

Annual Report



2013 - 2014

NSFAF

Namibia Students Financial Assistance Fund





TABLE OF CONTENTS

MANDATE	4
VISION AND MISSION	4
CHAIRPERSON'S REPORT	6
CHIEF EXECUTIVE OFFICER'S REVIEW	8
BOARD MEMBERS	18
EXECUTIVE TEAM	23
OFFICE OF THE CEO	24
FINANCE AND ADMINISTRATION	25
MARKETING AND COMMUNICATION	26
OPERATION DEPARTMENT	27
MANAGEMENT STRUCURE	34
ANNUAL FINANCIAL STATEMENTS	56
DIRECTORS' RESPONSIBILITIES AND APPROVAL	60
INDEPENDENT AUDITOR'S REPORT	61
DIRECTORS' REPORT	62

1. MANDATE

The Namibia Students Financial Assistance Fund (**NSFAF**) derives its mandate from the NSFAF Act, No. 26 of 2000.

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:

- i) to enable them to study or to do research; and
- ii) more specifically, but without limiting the foregoing, to facilitate the training of students in prescribed courses or fields of study at approved tertiary institutions.

1.1 VISION

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

1.2 MISSION

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

1.3 GUIDING VALUES

- Excellence
- Commitment
- Innovation
- Teamwork
- Ethics
- Diversity



Excellence	Commitment	Innovation	Teamwork	Ethics	Diversity
Will have to be achieved in all operations of the NSFAF in order to satisfy the needs and expectations of its stakeholders, enabling The Fund to reach the goal of being a reputable institution that fulfills its mandate. Staff members shall strive for: • Integrity and setting high standards • Dedication and fulfilling a purpose • Punctuality and accountability • Sound judgment in every action	Will have to be shown by all staff members of the NSFAF in order to achieve excellence and meet the guiding principles. In order to achieve high-level commitment NSFAF staff shall pledge: • A high degree of care towards our stakeholders • Loyalty to the organization • Dedication to the institutional strategic direction	Will take the NSFAF into the future and help to provide a better and more efficient service to its stakeholders. Employees shall strive to: • Explore new ideas and initiatives • Keep abreast with new development in the industry • Embrace a culture of innovation in the workplace	Will be required for the whole of the NSFAF to work seamlessly together across all processes and thus achieve an entirely positive experience for its stakeholders. The Employee shall strive to: • Work collaboratively towards the NSFAF goals and objectives • Be bonding agents within the organizational team • Actively participate and offer constructive feedback • Value contributions of others • Refrain from instigation	This requires that all NSFAF employees will uphold the moral principles in all their actions, by pledging to act with the utmost: • honesty • Respect • Transparency • Accountability; and • Without prejudice to our stakeholders	The NSFAF as an employer recognizes that each staff member is unique in terms of: • cultural background • beliefs • capability • Talents; and that the inclusion of such uniqueness will contribute to better business decisions and make NSFAF an Employer of choice.



CHAIRPERSON'S REPORT



The current NSFAP Board was appointed from 01 January 2012 to 31 December 2014. It suffices to state that the Board is now serving its last months of office.

Although the first two years of the Board's term bears no relevance to the reporting period, reference is drawn from it to express the fact that the period under review was characterized by challenges similar to those experienced in the preceding years. Some of the notable challenges during the period under review include:

- Misconceptions on the prospect of the Fund following its detachment from the Ministry.
- Conflicting views (often in political discourse) on whether the financial assistance provided by the Fund should be recoverable or not. The pursuit of the latter option will impact institutional sustainability of the Fund significantly.
- The Fund after its separation from the Ministry, did not have a Secretariat to run its operations and this prompted the Board of Directors taking on executive roles.
- Lack of co-ordination of student sponsorships. For instance some government offices/ministries and agencies (OMA/S) have their own sponsorship initiatives, which are not necessarily

coordinated through NSFAP. This poses a risk of over training. It may further lead to beneficiaries receiving multiple training/study opportunities at the expense of students that do not get to receive assistance at all, a situation which can effectively lead to exclusion of some.

- Lack of Sector Skills Plan - this is essential in guiding the Fund to be more responsive to the national skills needs and to target its awarding of financial assistance according to the identified skills needs.

As it follows from the preceding text, it is clear that for the period running from 01 April 2013 to 31 March 2014, NSFAP was in a transformational journey. It is further self-explanatory that both Ministry of Education and Board of NSFAP were pre-occupied with the transformational agenda that eventually led to the establishment of this fully-fledged organization in the State Owned Enterprise form and content. Notwithstanding the challenges, some of which have been outlined earlier, there have been key ground-breaking achievements as far as Corporate Governance is concerned. Among these are:

- Implementation of reform initiatives as per Millennium Challenge Account Namibia (MCA-N) recommendations;
- Establishment of the Fund Secretariat;
- Development and approval of the Organizational Structure;
- Appointment of a Chief Executive Officer (CEO) and the entire Executive Management team;
- Re-grading and Remuneration review exercise;
- Development and approval of the Job Descriptions, which clearly set the roles and responsibilities of employees at all levels;
- Establishment of Board Committees; and
- Effecting of Amendments to the Principal Act of NSFAP.

Amendment of the NSFAP Act specifically has been, in our view, a critical milestone in the reform process, as it would pave the way for the enactment of a new NSFAP Act. The legislative review began in 2013 when the draft Bill was presented and approved by the Cabinet Committee on Legislation.

The Board further ensured that the final Bill was tabled at Parliament by the Minister and it is therefore anticipated that the Bill will be promulgated into law before end of 2014. The board has thus gone to great lengths to ensure that the Fund develops and adopts a robust and responsive legislative and policy framework that will enable the achieving of the Fund's mandate. The legislative reform process was a laborious one and the Board worked tirelessly to ensure that the drafting and tabling of the Bill was done.

The improved governance structures will also assist in dealing with the ever increasing pressures on the Fund for funding as well as calls for Government to provide free tertiary studies to all Namibians through the Fund. The Fund is also ever inundated with applications from applicants that do not comply with the Fund's award requirements and register at unaccredited institutions.

To strengthen the Fund's governance framework, the Board is

overseeing a complete review and development of an enhanced policy framework for the Fund by implementing operational processes and systems through policy development.

The following policies are earmarked to be approved and implemented in the next operating period and they are, the Remuneration Policy, a comprehensive Performance Management System; Employee Relations Policy; Conditions of Service; Corporate Communications Policy, Risk Management Policy; Recovery Policy; Substance Abuse Policy and revision of Award Policy as well as priority field of study.

The Fund will also embark on a rebranding exercise in order to align the Fund to its new improved brand equity which will see closer and frequent engagements with all the Fund's key stakeholders.

It is thus an honour and a privilege to comfortably report on the immense structural and legislative reforms that the Fund has successfully embarked upon. None of this would have not been possible without the unwavering support and guidance of the Honourable Minister as well as the dedication and commitment of the Fund management. I would at the same time like to thank my colleagues on the board for their steadfastness in upholding the common vision of making the NSFAF a relevant and responsive partner of our government in achieving a nation of suitably qualified graduates.



Ambrosius M. Agapitus
CHAIRPERSON



CHIEF EXECUTIVE OFFICER'S REVIEW

3.1 NSFAF BACKGROUND:

I am delighted to present the first NSFAF annual report since the Fund's inception almost two decades ago. The Annual Report primarily focuses on the 2013/2014 financial year but may equally cover the performance of the Fund over the last five years.

NSFAF was officially delinked from the operations of the Ministry of Education since 01 May 2013 following a reform exercise. In its current form, the Fund operates as a State-Owned Enterprise (SOE), which is mandated, through the Act, to "Provide Financial Assistance to eligible Namibians to access higher and vocational education". Secondly, the Fund is also mandated to recover money from beneficiaries who have completed their studies and have secured employment.

The operations of the Fund are divided into two parts. Part 1 is NSFAF as Company which deals with the support functions such as Finance and Administration of the Secretariat. The second part is NSFAF as Fund that deals with the core functions of the Fund, which is the awarding of financial assistance and the recovery of loans.

Although the new Secretariat has been in existence for only one year, the Fund has been functioning for almost two decades. At the time of setting up the Fund in 1996, the number of beneficiaries were below 2000. At inception and while still part of the Ministry's structure, the Fund was providing only three key functions:

- a) Receiving and processing application forms;
- b) Disbursing payments to institutions; and
- c) Recording payments from beneficiaries who volunteered to pay back.

Hence, key functions such as Marketing, Finance, Record Management and Student Query Management were not part of the previous Secretariat.

The year under review was the transition year of the Fund, meaning that it was the year in which the Fund starting operating as a separate statutory body as per the enabling legislation.

This year was marked by the Secretariat, under the Board's guidance, focusing on building systems and developing policies that will serve as the blueprint for the Fund. Loan recovery however, is one of the functions that will enjoy greater prominence now that the organizational framework is taking shape.

The Fund however remains deluged with applications for financial assistance and the increasing applications has seen notable budgetary provision through the Ministry.



3.2 PERFORMANCE HIGHLIGHTS

3.2.1 NSFAF AS A FUND

Provision of Financial Assistance

Financial assistance is provided to qualifying students in the form of loans and grants. In 2010, Cabinet directed NSFAF to develop and offer three types of financial assistance namely:

- a) Merit based scholarships for best performers in Grade 12 as identified by the Directorate of National Examination and Assessment;
- b) Grants for Priority Fields of Study and
- c) Loans for non-priority fields of study.

Table A1 below shows the number of students financially assisted for the past five years; in the 2013 academic year the figure stood at 10,660. This represents an increase of 38.4% from 2012 academic year.

Although there has been impressive growth in the number of beneficiaries in the last five years, this translates into only 79.43% of all students estimated to be enrolled in Institutions of Higher Learning in the country.

TABLE A1: COMPARISON OF STUDENTS ASSISTED ON A FIVE YEAR BASIS

YEAR	VOCATIONAL EDUCATION	HIGHER EDUCATION	POST GRADUATE	GRAND TOTAL	% INCREASE/ (DECREASE)
2013	1485	8953	222	10,660	38.4
2012	950	6692	58	7700	28.8
2011	690	5264	23	5977	(-6.4)
2010	877	5487	20	6384	27.8
2009		4302	25	4327	47.5
GRAND TOTAL (N\$)	3,125	30,698	348	35048	136,1

Of particular concern is the number of beneficiaries of 4002 at vocational level compared to enrollment of 35048 over 5 years period. This however relates only to government vocational centres. As can be noted from the table above, there has been consistent growth over the past five years in the number of beneficiaries at all three levels of education. The overall increase is 136.1%, bringing the total number of beneficiaries to 35,048.

Recovery of Loans

Loan recovery is the second key function of NSFAF. Currently, the loan recovery rate is a matter of concern as it is not at an optimal level that can lend to sustainability of the Fund going

forward. One of the challenges faced by the Fund that contributes to the low levels of loan recovery from beneficiaries, is the Fund's inability to trace beneficiaries due to an incomplete Debtors' database.

The amount recovered in 2013/2014 was N\$ 6,237,474.66, compared to the N\$6,885,113.20 recovered in 2012 – this translates in a decrease of recovered loans with N\$647,638.54. The performance of the Fund in respect of Loan Recovery is a grave concern and it is imperative to develop systems, policies and processes that will lend to efficient loan recovery as the current policies are disharmonious.

TABLE A2: RECOVERED AMOUNT

YEAR	AMOUNT RECOVERED (N\$)	% INCREASE/(DECREASE) IN AMOUNT RECOVERED	NUMBER OF ACTIVE DEBTORS	% INCREASE/ (DECREASE) IN ACTIVE DEBTORS
2013	6,237,475	(-9.41)	1362	(-17.8)
2012	6,885,113	(-0.27)	1656	21.59
2011	6,866,614	2.82	1951	17.81
2010	6,678,204	13.89	1744	(-11.87)
2009	5, 863,638		1519	(-14.81)

The table above shows the recovery of loans for the last 5 years. Although there has been consistency in the amount as well as the number of active beneficiaries paying for loans, the fact that no complete loan book exists makes it difficult to determine the efficiency and performance of NSFAP efforts with regard to loan recovery as well as whether beneficiaries are being successfully integrated into the gainful job market.

For the past three consecutive years, a total amount of N\$ 21.3 million has been recovered. Currently, there are approximately 1000 beneficiaries actively repaying their loans. The Fund has not reconciled its loan books to determine the exact amount which is due. The factors that are hindering the Fund's efforts to recover the debts successfully include:

- a) Some files of beneficiaries are incomplete and critical information, such as contact details, are missing.
- b) Some beneficiaries still confuse NSFAP with the bursary scheme that existed immediately after independence and are unaware that they are required to pay back the loans.
- c) The Fund has no specialized skills or tools for recovery of loans.
- d) Lack of collaboration with other Government Institutions such as the Directorate of Inland Revenue and the Social Security Commission to locate some of the beneficiaries. For example, Namibian tax law does not allow Inland Revenue to disclose information about the employability of fund beneficiaries.

- e) Available information indicates that only about 1144 former beneficiaries are re-paying their loans out of an estimated 58, 000 number of students who benefited.

This situation, together with lack of a recovery policy, is worrisome and would threaten the Fund's sustainability in the long-run if not addressed with urgency.

3.2.2 NSFAP SUPPORT FUNCTION

- a) Budget Provision:

Since independence, the Government has prioritized Education as a key indicator for the economic development of the country. The NSFAP, which plays a key role in facilitating access to Higher and Tertiary Education, has therefore enjoyed generous funding from Treasury. The funding for NSFAP in 2013/2014 stood at N\$ 621.1 million and this reflects an increase of 19.75% from the budgetary allocation of 2012/2013.

The budgetary allocations made to the Fund from the national fiscus over the past five years has been greatly encouraging as it evidences the Government's commitment to see qualifying students get access to funding for tertiary studies. The table below shows the significant increase in national funding year on year.

TABLE A3: INCREASE IN FUNDING FOR STUDENTS ENROLLED AT INTERNATIONAL INSTITUTIONS

YEAR	NSFAP SUPPORT FUNCTION BUDGET (N\$)	NSFAP STUDENT BUDGET (N\$)	TOTAL (N\$)	% INCREASE OR (DECREASE)
2013	71,000,000	550,136,000	621,136,000	19.75
2012	6,470,000	512,240,000	518,710,000	71.22
2011	6,316,374	296,631,000	302,947,374	31.45
2010	6,048,000	224,420,000	230,468,000	5.06
2009	5,436,179	213,922,000	219,358,179	

The Fund has always maintained a healthy balance between the student budget and support function. The NSFAP's budget for support function has been increased significantly from N\$ 6 million to N\$ 71 Million in 2013. This budgetary increase came as a result of the establishment of an independent secretariat of the Fund.

- b) Budget execution

The NSFAP budget comprises of two (2) components i.e. the support function budget and the student budget. The overall execution rate was 99% on the revised budget. The revised budget for NSFAP during the period under review was as follows:

TABLE A4: BUDGET EXECUTION ANALYSIS: 2013/14 FINANCIAL YEAR

DESCRIPTION	BUDGET (N\$)	ADDITIONAL FUNDING (N\$)	TOTAL BUDGET (ADDITIONAL FUNDING) (N\$)	ACTUAL (N\$)	VARIANCE (N\$)
Operational Budget	77,028.060		77,028.060	35,307,057	41,721.003
Student Budget	550,136,00		550,136,000	711,514,252	(-161,378,252)
Receipts from Customers & Others (Recovery)	(-6,028,060)		(-6,028,060)	(-5,614,196)	(-413,864)
Additional Funding from MOE					
Start-up Capital		112,492,741	112,492,741		112,492,741
Transfer from Endowment Fund		9,859,987	9,859,987		9,859,987
TOTAL	621,136,000	122,352,728	743,488,728	741,207,113	2,281,615

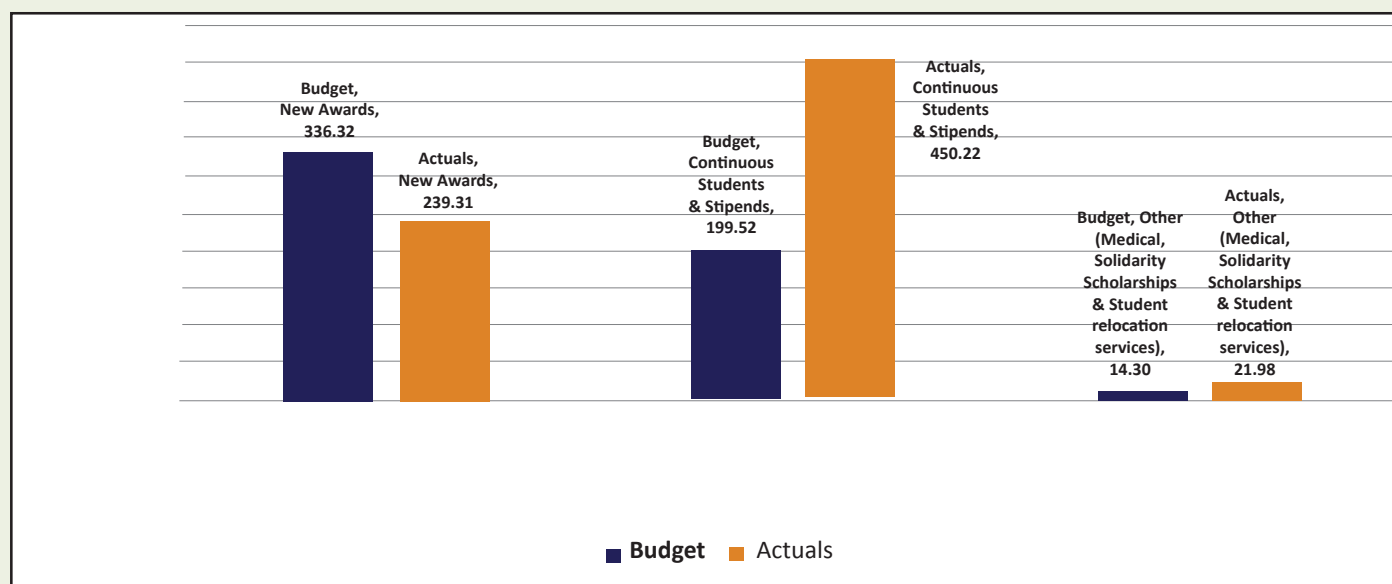
The student budget was as follows:

Student budget performance – This component is 88.57% of the total approved NSFAP budget. The major cost drivers for this component include:

- Loans and grants for new and existing students, at all three levels, i.e. vocational, higher and post graduate
- Flight expenses for students
- Medical expenses

Statistical Graph 1: 2013/2014 STUDENTS BUDGET (ESTIMATE vs ACTUAL IN MILLIONS):

The actual performance on student budget is illustrated in the graph below (Millions N\$).



The table above shows that the actual expenditure of N\$ 711,5 million on the Student Budget reflects an over - expenditure of 29,33% in relation to the approved budget of N\$ 550,1 million.

The support functions budget is 10, 36% of the overall NSFAP revised budget. The key drivers of this expenditure during the period under review were personnel costs, printing costs for application forms and newspaper advertisements. The utilisation rate was 54.16%. The low utilization of this budget was a result of slow recruitment of personnel, slow selection process and the revised organizational structure.

The NSFAP was previously audited as part of the Ministry of Education. This is the first independent audit of the Fund since its inception as a SOE.

3.3 NSFAP TRANSFORMATION

3.3.1 NSFAP MANDATE

The NSFAP is a student loan/scholarship scheme designed to replace the Public Service bursary scheme whose purpose was to support students financially and train them to work solely in the Public Service. After independence, the demand for new recruits in the public service was significantly decreased following the integration of the various ethnic-based administrative structures into one national Ministry of Education. As a result of this integration, the Public Service bursary scheme lost its relevance. In the meantime, national demand for high-level skills from tertiary education and training was on the rise.

This was coupled with a need for financial support for disadvantaged tertiary education aspirants, especially black Namibians. Cabinet therefore decided to replace the bursary scheme with the NSFAP, which would allow the Government to continue addressing the human resources needs of Namibia in general, beyond the needs and requirements of the Public Service alone. This new scheme, the NSFAP, was approved in 1996 and implemented in January 1997.

Since the establishment of NSFAP it has gone through policy changes to respond to the dynamic socio-economic status of Namibians as depicted below.

1994: The Namibian Students Financial Assistance Fund was established in 1997 to replace the bursary scheme that existed at independence to provide bursaries for public service employees (1994-1995).

1997: The Fund also administers the Namibian Government Scholarships Training Programme, which is a scheme for post-graduate studies. This scheme was previously administered by the African American Institute. Between 1996 and 2009, the Fund financially assisted 32,075 Namibian citizens and these loans amounted to N\$ 310,429,380.93.

2010: The Fund was directed by Cabinet to develop three (3) types of Financial Assistance products namely;

i) Merit-based scholarships: 10% of the NSFAP student budget should be utilized toward giving merit-based scholarships to the best students as identified nationally by the Directorate of National Examination and Assessment.

ii) Priority fields of study: 20% of the NSFAP student budget should be guaranteed financial assistance in the form of grants to students who are pursuing studies in priority fields of study.

iii) Loan products: 70% of the NSFAP student budget should be used to give loans to students pursuing studies in non-priority of fields of study.

2013: The Fund was officially delinked from the Ministry of Education and started operating as a State-Owned Enterprise.

3.4 KEY MILESTONES IN 2013/2014

The period under review coincides with the establishment of the "New Secretariat". During this period, there are notable success stories. With the support of the Millennium Challenge Account Namibia (MCA-N), NSFAP went through a review and reform process and the following were the outcomes of the mentioned process:

- a) A functional organizational structure was developed which include dedicated functional areas such as Marketing, Finance and Administration as well as a Department for Operations that deals with the core functions of NSFAP.
- b) Decentralized services to thirteen (13) Regional Councils by having thirteen (13) Loan and Scholarship Officers in all thirteen (13) regions.
- c) Two key policies to guide the core business of NSFAP were developed, although still awaiting Board approval.

- a) Award Policy and
- b) Recovery Policy.
- d) Revised NSFAP Act.
- e) Architectural map of the Loan Management Information system is completed.

3.5 THE KEY CHALLENGES THAT FACED THE FUND SINCE ESTABLISHMENT

At the time of establishing the Fund in 1997, the total number of students benefitting from the Fund was approximately 1000, who were primarily studying in Namibia. The staff of the Fund at that time were mainly clerical and some accountants. Thus, the Fund, at that time was regarded as a division that was solely responsible for receiving application forms, processing payments and waiting for students to graduate and start voluntarily repaying their loans. These functions were mainly carried out manually.

The Fund has grown significantly since then and the structure of the Secretariat base was unable to cope with the number of students that were already in the system as well as the massive demand of the NSFAP assistance to students wanting to further their studies. The number of students increased as did the demand for student related services, financial support and the need for information. Consequently, the 1997 structure was found to be ineffective in addressing the contemporary student issues.

TABLE A5: INCREASE IN DEMAND FOR FINANCIAL ASSISTANCE ON A FIVE (5) YEAR BASIS

YEAR	NO. OF STUDENTS AWARDED LOANS	% INCREASE / (DECREASE)	AMOUNT ALLOCATED (N\$)	%INCREASE/ (DECREASE)
2013	8922	84.73	282,420,997.00	71.91
2012	6692	24.99	201,430,843.00	28.68
2011	5264	21.34	152,072,263.00	24.50
2010	5487	(-4.24)	58,946,762.00	61.24
2009	4302		38,649,357.00	
Total	30667		733,520,222.00	

As table A5 above indicates, there has been a huge demand for financial assistance. The level of assistance to students increased with 84.73% from 2012 to 2013.

3.5.1 UNDERSTAFFING AND NON-RESPONSIVE STRUCTURE

The initial staff complement of the Fund was 29 staff members, the majority of whom were unqualified accountants and clerks. At the same time, the structure did not make provision for marketing and communication or dedicated functions dealing with student affairs. This setup made the Fund ineffective in addressing student welfare and other operational issues.

As a result of the non-responsive structure, students' issues were dealt with by almost everybody in the Fund, making it difficult to have a central place for giving feedback to students. While the Fund was in this chaotic state, documents went unaccounted for and nobody could be held accountable, as there was no dedicated desk for student services. Another consequence of the inadequate structure, queries were not being attended to and feedback was seldom provided on time, or crucial information was not shared with all students; and nobody could be held accountable.

3.5.2 MANUAL SYSTEM

The Fund's records were kept manually. The filing of application forms, the recording, the payments and the calculations of interest was all done manually. Records generated over 13 years between 1997 up to 2013 were manual. During the same period, the number of beneficiaries increased from 1284 to 8922.

As in any high volume environment, some records went missing, making it difficult to provide accurate statistics at any given time. Although the Fund started with the process of computerizing its records, the legacy of operating a manual system for over a decade continues to haunt the Fund.

3.5.3 DELAY IN PAYMENTS OF LOANS AND GRANTS TO STUDENTS AND INSTITUTIONS

Many of the universities and colleges outside the country have different academic calendars from Namibia's and some have more terms than the one semester system, whereas the financial year for NSFAP starts in April of each year.

Additionally, over the past years, it has been the responsibility of each student to present their academic records, together with proof of registration at the institution of learning, before payment can be effected. This practice, coupled with the difference between academic and financial years between the various jurisdictions, has caused significant delays in processing payments resulting in high volumes of cheques issued on a daily basis. For students studying at local institutions, the refunds to students by Institutions has been a bone of contention as the Fund technically transferred the administration of paying students to the respective Institutions of Higher Learning. As a result, paying students as well as Institutions of Higher Learning resulted in the Fund effectually making payments during the year.

3.5.4 ESCALATION OF TUITION FEES AND COST OF LIVING

The financial assistance that NSFAP provides to students is based on predetermined rates that cover four (4) main components. These components are tuition fees, meals and accommodation, book and transport allowances. The rates that NSFAP offers differ per field of study. These rates are divided into local and foreign rates. The local rates, especially for tuition, are based on actual fees that local Institutions charge, whereas the accommodation, transport and book allowance is an estimate. The foreign rates are mainly based on Institutions in the SADC region. There has never been a thorough study to accurately determine the cost of living for students, either in the country or abroad. NSFAP embarked on a study to assess the exact cost of all priority fields of study.

The pilot study indicated that for some students studying in the Republic of South Africa, between N\$ 10 000 and N\$ 30 000 has to be added to the amount provided by NSFAF. NSFAF is challenged in attempting to strike a balance between facilitating access to paid Higher Education and the high demand for 100% financial assistance from students especially those from disadvantaged backgrounds.

3.5.5 INTERNATIONAL STUDENTS' ISSUES

NSFAF students are required to submit their results at the end of each academic year in order to facilitate payment and this has caused a surge in student complaints due to the resultant delays in payment because of this requirement. The same applies to new NSFAF intakes that are required to submit proof of admission before any payment can be processed. In the event that a student fails the academic year, NSFAF as per current policy, reserves the right to cease payment for the failed course. This puts the onus on the students that fail to source alternative means of finance to pay for their failed year of study.

When students are to transfer from one foreign institution of higher learning to another, the hosting institution normally has to issue a No Objection Certificate (NOC) to the receiving institution. When the student account is in arrears, the hosting institution may reserve the right to withhold such certificate, and that makes it difficult for a student to obtain a new visa (issued on the new institution's name) to continue their studies. In such instances students may face deportation from the host country.

Upon the expiry of student visas and/or passports, the students request the Fund to purchase return tickets for them to come to Namibia in order to renew their visas and/or passports. The Fund is spending large amounts of money in air travel to avoid our students being arrested and detained, paying fines and being deported from the hosting countries. Based on the conditions stipulated by the respective foreign institutions of higher learning, NSFAF advises students to undertake the required medical checks at their own cost before leaving Namibia.

The Fund has however, been inundated with requests for alternative arrangements from students who fail the medical tests in the host country. The Fund has thus incurred costs associated with the repatriation of such students, i.e., flight tickets and psycho-social support. In some instances, scholarship holders' medical bills exceed their medical insurance limits. This results in students requesting NSFAF to top up the difference in medical insurance costs.

Students who contravene host countries' laws, NSFAF, with the assistance of our Diplomatic Missions facilitates the repatriation of such students to Namibia. Further to this type of assistance, in the event students lose their lives in host countries, the Fund, with the assistance of our Diplomatic Missions, facilitates the repatriation of their remains.

3.5.6 FINANCIAL ASSISTANCE PROVIDED ON SCHOLARSHIPS UNDER BILATERAL /MULTILATERAL AGREEMENTS

The Namibian Government, through the Ministry of Education, has been fortunate to receive support through multilateral and bilateral agreements. This support started before Independence and the government, through the Namibia Students Financial Assistance Fund as the implementing agency, continues to enjoy this support from many friendly nations, including development partners.

A large portion of this support comes in the form of scholarships (both full and partial). With the exception of scholarships offered by the Australian Development Agency and the Commonwealth, some scholarships come with hidden costs and challenges. One of the most notable challenges associated with scholarships under bilateral agreements is the lack of opportunities for Namibian students to do practical attachments in the host countries. In the current financial year, the Fund has spent close to N\$5 million to bring Namibian students back home for required work-integrated learning. Some students end up not getting the opportunity to do internships, due to the fact that there is no national strategy and/or policy on job attachments and proper structures to support work-integrated learning.

3.6 KEY FOCUS AREAS IN THE NEXT TWO YEARS (2014/2015-2015/2016)

Transforming the NSFAF into a model SOE that contributes to developing Namibia's human capital development is an inspiring journey that requires resilience. For the next year and beyond, the key focus areas for NSFAF will be:

On Support Function Site:

a) Human Capital: NSFAF has a unique business model; it is imperative to develop a comprehensive Human Resources model and to invest in developing staff talents; to design incentive and reward policies with the aim of maintaining a healthy staff turnover rate especially in the Operations Department. Develop a comprehensive Human Resources system to deliver transactional and strategic development support of internal staff; stabilize all best practices, policies and remuneration levels.

b) Partnership: Even with such a great National Mandate, it will be impossible to achieve it without fostering partnerships with key stakeholders and industries for placement of our students to enhance their employability. In the next two years, NSFAF will develop and implement a targeted and comprehensive stakeholder engagement plan.

c) Business effectiveness: Design a Namibian Human Capital Development map. Industry stakeholders. Get more resources for loans. Refine and streamline criteria for allocation of funds and returns on investment. Research the national economic skills plan.

On the Fund side:

a) Systems and Technology: Develop and implement an integrated database that will manage the students' life cycle

(from Grade 11 career counselling to loan repayment completion) and business processes to financial statement). The size of the NSFAP budget and the number of students transactions taking place at NSFAP justify investments in world class systems that will drive the Funds' operations.

b) Business Effectiveness: Get more resources for loans, stabilize criteria for allocation of funds and returns on investment. Carry out research and develop a 5 to 10-year Namibian Economic Skills Plan.

c) Change of Business Model: The approach of NSFAP. NSFAP will proactively look for accredited Institutions that offer programmes that are relevant for Namibian and place students in those institutions. We will move away from having applicants identifying institutions on their own-some of which are found to be offering programmes that do not meet the requirements of some of our professional bodies.

d) Loans vs. Grants, 70:30 ratio: NSFAP will strive to achieve a healthy balance between loans and grants. Cabinet decided that the ratio should be 70% loans and 30% grants. During 2013/2014 the ratio is 40% loans and 60% grants owing to the broadness of the priority fields of study list. This ratio is unsustainable. NSFAP aims to achieve the 70:30 ratio in the next two (2) years.

e) Student database and the "Legacy Loan Book": It has not been possible to establish the total loan amount outstanding as at 31st March 2014. This is owing to many reasons, such as an incomplete student database. The establishment of the student database and the loan book will be prioritized during the next reporting period.

f) Public Awareness: Under any corporate arrangement, the public is the crucial stakeholder. It is therefore important that this segment of the stakeholders is not taken for granted. It is further on the basis of this kind of a stakeholder, that perceptions are tested and validated. Public Awareness therefore denotes the vehicle by which the existence of knowledge of the public about a particular product or service offered is assessed and tested. Through public awareness activities, information can as well be validated to ascertain the truthfulness. Often public awareness is created through engagements in various ways.

The corporate engagement of NSFAP is facing an imminent lack of public awareness that calls for urgent action. Without concerted efforts to enhance NSFAP public awareness, the Public will continue to live on misconceptions and misunderstandings of the role of NSFAP and how it intends to achieve its strategic objectives, particularly in as far as making the Fund's service/product accessible. It is an indisputable facts that an increased level of public awareness about NSFAP will not only improve the public perceptions and boost the accessibility to the Fund's products countrywide, but will certainly ensure that correct and authentic information about the Fund are disseminated from the onset, leaving no room for perception formation.

Evidently, the public awareness becomes a foundation of viable governance, stressing the two way traffic of respect, trust and confidence that ought to exist between the Public and NSFAP or any other given institution.

This is a convincing evidence that public awareness can only be achieved through sustained public dialogues and social interactions at all levels of society. For the above to succeed, the current one way traffic of information flow needs to be replaced by a more reciprocal partnership between NSFAP and different sections of the Public.

Public awareness therefore is one the strategic issues that will enjoy the attention of the Fund through intensive public engagements, during the next review period, 2015/2016. The Fund will strive to aggressively inform the Public about its strategic positioning, changing business models and what is expectation of the Public in order to benefit from the services/products of the NSFAP.

3.7 CONCLUSION

Setting-up a "new" Institution is a momentous task, especially after almost two decades of bureaucracy; but equally, it is a personally rewarding journey. My sincere appreciation first goes to the NSFAP Excited (Excellence, Commitment, Innovation, Teamwork, Ethics and Diversity) team that has worked long hours for the last twelve months to set up the new system and the same time deliver on their day-to-day functions of processing application forms and payments as well as creating awareness about our products and services and attending to students' queries.

The morale and commitment of the staff were kept high by the able board that was tasked with the responsibility of "revamping NSFAP". This institution operates in a "Youth Industry"; with the prevailing status of unemployment and social challenges that the majority of the youth in our country face, the need for meaningful tertiary education becomes critical and requires concerted efforts at all levels. NSFAP is an institution that touches on every Namibian's life and therefore needs high-level support and guidance. The Fund will remain thankful to the cordial relationship that exists between the Fund and the Ministry of Education. The Fund is also thankful for the support provided by the Minister of Finance due to her passion for education in general and vocational education in particular. The late Dr Abraham Iyambo persuasively convinced MCA-N to initiate the reforms of NSFAP under the theme "Revamp NSFAP". His legacy will continue to be celebrated at NSFAP as we strive for the full implementation of NSFAP-MCA-N supported reform initiatives. I am therefore proud to be part of an ExcITED TEAM tasked with the responsibility of making a difference within the Namibian society.



Hilya Taetutula Nghiwete
CHIEF EXECUTIVE OFFICER

4. POSITION ON CORPORATE GOVERNANCE

“NSFAF as a new entrant to the corporate environment wishes and dreams, for shall it materialize, to be a leading corporate citizen on the Namibian corporate landscape” – Hilya Nghiwete

The responsibility of ensuring that principles of corporate governance are adhered to at NSFAF lies with the Fund’s Board. The Board is responsible and accountable for providing effective strategic leadership and exercising control of the NSFAF’s affairs. In the process of executing its fiduciary duties towards the attainment and fulfilment of the Fund’s objectives and mandate, the Board is expected to employ sound judgment, fairness, transparency and a high sense of responsibility.

For all intents and purposes, all Board Members subscribe to the principles of corporate governance, and their performance is closely monitored by the Minister of Education. It suffices to say that during the period under review, the Board strived to uphold and act within the expected standards of corporate governance.

In addition, NSFAF is unreservedly committed to its own Guiding Values, namely: Excellence, Commitment, Innovation, Teamwork, Ethics and Diversity.

The current members of the NSFAF Board are appointed by the Minister of Education as per the guiding legislation. The NSFAF Act, No. 26 of 2000, prescribes that the Board should consist of five (5) members to oversee the Fund’s operations, who should be Namibian citizens or permanently residing in Namibia, with high standing and merit to serve on the NSFAF Board by virtue of their qualifications, expertise and experience.

4.1 REGULATORY FRAMEWORK

The Namibian Student Financial Assistance Fund (NSFAF) is a statutory body established by NSFAF Act No. 26 of 2000.

The purpose of for the establishment of the NSFAF is to provide financial assistance to Namibian students to access tertiary education at approved institutions of higher learning.

The Act demands from NSFAF sound and effective management and administration over the annual budget as allocated by the national Fiscus. Such managerial and administrative capabilities need to be exercised through a governance framework, which includes the development of policies, procedures and an implementation plan.

4.1.1 REGULATORY REFORM UPDATE

From 1994 to 2012, through the existence of the then Bursary Scheme, to the NSFAF under the Ministry, the Fund was governed by:

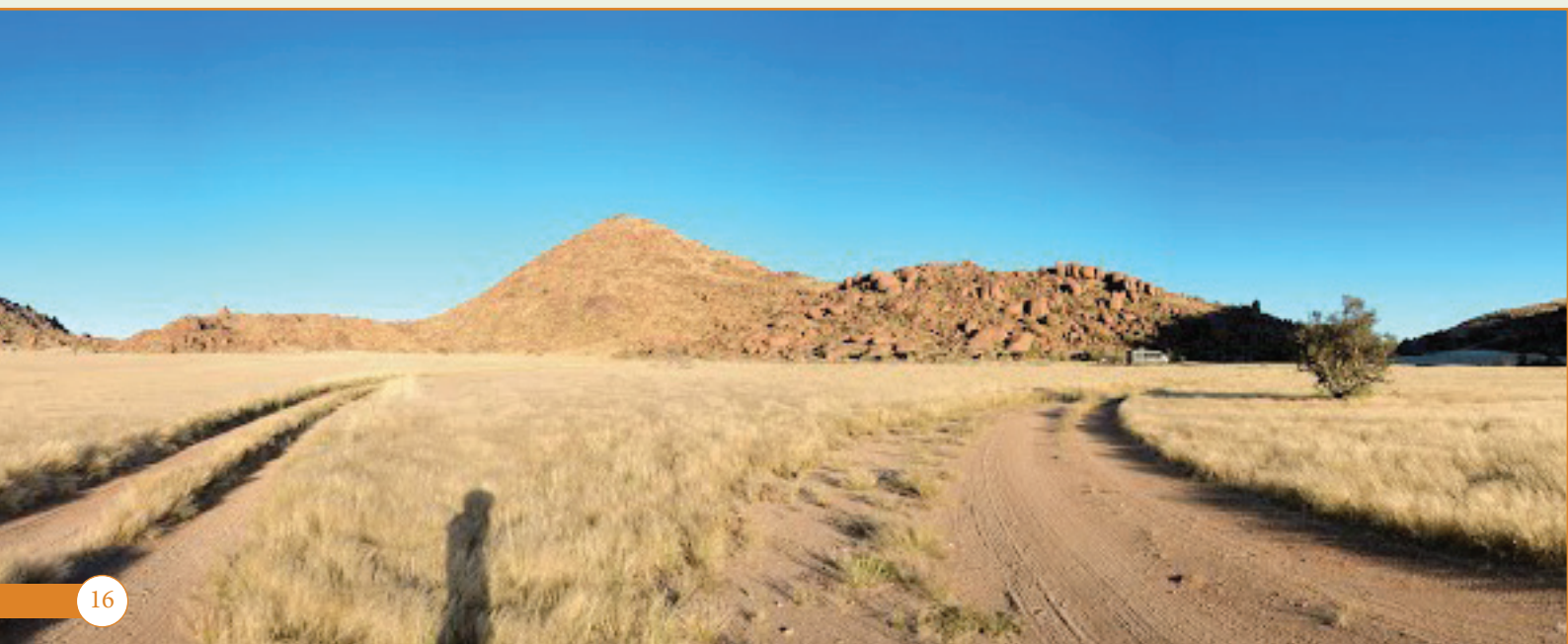
- a) The public service rules and regulations;
- b) Policy designed for NSFAF pertaining to awards (still operational);
- c) Award, Payment and Recovery Policy and
- d) Staff seconded from the Directorate of Finance.

In 2010, MCA embarked on tertiary finance reforms at the Fund and found the following to be missing:

- a) Equity,
- b) Accessibility and transparency,
- c) Efficiency,
- d) Targeting and
- e) Sustainability.

MCA Namibia continued beyond 2010 to implement the following identified areas of reform:

- a) Revise NSFAF Policy;
- b) Amendment of the Act and Regulation thereof;
- c) Develop comprehensive NSFAF operational guidelines;
- d) Modify and align the MIS of NSFAF; and
- e) Develop business and financial plan in line with the SOE Act.





BOARD MEMBERS



Mr. Ambrosius M. Agapitus
Chairperson

Mrs. Elize Fahl
Deputy Chairperson



Mrs. Ester A. Nghipondoka
Member



Ms. Ilongeni Akwenye
Member



Mr. Norman M. Titus
Member



Mrs. Hilya T. Nghiwete
CEO



The NSFAF Board is entrusted with the responsibility of policy formulation and procedure - setting insofar as they relate to the Fund's objectives and overall purpose of existence. Alternatively, the Board is responsible for determining the governance roadmap that the NSFAF Secretariat should follow in the execution of its day-to-day duties. The Board is further charged with the responsibility of risk identification and management in order to mitigate potential threats to the Fund's corporate existence. Moreover, it is expected to set into motion strategies aimed at promoting public trust, reliance and confidence in NSFAF as a corporate citizen through maintenance of healthy and productive relationships with all stakeholders.

The function of the NSFAF Board is to achieve the objects of the Fund with the means at its disposal, through proper management, administration and control of the financial and other affairs of the Fund. More specifically, the Board:

- a) may initiate formulation of policy and provide a regulatory framework for the administration of the Fund and the granting of financial assistance;
- b) may (in the name of the Fund) enter into agreements with students on the terms and conditions under which financial assistance is provided in each case;
- c) may 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;
- d) may borrow money on such terms and conditions as may be approved by the Minister with the concurrence of the Minister responsible for Finance;
- e) may accept grants, donations and bequests, and may recover any moneys due to the Fund;
- f) may invest in its discretion any moneys standing to the credit of the Fund not required for immediate use—provided that such investments shall be made by placements in financial institutions of good standing;
- g) must pay all expenses incurred for or in connection with the establishment and administration of the Fund;
- h) may investigate or deal with or cause to be investigated or to be dealt with any matter related to the object of the Fund;
- i) may determine the manner and forms and the periods to be observed with regard to the applications for the financial assistance and the consideration and processes of applications for financial assistance;
- j) must ensure the allocation of financial assistance in a fair and transparent manner, to all eligible students;
- k) may raise funds as contemplated in this Act;
- l) must expand the number of students receiving financial assistance;
- m) must ensure the sustainability of the Fund;
- n) must develop an advocacy and marketing strategy;
- o) must ensure the development of appropriate criteria and a conducive environment or conditions for the granting of financial assistance in

- p) consultation with key stakeholders and the Minister and in support of the State's decentralisation process;
- q) must ensure the effective recovery of loans, which includes instituting legal action in the name of the Fund for the purposes of recovery of loans;
- r) must ensure maintenance and analysis of a database, which will promote loan recovery;
- s) must carry out research for the better use of financial resources;
- t) may advise the Minister on matters relating to student financial assistance; and
- must constantly liaise with the National Planning Commission, the Namibia Statistics Agency and the Ministry of Education in order to update information pertaining to the demand for projections of areas of study, priority fields and data on the number of students.

4.3 BOARD COMMITTEES

NSFAF Board Committees are established and their members are appointed by the Board in terms of Section 11 of the NSFAF Act. It is the same constituting Board that is vested with the power to dissolve or reconstitute at any time a given committee when need arise. The Board may delegate to a committee or secretariat any power or assign any duty conferred or imposed upon it by or under the NSFAF Act.

4.3.1 SELECTION AND AWARD ADVISORY COMMITTEE (SAAC)

The responsibility of this Committee is to perform a role on matters relating to awards of loans and scholarships in accordance with the NSFAF Act, Board Charter, Policy, Regulations, Board resolutions and reforms, in order to contribute to the effectiveness of the Fund.

For the period under review, the committee concerned hereunder handled the Selections & Awards Process in an effective and efficient manner. Similarly, this committee served in a vacuum due to the absence of terms of reference for the said committee. The required Terms of Reference will be developed and adopted during the period after this review.

The current members of the Selection and Award Advisory Committee are:

- Mrs. Ester A. Nghipondoka (Chairperson)
- Mrs. Sanet L. Steenkamp
- Mr. Thomas Kruger
- Mrs. Karen Beytel

4.3.2 HUMAN RESOURCES COMMITTEE (HRC)

The responsibility of the HRC is to make recommendations to the Board on the NSFAF remuneration Policy for Board members and the Executive management as well as staff in general. It is further expected to develop, review and update HR policies and procedures where necessary.

The Committee is expected to conduct a bench mark study of the rewards earned by the NSFAF's own Board members (in accordance with Cabinet Directives), Executive management and staff and those paid to others in organisations of similar size and comparable industry.

It is relevant for reporting purposes to note that HRC was one of the busiest board committees during the period under review. The committee dealt with the following functions: development of the organizational structure, appointment of the executive team, development of the job descriptions; regrading and remuneration exercise, to name but a few.

It should be stressed, however, that for the period under review, the HRC, like any other NSFAF Board committee, did not have explicit terms of reference, and worked most of the time on an ad-hoc basis. However, as the committee faces the new execution period, modalities will be put in place so that terms of reference are developed.

The current members of the HRC are:

- Ms. Elize Fahl (Chairperson)
- Ms. Adelheid Parrel
- Ms. Victoria Mamvura - Gava
- Ms. Julia Muetudhana

4.3.3 STRATEGIC AND COMMUNICATION

The main mandate of this committee is to oversee and recommend guidelines to the Board on the implementation of strategic projects, reforms and planning for NSFAF.

This committee however had challenges in constituting its meetings due to the non-availability of the majority of members when meetings were called. Subsequently, there is barely anything to report on as far as the activities of the committee are concerned in relation to the period under review.

The current members of the Communication and Strategy Committee are:

- Mr. Norman Titus (Chairperson)
- Ms. Batseba Katjiongua
- Ms. Melissa Shanyengange
- Mr. /Awabahe //Howaeb
- Mr. Dixon Noval

4.3.4 FINANCE COMMITTEE (Risk, Tender and Audit) (FINCOM)

The Committee has an independent role with accountability to both the Board and stakeholders. The Committee does not assume functions of management, which remain the responsibility of the executive members, officers and other members of senior management. It deals with the functions relating to budget analysis, review of financial statements, tender, audit and risk identification.

The committee did not have a sufficient number of meetings as expected during the period under review, as it was constituted only in the mid-2013. The current members of the FINCOM are:

- Ms. Ilongeni Akwenye (Chairperson)
- Mr. Cecil Katjimune
- Ms. Nilian Mulemi
- Mr. Sven Von Blottnitz

ATTENDANCE AT BOARD AND BOARD COMMITTEES' MEETINGS

APRIL 2013 – 31 MARCH 2014

 Attended

 Not Attended

BOARD Date	Ambrosius Agapitus	Elize Fahl	Anna E. Nghipondoka	Norman Titus	Ilongeni Akwenye	Hilya Nghiwete
13 February 2013						
8 April 2013						
10 May 2013						
29 May 2013						
21 June 2013						
15 July 2013						
1 November 2013						
14 February 2014						

During the period under review, the Board held a total of eight (8) meetings, four (4) of which were ordinary meetings, while the other four were special meetings. The attendance was as indicated above.

FINANCE (Risk, Tender & Audit)				
Date	Ilongeni Akwenye	Cecil Katjimune	Nilian Mulemi	Sven Von Blottnitz
14 March 2014				
28 March 2014				

FINCOM had a total of two meetings during the period under review.

SELECTION & AWARD COMMITTEE				
Date	Ester A. Nghipondoka	Sanet Steenkamp	Thomas Kruger	Karen E. Beytel
30 January 2014				

The Selection and Award Committee held only one meeting during the period under review.

HUMAN RESOURCES COMMITTEE	Elize Fahl	Adelheid I. Parrel	Julia Mwetudhana	Victoria Mamvura-Gava
Date				
19 August 2013	●	●	●	●
25 September 2013	●	●	●	●
16 October 2013	●	●	●	●
17 December 2013	●	●	●	●
18 December 2013	●	●	●	●
19 December 2013	●	●	●	●
26 February 2014	●	●	●	●
7 March 2014	●	●	●	●

As illustrated above HRC held a total of eight (8) meeting out of which four were ordinary meetings, while the other four were special meetings.

STRATEGIC AND COMMUNICATION COMMITTEE	Norman Titus	Melissa Shanyengange	Barbara Gowaseb	Ronal Dixon Noval	/Awebahe //Howabeb
Date					
23 September 2013	●	●	●	●	●

The Strategy and Communication Committee held only one meeting during the period under review. This meeting was merely an introductory one, hence did not deal with any substantive matter.

5. MANAGEMENT AND STRATEGY

5.1 SECRETARIAT

In terms of Section 12 of the NSFAF Act, the Fund's day-to-day activities are entrusted to the Secretariat, which is headed by the Chief Executive Officer.

5.1.1 EXECUTIVE TEAM

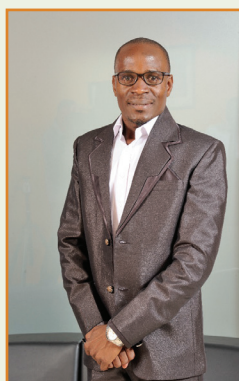
For the period under review the Executive Management of NSFAP consisted of the Chief Executive Officer, Deputy Chief Executive Officer, Company Secretary, Senior Manager: Operations, Senior Manager: Finance & Administration and Senior Manager: Marketing & Communications. The EXCO is chaired by the CEO and those appearing in the diagram below have been members for the period under review.



Mrs. Hilya Nghiwete
CEO



Dr. Stephanie
Van Der Walt
Deputy CEO & COO



Mr. Fillemon Wise Immanuel
Company Secretary



Mrs. Catherine Koopman
Senior Manager:
Finance & Administration



Mr. Percy Tjahere
Senior Manager:
Marketing & Communications



Mr. Kennedy Kandume
Senior Manager: Operations

In moving forward however, and should all current vacancies on the approved Organizational Structure be filled, the Executive Management will in addition have the following positions: Senior Manager Investment and Fund Administration, Senior Manager: Human Capital, Senior Manager: Information Technology and Senior Manager: Research.

5.1.2 DEPARTMENTS AND DIVISIONS

Structurally and functionally, NSFAF for the period under review had four departments namely; Office of the CEO, Department of Operations, Department of Finance & Administration, Department of Marketing & Communication. This structure has however slightly changed following approval of the new organisational structure as will be reported under the next review period.

Apart from the Office of the CEO, which is headed by the CEO herself, all other departments are headed by their line Senior Managers, assisted by Managers in charge of various divisions. The departments and divisions may however increase with the anticipated growth of the Fund in future.

5.1.2.1 OFFICE OF THE CEO

The CEO, together with the Deputy CEO, guides the strategy and policy direction within the Fund and presides over the organization's core business—that is, providing financial assistance to students. The leadership and managerial structure mentioned above is needed for the accomplishment of the work expected from the Fund by the NSFAF Act.

Essentially, the CEO is responsible for implementing the strategy set by the Board and this includes:

- a) Ensuring the safe-keeping of the proper accounting and audited records;
- b) Providing financial statements and reports on the activities of the Fund to the Minister of Education and State Owned Enterprises Government Council (SOEGC);
- c) Carefully manage any risks within the organization;
- d) Comply with all relevant legislation;
- e) Ensure placement of relevant technology and processes for the system;
- f) See that staff of the Fund are adequately trained;
- g) Manage stakeholder relationships effectively;
- h) Develop and implement relevant and up-to-date policies;
- i) Ensure that the Fund has a governance framework in place and
- j) Embrace principles of corporate governance.

Briefly, the CEO's responsibilities evolve around ensuring that the Fund carries out its function as per the mandate. The CEO is directly supported by the Deputy CEO and Company Secretary. The Personal Assistant to the CEO, Corporate Administrator and the Administrative Assistant to the Executive also report to the Office of the CEO.



**Dr. Stephanie
Van Der Walt
Deputy CEO & COO**



**Mrs. Hilya Nghiwete
CEO**



**Mr. Fillemon Wise Immanuel
Company Secretary**



**From Left to Right: Mrs. Magano Muashindange (Corporate Administrator),
Ms. Lize Cotzee (PA to Executive Management),
Mrs. Anita Mukuyu (PA to CEO).**

5.1.2.2 FINANCE AND ADMINISTRATION

The Finance and Administration Department provides the required support to the organization to ensure that the Fund achieves its strategic objectives. The department reports to the Deputy CEO. The Finance and Administration Department manages the finances of the Fund and ensures the proper accounting of its funds. It also provides general administrative services to the Fund. One of the key responsibilities of the Department is to ensure that annual financial statements are compiled and audited in line with international best standards and practices. For the period under review, this department was also overseeing Human Resources affairs until the approval of the new organisational structure, which propose the creation of an independent department of Human Capital.





5.1.2.3 MARKETING AND COMMUNICATION



This is the department that is charged with the responsibility of promoting NSFAF's product and services through targeted and sustainable marketing and communications strategies. This department is also leading the organisations' rebranding and image formation efforts of the Fund.

The Department was established to respond to the challenges related to publicity and providing services and information to student stakeholders, on a timely basis. The department is fundamentally responsible for all Student Systems-related communication, consultation and information sharing across the Institutions of Higher Learning, both local and international.

For the period under review, the department is staffed with two officials namely Senior Manager: Marketing & Communication and Student Stakeholder Liaison Officer.



5.1.2.4 OPERATIONS DEPARTMENT



The Department of Operations has four distinct roles, namely Awarding of loans, grant and scholarship to successful applicants who have met the funding requirements. Processing of payments for loans, grants and scholarship to various institutions of higher learning, to students and foreign mission. The Department is also responsible for students' welfare under the Student Care Centre, which is responsible for, among other things, queries management. In order to support the aforesaid distinct roles, the Department is made up of four Divisions, namely Award, Payments, Recovery and Students Care Centre. The recovery of loans from students upon completion of their study is also performed and coordinated under this department.

AWARDS DIVISION



PAYMENTS & RECOVERY DIVISION



STUDENT CARE CENTRE



6. STRATEGIC CONTEXT

NSFAF has been evolving since its inception 20 years ago. Having started as a bursary scheme in 1994-1996 and shifting to a loan scheme in 1997-2010, before becoming a hybrid scheme following the last phase of reform. The last phase of NSFAF transformation, started with the Millennium Challenge Accounts, supported reforms which have culminated in the establishment of NSFAF as a “New Secretariat” calling for provision of financial assistance opportunities to large and heterogeneous groups of students composed not only of secondary school graduates but also older applicants of different talents, capacities, ambitions and expectations. Indisputably, the need to cater for 21st-century students requires a different game plan and this is what current NSFAF strives. Although for the period under review there was no strategic plan, the extensive organisational and environmental analysis clearly highlighted the main problems relating to the NSFAF to be the following:

- Targeting and equity,
- Administration (efficiency of the key processes),
- Recovery (sustainability),
- Awareness,
- Culture and ethics and
- Transparency.

6.1 STRATEGIC THEME: ACCESSIBILITY

Since its establishment the fund has been able to assist many Namibians to access tertiary education. However, the fund has not been able to assist all needy Namibians due to a lack of presence and availability throughout the whole of Namibia. Accessibility to all has become a challenge and the Fund needed to take drastic measures to ensure maximum accessibility of its products by all Namibians.

In our definition, Accessibility is the extent to which the Fund can make its products and services accessible to its stakeholders through various means. Moreover, it is also the kind of product that the fund offers that affects accessibility. This is also highlighted in the reform project which shows that current product offerings are not extensive enough and for some reasons does not afford access to many needy students who might desire and benefit from financial assistance. By implication, the current product offerings are not inclusive enough to cater for all Namibians who wish to access financial assistance.

In the past the fund was only Windhoek-based and therefore was not widely accessible throughout the whole of Namibia. This arrangement meant that financial assistance was not well communicated through all necessary structures in order for those outside Windhoek to be well informed about the fund and its product offerings.

One can also argue that even though the fund was operating from Windhoek there was no clear structure in place such as a student care centre to attend to student queries and resolutions. This absence of a student care centre inhibited the fund's ability to share fund-related information with students, as well as the

ability to build relations with concerned stakeholders. As a result a sufficient amount of information could not be shared with students via the limited communications channels.

The Fund's ability to reach out and be accessible to all stakeholders is determined by the kinds of technology, financial and human capital available and the engagement strategies it uses to communicate with its key stakeholders. All these hindrances inhibited accessibility to the fund, and the brand of the fund was therefore not well known in the country.

Therefore the fund took a decision to extend information throughout Namibia by establishing the marketing and communication department to create brand visibility and awareness of products and services that are offered by the fund. This department will double its efforts to maximise the accessibility to information about the Fund and its operations in the next review period.

6.1.1 STAKEHOLDER ENGAGEMENT

A meaningful collaboration through fostering of stakeholder relationships and participation is of importance in corporate governance.

Stakeholder relationship management is the strategic process of systematically considering the interests of individuals or groups who can affect an organisation or be affected by the organisation. NSFAF identified improving stakeholder relationships as a key strategic imperative.

The term ‘stakeholder’ encompasses a variety of people. As a national institution funded by taxpayers, the fund has a much broader group of stakeholders to whom it is accountable. Therefore, NSFAF stakeholders could be described as the Namibian public, which has an interest in the development of Namibia's economic advancement and therefore how the Fund relates to that. It is of note to mention that the following encompasses stakeholder engagement activities with the aim of promoting accessibility for all its key stakeholders.

Critical milestones in respect of accessibility :

a) Educational Outreach programs

Career fairs, exhibitions and consultations

During the year under review, the educational outreach program focused on increasing awareness, exposure and public knowledge about the work of the Fund. The aim of these activities was to allow opportunities for potential beneficiaries to apply for financial assistance. These educational campaigns were conducted through career fairs, exhibitions and consultations with students' representatives at Institutions of Higher Learning. During the year under review the fund participated in career fairs in Omusati Region (1034 learners), Omaheke Region (780 learners) and in Khomas Region (2500 learners).

Consultations with Student Representative Councils-SRCs (Local Institutions)

The Fund appreciated the immense contribution made through partnership with the tertiary student representative councils; several meetings were held with the SRCs of the three main institutions of higher learning, namely the University of Namibia, Polytechnic of Namibia and the International University of Management.

Media Engagement

The Fund initiated the first ever media breakfast engagement where the CEO briefed the media on the activities of the fund and how best our relations could be improved. This event was a great success and a media dialogues were initiated with the purpose of improving the fund's reputation and makes for a better understanding amongst the media fraternity.

Trade Shows

The Fund also participated in trade fairs, industrial and agricultural shows around the country. The aim was to provide information and educate learners, the general public and communities about NSFAF activities and the financial assistance opportunities which are available to those who are qualified to further their

studies at approved tertiary educational institutions. Critical to this participation was the distribution of application forms for the 2014 academic year.

Electronic and Print Media

The use of both of these media of communication assisted the fund to reach out to different stakeholders, particularly focussing on students and parents. Some deliverables were radio interviews, comments and press conferences that allowed the fund to respond to questions for clarification and positioning the fund in a positive light.

Application Distribution

For the Period under review, a total of 42 471 application forms were distributed across the country through various channels as a way of ensuring that majority of students have applied for financial assistance by NSFAF. Notwithstanding the number of application forms given out, at least only 18 973 completed forms were received for adjudication by the deadline of the application process in 2013. Given that there is no proportion between the number of application forms distributed and those that were eventually received back, the fund will for the next review period try to assess the root cause for the low turnout, despite intensive awareness campaigns on the part of the Fund.



Establishment of Student Care Centre

While under the Ministry of Education the Fund never had a student centred model, and that resulted in a non-responsive system which frustrated students who had pertinent issues such as facilitation of flight bookings, delays in payments, etc. There was no one designated to meet and discuss student issues with students.

The Student Desk (Student Care Centre) was primarily created to manage and co-ordinate a centralised student support service. The creation of this department meant a lot to students as it allowed them to access and engage with the fund.

NSFAF - Decentralisation Project

In order to take the services closer to the people, in September 2013 the NSFAF appointed thirteen (13) Regional Loans and Scholarships Officers. These Officers serve as a link between, on the one hand, students, parents and Regional Councils, and on the other hand the, NSFAF and institutions of higher learning. The officers are hosted by the Directorates of Education within the respective Regional Councils.

Following the outcomes of the Delimitation Commission, the Fund is in the process of appointing a Regional Loans and Scholarships Officer for Kavango West Region. This will bring the total number of Regional Loans and Scholarships Officers to fourteen (14) and ensure that all political regions are serviced equally.

6.1.2 CHALLENGES

Poor Reputation

The fund's current performance in terms of customer service is perceived as poor by its customers. Many students have struggled to obtain information from the Fund, awards may take longer. Complaints by customers are frequent, and negative media coverage is evident. All these factors contribute to the fund generally having a poor reputation.

Inadequate Stakeholder/ Customer Service Delivery and Communication

The Fund is currently not effective in delivering its services. Regional representation has been implemented only very recently. The loan application process is largely manual, and verification is time-consuming. Inadequate infrastructure and lack of staff frustrate customers who contact the fund for information and enquiries.

The absence of technology to engage our stakeholder in a more effective way seems to have been a major obstacle that affects stakeholder engagement strategies. The Fund still does not have a website, student portal, social media platforms such as Facebook and Twitter which would allow the Fund to get its message across to different key stakeholders. Development and distribution of information material to all stakeholders proved to be a challenge as it inhibited interaction with stakeholders.

The absence of an integrated data stream in all regions did not allow for efficiency and effective stakeholder engagement, as it added a lot of pressure and financial cost to stakeholders who would have to travel to Windhoek for enquiries while they could have been resolved in the regions. Additionally, lack of vehicles in some regions makes it difficult for our officers to assist Marketing & Communication to disseminate information to schools in outlying areas.

6.2 STRATEGIC THEME: CAPACITY & ORGANIZATIONAL EFFECTIVENESS

The learning and growth perspective seeks to ensure that the existing skills base in the NSFAF is retained and improved over time. This skills base is the key to delivering in all other areas and must therefore be catered for. Measurements here focus on stabilising the work force while managing performance and ensuring that competencies are secured and developed to fulfil the needs of the Fund.

This theme involves, but is not limited to, the following functions:

- Review conditions of employment;
- Implement a robust Company Induction Programme;
- Develop and implement a talent management strategy (to include Reward and Recognition);
- Develop and implement a staff development policy;
- Implement performance audit and improvement plans;
- Review job descriptions to be aligned to the new Structure and Grade Positions; and
- Develop competency profiles and individual staff development plans.

a) Challenges associated with building the Fund

The major challenge with regard to building the Fund is the absence of a reliable management information system. Coupled with that is the uncertainty with regard to the number of employees to be appointed during the transition period (from manual system to automation); the workforce needs might change once a compatible system is acquired. This may result in the re-organisation of the Fund. In addition to that, the expansion of the establishment based on the current situation has resulted in a shortage of office space.

Apart from the physical challenges, employees are faced with emotional and psychological effects, such as stress generated as a result of work overload because of limited human capital, and the question of where to go from here (automation or maintaining the manual system).

A sure challenge is that of cultural diversity within a new organisation. The NSFAF appointed individuals with the potential to excel and

take the Fund to greater heights, but the building of a NSFAF culture may take some time while employees are getting to know one another.

b) Policy and procedural challenges

The NSFAF kicked off its operations making use of the Public Service Staff Rules and Regulations as directed by the Cabinet. The Fund also adopted the salary structure as well as conditions of employment for the Public Service. As the Fund strived to become a fully-fledged State-owned Enterprise, its reliance on the Public Service Staff Rules and Regulations proved to be a serious challenge as that practice does not conform to best practices. Besides the adoption of government policies, rules and guidelines the NSFAF employees had to receive their salaries through the Ministry of Education.

As a result the Human Resource function within the Finance & Administration did not get any proper recognition due to the fact that they did not perform any payroll function.

The NSFAF therefore undertook to develop its own policies and guidelines and also to get established as a standalone department for Human Capital. The newly formed Human Capital Department and will be entrusted with development of human capital policies, rules and guidelines and was to spearhead all human developmental projects within the NSFAF.

c) Performance Culture in the Public Sector

Employees recruited from the government were exposed to fewer measures of progress or success than their peers from the private sector. The private sector has profit as a clear-cut measure, as opposed to civil service.

Employees from the civil service might be less motivated to deliver due to the fact that they were used to compensation rules of the government that made it more difficult to encourage outstanding performance and discourage poor performance. Joining the NSFAF, these employees can expect a drastic change in terms of how their performance will be measured, recognized and even rewarded.

People hired from the private sector are likely to worry about creating added value, i.e., a product or service that can be sold competitively to the public. This requires the ability and skill to change, evolve, adapt and improve constantly. People from the government would often know what needs to be done and desire to do it but because they faced restrictions of laws, regulations, policies, often made years earlier for other circumstances, they may become less innovative.

The norm at the Executive level in the government is to have multiple assistants such as Private Secretary, Personal Assistant, Typist, etc. In the private sector special assistant positions are rare; hence people hired from the private sector might have differing views on special assistants from their peers from government who would require a mind shift to live without such privileges.

d) The need to build a NSFAF DNA/Identity

At the NSFAF, the DNA of a living organization is defined as having four bases that combine in countless ways to define an organization's unique traits. These bases are:

Structure: The NSFAF adopted a tall structure with numerous reporting lines. A Tall organizational structure is one which has many levels of hierarchy. In the NSFAF, there are a number of managers, and each manager has a small span of control—they are in charge of only a small group of people. The Board of Directors is high in the hierarchy, followed by the Chief Executive Officer (CEO). The Deputy Chief Executive Officer, who reports directly to the CEO, has four senior management with direct reports, namely: Operations, Marketing & Communication, Finance & Administration and Human Capital (vacant).

The Company Secretary reports on his dual role to the Board of Directors as well as to the CEO. Under every member of the senior management team there is one or more manager who reports to such member and below are the junior managers such as Awards Administration, Payments, Recovery, Student Care Centre, Administration, Finance, Human Capital, Information Technology, etc. Thus there are a number of supervisors before getting to the bottom level.

Decision Rights: At the policy level the Board of Directors make decisions on an occasional basis while the Chief Executive Officer regularly makes operational decisions. Generally all the managers (senior and junior) are involved in the decision-making process especially during management, departmental and divisional meetings. The NSFAF is in the process of defining its business process in order to determine where one person's authority begins and ends.

Motivators: Employees at the NSFAF have a number of incentives, which entail ample annual leave; study leave; mobile phone allowance (management); motor vehicle allowance (management); medical aid; pension benefit and many more. The NSFAF recognizes employees' performance by awarding certificates of recognition. However, the Fund is in the process of developing its performance management policy which shall regulate the forms and means of incentives for top achievers. Employees are encouraged to care about the plight of students and all NSFAF's stakeholders.

Information: The NSFAF introduced a performance management index (system) at the managerial level. Each manager must have a performance agreement in place to ensure that key performance targets are attained as agreed upon with the respective supervisor (Senior Manager, Deputy CEO, CEO or the Board of Directors). Prior to cascading the performance management index across the organisation, every manager is expected to design a project or task for her/his direct reports to be accomplished as per service level agreement between supervisor/manager and direct report.

The NSFAF has adopted a culture of immediate reporting of acquired knowledge to the team, i.e., every employee, irrespective of grade and level, has to submit a comprehensive report in writing or by way of presentation after attending a workshop, symposium,

training, seminar, conference, external meeting, etc. Such reports are also stored in the shared drives for employees' future reference.

6.2.2 RE-ORGANISATION OF THE NSFAP

The establishment of the NSFAP Secretariat independent from the Ministry of Education with new added functions is a result of the reform towards making the Fund more efficient. The following functions were added to the operation of the Fund: Office of the Head of Secretariat (Chief Executive Officer), Marketing & Communications Department and Finance & Administration Department.

The NSFAP became autonomous on 01 May 2013

Although all functions were new to the operation of the Fund, a special division responsible for the handling of day-to-day student affairs became part and parcel of the Marketing & Communications Department. Four milestones were realised during the period under review, namely: the establishment of the Student Desk, decentralization and establishment of regional offices, creation of the Operations Department and the restructuring of the office of the Head of Secretariat.

Restructuring of the Office of the Head of Secretariat

Two functions were added to the Office of the Head of Secretariat (Chief Executive Officer), namely, the Deputy Chief Executive Officer and the Company Secretary. This development responded to the functions being managed by the NSFAP and reduced the heavy load on the then Head of Secretariat, i.e., managing the fund as well as managing the company. The Company Secretary came on board to ensure compliance to the principles of corporate governance, coordinate legal services as well as provision of secretarial services to the Board of Directors.

6.2.3 STAFF COMPLEMENT

At 1 May 2013 when the NSFAP was separated from the Ministry of Education it had only 29 staff members. Of those, 20 staff were seconded from the Ministry of Education as part of the handover process and a handful employees were hired in a temporary capacity. Since then, the seconded staff has returned to the Ministry and the Fund has embarked upon a mass recruitment and selection process in an effort to attract and appoint individuals with the required qualifications and acumen to take the NSFAP forward.

The staff complement currently consists of 29 females and 22 males as depicted in the following table:

Staff Complement per Gender and Level as at 31st March 2014

TABLE A6

GENDER	ENTRY	PROFESSIONAL LEVEL	SUPERVISORY	MIDDLE MANAGEMENT	EXECUTIVE	TOTAL
FEMALE	5	15	1	5	3	29
MALE	1	12	1	5	3	22
TOTAL	6	27	2	10	6	51

6.2.4 ORGANISATIONAL DEVELOPMENT

Following the re-organisation of the structure, it was critical for the NSFAF to design job descriptions for all positions on the establishment. Jobs were evaluated to determine their worth and key performance areas were determined. All employees were consulted to provide inputs and were also inducted to understand their respective roles and responsibilities.

The next stage is for the Executive and Management to enter into performance agreements with their respective supervisors. This process will later be cascaded across breadth and length of the organisation.

6.2.5 TRAINING AND STAFF DEVELOPMENT

The NSFAF values its employees and regard them as the foundation on the basis of which a sustainable organisation can be secured. It is important that the Fund maintains a competitive edge within increased global and domestic service environments and to continuously demand unique and strategic business thinking, progressive business models and advanced technology from its employees through inducement of creativity and innovation.

The Fund believe that its employees are the most important assets, which will aid the positioning of NSFAF into a league of reputable corporate players.

The NSFAF embraces a systematic training approach, which focuses on organisational objectives and cost effectiveness. All training should be purposeful and primarily driven by organisational needs. However the needs of individuals will be recognised within the context of career planning within the larger NSFAF.

Some of the benefits of training and development are: a motivated and committed workforce, improved individual and team competency, greater job satisfaction, increased performance,

improved quality service, career growth and job satisfaction that transcends the idea of merely occupying a position to leaving a lasting legacy.

During the period under re-view the NSFAF spent N\$259,531 to take employees through the following interventions; Influential Leadership Programme Conference, Corporate Governance Seminar, Querying Microsoft SQL Server 2012 and the VIP Trilogy. In total nine (9) female employees underwent staff development intervention compared to their four (4) male peers.

In November 2013, a staff member of the Human Resources Division attended a 3-day VIP Trilogy training, the purpose of the training was to expand the understanding and knowledge of the applications and process of the VIP payroll system.

In December 2013 a group of female managers attended an Influential Leadership in Africa Conference in Cape Town, South Africa, the aim was to raise visionary female leaders that will lift the face of the continent to a whole new level in the 21st century.

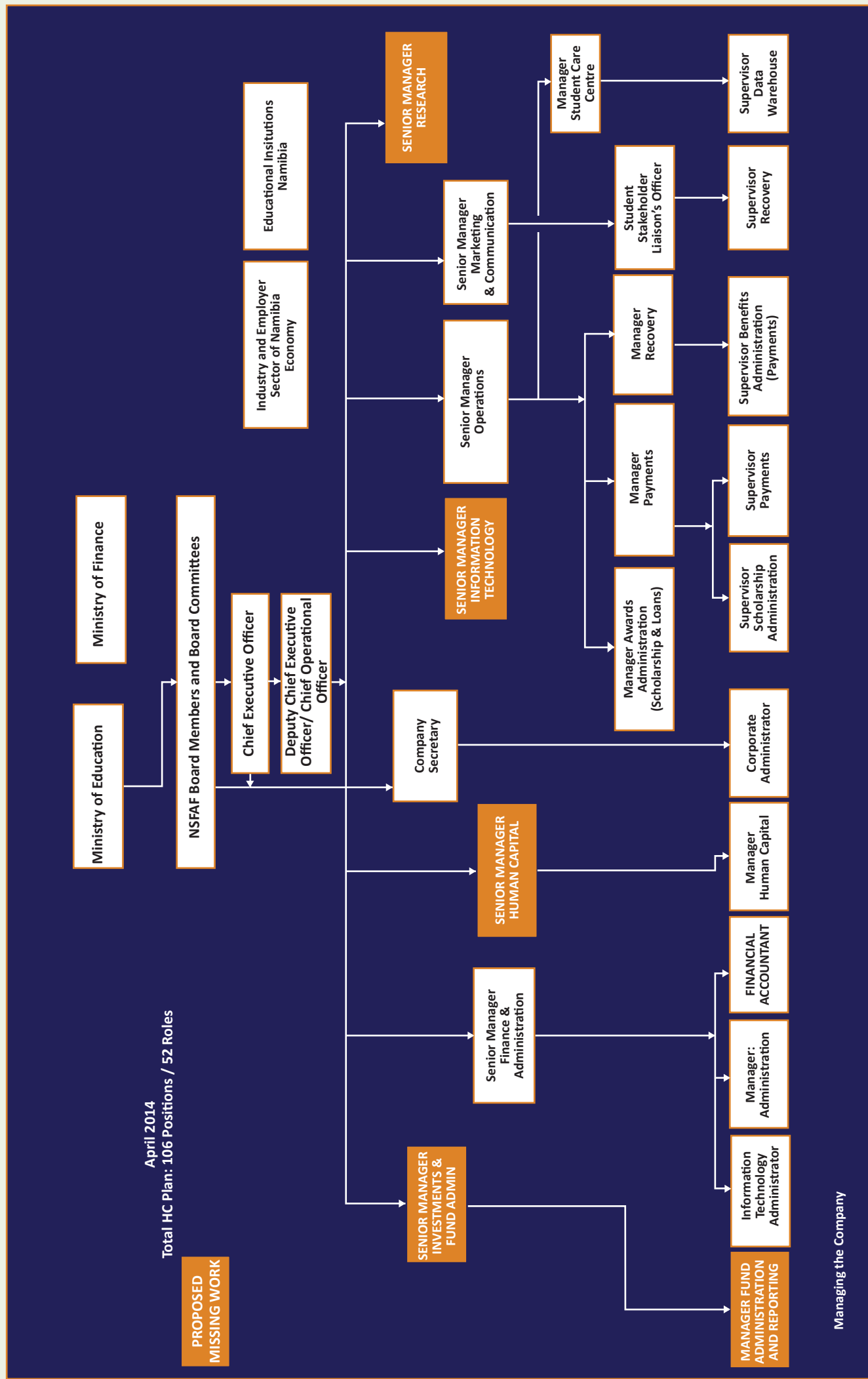
The Executive team attended a Seminar on Corporate Governance in February 2014, the purpose of the seminar was to define best practices in roles and responsibilities of directors in order to promote principles of corporate governance within the new institution.

In March 2014 our IT System Administrator attended training on Querying Microsoft SQL Server 2012 in Cape Town, South Africa in order to understand the system better.

The NSFAF commits itself to the life-long development of all its employees. This training and development constitutes an integral part of the long-term vision, mission, core values and strategic objectives of the NSFAF.



APPROVED NSFAF MANAGEMENT STRUCTURE



6.2.7 KEY INITIATIVES UNDERTAKEN DURING THE TRANSITIONAL PERIOD IN PURSUIT OF IMPROVING ORGANISATIONAL EFFECTIVENESS

Besides developing policies, procedures and guidelines in order to improve the NSFAF's organisational effectiveness the Fund will embark upon the following initiatives to enhance the organisation's performance:

- a) Team building and building an Organisational Culture;
- b) Initial Recruitment Interview Schedule (IRIS), i.e. to determine the capabilities of individual employees over a period of time;
- c) Control-Self Assessments (CSA), i.e. risk management;
- d) Emotional intelligence (EQ), i.e. management of emotions (self and others);
- e) Strengths Finder, i.e. to focus and build on individuals' strengths other than on their weaknesses;
- f) Restructuring the business processes to ensure smooth operation; and
- g) Cascading the Performance Management Index.

NB: All these projects are in progress, hence will be reported on in the next review period.

6.3 STRATEGIC THEME: EFFICIENCY

Since its inception, the Fund has been faced by many challenges which in turn made the operation of the Fund inefficient. Much of these is owing to the way the Fund used to conduct its activities/processes such as Selection and Award, Payments and Recovery processing, lack of or improper functioning of Management Information System (MIS) and the handling of student queries. It has been noted that in the past, the Selection and Award processes were considered to be cumbersome and thus a deterrent to applicants. For example students were required to produce proof of final registration in order to enter the selection process. This is a deterrent in the sense that a number of students, especially those from needy background may not even afford the registration fee required by Institutions of Higher Learning. As a remedy to this challenge, the Fund has negotiated with local Institutions of Higher Learning to allow the registration of the NSFAF sponsored students at reduced fees.

The payments process was also said to be inefficient, especially for continuing students, as each student was required to submit proof of registration of the previous academic year as well as an academic progress report before payment could be effected. Although proof of registration and academic progress reports are still required, the Fund is now able to obtain this information directly from the Institutions of Higher Learning. The signing and returning of a signed contract for a new award before payments can be effected has also contributed to the inefficiency of the payment process. In this regard, the Fund took a proactive action by taking the award letters, together with the contract, to students at the institutions where they are studying. Another contributing factor to inefficiency is that payments are made to the Institution of Higher Learning, which deducts the tuition and other fees owing to them before paying the remainder to the students.

This situation was addressed by introducing the separation in payments between tuition fees and non-tuition costs. In terms of these arrangements, tuition fees will be paid directly to the Institutions of Higher Learning, while non-tuition amounts are paid directly to students' accounts.

On the recovery part, as stipulated in the Sustainability section of this report, NSFAF has achieved little in terms of loan recovery. There are a number of factors contributing to inefficiency on the recovery front; one is that some students simply feel that since it is government money they are not obliged to repay it. On its part, the Fund also lacked creditable and trustworthy records management due to the historical factors previously mentioned. In this connection, the Fund has commissioned the development of a comprehensive student database, to capture and preserve all student-related records electronically. Moreover, the Fund is in the process of acquiring a new in-sourced recovery system, which is expected to improve efficiency on the recovery front.

For quite some time, there has been no proper loan administration system, which has considerably contributed to the load of manual processes. This has not only contributed to inefficiency but has also brought a lot of dissatisfaction among the student community.

This reporting period has witnessed the establishment of Student Care Centre at NSFAF to manage and co-ordinate a centralised student support service. The establishment of a dedicated unit to deal with student services has brought a huge improvement when compared to the previous practice when student queries were haphazardly forwarded to any department/division within the Fund.

As earlier mentioned, since its inception, the Students Care Centre (SSC), which also serves a customer care centre, has resolved many queries related to student payments, awards, changes of course or institution, as well as queries relating to internship programmes.

The Centre also provides services related to student guidance to ensure accessibility, up-datedness and availability of student information at the front office. Typical examples of information provided at Centre are guidance on the choice of institution, enrolment for different fields of study, rates per field of study, changes of course and transfers.

In order to effectively respond to student issues, the Student Care Centre maintains an enquiries logging system aimed at tracking all student-related enquiries entering the NSFAF service points via student walk-ins, letters/emails or telephone queries. As NSFAF is striving towards efficient service delivery, the SCC also researches, records and gathers feedback from students on aspects of the student services and procedures that need improvement or renewal to meet changing needs and expectations.

To respond to students abroad, the Student Care Centre has fostered the establishment of student associations for students abroad. This has proven to be most effective, as queries and other issues affecting students abroad are channelled through

these associations instead of individual students contacting the Fund. In addition to fostering the establishment of students associations, the Fund (accompanied by professional bodies such as the Namibia Health Council, the Namibia Qualifications Authority (NQA)) undertook study tours to countries such as Russia, Ukraine, Malaysia, India, China, Botswana and South Africa. The purpose of these study tours was to assess the general conditions of living, curriculum contents (with an emphasis on credit-bearing internships) as well as the reconciliation of student accounts.

As a result of the assessment, it was recommended to rationalize the number of institutions the Fund sponsors student to study at, especially in the field of medicine. In this respect, the Fund approves only three institutions in Russia, i.e. Peoples Friendship University of Russia, I.M Sechenov First Moscow State Medical University and St Petersburg Engineering Academy. Similarly, the Fund also approved three institutions in Ukraine, namely; Bogomolets National Medical University, Vinnitsa National Medical University and Kharkiv National Medical University.

On a similar assessment done on Asian countries, the approved Jagadguru Sri Shivarathreeswara University (well known as JSS University) and Oxford Nursing College in India for future funding. The Fund also took a decision to discontinue sponsoring undergraduate medical programs in China, however, the Fund will continue to fund medical studies in China only at postgraduate level (specialist) level. During the same period, the Fund decided to discontinue funding studies at ABM University College in Botswana, the decision did not affect continuing students.

On the local front, the Fund, through its Student Care Centre, continues to improve service delivery. During the reporting period the Fund took services to local institutions such as Polytechnic of Namibia, University of Namibia and International University of Management by establishing a temporary help desk during registration, while students attending other local institutions were assisted from the Resource Centre at the Government Office Park during the same period of registration.

CHALLENGES EXPERIENCED

Although the establishment of the Student Care Centre has brought greater effectiveness in service delivery, there were some challenges experienced during the period under review. Some of these challenges have already been outlined under the CEO's report but emphasis hereunder is necessary.

- Submission of documents (progress report and proof of registration). For NSFAF to verify that a sponsored student is still studying, an academic process report and proof of registration for the new academic year must be submitted. This turns out to be a challenge for international students, as they are sometimes required to pay first before accessing their academic progress report and subsequently being allowed to register for the new academic year. In this connection, the Fund has recognized this dilemma and mechanisms are put in place to address this problem.
- Expiry of visas and passports: It has been recognized that students' visas and/or passports may expire before the

student has completed his/her studies. Students with expired documents are normally faced with deportation or arrest. In order to address this challenge, the Fund has entered into an agreement with the Ministry of Foreign Affairs to facilitate the renewal of documents on behalf of the students so that they no longer need to travel to Namibia for this.

- Internship and student placements for practice: For some programmes, students are required to undergo a credit-bearing internship or practical training as part of their curriculum. It is noted, however, that in some countries internship or practical training may not be allowed for foreign students; to address this, the Fund has developed an internship/practical training policy and manual aimed at guiding students when requesting financial assistance to come to do internship/practical training in Namibia instead of in the country of study.
- Mandatory medical examination: Depending on the conditions stipulated by the respective institutions of higher learning and/or the funding agencies, some scholarships may require students to undergo a compulsory medical examination. In most cases, students are responsible for costs relating to this requirement. It has been observed that some students fail the medical test upon arrival in the host country, and end up being deported at the expense of the Fund.
- Fraud committed by student: The Fund has been a victim of fraud: four students have been arrested on suspicion of defrauding the Fund through dubious means such as falsified documents, i.e., proof of registration, academic results etc. In some cases students were caught claiming for payments when they were no longer studying.
- Failing to observe the law of host countries: Some students have been deported due to violations of laws of the host countries. This places the Fund under immense pressure to pay for the repatriation of such students.
- Space for Student Care Centre: Although space has been found and students are now served from the new location, the Centre is too small, as a result students who flock to the centre with queries must stand outside, often in the blazing sun or in the rain. Plans are underway to acquire a new building with enough space to accommodate students inside.

6.4 STRATEGIC THEME: TARGETING AND EQUITY

Targeting and equity has been a thorny issue to NSFAF since its inception. It has been stated in the past that it is not clear who NSFAF's targeted group is. There was some anecdotal evidence that middle-class students have greater access to funding by NSFAF than students from comparatively poor school backgrounds. There were also complaints regarding the product offering by NSFAF. Students and the public at large criticized the Fund due to the lack of diversification of products, because at that time the Fund was only offering one product namely loans.

6.4.1 TARGETING

In order to address these challenges and as directed by Cabinet, NSFAF has introduced three products, namely, merit-based scholarships, grants and loans. The merit-based scholarship is an incentive meant to encourage pupils to perform at a high standard in Grade 12. In this regard, the two best performers for each level of Grade 12 examination in each region are given financial assistance in form of a grant, which is not repayable; 10% of the total student budget is allocated for this purpose. Under “Grants” as a product offering, financial assistance is given to a student to pursue his or her study in a particular field of study in which the Country is experiencing a severe shortage of skills as determined by various national documents such as Vision 2030 and the National Economic Skills Plan. These fields of study are referred to as “priority fields”, and 20% of the total student budget is normally earmarked for this purpose.

The rest, or 70% of the student budget, goes to “Loans” as product offering. In practice, however, a greater share of the fund goes to Grants than to Loans. This has a negative impact on recovery as highlighted under the sustainability section of this report.

In addition to the above-mentioned product offering, NSFAF also gives scholarships, mostly for postgraduate studies, under the Namibia Government Scholarship Training Programme (NGSTP). During the period under review, NSFAF gave a combination of grants, loans and scholarships to 8953 students to study in various fields both in Namibia and abroad, as compared to 6694 students awarded funding the previous year. This represents an increase of 33.7%, which clearly demonstrated the positive impact of product diversification.

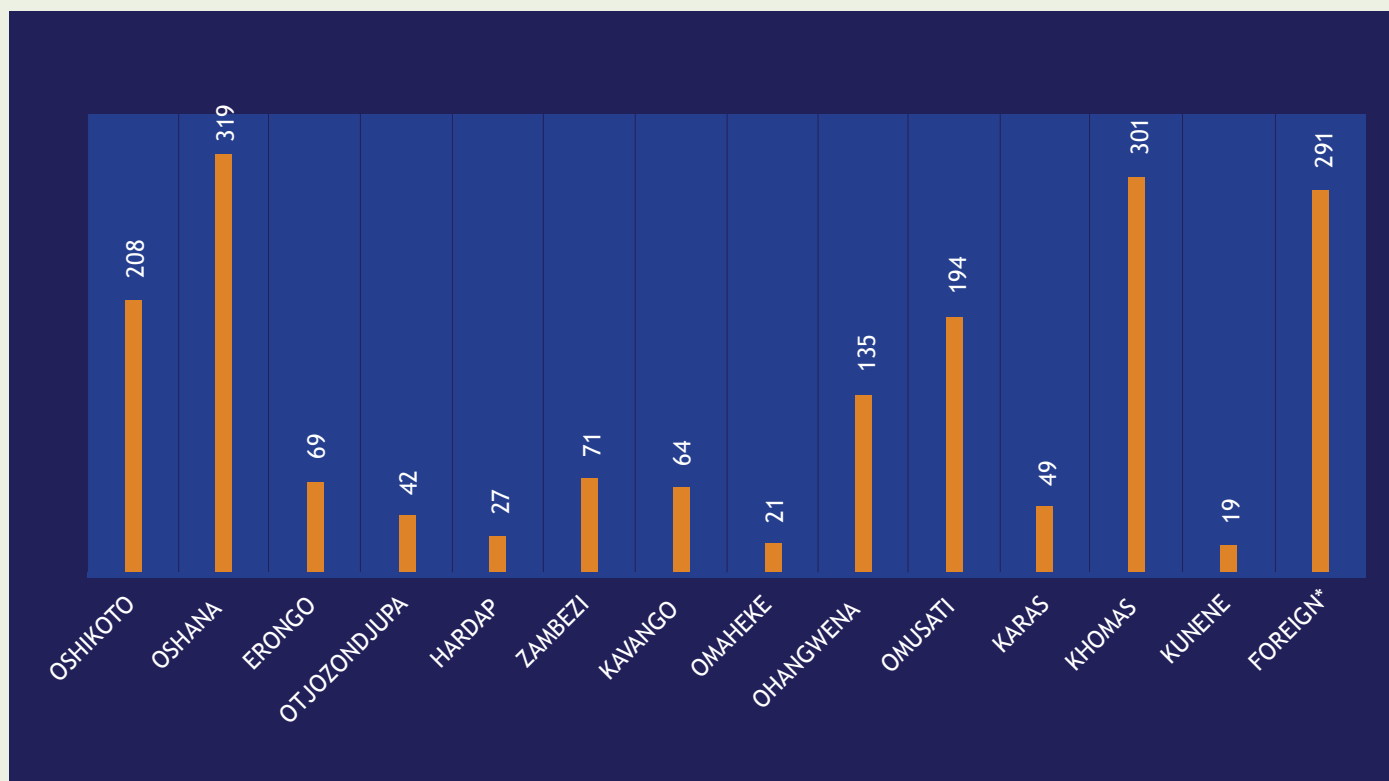
6.4.1.1 AWARDS STATISTICS CHARTS

The charts below show the number of students awarded per region (at both local and SADC/International level), while the second shows the amount of money allocated per region (at both local and SADC/International level). The charts are divided into years. These charts should be read in conjunction with Tables 1-4 in Annexure 1 which highlight Grade 12 enrollment per region.

Note: Foreign Region under each one of the following Charts denotes the category of students who completed their Grade 12 outside Namibia.

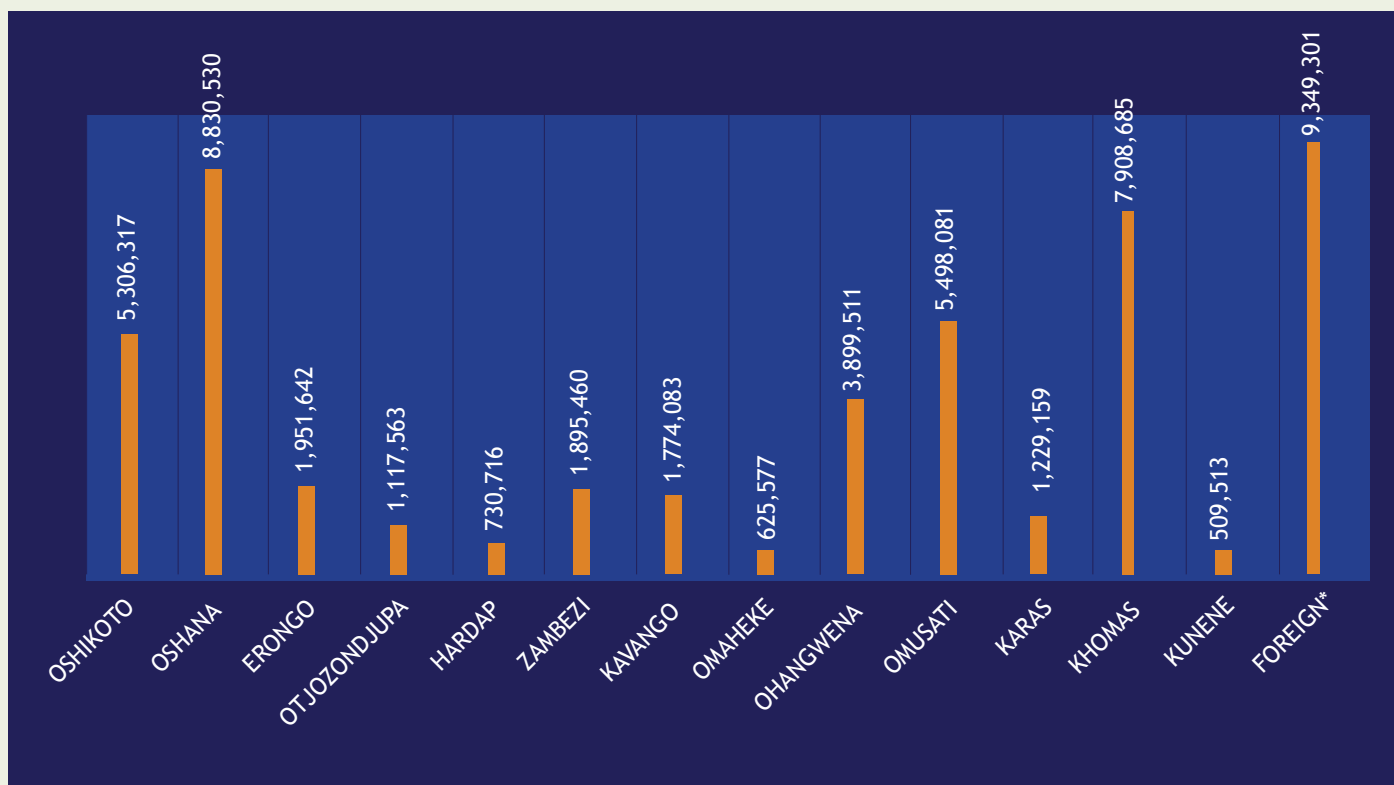
2010 Local Awards Statistics

CHART 1A: NO. OF STUDENTS FUNDED PER REGION TO STUDY AT LOCAL INSTITUTIONS



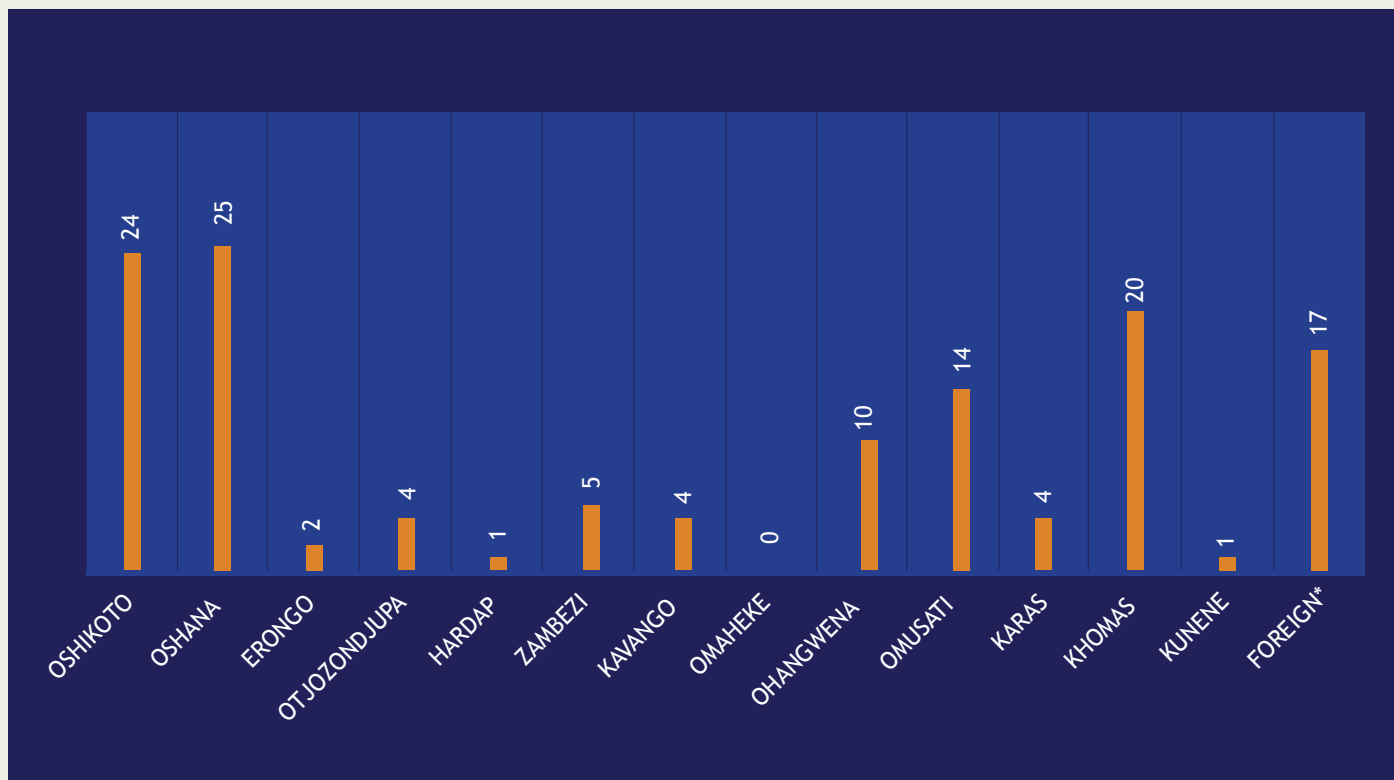
Foreign - Namibian students who completed their grade 12 in foreign countries.*

CHART 1B: AMOUNT (N\$) SPENT ON STUDENTS PER REGION TO STUDY AT LOCAL INSTITUTIONS



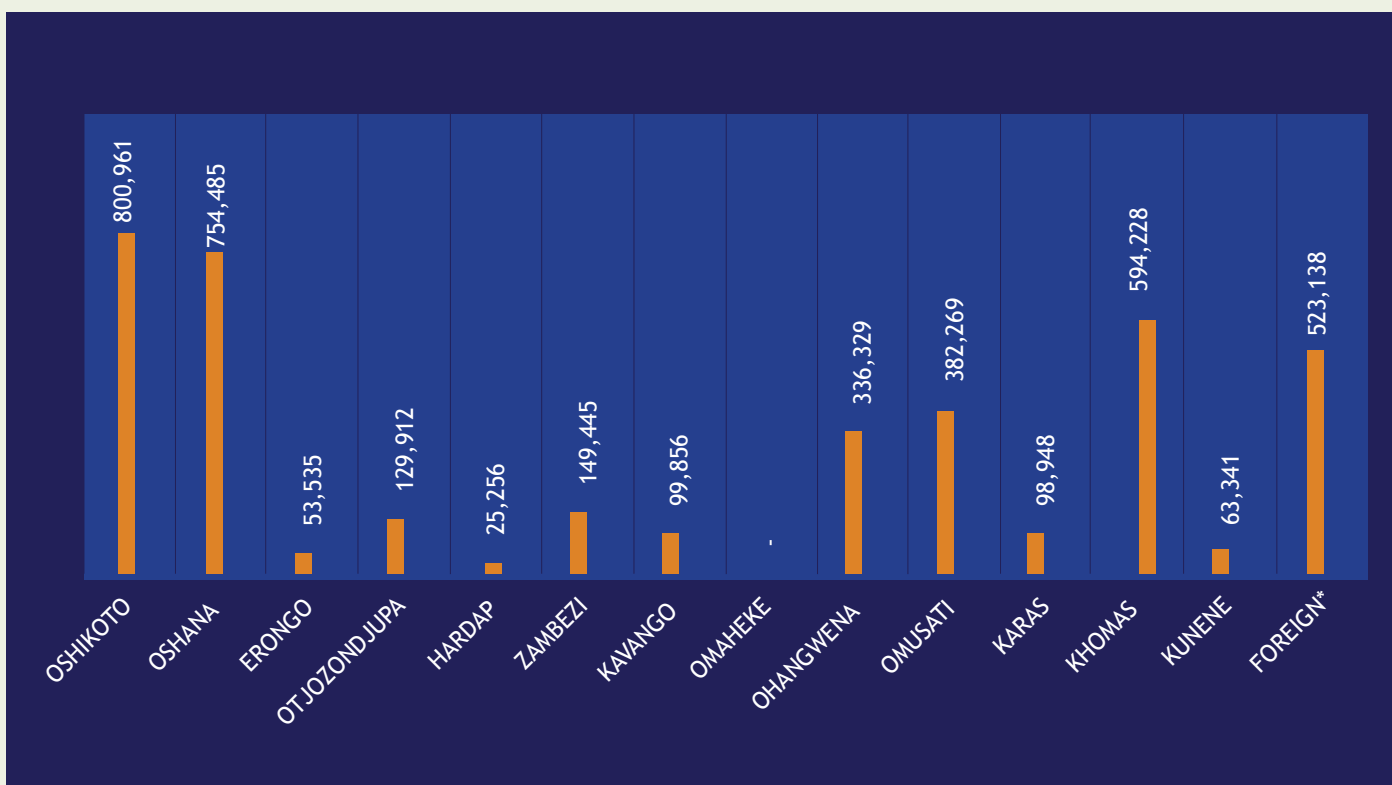
2010 SADC/INTERNATIONAL AWARD STATISTICS

CHART 1C: NO. OF STUDENTS FUNDED TO STUDY AT SADC/INTERNATIONAL INSTITUTIONS



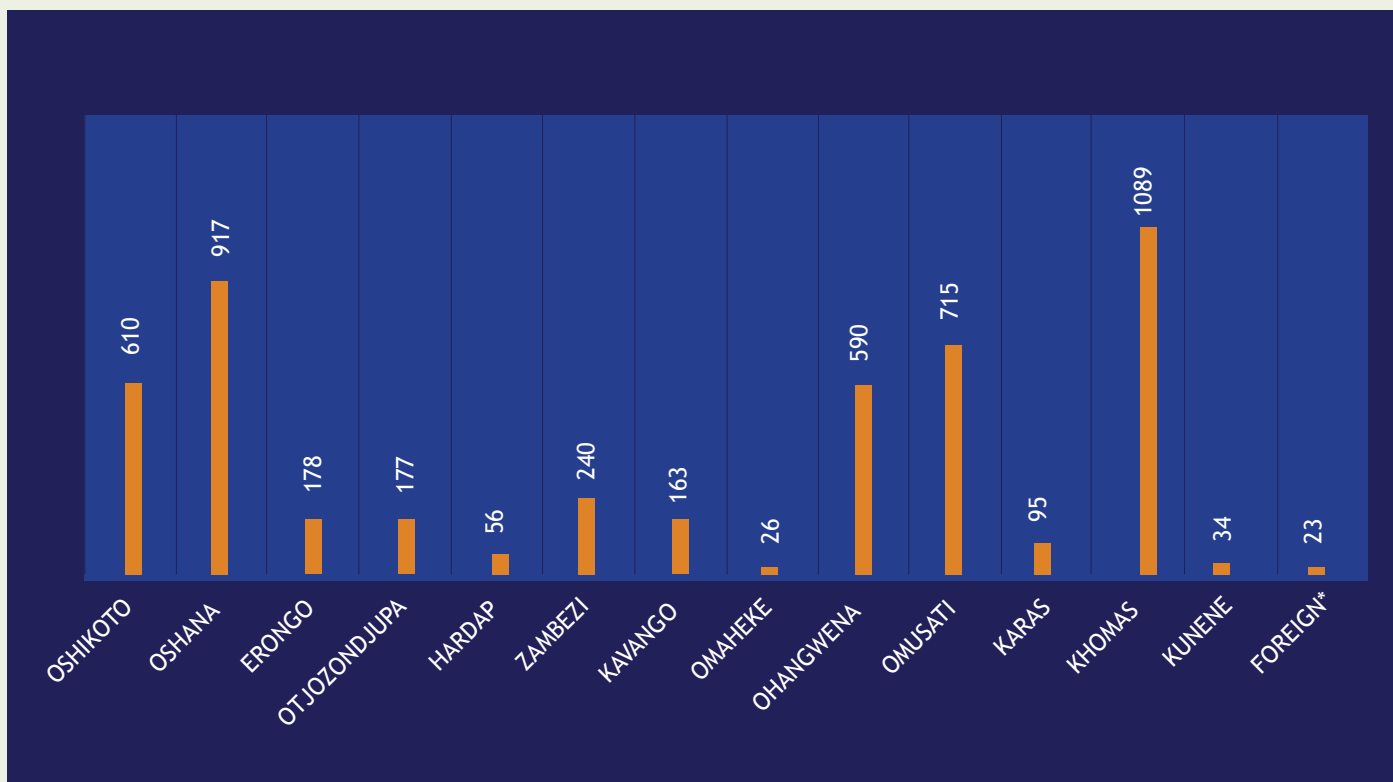
Foreign* - Namibian students who completed their grade 12 in foreign countries.

CHART 1D: AMOUNT (N\$) SPENT ON STUDENTS PER REGION TO STUDY AT SADC/INTERNATIONAL INSTITUTIONS



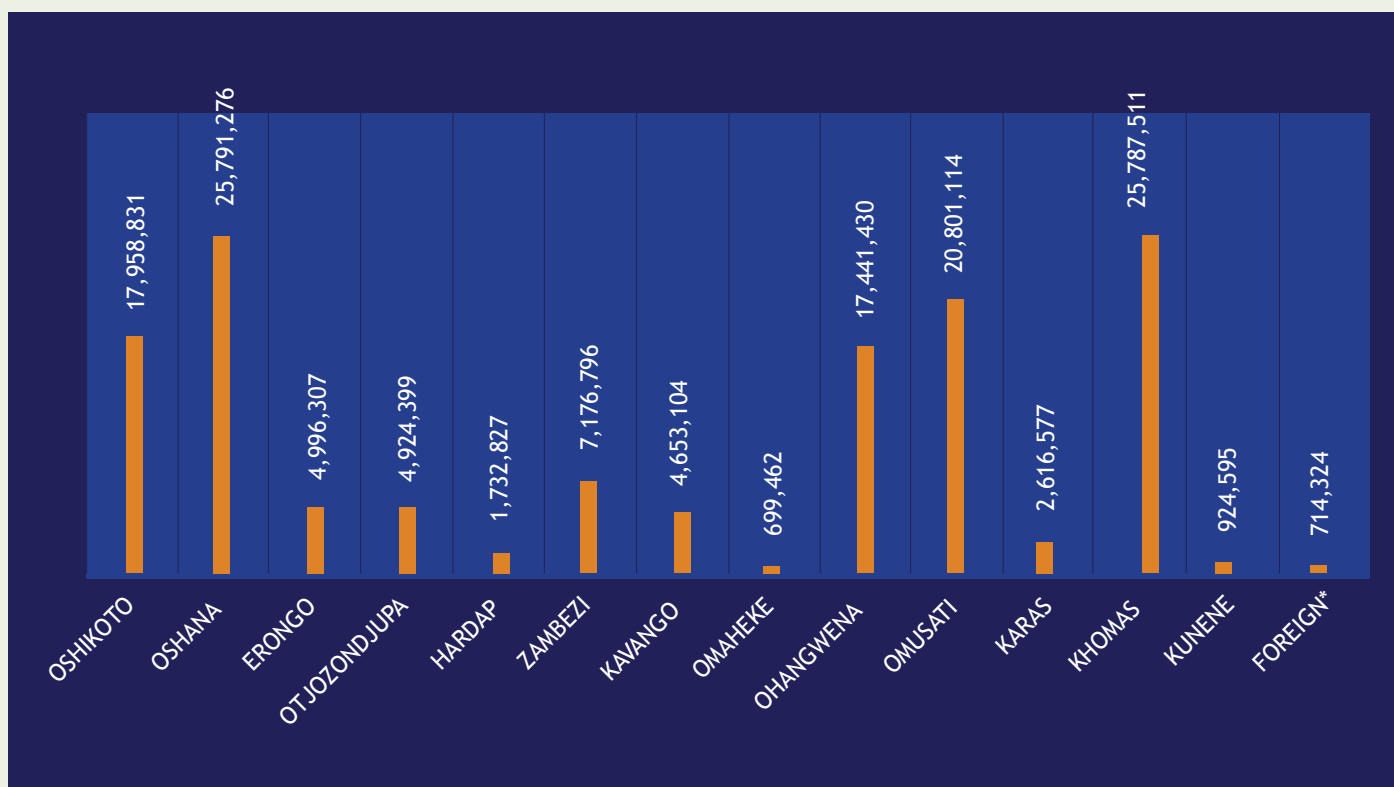
2011 LOCAL AWARD STATISTICS

CHART 1E: NO. OF STUDENTS FUNDED PER REGION TO STUDY AT LOCAL INSTITUTIONS



Foreign - Namibian students who completed their grade 12 in foreign countries.*

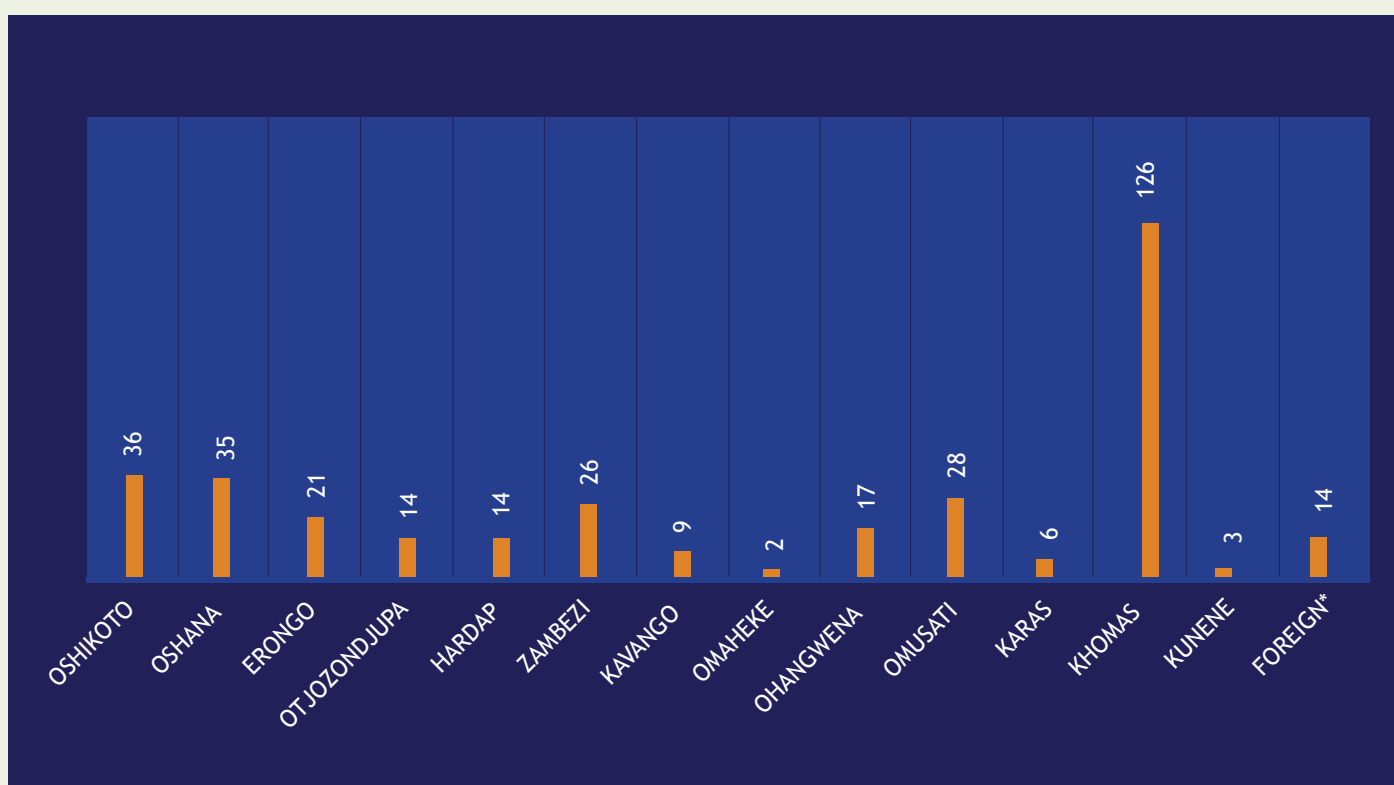
CHART 1F: NO. OF STUDENTS FUNDED PER REGION TO STUDY AT LOCAL INSTITUTIONS



2011 SADC/INTERNATIONAL AWARD STATISTICS

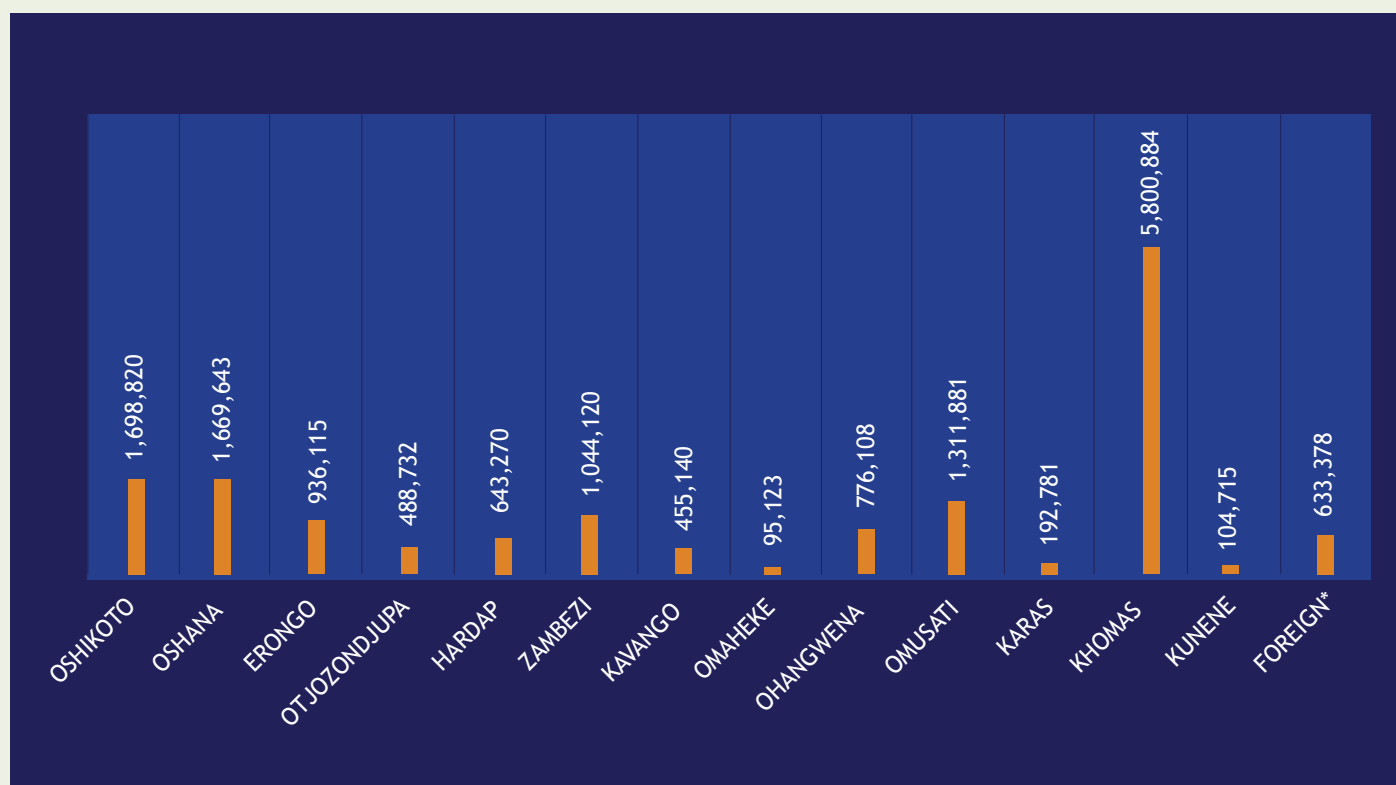
Comparative analysis of this chart indicates that there was an increase in the number of students who applied to study abroad. The greatest number came from Khomas region, but other regions such as Zambezi, also showed a an increase in the numbers of students granted awards to study beyond Namibia's borders. In this case, there were only 5 students in 2010; this number increased to 26 in 2011.

CHART 1G: NO. OF STUDENTS FUNDED TO STUDY AT SADC/ INTERNATIONAL INSTITUTIONS



Foreign - Namibian students who completed their grade 12 in foreign countries.*

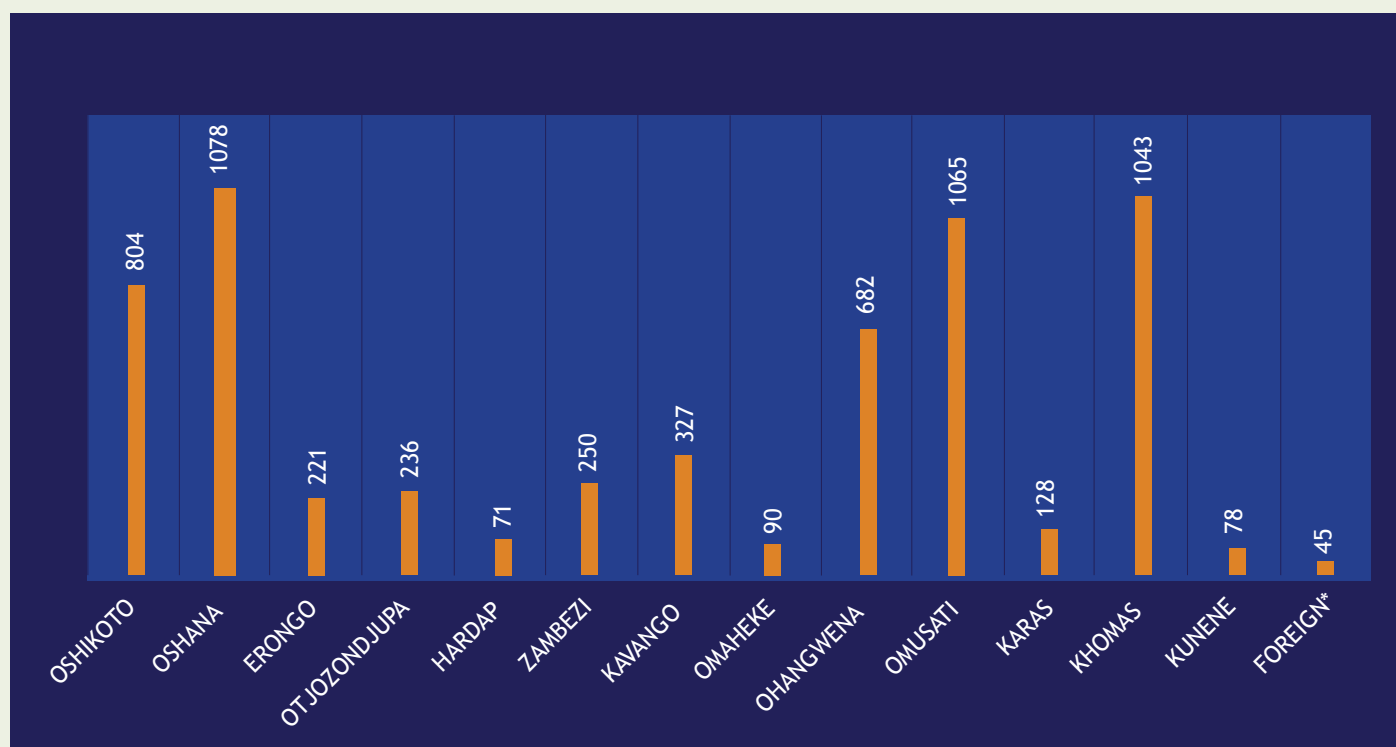
CHART 1H: AMOUNT (N\$) SPENT ON STUDENTS PER REGION TO STUDY AT SADC/INTERNATIONAL INSTITUTIONS



2012 LOCAL AWARDS STATISTICS

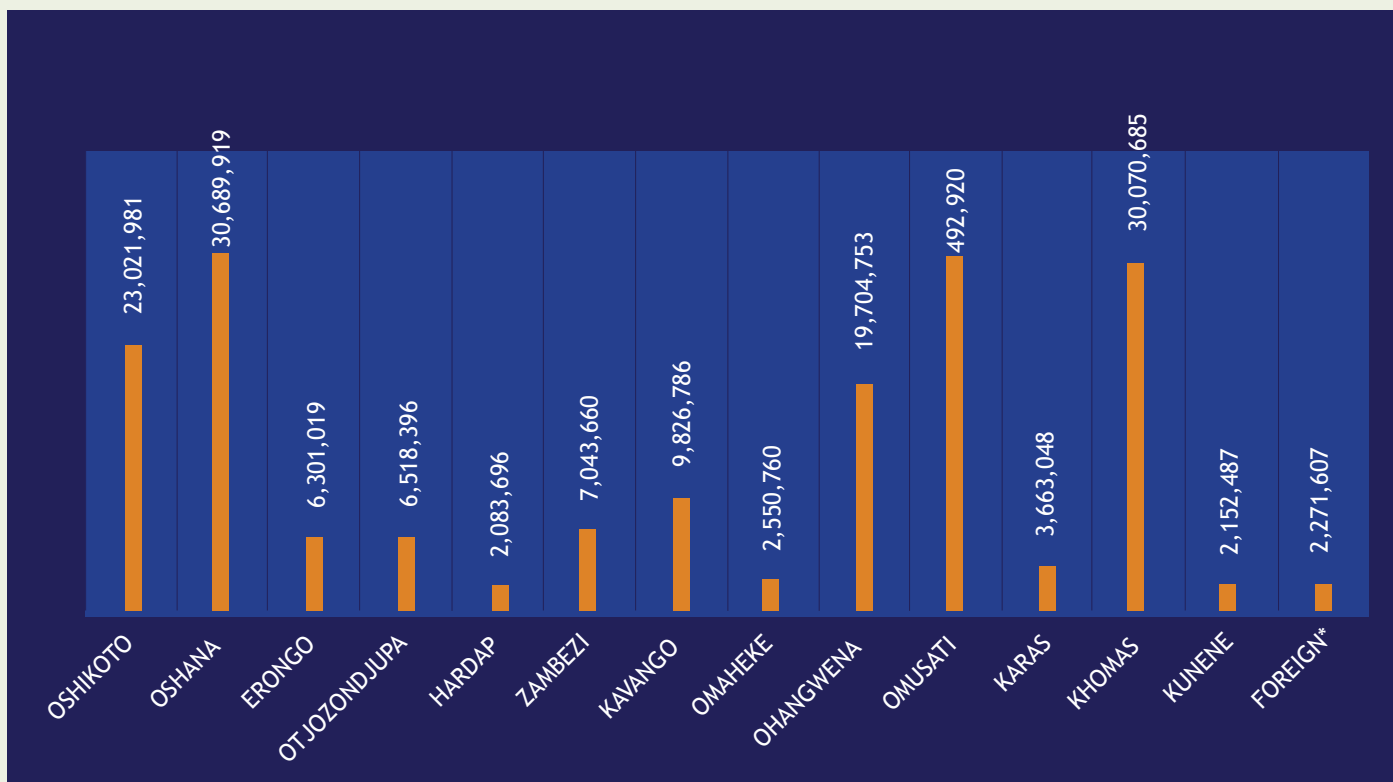
In 2012, there was a significant increase in the number of student awards, from 4913 to 6118. The Chart below clearly reflects the increase in the number of students awarded per region. The biggest increase was witnessed in Oshana, from 917 to 1078 in 2012. There was also a significant increase in the numbers of students awarded in Omaheke, where only 26 students were funded in 2011, but this increased to 90 in 2012. This increase could be ascribed to more information being available as well as more products being available.

CHART 1I: NO. OF STUDENTS FUNDED PER REGION TO STUDY AT LOCAL INSTITUTIONS



Foreign - Namibian students who completed their grade 12 in foreign countries.*

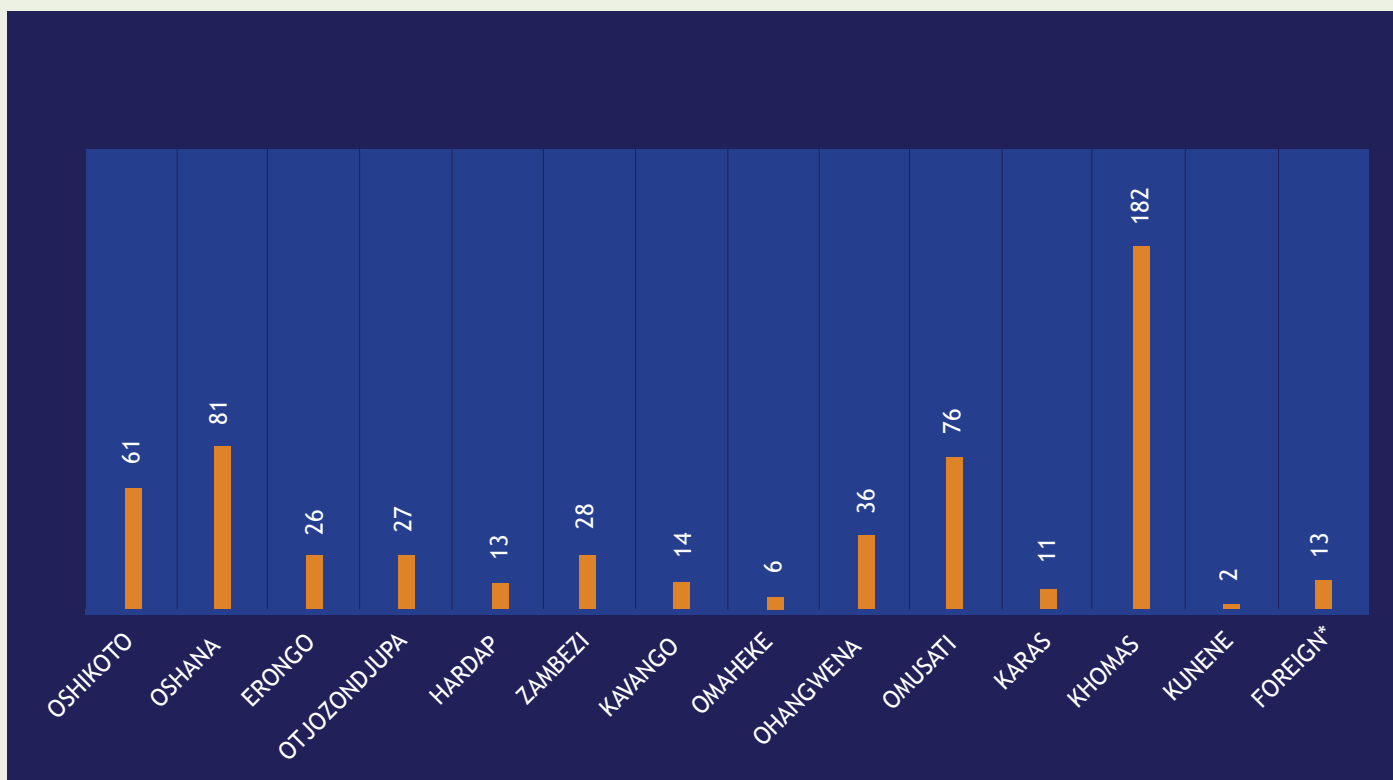
CHART 1J: AMOUNT (N\$) SPENT ON STUDENTS PER REGION TO STUDY AT LOCAL INSTITUTIONS



2012 SADC/INTERNATIONAL AWARD STATISTICS

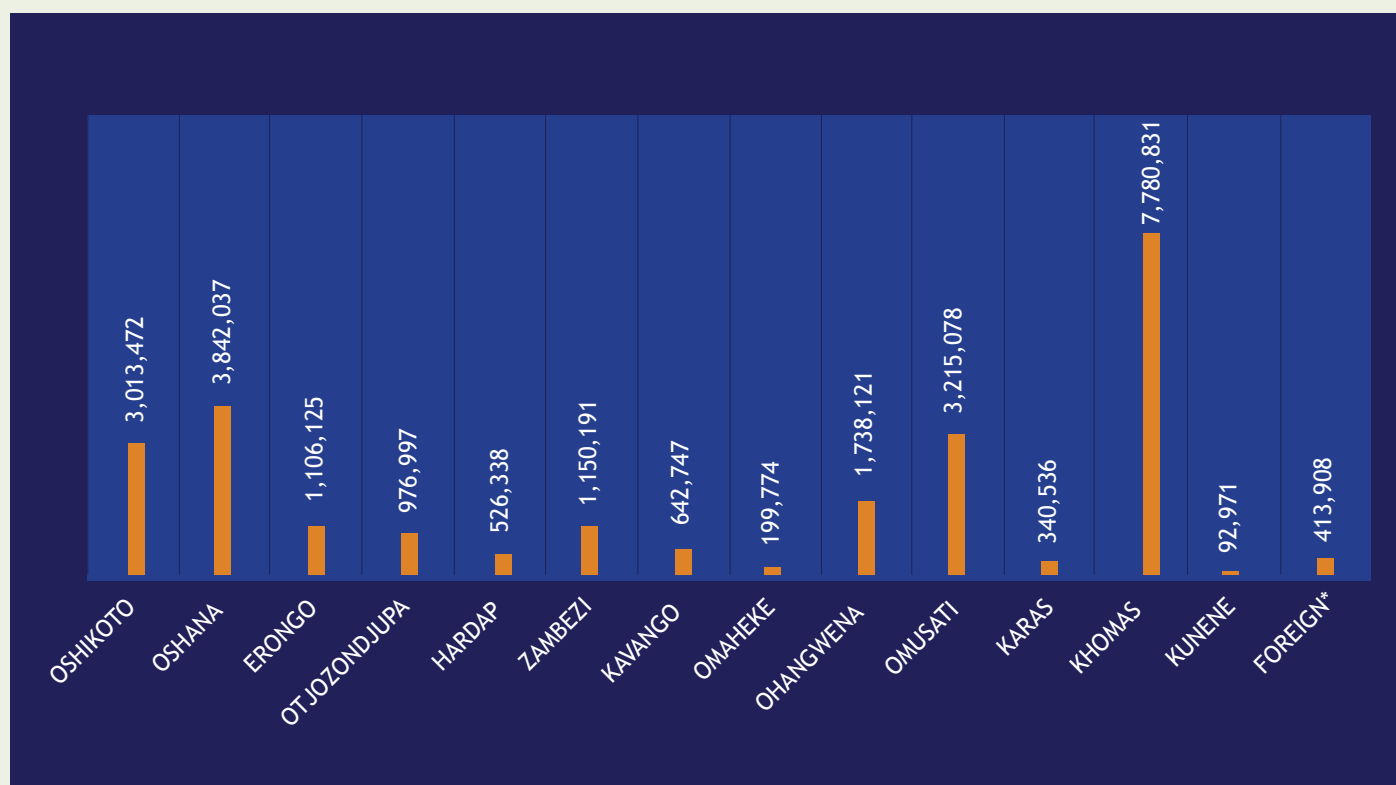
In 2012, NSFAP witnessed an increase in numbers of students awarded to study at SADC/International Institutions. Chart below indicates that the greatest numbers of the awards in that year went to students from Khomas region, followed by Oshana and Omusati.

CHART 1K: NO. OF STUDENTS PER REGION FUNDED TO STUDY AT SADC/INTERNATIONAL INSTITUTIONS



Foreign - Namibian students who completed their grade 12 in foreign countries.*

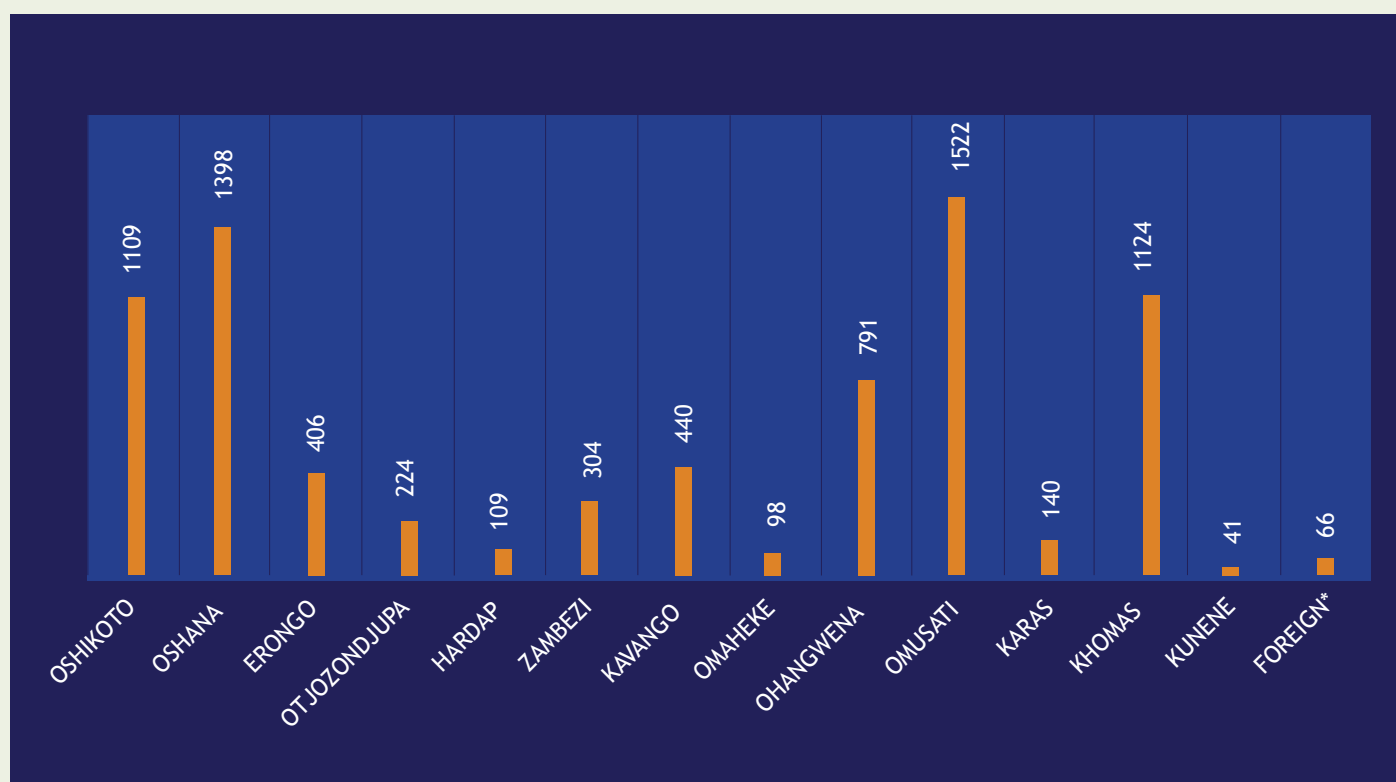
CHART 1L: AMOUNT (N\$) SPENT ON STUDENTS PER REGION TO STUDY AT SADC/INTERNATIONAL INSTITUTIONS



2013 LOCAL AWARDS STATISTICS

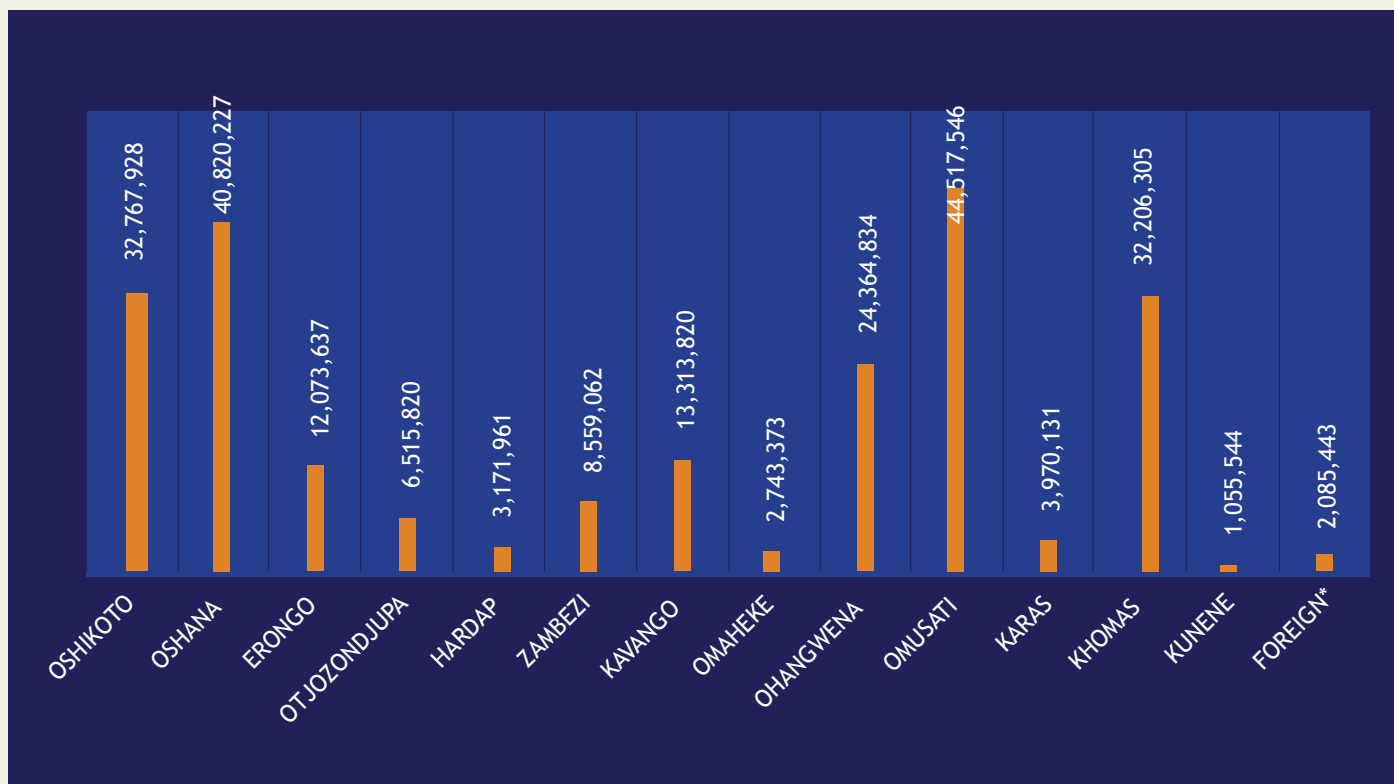
The Chart below indicates how loans and grants were allocated per region in 2013. The comparison has been made to determine whether there is any increase or decrease in the allocation. Overall, there was an increase in the number of students awarded. The highest increase was in the Omusati region, from 1065 in the previous year to 1522. This is a clear indication that many potential applicants are now aware of the Fund.

CHART 1M: NO. OF STUDENTS FUNDED PER REGION TO STUDY AT LOCAL INSTITUTIONS



Foreign - Namibian students who completed their grade 12 in foreign countries.*

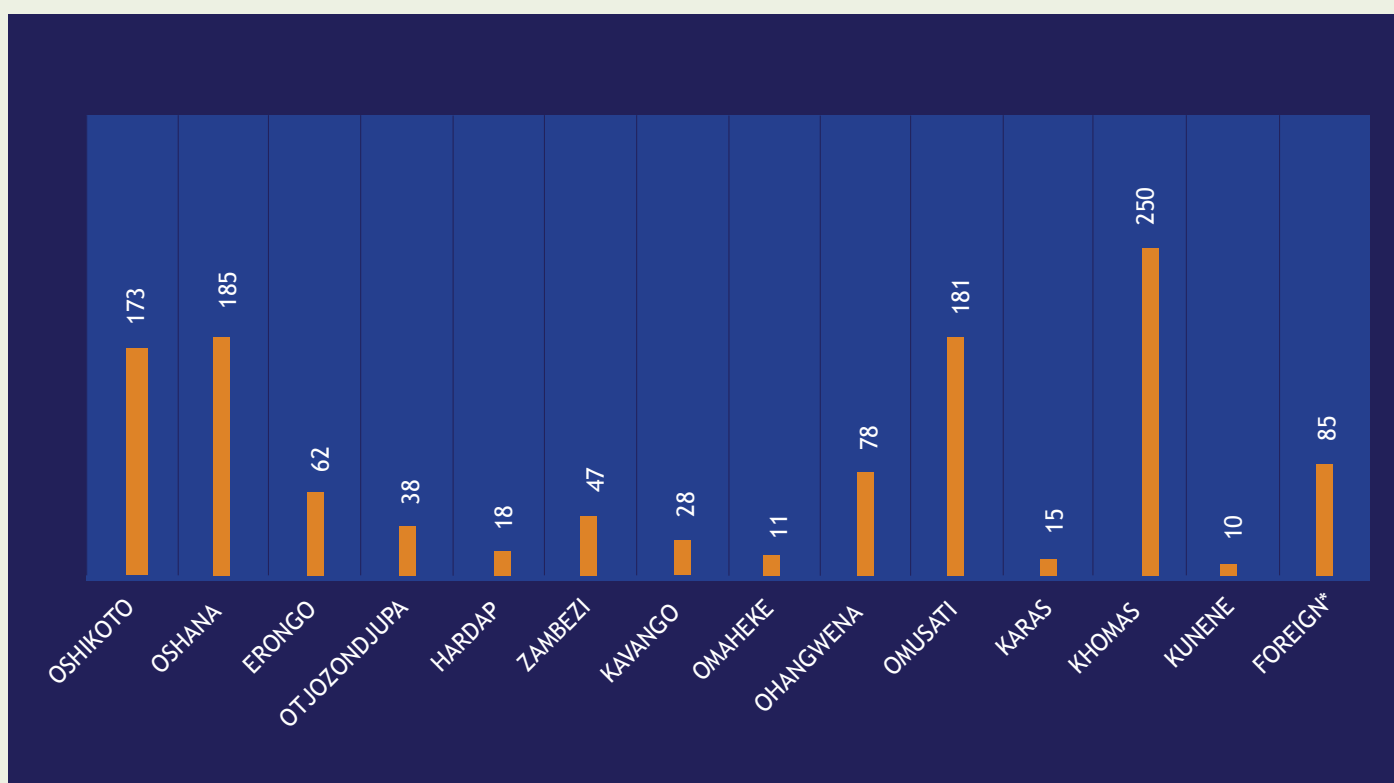
CHART 1N: AMOUNT (N\$) SPENT ON STUDENTS PER REGION TO STUDY AT LOCAL INSTITUTIONS



2013 SADC/INTERNATIONAL AWARD STATISTICS

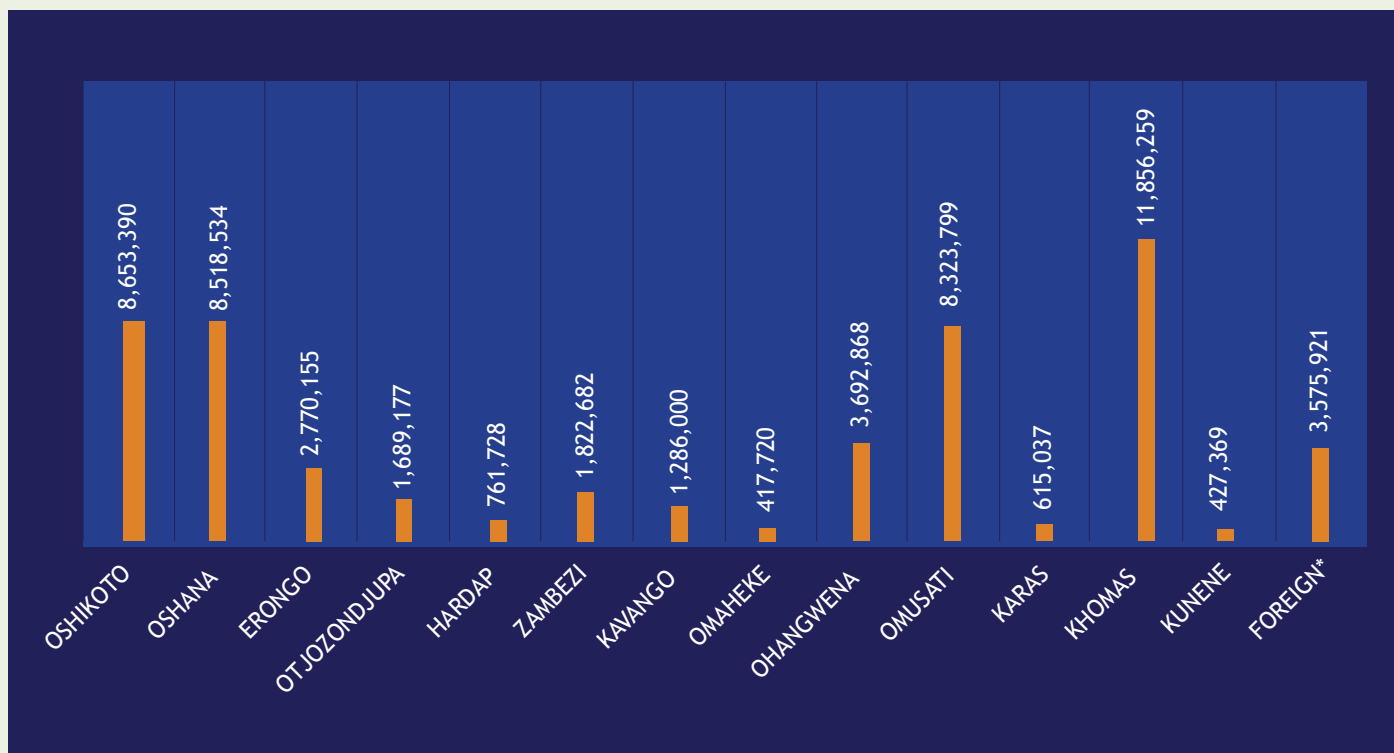
Chart below indicates, per region, how loans and grants were allocated to students to study at SADC or International Institutions in 2013. Comparatively, the greatest number of students who were awarded to study abroad came from Khomas region, followed by Oshana and Omusati.

CHART 10: NO. OF STUDENTS PER REGION FUNDED TO STUDY AT SADC/INTERNATIONAL INSTITUTIONS



Foreign - Namibian students who completed their grade 12 in foreign countries.*

CHART 1P: AMOUNT (N\$) SPENT ON STUDENTS PER REGION TO STUDY AT SADC/INTERNATIONAL INSTITUTIONS



There was a significant increase on the number of students funded to study at SADC/International institutions, the number increased almost 100 percent from 576 in 2012 to 1181 students in 2013. As depicted by the pie chart below, this also went in tandem with amount spend on students, which registered a significant increase from N\$25 million in 2012 to N\$54 million in 2013.

Summary of Local Awards (total number of students & amount spent)

Overall, the number of students awarded loans and grants to study at local institutions increased, from 24.5% during 2011/2012 to 27.2% during 2013, as indicated in the pie chart below. Similarly, amounts given to students to study at local institutions also increased by 29.4% over the same period.

The four charts below (2A - 2D) indicates the total number of students funded for local institutions; and Amounts spent on local students, 2010-2103

CHART 2A: TOTAL NO. OF STUDENTS FUNDED TO STUDY AT LOCAL INSTITUTIONS (2010 - 2013)

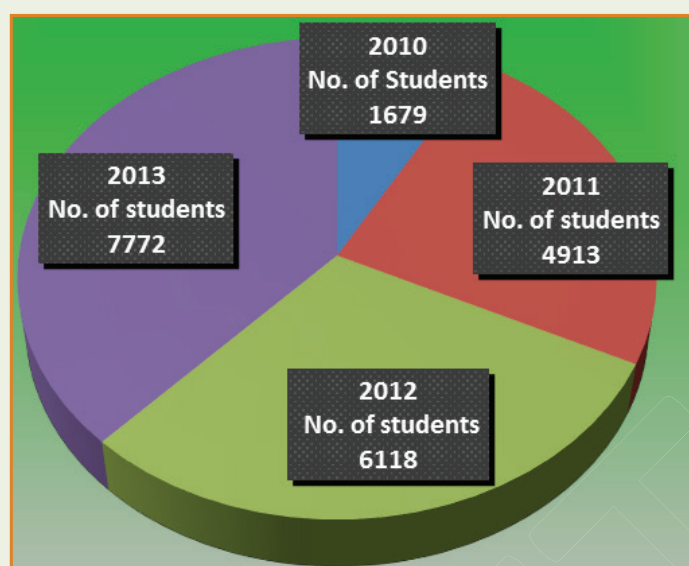
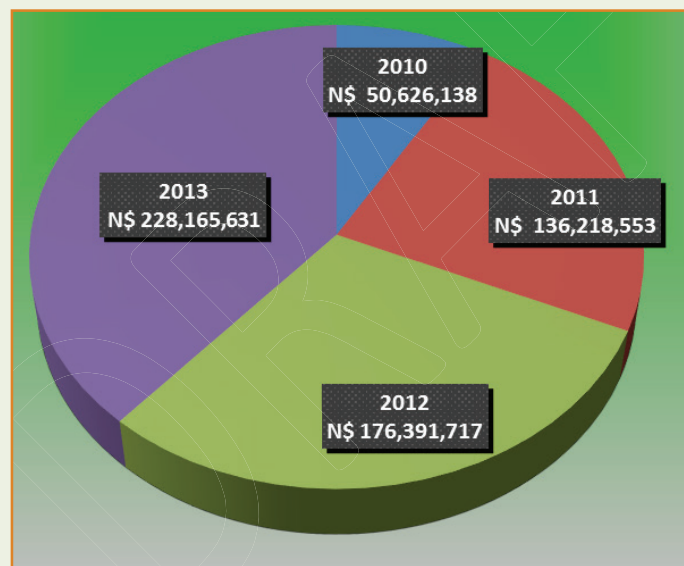


CHART 2B: TOTAL AMOUNT (N\$) SPENT ON STUDENTS TO STUDY AT LOCAL INSTITUTIONS (2010 - 2013)



Foreign - Namibian students who completed their grade 12 in foreign countries.*

Summary of International Awards (total number of students and amounts spent)

CHART 2C: TOTAL NO. OF STUDENTS FUNDED TO STUDY AT SADC/INTERNATIONAL INSTITUTIONS (2010 - 2013)

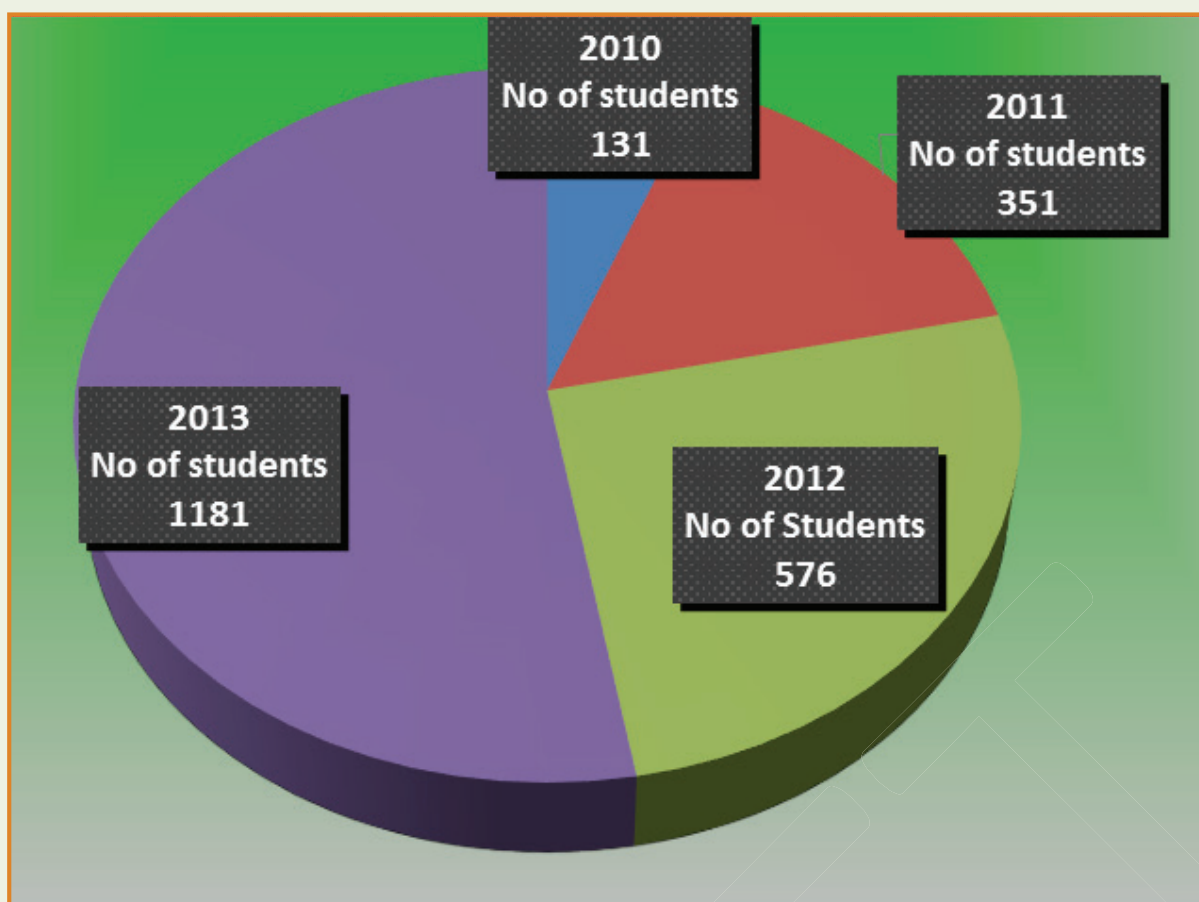
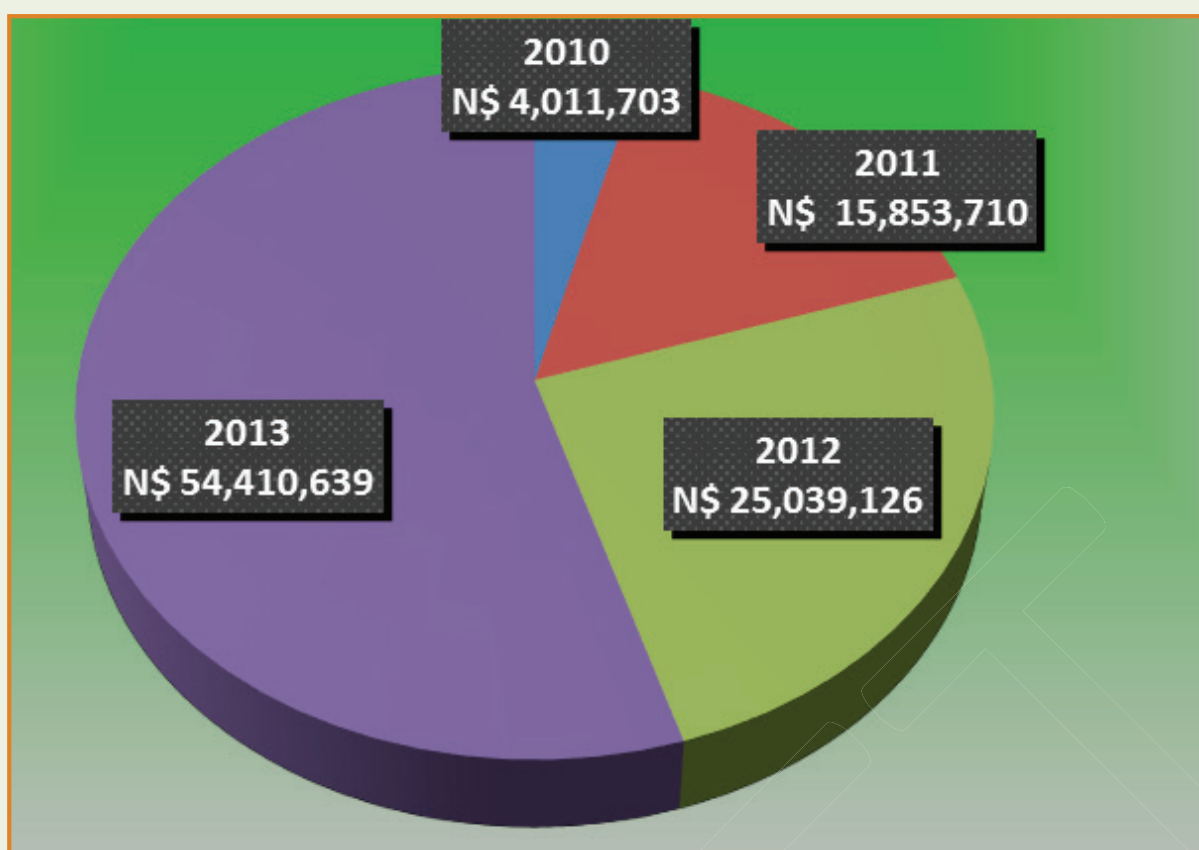


CHART 2D: TOTAL AMOUNT (N\$) SPENT ON STUDENTS TO STUDY AT SADC/INTERNATIONAL INSTITUTIONS (2010 - 2013) (N\$)



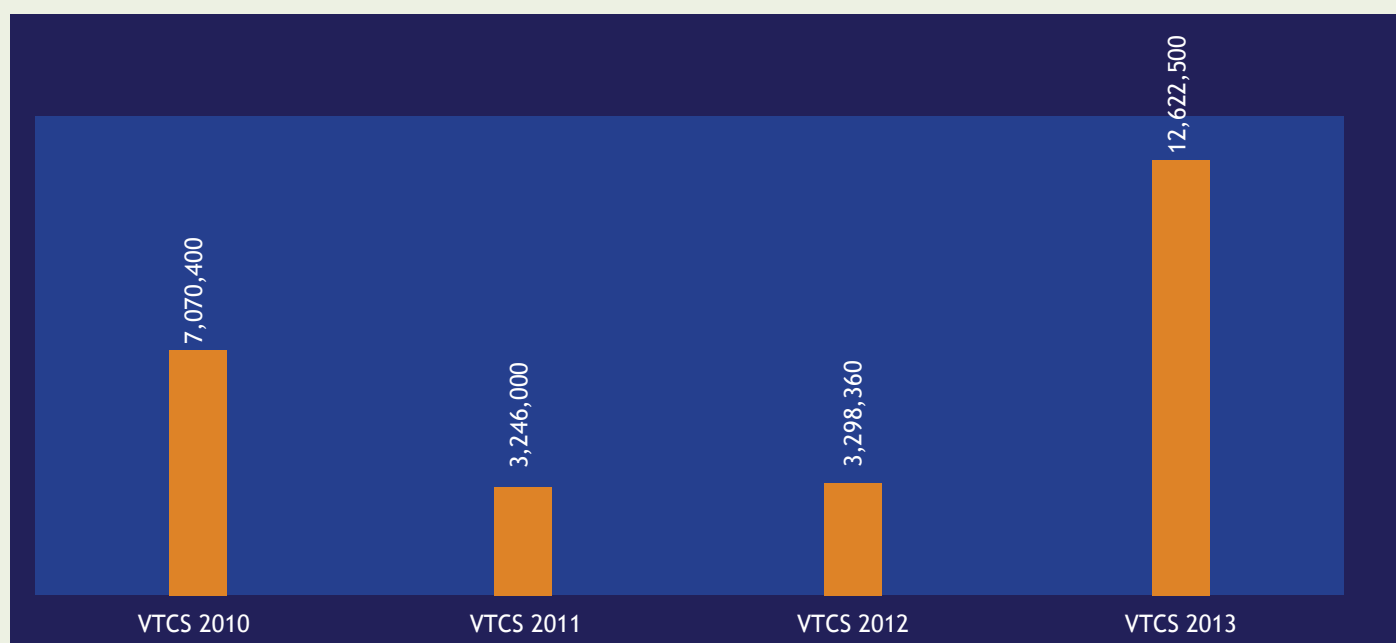
Vocational Education and Training (VET)

NSFAF is also responsible for funding students studying or intending to study at Vocational Training Centres (VTCs). As indicated by the chart below, the Fund has assisted more than 4000 VET students between 2011 and 2013, to the amount of N\$26.2 million.

CHART 3A: NO. OF STUDENTS FUNDED FOR VET



CHART 3A: TOTAL AMOUNT (N\$) SPENT ON STUDENTS FOR VET



Comparison of Number of Awards with Grade 12 Enrollment Statistics, 2010-2013

These statistics are detailed in Annexure A

6.4.2 EQUITY

Equity is about ensuring equitable distribution of funds to students throughout all the political regions and social groups. This is about providing loan/grant amounts in line with socio-economic background of students. It has been urged that wholesale giving of loans/grants is not enhancing equity, as students get exactly the same amount irrespective of their background. For example

the NSFAF funding endeavours to cover 100% of tuition and registration fees, 80% of accommodation and meals, as well as 50% of textbooks and transport costs as opposed to the principle of equity. These fees, in actual fact, do not cover the living allowance of students, which make it difficult for students from non-affluent backgrounds to study. For some students, especially those from well-to-do backgrounds, the funding by NSFAF might be enough, whereas for some, NSFAF needs to allocate funding in more equitable manner.

Although the above issues relating to equitable distribution of funds, are not yet addressed sufficiently, parameters such as the “synthetic priority index”, i.e., criteria for means testing, are

available, although they need to be enhanced by technology. The synthetic priority index or means testing, once implemented, will take into account the socio-economic background of applicants, which will in turn enable the Fund to make a distinction between those from affluent family backgrounds and those from not affluent families.

Once the means testing is fully implemented, all applicants registered in priority fields will be ranked and be means-tested according to these criteria:

- Score for the net combined parental income;
- Score of the region of origin;
- Score of region of school (Grade 12);
- Score of the priority field;
- Score of the performance in Grade 12;
- Score of the number of parents' dependents under the age of 18, plus the number of dependents over the age of 18 attending any educational institution and
- Score for applicant belonging to any marginalized group.

Applicants for loans (non-priority), regardless of the field for which they are to study, will be means-tested as per below criteria:

- Score of net combined parental income;
- Score of the region of origin;
- Score of the region of school (Grade 12);
- Score of the number of parents' dependents under the age of 18, plus the number of dependents over the age of 18 attending any educational institution and
- Score for applicant belonging to any marginalized group.

6.5 STRATEGIC THEME: SUSTAINABILITY

Over the past years the Fund has awarded loans to students, but achieved little success in terms of the recoverability of these loans after students graduated and started employment. About 90% of the loans provided over the past years have not been recovered.

This has raised concerns about the sustainability of the Fund, as the outstanding debt on loans not recovered exceeds N\$300 million that could be used to assist successive generations to benefit from this funding for their studies.

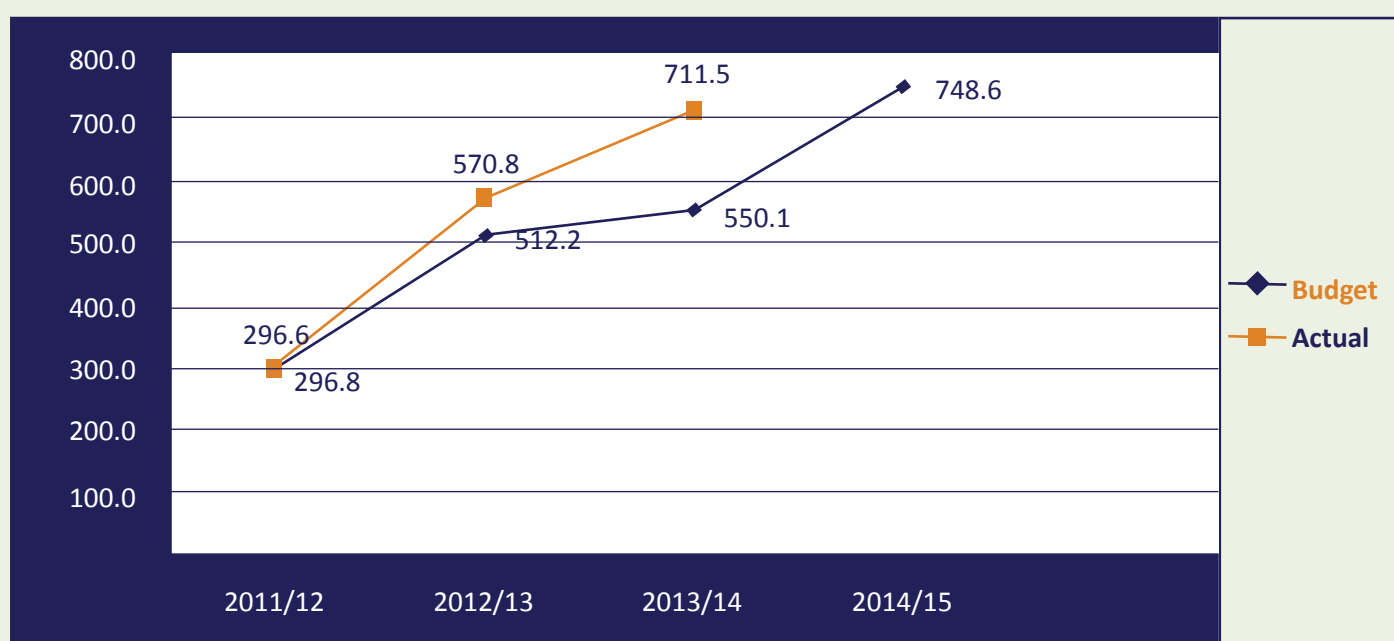
In support with the Millennium Challenge Account, the Fund has embarked upon a project to carry out reform assessments to design, develop and implement an efficient and sustainable study loan administration system.

Among others, sustainability was identified through the reform reviews as main challenges that if not addressed could threaten the Fund's future existence. In addition, the reform reviews indicated that the Fund should improve sustainability through the following areas:

Annual budgeting process

Over the past 3 to 4 years Student Funding has been increasing significantly, as illustrated in the graph below. The steep growth demonstrates the continuously increasing demand for financial assistance from qualifying applicants, even at the current award participation rate that is mainly based on the pass rates of the Secondary Education exit levels.

Statistical Graph 2: ANNUAL STUDENT BUDGET (ESTIMATE & ACTUAL IN MILLIONS):



- a) As a result of the unfavorable budget variance in the financial year under review, the Fund identified that an appropriate budget process is required to build a sound funding model, including cost drivers such as accurate student statistics, to ensure that Government will give precedence to the growth of the financial needs of the NSFAF.
- b) Furthermore, the Fund could not accurately determine the extent of future commitments for students awarded previously, and therefore has identified the importance of establishing a comprehensive student database.
- c) Previous student contracts did not indicate the type of award, such as loan or grant; therefore, during the year under review disbursements to such continuing students were expensed.
- d) In order to ensure the future sustainability of the Fund, the following actions were identified and should be considered for implementation:
 - i. Implement Cabinet Directive to ensure Award ratio of 70% Loans to 30% Grants.
 - The 2013 fresh Awards exhibit a ratio of 43% Loans and 57% Grants, and this clearly requires that the Fund should implement a turnaround strategy.
 - Review the principles for awarding loans and grants and consider aligning it with the award criteria to ensure that available funds are applied to best achieve the desired outcomes as per the Directive.
 - ii. Introduce incentive models and a product combination of loans and grants for priority fields of study.
 - iii. Mobilize for more and alternative funding.
 - This initiative is aimed at stabilizing funding from sources other than loan recovery and the government budget.
 - Expand funding opportunities that derive from scholarships offered on an ad-hoc basis from other countries through bilateral agreements.
 - The Fund should also explore other funding alternatives such as disbursing funds through loans and grants for other government and non-government partners.

Recovery

Previously, little effort was made to recover money disbursed to students as loans. Unaudited reports put the unrecovered amount of loans to students to be between 80-90% of the recoverable amount. This puts the sustainability of the Fund at risk, and hence urgent action needs to be taken. As part of an effort to ensure that the issue of sustainability is addressed, the Fund developed a recovery policy and established a full-fledged Division to deal with issues relating to Recovery and Loan Repayments. Notwithstanding the above effort made by NSFAF to ensure sustainability, there are legacy challenges that have hampered the effective collection of recoverable amount. For example, the portfolio inherited from the Ministry of Education made no clear indication of whether the amounts disbursed over the years were loans or grants. Available documentation is also not

clear as to whether the former bursary scheme should be convertible into loans, which further slowed down recovery efforts. In essence, the recovery tenure can be divided into three periods. The first was from 1996, when the fund was established within the Ministry of Education. During this period, moneys given to students were purportedly loans; however in some cases the record indicates otherwise. During the period from 2009 to 2010, all disbursements were in the form of loans; however as in the case above, the records are not clear as to whether these loans are recoverable or not.

The period between 2010 and 2013 is clear in terms of what should be recovered and what is non-recoverable (loan versus grant). As mentioned above, during this period, the Fund introduced the three products: merit-based scholarships, grants and loans. However, the introduction of different product offerings also introduced various challenges. In accordance with Cabinet directive, Grants are based on the identified priority field of studies and should be only 20% of the student awards budget, and are not repayable. However, the reality is that Namibia needs more Human Capital and as such, the list of priority fields of study is never-ending, which effectively means NSFAF disburses more grants than loans. In some instances, about 80% of programmes offered by local institutions are priority fields of study, which means the Fund is spending more on grants than on loans.

During 2013, the following fields of study were found to be priority for both undergraduate and postgraduate studies: Medicine & related fields, e.g., Nursing, Radiography, etc.;

- Humanities-related fields (Psychology and Social Work);
- Education & related fields;
- Engineering & related fields (e.g. Energy, Mining, Architecture);
- Science & related fields (e.g. Natural Science, Computer Technology, Actuarial Science/ Actuarial Financial Mathematics;
- Accounting/Accounting Science (Chartered Accountancy)
- Law (e.g. Mercantile Law, Commercial Law/Business Law; B.Com Law, B. Juris)

In addition to the above challenges that is hampering repayment, there are also socio-economic factors as well as organizational teething problems. These are:

- Scarce employment opportunities for students who have completed their studies;
- Postponement of loan repayments due to further studies;
- Lack of social responsibility among the beneficiaries upon completion of their studies;
- Lack of tracing mechanisms by NSFAF, inability to integrate our system with that of the Receiver of Revenue, and Social Security Commission;
- Change of contact details by the debtors without notifying the Fund and
- Non-implementation of a pre-recovery process, i.e., to get information on students while in their final year at the Institutions of Higher Learning.

Amount Recovered

Specificcally, for the period under review, the Fund has recovered a total amount of N\$6.23 million. This is however was a decline when comparing to N\$ 6.88 million recovered in the preceding financial year. This decline is attributed to transition of NSFAP from being a department in the Ministry of Education to a State-Owned Enterprise (SOE) that started on May 2013. During the transition period there was a breakdown in the recovery process due to lack of manpower as some staff members who

used to carried out recovery activities are employees of the Ministry of Education and opted to remain with the Ministry.

The yearly decrease in repayment of loans depicted in Chart 4A, below, indicates a month-to-month decline in repayment since December 2013. Chart 4A also demonstrates that repayment of loans was higher prior to the transition, and declined significantly thereafter.

Repayment amount during the financial year 2013/14

CHART 4A: AMOUNT (N\$) RECOVERED ON A MONTHLY BASIS FOR 2013/14

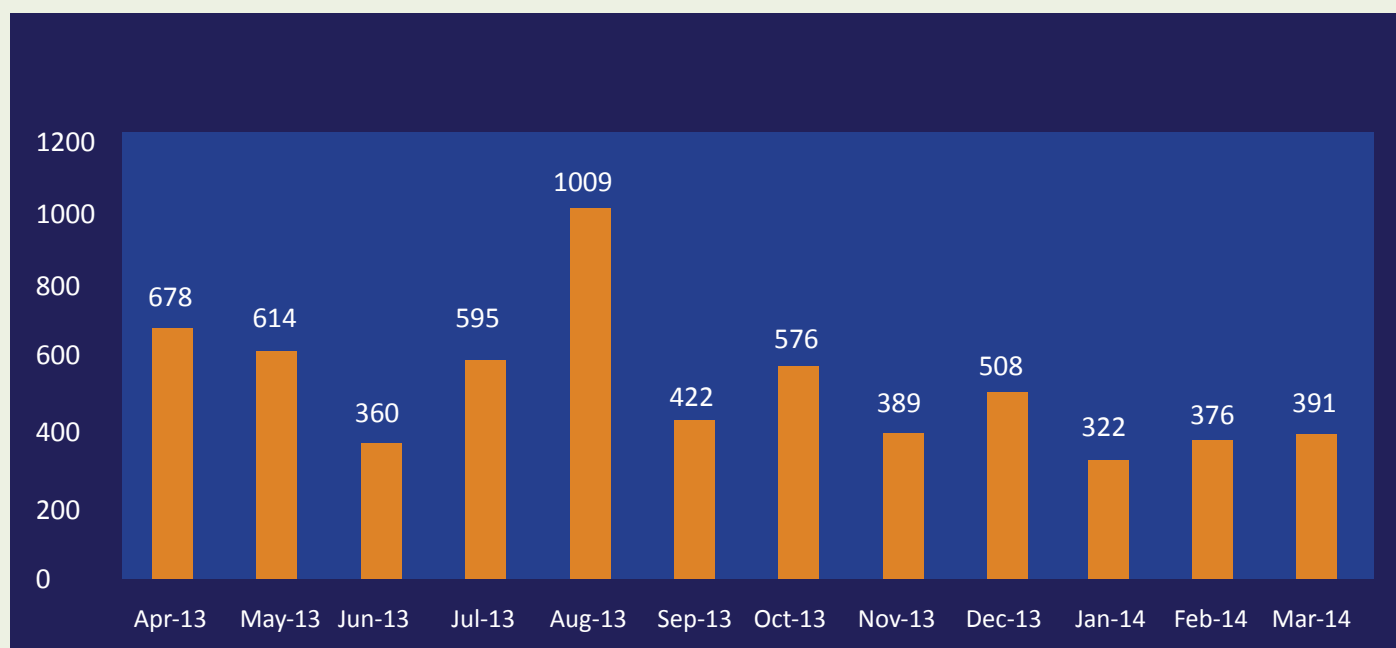
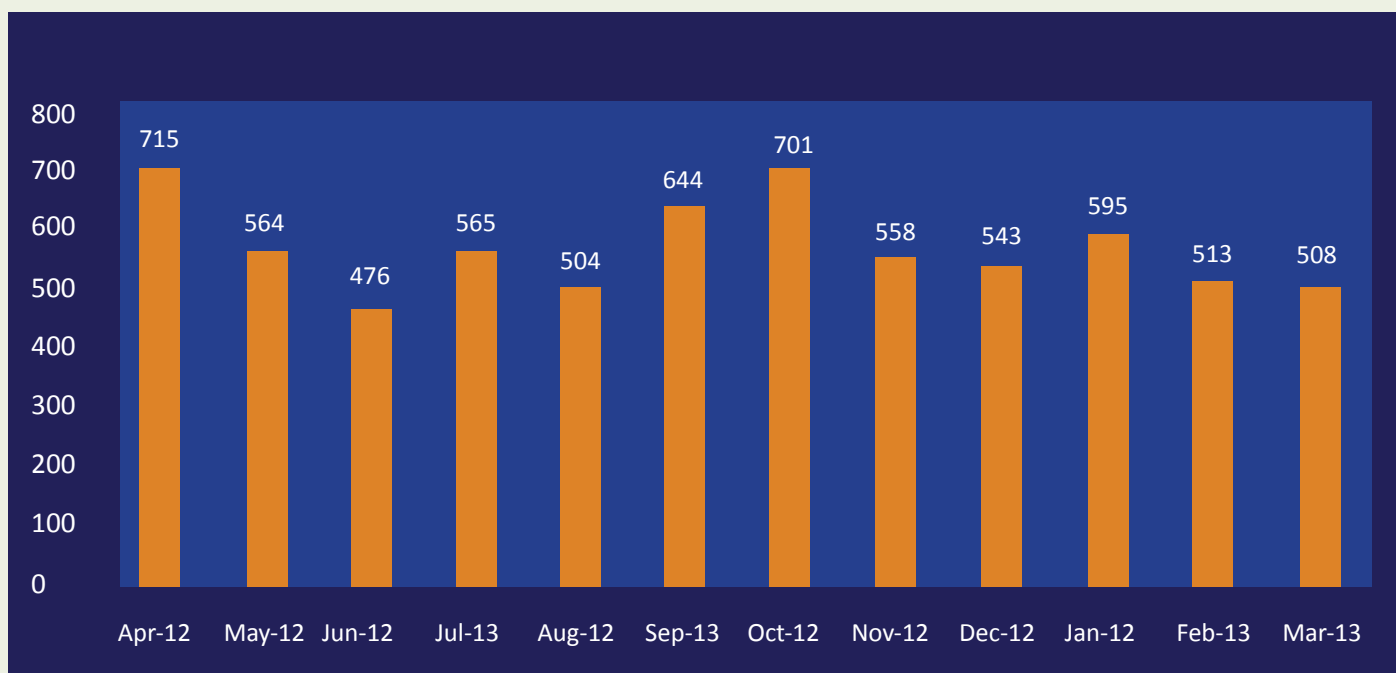


Chart below indicates amounts repaid monthly during the financial year 2012/13. Although it is higher when compared to the 2013/14 financial year, it is significantly low when compared to amount awarded during the same period.

CHART 4B: AMOUNT (N\$) RECOVERED ON A MONTHLY BASIS FOR 2013/14



In its effort for loan recovery, NSFAF has introduced various incentives in order to encourage repayment of loans.

Furthermore, the Fund will implement the income-contingent model, which is flexible and affordable to the debtor. The current amendment to the NSFAF Act (Act 26 of 2000), states that all NSFAF debtors will be required to repay their loans without interest. This change will boost recovery. The in-sourcing of the recovery project in order to build capacity within NSFAF's recovery section will be done in conjunction with the acquisition of a recovery system to help the team to process and manage the recovery data.

The fund has also embarked on creating a student database; this project will assist the fund to identify the metrics of past and present beneficiaries and their repayment status. This data will be integrated into the loan book.

6.6 STRATEGIC THEME: TRANSPARENCY

The Fund has faced the perception amongst stakeholders that its loan/grant award system was not transparent or equitable. In addition, the Fund was audited as part of the line Ministry and subsequently did not have an independent audit.

This compounded the transparency perceptions that beleaguered the Fund. In more specific terms, lack of transparency became a strategic concern due the following reasons:

- a) Governance Structure: While under the Ministry of Education, the Fund did not have proper reporting lines. It was serving a semi-SOE status, making the reporting and governance framework unstructured.
- b) Selection Committee: The public took issue with the lack of a Selection Committee and started questioning the fairness and transparency of the Fund's selection and award process.
- c) Award and Selection Criteria: This is closely related to the Selection Committee, but while the Selection Committee refers to the structure, the criteria are related to the requirements to be met by applicants in order to qualify for funding.

As a result of the public outcry regarding the lack of transparency of awards, the following interventions were instituted under the review period:

- a) Award and Funding Criteria
The developed criterion are in place, they will have to be subjected to an annual review to ensure their relevance and alignment to the Fund's mandate.
- b) An inclusive and representative National Selection Committee;
This committee consists of two representatives from each political region appointed by the Regional Councils, as well as a NANSO representative in an observatory capacity.

- c) The Board Selection and Award Advisory Committee was constituted; Earlier reported in the document, the Board Selection and Award Advisory Committee constitute the following members: Ester A. Nghipondoka, Sanet L. Steenkamp, Thomas Kruger and Karen Beytel. For the auditing period ended 31st March 2014, the following award criteria were used for determining eligibility of undergraduate beneficiaries for study purposes.

Full-time students studying at accredited and recognized institutions of higher learning:

- a) Students must obtain 25 points in six subjects with a minimum of E in English to qualify for funding at local institutions of higher learning.
- b) Students who have obtained other qualifications (not below Grade 12) can be regarded as supplementary requirements for funding.
- c) Students studying towards priority areas qualify for grants.
- d) Students studying towards low priority areas may qualify for a loan on condition that their parents' combined nett salary is not more than N\$ 250 000 per annum; (terms & conditions apply).
- e) Best performing students qualify for a scholarship: two per level (high and low) per region, regardless whether these students fall in another category or have high or low priority fields of study.
- f) Loans and grants should be provided as from NQF Level 5, except for vocational training education.
- g) Diploma courses offered by the University of Namibia (UNAM) are to be funded as long as they are at NQF level 5 or above, provided that students meet the NSFAF criteria.
- h) The English and Communication programme offered by the Polytechnic of Namibia is to be funded, provided that students meet the NSFAF criteria.
- i) Part-time students to be funded, regardless of whether one is employed or not; and the N\$250 000 income per annum is a cut-off point for the employed individuals.
- j) If one parent or both parents are not employed, proof of unemployment must be provided before the selection process.
- k) Local students must have been registered at institutions of higher learning to qualify for funding.
- l) SADC/International students must submit proof of provisional admission prior to the selection process.

- m) Offer letters/admission letters (in case of SADC/International students) obtained through third parties will not be accepted by the Fund, as was directed by the NSFAP Board during 2013. The Secretariat will only accept offer letters/admission letters issued by the governments or institutions of higher learning in which the students intend to study;
- n) No any application will be considered with required documents missing.
- o) No students to be considered for NSFAP funding, if they have already benefited for a programme at the same level, (e.g., if one was awarded for a degree (e.g. BS) in Accounting and completed that programme; and now wants to apply for funding for a same-level degree (BS) in Science). If such case is identified, the award would be forfeited. But if the student had benefited from the Fund at a lower level (e.g. diploma) and then requests funding for degree level study, the application would be considered; (terms and conditions apply).
- p) Under no any circumstances can a student be awarded funding based on failure of the previous academic year; nor can he or she decide to apply for another programme. If such case is identified, the award would be nullified.
- c) Students with outstanding academic qualifications; Postgraduate studies to be awarded to Namibian students studying at recognized and accredited institutions of higher learning;
- d) Postgraduate applicants must submit with their applications quotation for the programme as well as proof of their provisional admission together, as stated in the advertisement.
- e) Students whose academic year starts during Jan/Feb should submit their applications during December/January 2014 as stated in the advertisement;
- f) Students whose academic year starts during September should submit their applications within the specified period, ending May 2014, as stated in the advertisement;
- g) Students should submit their applications as per given deadlines of their academic years. Under no circumstances will applications be considered if not submitted by the deadline provided for that academic year; e.g., applicants for the academic year starting in January/February who submit their applications among those of the academic year starting in September will not have their applications considered.

During the same period, NSFAP used the following criteria to determine eligibility for postgraduate studies:

- a) Students studying towards: Honours, Masters and PhD programmes;
- b) Students studying towards already completed qualifications in priority areas in which more emphasis should be put in certain identified areas;
- h) The maximum amount to be allocated for postgraduate studies is N\$250 000. Terms and conditions apply.
- i) Under no circumstances will the Fund will top up any amount if the student's total fee/amount exceeds N\$250 000. In this case students should seek their own funding to make up the difference.



Education

ANNEXURE A: NUMBER OF AWARDS COMPARED TO GRADE 12 ENROLLMENT

The tables below make a comparison between Grade 12 enrollment and the number of students funded per region. This is an attempt to determine the percentage of Grade 12 enrollment funded by NSFAF.

Students funded in 2010 as compared to Grade 12 enrollment

As indicated in the table, only 9.1% of students enrolled in Grade 12 in 2010 were funded for tertiary studies. The highest percentages of students funded as compared to enrollment was recorded in Oshikoto and Oshana, followed by Karas.

TABLE A4: COMPARISON OF NO. OF STUDENTS FUNDED WITH GRADE 12 ENROLLMENT (2010)

REGION	GRADE 12 ENROLLMENT	2010 CANDIDATES QUALIFYING FOR TERTIARY LEVEL	NO. OF STUDENTS AWARDED	AWARD AS PERCENTAGE OF GRADE 12 ENROLLMENT
Oshikoto	2069	195	208	10.1
Oshana	3159	289	319	10.1
Erongo	974	239	69	7.1
Otjozondjupa	741	167	42	5.7
Hardap	480	70	27	5.6
Zambezi	1215	56	71	5.8
Kavango	1639	104	64	3.9
Omaheke	228	27	21	9.2
Ohangwena	2311	170	135	5.8
Omusati	2832	42	194	6.9
Karas	526	28	49	9.3
Khomas	3426	495	301	8.8
Kunene	317	15	19	6.0
Foreign			291	
Total	19917	1897	1810	9.1

Students funded in 2011 as compared to Grade 12 enrollment

In 2011, there were a total number of 20 273 enrolled in Grade 12; however only 5264 were funded, representing 26% of total enrollment in that year. The highest percentages of students funded as compared to enrollment was recorded in Khomas region at 34.9%, followed by Oshana at 33.4%.

TABLE A5: COMPARISON OF NO. OF STUDENTS FUNDED WITH GRADE 12 ENROLLMENT (2011)

REGION	GRADE 12 ENROLLMENT	2011 CANDIDATES QUALIFYING FOR TERTIARY LEVEL	NO. OF STUDENTS AWARDED ENROLLMENT	AWARD AS PERCENTAGE OF GRADE 12
Oshikoto	2304	167	646	28.0
Oshana	2850	109	952	33.4
Erongo	1093	216	199	18.2
Otjozondjupa	835	207	191	22.9
Hardap	540	57	70	13.0
Zambezi	1098	60	266	24.2
Kavango	1443	115	172	11.9
Omaheke	285	32	28	9.8
Ohangwena	2360	199	607	25.7
Omusati	3101	13	743	24.0
Karas	512	19	101	19.7
Khomas	3486	460	1215	34.9
Kunene	366	20	37	10.1
Foreign			37	
Total	20273	1674	5264	26.0

2012 Awards compared to Grade 12 enrollment

Data in this table indicates that there was an increase in the number of students funded as a percentage of Grade 12 enrollment. The number of students funded in that year represent 35.2% of enrollment.

TABLE A6: COMPARISON OF NO. OF STUDENTS FUNDED WITH GRADE 12 ENROLLMENT (2012)

REGION	GRADE 12 ENROLLMENT	2012 CANDIDATES QUALIFYING FOR TERTIARY LEVEL	NO. OF STUDENTS AWARDED	AWARD AS PERCENTAGE OF GRADE 12 ENROLLMENT
Oshikoto	2100	182	865	41.2
Oshana	2418	69	1159	47.9
Erongo	1078	182	247	22.9
Otjozondjupa	709	129	263	37.1
Hardap	504	49	84	16.7
Zambezi	1061	96	278	26.2
Kavango	1469	114	341	23.2
Omaheke	265	36	96	36.2
Ohangwena	2398	158	718	29.9
Omusati	2875	7	1141	39.7
Karas	528	24	139	26.3
Khomas	3323	396	1225	36.9
Kunene	293	9	80	27.3
Foreign			58	
Total	19021	1451	6694	35.2

2013 Awards compared to Grade 12 enrollment

This table indicates that the number of students funded as a percentage of Grade 12 enrollment were at 45.9% in 2013.

TABLE A7: COMPARISON OF NO. OF STUDENTS FUNDED WITH GRADE 12 ENROLLMENT (2013)

2013 REGION	GRADE 12 ENROLLMENT	CANDIDATES QUALIFYING FOR TERTIARY LEVEL	NO. OF STUDENTS AWARDED	AWARD AS PERCENTAGE OF GRADE 12 ENROLLMENT
Oshikoto	2097	180	1282	61.13
Oshana	2633	77	1583	60.12
Erongo	1067	151	468	43.86
Otjozondjupa	775	159	262	33.81
Hardap	529	60	127	24.01
Zambezi	1184	49	351	29.65
Kavango	1383	103	468	33.84
Omaheke	231	24	109	47.19
Ohangwena	2590	170	869	33.55
Omusati	2951	9	1703	57.71
Karas	560	37	155	27.68
Khomas	3178	438	1374	43.23
Kunene	313	25	51	16.29
Foreign			151	
Total	19491	1482	8953	45.93



Annual Financial Statements





**NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

FIRST SINCE ESTABLISHMENT OF INDEPENDENT SECRETARIAT

GENERAL INFORMATION

Country of incorporation and domicile	Namibia
Nature of business and principal activities	The nature of the activities of the entity is to provide financial assistance in the form of loans and scholarships to eligible students at public and private accredited higher education institutions in the country and abroad.
Directors	A. Agapitus (Chairperson) E. Fahl E.A. Nghipondoka I. Akwenye N. Titus H.T. Nghiwete (CEO)
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 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", "we", "us", "our")
Lawyers	Ellis Shilengudwa Inc

CONTENTS

The reports and statements set out below comprise the annual financial statements presented to the Minister:

Contents	Page
Directors' Responsibilities and Approval	60
Independent Auditor's Report	61
Directors' Report	62
Statement of Financial Position	63
Statement of Comprehensive Income	63
Statement of Changes in Equity	64
Statement of Cash Flows	64
Accounting Policies	65 - 67
Notes to the Annual Financial Statements	68 - 71

DIRECTORS' RESPONSIBILITIES AND APPROVAL

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

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the fund and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

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

The directors are of the opinion, based on the information and explanations given by management, that the system of internal 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 Fund's cash flow forecast for the year to 31 March 2015 and, in the light of this review and the current financial position, they are satisfied that the Fund has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently reviewing and reporting on the annual financial statements. The annual financial statements have been examined by the company's external auditor and their report is presented on page 61.

The annual financial statements set out on pages 63 to 71 have been prepared on the going concern basis, were approved by the board and were signed on its behalf by:

Director
28 November 2014

Director
28 November 2014

To the member of Namibia Students Financial Assistance Fund

We have audited the annual financial statements of Namibia Students Financial Assistance Fund, which comprise the statement of financial position as at 31 March 2014, and the statements of 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 63 to 71.

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 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 and fair presentation 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 made 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. During the year, a total of N\$419,380,889 was paid to students whose awards (loans and scholarships) were approved in prior years by the Ministry. Management was not able to provide a split as to how much of the amounts paid relate to scholarships and how much relate to loans. They have therefore expensed the amounts fully. Consequently, we were unable to satisfy ourselves over the occurrence, completeness and valuation of loans and scholarships.

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 2014, 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.

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: R. Nangula Uaandja
Partner

Windhoek, _____
28 November 2014

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 2014.

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 made to establish an independent Secretariat from 1 May 2013. At this point, the Secretariat took over all the loans advanced and commitments that were approved in prior years 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 an Act of Parliament in 2000, it was still part of the Ministry of Education. A decision was made to establish an independent Secretariat with effect from 1 May 2013.

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 Companies Act of Namibia.

3. Directors

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

Directors	Nationality
A. Agapitus (Chairperson)	Namibian
E. Fahl	Namibian
E.A. Nghipondoka	Namibian
I. Akwenye	Namibian
N. Titus	Namibian
H.T. Nghiwete (CEO)	Namibian

4. Events after the reporting period

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

5. Auditors

PricewaterhouseCoopers was appointed as auditors for the fund for 2014.



ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

Statement of Financial Position as at 31 March 2014

	Note(s)	2014 N\$
Assets		
Non-Current Assets		
Property, plant and equipment	2	3,698,858
Student loans	4	105,577,794
		109,276,652
Current Assets		
Prepayments	3	349,855
Cash and cash equivalents	5	12,778,483
		13,128,338
Total Assets		122,404,990
Equity and Liabilities		
Equity		
Accumulated Funds		114,206,514
Liabilities		
Current Liabilities		
Trade and other payables	7	7,597,920
Provisions	6	600,556
		8,198,476
Total Equity and Liabilities		122,404,990

Statement of Comprehensive Income

	Note(s)	N\$
Grants for capital fund and administration costs	8	71,524,083
Grants for student funding	8	678,795,395
Other income		6,000
Student funding expenses		(610,417,251)
Administrative expenses		(33,662,104)
Operating surplus	10	106,246,123
Investment income	11	7,960,391
Surplus for the year		114,206,514
Total comprehensive income for the year		114,206,514

Statement of Changes in Equity

	Accumulated Funds N\$	Total equity N\$
Balance at 01 April 2013	-	-
Surplus for the year	114,206,514	114,206,514
Balance at 31 March 2014	114,206,514	114,206,514

Statement of Cash Flows

	Note(s)	N\$
Cash flows from operating activities		
Receipts		
Grants for capital fund and administration costs		71,530,083
Grants for student funding		678,795,395
	8	750,325,478
Payments		
For student awards	10	(610,417,251)
To employees and suppliers		(25,408,147)
		(635,825,398)
Total receipts		750,325,478
Total payments		(635,825,398)
Net cash from operating activities	14	114,500,080
Cash flows from investing activities		
Purchase of property, plant and equipment	2	(4,104,194)
Student loans awarded	4	(105,577,794)
Interest Income	11	7,960,391
Net cash from investing activities		(101,721,597)
Total cash movement for the year		12,778,483
Total cash at end of the year	5	12,778,483

ACCOUNTING POLICIES

1. Basis of presentation

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.

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 judgement is 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 judgement in the process of applying the fund's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the financial statements, are disclosed as and when applicable.

1.3 Significant judgements and sources of estimation uncertainty

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

The impairment for financial assets measured at cost and amortised cost is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting period 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 tangible assets are inherently uncertain and could materially change over time.

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 fund. 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.

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 asset's 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) – 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 university students from low income households.

The loans have no fixed repayment terms and the debt is only due 6 months after completion of the studies, provided that the student is employed, otherwise the student is required to provide a declaration letter whereby the student makes a declaration that he/she is still unemployed and looking for a job. The student may negotiate the repayment period, with a maximum of 3 times the number of years the student has had the loan. The student loans are recognised initially at cost at inception. Up until the point of repayment the loans are measured at cost and only start to accrue interest upon the first installment.

The subsequent value is calculated based on amortised cost using 50% of the prevailing prime rate.

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. 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 – 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. This liability 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 Employee benefits

Short-term employee benefits

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

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.

1.9 Provisions and contingencies

Provisions are recognised when:

the company has an obligation at the reporting period date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably. Contingencies are not recognised and are disclosed in note. 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.

1.10 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 as a credit in the income statement (separately). 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 group 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.

1.11 Revenue recognition

Revenue comprises the fair value of the scholarships and grants, interest on student loans and donation received or receivable

from the Ministry of Education 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 of the Fund's activities, as described below.

(a) Government grants

The Fund recognises government grant when received or receivable from the Ministry of Education. The Fund is required to split the government grant between student loans and scholarships on a 70:30 basis respectively.

(b) Interest income

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

(c) Recoveries

Recoveries are recognised as and when received from the students. Refer to 1.7.

1.12 Translation of foreign currencies

Foreign currency transactions

The Fund is exposed to foreign currency transactions through the payment of student awards 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.

1. Property, plant and equipment

	Cost	2014 Accumulated depreciation	Carrying value
Furniture and fixtures	1,234,263	(113,264)	1,120,999
Motor vehicles	606,573	(69,851)	536,722
Office equipment	958,332	(76,021)	882,311
IT equipment	1,305,025	(146,199)	1,158,826
Total	4,104,193	(405,335)	3,698,858

Reconciliation of property, plant and equipment - 2014

	Opening	Additions balance	Depreciation	Total
Furniture and fixtures	-	1,234,264	(113,265)	1,120,999
Motor vehicles	-	606,573	(69,851)	536,722
Office equipment	-	958,332	(76,021)	882,311
IT equipment	-	1,305,025	(146,199)	1,158,826
	-	4,104,194	(405,336)	3,698,858

2. Prepayments

	2014
Prepaid rent	239,097
Other suppliers paid in advance	110,758
	349,855

3. Student loans

Loan awards	105,577,794
-------------	-------------

Student loans comprises of loans awarded when the Fund became an independent Secretariat.

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	2,867
Bank balances	9,976,366
Short-term deposits	2,799,250
	12,778,483

5. Provisions

Reconciliation of provisions - 2014

	Opening balance	Additions	Total
Leave pay provision	-	600,556	600,556

6. Trade and other payables

NSFAF accrual account	1,135,093
Payroll accruals	1,982,035
Student awards accruals	4,480,792

7,597,920

7. Revenue

Grants for student funding	678,795,395
Grants for capital fund and administration costs	71,524,083

750,319,478

Grants for student funding comprises of:

Student funding	671,188,685
Recoveries and refunds from institutions	7,606,710

678,795,395

Grants for capital fund and administration costs comprises of:

Grants for capital funds	524,083
Grants for administration	71,000,000

71,524,083

8. Other income

Sundry income	6,000
---------------	-------

9. Operating surplus

Operating profit for the year is stated after accounting for the following:

Expenses by nature:

Advertising fees	2,464,785
Consulting and professional fees	3,896,108
Legacy awards	419,380,889
Postgraduate awards	16,352,356
Scholarships	139,116,967
Student stipends	30,838,923
Student flights and travel expenses	4,651,231
Student medical	76,885
Other expenses	27,301,211

644,079,355

Premises	
Contractual amounts	1,943,567

Depreciation on property, plant and equipment	405,336
Employee costs	17,840,778

10. Investment income**Interest revenue**

Bank	7,928,172
Interest received - postgraduate awards	32,219

7,960,391

11. 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.

12. Auditor's remuneration

Non-audit services	742,866
--------------------	---------

There are no fees for audit services as the audit commenced after year end.

13. Cash generated from operations

Surplus for the year	114,206,514
----------------------	-------------

Adjustments for:

Depreciation	405,336
Interest received - investment	(7,960,391)
Movements in provisions	600,556

Changes in working capital:

Prepayments	(349,855)
Trade and other payables	7,597,920

114,500,080

14. Commitments**Operating leases – as lessee (expense)****Minimum lease payments due**

- within one year	2,545,541
- in second to fifth year inclusive	1,548,119

4,093,660

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 relating 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.

During the year, the Secretariat disbursed a total of N\$419,380,889 to continuing students whose loans were approved prior to becoming an independent Secretariat. These amounts have been expensed to the income statement.

15. Related parties

Relationships

Controlling body	Ministry of Education
Directors	A.M. Agapitus (Chairperson)
	E. Fahl
	N. Titus
	E.Nghipondoka
	I. Akwenye
	H.T. Ngiwete

Related party balances and transactions with other related parties

Related party transactions

Key management

Salaries	2,409,849
Key management comprises of the CEO and members of the executive committee.	

Consulting fees paid to related parties

Ambrosius Agapitus (Chairperson)	120,000
----------------------------------	---------

Consultation fees were paid to the chairperson for services rendered to coordinate the establishment of the Secretariat.

16. Directors' remuneration

Non-executive 2014

	Directors' fees	Total
A. Agapitus (Chairperson)	130,244	130,244
E. Fahl	48,434	48,434
E.A. Nghipondoka	10,965	10,965
I. Akwenye	27,717	27,717
N. Titus	36,919	36,919
	254,279	254,279

REGION	PHYSICAL ADDRESS	NAME & SURNAME	CONTACT NUMBER	EMAIL ADDRESS
1. Omaheke	Omaheke Regional Council: Directorate of Education, Gobabis	Ms. Johanna Araes	Tel: 062-562465 Fax: 062-564210	Johanna.Araes@nsfaf.na
2. Hardap	Hardap Regional Council: Directorate of Education, Mariental	Mr. Nico. A. Isaaks	Tel: 063-245733 Fax: 063-241924	Nico.Isaacks@nsfaf.na
3. Oshana	Ongwediva Teachers' Resource Center Hifikepunye Pohamba Campus, Ongwediva	Mr. Warde. Warde	Tel: 065-230057 Fax: 065-230035	Warde.Warde@nsfaf.na
4. Oshikoto	Oshikoto Regional Council: Directorate of Education, Ondangwa	Mr. Augustino Immanuel	Cell: 0812262317 Fax: 065-240315	Augustino.Immanuel@nsfaf.na
5. Ohangwena	Ohangwena Regional Council: Directorate of Education, Eenhana	Mr. Erkki Mengela	Tel: 065-290256 Fax: 065-29224	Erkki.Mengela@nsfaf.na
6. Otjozondjupa	Namcol Centre Cnr. Of Prosit & Waterberg Street, Otjiwarongo	Ms. Rhiana Hoebes	Tel: 067-304379 Fax: 067-303170	Rhiana.Hoebes@nsfaf.na
7. Erongo	Erongo Regional Council: Directorate of Education, Tobias Hainyeko, Swakopmund	Mr. Vincent Nakuta	Tel: 064-4105176 Fax: 064-4105158	Vincent.Nakuta@nsfaf.na
8. Omusati	Omusati Regional Council: Directorate of Education, Outapi	Ms. Johanna Munyandi	Tel: 065-251700 Fax: 065-251722	Johanna.Munyandi@nsfaf.na
9. //Karas	//Karas Regional Council: Directorate of Education, HIV/AIDS Unit, Keetmanshoop	Ms. Denise Kamolokamwe	Tel: 063-227072 Fax: 063-227071	Denise.Kamolokamwe@nsfaf.na
10. Kavango	Kavango Regional Council: Directorate of Education, Rundu Teacher Resource Centre	Mr. Josef Homateni Nangolo	Tel: 066-255936 Fax: 066-255814	Josef.Nangolo@nsfaf.na
11. Zambezi	Zambezi Regional Council: Directorate of Education, Katima Mulilo	Mr. Romeo Simataa	Tel: 066-252448 Fax: 066-253187	Romeo.simataa@NSFAF.na
12. Kunene	Kunene Regional Council: Directorate of Education, Khorixas	Ms. Linda Haipinge	Tel: 067-305000 Fax: 067-332226	Linda.Haipinge@nsfaf.na
13. Khomas	Namibia Students Financial Assistance Fund- Werner List Street, Gutenberg Plaza, Ground Floor	Mr. Stanley Mbatira	Tel: 061-420600 Fax: 063-233940	Stanley.Mbatira@nsfaf.na

NSFAF Head Office
Werner List Street, Gutenberg Platz
P.O. Box 23053, Windhoek
Tel: + 264 61 420 681/4
Fax: +264 61 233940

