



MEDIA RELEASE

AFFIRMATIVE ACTION LOAN SCHEME – AN INSTRUMENT FOR EQUITABLE LAND DISTRIBUTION

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Over the past few months, there has been marked interest from farmers, particularly from the previously disadvantaged background, about the Affirmative Action Loan Scheme (AALS). Several views were expressed on various media platforms about AALS and its purpose. Agribank will publish a series of articles about the AALS to create further awareness and understanding of the operations of this scheme from inception to date.

The Affirmative Action Loan Scheme (AALS) is a scheme of the Government of the Republic of Namibia, through the Ministry of Agriculture, Water and Forestry (MAWF), established in 1992 by Cabinet Resolution, CAB 92. Agribank with its mandate of promoting the development of agriculture and activities related to agriculture, was appointed to administer the implementation of the AALS with the objective to provide affordable financial resources to well-established previously disadvantaged Namibians acquire land in commercial areas, south of the Veterinary Cordon Fence (VCF).

The AALS is therefore an instrument for equitable land distribution for sustained economic growth. It is tailored to resettle the more established and strong communal farmers in the commercial areas. Loans are granted against security of the mortgage bond and repayable over a period of 25 years.

In order to benefit from AALS, applicants are required to own a minimum of 150 large stock, or 800 small stock or have the financial capacity to purchase the above-mentioned stock numbers. To fast-track the acquisition of farmland by the emerging farmers, the Government of the Republic of Namibia provide interest rate subsidies to enable the well-established emerging farmers in communal areas to obtain loans to meet the rising prices of farmland that they otherwise would not have secured under normal conditions.

The modus operandi of the scheme has not changed, although MAWF, in line with resolutions taken at the 2nd land conference, is spearheading consultations with key stakeholders, including Agribank, to review the scheme to make it more relevant, responsive and practical to the dynamics of today's market.



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Fulltime farmers under the AALS are granted a three-year grace period after disbursement before repayment of both the capital and interest from year 4 onwards. The outstanding amount is redeemed over the remaining 22 years at an incremental interest rate.

With regards to part time farmers under the AALS, there is no extended grace period on capital repayment as the first annual instalment is due after 12 months. However, beneficiaries may apply for an option to capitalise their interest portion of the capital amount during the first three years, depending on the annual non-farming income category.

In conclusion, the AALS is a Government loan scheme. Agribank provides loans to beneficiaries in line with laid-out criteria to compliment the National Land Reform Programme. In doing its credit assessments, the Bank ensures that beneficiaries meet the requirements set out in the scheme.

In the next article, we will discuss the interest rate, the scheme's achievements as well as some of the challenges being experienced.

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