



**MOTION:**

**PARLIAMENT TO DISCUSS THAT NSFAF LOANS BE WRITTEN OFF FOR BENEFICIARIES  
WHO CREATE EMPLOYMENT OF 10 OR MORE PEOPLE**

**BY**

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**DEPUTY MINISTER OF WORKS AND TRANSPORT**

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**Comrade Speaker, Honourable Members**

***"History has shown that when a society's individuals are stripped of their empowerment, the seeds of civil unrest and conflict are sown, eventually blossoming into the chaos of civil war." – Anonymous***

This motion strikes at the heart of two pressing challenges facing Namibia: the persistently high rate of unemployment, particularly youth unemployment and the weighty burden of student debt from the Namibia Students Financial Assistance Fund (NSFAF). I contend that the path to addressing both of these challenges lies in a revolutionary approach – one that involves forgiving student debts under the proviso of fostering entrepreneurship and job creation among the nation's youth. The motion on the table is whether Namibia should undertake this audacious endeavor, and through this debate, we shall dissect the merits, consequences, and broader implications of such a policy. I will, however, highlight the merits for his motion for the house in the proceeds.

I therefore stand before you, Honorable Members, with a strong conviction and without a reasonable doubt, that, by laying off NSFAF student debts on the condition of the beneficiaries pursuing entrepreneurship or creating job opportunities, Namibia can open doors to transformative change.

**Comrade Speaker,**

Our beloved country, Namibia, with a relatively small population and an economy that has been historically dependent on mining, agriculture, and tourism cannot be denied that despite its economic prosperities in the aforementioned areas, unemployment has been a significant challenge for the country, particularly among the youth. On the same note, the overall

unemployment rate in the country has been reported and estimated to be on a daily increase, with the youth being the mostly affected, even after they have graduated. Close examination and correlation point out that majority of these youth are beneficiaries of the NSFAF funding which has in the past established its stance to prosecute and publicly expose loan defaulters in the papers.

**Honorable Members,**

While this is the modus operandi of the day, it is important to acknowledge that formal education provided to our nationals serves as a purposeful process, ensuring the acquisition of essential knowledge and skills, which in turn contribute to the development and growth of our country's economy and the overall improvement of our citizens' livelihoods. This principle holds true for formal education in Namibia as well. The Namibia Student Financial Assistance Fund (NSFAF) stands as a commendable and noble initiative of the Republic of Namibia. Since its inception, NSFAP has been dedicated to fostering the development of Namibia's human capital. Over the past three decades, we have witnessed countless Namibians gain the much-needed knowledge and skills required for nation-building. For many of these graduates, without the support of the SWAPO government through NSFAP, their participation in various sectors of our country's economy would not have been possible, and that includes some of these so-called anti-SWAPPO MPs here.

On the same note, the NSFAP human capital development "value chain" has faced significant challenges at two critical junctures: first job entry and debt repayment. These challenges include the absence of a research-based industry growth plan in the labor market, unrestricted educational and career choices without professional guidance, a lack of creativity and innovation in job creation, and **insufficient** government-backed startup capital. These factors have exacerbated graduate and youth unemployment in our country. The time has

come for us to seriously explore both existing and novel solutions to address these two critical areas. With the implementation of appropriate and effective recovery strategies, I firmly believe that, as part of its ongoing reforms, NSFAF should evolve into a revolving fund with well-defined sub-programs. These sub-programs should focus on educational and career guidance, self-employment, and job creation, with the overarching goal of promoting sustainable self-employment and job creation.

According to statistical reports from the Namibia Students Financial Assistance Fund (NSFAF), the fund has been providing financial aid to students in need for a significant period of time. However, it is a matter of great concern that the Fund is currently facing a substantial challenge in terms of outstanding student debt to the extent of threatening these students with lawsuits in the face of uncomfortable circumstances such as poverty and unemployment. In fact, the report further exhumes that, former recipients of financial assistance from NSFAF, including Henny Seibeb and Iipumbu of NEEF, collectively owed the Fund a staggering N\$9 billion by the end of March 2023, dating back to the time of its inception. This overwhelming student debt burden can be directly attributed to the actions of over 132,000 beneficiaries who have, unfortunately, defaulted on their obligations to repay the Fund since its establishment. Understandably, this situation not only places a significant strain on NSFAF's financial resources but also underscores the urgent need for effective measures to address and rectify this growing issue of student loan amid high unemployment and delinquency.

It is worth noting that defaulters cannot possibly afford to meet these demands amid these two hardships without looking at entrepreneur as a solution:

**Financial Strain:** When unemployed students have no source of income, meeting even their basic needs becomes a daily challenge. This can include paying for rent, utilities, groceries, transportation, and other essential expenses. Loan

payments can quickly become an additional financial burden that seems insurmountable.

**<sup>1</sup>Mounting Interest:** NSFAF's policy stipulates a repay of the loan portion plus interest at half the prime rate in instalments of at least 15% of gross annual income minus tax and pension contribution. The fund's policy strictly seeks repayment from the bearer after a period of six months has lapsed since the student has completed his or her studies, essence this could possibly mean that student loans accrue interest while the borrower is on petty jobs which do not fully meeting their basic needs or during periods of deferment or forbearance. Moreover, for unemployed students, this means that the total loan balance continues to grow. As time goes on, this debt can become significantly larger, making it even more challenging to pay off once they do find employment.

### **Comrade Speaker,**

I wish to reiterate and acknowledge that, approximately a year or two ago, our President, His Excellency Cde. Dr. Hage Geingob announced an amnesty on NSFAF loan repayments. This gesture, coming from the SWAPO-led government, was highly positive and provided much-needed relief to NSFAF debtors at that time. I have received reliable information that during this period, NSFAF loan repayments saw a significant increase, and recovery rates reached an unusually high percentage. NSFAF debtors willingly stepped forward to pay off the principal capital to avoid accruing interest. While the government, in line with a Cabinet decision, is actively working on transforming NSFAF to make it more relevant and responsive, the goal is to align it with contemporary and future national priorities in fields of study, ensure regional representation, and most importantly, reach the most eligible, particularly those in need, while implementing effective recovery measures such as this motion.

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<sup>1</sup> <https://www.npc.gov.na/wp-content/uploads/2022/06/NSFAF-POLICY.pdf>

Furthermore to the SWAPO-led government's efforts, in addressing these challenges faced by unemployed beneficiaries (youth) in repaying their loans requires innovative thinking and a proactive approach from lawmakers. To truly grasp the magnitude of this issue, it is essential for policymakers in this august house (NA) to step into the shoes of the unemployed and approach solutions with an entrepreneurial mindset. One visionary solution that could simultaneously alleviate the burden of beneficiaries' loan debt and stimulate economic growth is the implementation of an entrepreneurial approach. This approach involves collaboration between the Government of the Republic of Namibia and the NSFAP to provide significant benefits to beneficiaries who embark on business ventures that create employment opportunities. To achieve this dual-purpose strategy, it is recommended that our pro-youth government and NSFAP consider forgiving loans entirely for beneficiaries who initiate businesses employing ten (10) people or more. By doing so, this approach not only encourages entrepreneurship but also addresses the unemployment issue by promoting job creation. Furthermore, it incentivizes beneficiaries to become active contributors to the economy rather than remaining unemployed and struggling with loan repayments. This entrepreneurial approach seeks to empower individuals to take charge of their financial futures by creating sustainable businesses that benefit both themselves and the broader community.

**Honorable Members,**

Furthermore, it is empirical to note that this multifaceted strategy has the potential to yield numerous benefits beyond simply relieving the financial burden of student loans. It would, without a doubt catalyze employment opportunities for the unemployed, while equally fostering skill development and application. Simultaneously, it will serve as a powerful tool in poverty reduction. Additionally,

the promotion of entrepreneurship and job creation can stimulate innovation and economic growth.

Honorable Speaker, I once again wish to further emphasize that an entrepreneurial approach to addressing the challenges faced by unemployed youths in repaying their loans presents a forward-thinking solution that can have far-reaching positive impacts. Hence, by promoting entrepreneurship, incentivizing job creation, reducing poverty, and encouraging innovation, this strategy aligns with broader economic and societal goals. Ultimately, it can transform the narrative for beneficiaries, offering them a chance to not only alleviate their financial burdens but also actively contribute to their communities and the nation's prosperity. If taken seriously this motion has more potential to meet the government halfway through and minimizing the need for a Basic Income Grant.

**Comrade Speaker**

**Honorable Members**

I therefore submit to this August house that;

1. As an incentive to create employment, student's loans be written-off at 100% if they create permanent employment of not less than 10 persons;
2. As an incentive to create employment, interest on the loans be written off if they create permanent employment of between two and 9 persons;
3. This motion be referred to the relevant Standing Committee and report back to this August House within 90 days;

So, I submit!