



NATIONAL ASSEMBLY 7TH PARLIAMENT

**PARLIAMENTARY STANDING COMMITTEE ON BUDGET
AND FINANCE**

**REPORT ON DRAFT ASSISTANCE MEASURES AND THE
FULL IMPLEMENTATION OF THE RECOMMENDATION ON
THE REPORT ON FINANCIAL INSTITUTIONS AND MARKET
ACT (FIMA)**

REPORT NO. 2 OF 2025

1. INTRODUCTION

Namibia is currently facing one of its most severe droughts, influenced by the El Niño climate pattern, which has significantly impacted agriculture and food security across the nation. This crisis threatens the livelihoods of communities, across the country.

Following the worst drought that the country has experienced in 100 years – government have put forward several interventions communicated by way of proclamations of state of emergency to pave way for swift responses to the crisis. Such intervention are supposed to be guided by the sprit of the one Namibia one nation where no one must feel left out. As the former president put it very clearly when he stated.

2. PRESIDENTIAL PROCLAMATION

In the past 10 years, Government recognising the deterioration of the condition, moved to declare two states of emergencies proclaiming the severity of the crisis and assure the nation of government's unwavering commitment to provide adequate relief to the affected citizens.

The first proclamation was issued in 2016 by His Excellence Hon. Dr. Hage Geingob on the 24th of June 2016. The proclamation no:5 declaring the state of emergency read as follows:

DECLARATION OF STATE OF EMERGENCY: NATIONAL DISASTER (DROUGHT): NAMIBIAN CONSITUTION

Under Article 26 of the Namibian Constitution, I declare that a State of Emergency exists in Namibia on account of the persisting national disaster of drought that exists in all the regions of the Republic of Namibia.

Given under my Hand and Seal of the Republic of Namibia at Windhoek this 24th day of June, Two Thousand and Sixteen.



farmers whose operations have been adversely affected by drought conditions. Dear farmers, we have heard your cries”.

This is a clear demonstration of the Government’s intention to safeguard the livelihood of the nation in an inclusive manner – staying to the principle of equality and justice.

Government Drought Initiatives (Programmes)

Together with Government and selected agencies, the following initiatives have thus been introduced and implemented in line with the most recent proclamation.

Bank of Namibia

The Bank of Namibia announced the coming into force of the Determination on Policy Changes in Response to Economic and Financial Stability Challenges as a Result of the State of Emergency over the Persistent Drought in Namibia (BID-39) on 23 October 2024. The Determination was issued following the declaration of a state of emergency by the President on 22 May 2024. This all inclusive determination aimed at providing relief to all clients of commercial banks whose ability to repay existing loans were affected, granted banking institutions authorisation to extend moratorium on loan repayments to clients operating within the agriculture sector in accordance with the principles contained in the Determination on Asset Classification, the Suspension of Interest and Provisioning (BID-2). The analysis of the requirement to access these relief were found to be adequate and inclusive in the sense that they did not include *“material exclusion clauses”*.

The Determination provides relief to agricultural clients who can demonstrate that they have been severely affected by the drought that has been persistent in Namibia for the past few years. The Determination is a reflection of the Bank’s ongoing commitment to supporting the agricultural sector during these challenging times by ensuring that local farmers and agricultural businesses have the financial flexibility they need to navigate the drought crisis. *This Determination will remain in force until October 2026, subject to continuous review by the Bank.*



Farmer A

The farmer has a loan with Agribank with yearly installment of N\$500 000.00 with the anniversary of October every year. So by October 2022 this farmer pays N\$500 000.00. So by 31st March 2023 this farmer has no outstanding amount on his account so he is in good standing.

Farmer B

This farmer also has a yearly instalment of N\$500 000.00 which must also be paid on 31st October. By the end of October 2022 this farmer for one or the other reason only pays N\$300 000.00 and is left with an outstanding balance of N\$200 000.00 on his account. In terms of Agri bank's debt management policy the Bank levies an additional interest of 1.5% per month (this translates to 18% per annum) on the outstanding balance.

Farmer B is charged an amount of N\$3 000 per month as penalty interest as of 1st November going forward. So by the 31st March 2023 this farmer is deemed not to be in Good standing. In May 2023 this farmer pays the Bank N\$215 000.00 which is the outstanding amount of N\$200 000.00 plus penalty interest of N\$15 000.00 (for five month) for the late payment.

The basis of this argument firstly, stems from the principle of inclusivity and equality by whose interpretation can be compared to the verdict issued in the case of the constitutional judgement on the findings of the judge on the election matter. Read as follows:

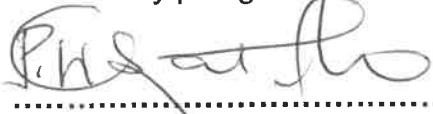
[183] The interpretation put forward by the applicants is underpinned by the notion that completion of voting within the time determined for the conduct of the polls is so important a principle that it trumps the importance of creating as much opportunity as possible to extend the franchise to the greatest number of eligible voters.

That is in sharp contrast to the requirement stipulated in the Agribank scheme.

Secondly, my argument is supported by the guidance from the Handbook, Article (40)(a and b) of the Cabinet handbook.



- Recommendation 7.9 Section 282 (2) (the requirement for home loans) be aligned with the provisions of Regulation R.F.R.5.5 and should be specified in that, mortgage bonds (home loans) on a dwelling house including land can be secured by pledge of benefits.



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HON. PHILLIPUS W. KATAMELO
CHAIRPERSON

12/03/2025

DATE