fund has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is apportioned between the liability and finance charges using the effective interest method. Rental obligations, net of finance charges, are included in borrowings in the statement of financial position. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Operating leases ñ lessee

Operating lease payments are recognised as an expense on a straight line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised

as an operating lease asset/liability. This liability/asset is not discounted.

1.7 Legacy awards

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.

1.8 Impairment of assets

At each reporting date, property, plant and equipment, intangible are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount.

If 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.

1.9 Employee benefit

Short term employee benefits

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

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 period date.

1.10 Provisions and contingencies

Provisions are recognised when:

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

Provisions are not recognised for future operating losses.

Provisions are measured at the preset 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.

1.11 Government grants

Government grants are recognised when there is reasonable assurance that:

- the fund will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable. Grants related to income are presented separately as a credit in the income statement.

Grants from the government are recognised at their fair value in profit or loss where there is a reasonable assurance that the grant will be received and the fund has complied with all attached conditions. Grants received where the fund has yet to comply with all attached conditions are recognised as a liability and included in deferred income within trade and other payables and released to income when all attached conditions have been complied with. Government grants received are included in other income in profit or loss.

1.12 Revenue recognition

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.

(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

1.13 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.

Notes to the Annual Financial Statements

	2016 N\$	2015 N\$
--	-------------	-------------

2. Property, plant and equipment						
	2016			2015		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	2,206,059	(579,539)	1,626,520	1,531,469	(318,297)	1,213,172
Motor vehicles	1,255,155	(379,644)	875,511	793,946	(201,638)	592,308
Office equipment	2,236,770	(561,706)	1,675,064	1,207,619	(286,404)	921,215
IT equipment	3,075,395	(994,885)	2,080,510	2,053,962	(490,775)	1,563,187
Building under construction	26,154,306	-	26,154,306	4,499,096	-	4,499,096
Total	34,927,685	(2,515,774)	32,411,911	10,086,092	(1,297,114)	8,788,978

Reconciliation of property, plant and equipment 2016

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	1,213,172	674,590	(261,242)	1,626,520
Motor vehicles	592,308	461,209	(178,006)	875,511
Office equipment	921,215	1,029,150	(275,301)	1,675,064
IT equipment	1,563,187	1,021,433	(504,110)	2,080,510
Building under construction	4,499,096	21,655,210	-	26,154,306
	8,788,978	24,841,592	(1,218,659)	32,411,911

Reconciliation of property, plant and equipment 2015

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	1,120,999	297,282	(205,109)	1,213,172
Motor vehicles	536,722	187,373	(131,787)	592,308
Office equipment	882,311	249,261	(210,357)	921,215
IT equipment	1,158,826	748,886	(344,525)	1,563,187
Building under construction	-	4,499,096	-	4,499,096
	3,698,858	5,981,898	(891,778)	8,788,978

3. Prepayments

Prepaid rent	370,461	263,228
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Notes to the Annual Financial Statements

	2016 N\$	2015 N\$
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4. Student loans

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

2016	New Awards Loans	Continuing loans	Total
Opening balance	98,951,302	678,916,427	777,867,729
Loans awarded	205,839,015	422,013,319	627,852,334
Student accruals	356,130	8,229,461	8,585,591
Impairment of student loans	(6,095,806)	(22,190,307)	(28,286,113)
	299,050,641	1,086,968,900	1,386,019,541
2015	New Awards Loans	Continuing loans	Total
Opening balance	-	105,577,794	105,577,794
Loans awarded	84,627,600	518,833,614	603,461,214
Student accruals	14,323,702	54,505,019	68,828,721
Impairment of student loans	(1,979,026)	(13,578,329)	(15,557,355)
	96,972,276	665,338,098	762,310,374

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	13,325	-
Bank balances	156,765,547	184,526,629
Short term deposits	102,064,933	2,697,056
	258,843,805	187,223,685

6. Trade and other payables

Trade payables	2,408,791	5,256,947
Student loans accruals	11,757,887	78,458,230
Payroll accruals	5,408,598	4,728,533
	19,575,276	88,443,710

7. Revenue

Grants for student funding	1,240,416,367	977,261,138
Recoveries	4,563,154	4,153,506
Grants for capital fund and administration costs	165,915,291	95,180,415
	1,410,894,812	1,076,595,059

Notes to the Annual Financial Statements

	2016 N\$	2015 N\$
8. Other income		
Cash on hand	910,262	993,580
Bank balances	21,420	5,300
	931,682	998,880
9. Investment revenue		
<i>Interest revenue</i>		
Bank	10,409,392	10,282,196
10. Auditor's remuneration		
Fees	952,373	378,212
11. Cash generated from operations		
Surplus for the year	787,927,887	755,936,043
Adjustments for:		
Depreciation	1,218,659	891,777
Interest received investment	(10,409,392)	(10,282,196)
Impairments of student loans	12,728,758	15,557,355
Changes in working capital:		
Prepayments	(107,233)	86,625
Trade and other payables	(68,868,434)	80,245,235
Student loans	(636,437,925)	(672,289,935)
	86,052,320	170,144,904

12. 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.

	2016 N\$	2015 N\$
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13. Commitments

Operating leases ñ as lessee (expense)

Minimum lease payments due

- within one year	1,560,227	1,399,264
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Operating lease payments represent rentals payable by the fund 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.

14. Related Parties

Relationships

Controlling body	Ministry of Higher Education, Training and Innovation
Directors	P. Karuaihe Martin (Chair person)
	M. Ntinda
	F. Gertze
	L. van Wyk
	A. Nankela
	T. Angala
Key management	H. Nghiwete (Chief Executive Officer)
	S. Von Blotnitz (Chief Financial Officer)
	C. Koopman (Senior Manager: Finance)
	P. Tjahere (Senior Manager: Marketing and Communication)
	K. Kandume (Senior Manager: Operations)
	F. Immanuel (Company Secretary)
	O. Hamwele (Chief Human Capital & Corporate Affairs)

Related party balances and transactions with other related parties

Related party transactions

Key management

Salaries	10,663,486	8,462,352
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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 costs	165,915,291	95,180,415
Grants for student funding: Ministry of Higher Education, Training and Innovation	1,240,416,367	977,261,138

14. Related Parties

Directors' remuneration of N\$ 2,918,390 (2015: N\$1,027,902) was paid to directors during the year.

Detailed Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2016 N\$	2015 N\$
Revenue			
Recoveries		4,563,154	4,153,506
Grants for capital fund and administration costs		165,915,291	95,180,415
Grants for student funding		1,240,416,367	977,261,138
	7	1,410,894,812	1,076,595,059
Other income			
Refund tertiary institutions		910,262	993,580
Tender documentation fees		21,420	5,300
Interest received	9	10,409,392	10,282,196
		11,341,074	11,281,076
Other expenses			
Impairment of student loans		(12,728,759)	(15,557,355)
		(12,728,759)	(15,557,355)
Administrative expenses			
Advertising		(4,651,446)	(3,020,518)
Auditors remuneration	10	(952,373)	(378,212)
Bank charges		(1,021,121)	(586,430)
Board and subcommittee fees		(2,918,390)	(1,027,902)
Cleaning		(51,952)	(10,423)
Computer expenses		(242,195)	(53,836)
Consulting and professional fees		(6,325,097)	(8,121,239)
Depreciation		(1,218,659)	(891,777)
Employee costs		(45,857,961)	(33,210,533)
Entertainment		(180,801)	(105,340)
General expenses		(2,017,933)	(529,589)
HR recruitment and selection costs		-	(34,100)
Insurance		(65,908)	(49,220)
Lease rentals on operating lease		(3,877,776)	(2,426,039)
Motor vehicle expenses		(600,204)	(460,524)
Office refreshments		(316,625)	(195,766)
Postage		(101,727)	(91,699)
Printing and stationery		(1,396,273)	(945,575)
Projects		(7,749,381)	-
Recruitment and selection		(109,941)	(19,131)

Detailed Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2016 N\$	2015 N\$
Repairs and maintenance		(153,837)	(65,498)
Security		(63,308)	(17,854)
Staff welfare		(31,546)	-
Subscriptions		(45,525)	(110,246)
Training		(1,554,554)	(634,942)
Travel and accommodation		(3,293,990)	(2,590,964)
Telephone and fax		(1,684,077)	(1,177,533)
Water and electricity		(614,112)	(410,264)
Workshop and conferences		(442,307)	(799,055)
		(87,539,019)	(57,964,209)
Student funding expenses			
Postgraduate awards		(10,071,462)	(17,363,352)
Solidarity scholarships		(739,490)	(1,075,254)
Student accommodation and medical		(1,048,343)	(845,820)
Student flight and travel expenses		(7,766,647)	(9,302,786)
Student stipends		(25,364,664)	(33,551,805)
Undergraduate student awards (grants)		(489,049,615)	(196,279,511)
		(534,040,221)	(258,418,528)
		(634,307,999)	(331,940,092)
Surplus for the year		1,422,235,886	1,087,876,135



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