



# NATIONAL HOUSING ENTERPRISE



# Strategic Plan

2017/18 - 2022/23



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# Foreword by the Honourable Minister of Urban and Rural Development

1



The Government of the Republic of Namibia established the National Housing Enterprise (NHE) as a State-Owned Enterprise responsible for housing delivery and financing, under the Ministry of Urban and Rural Development. The current pressing housing needs in the country have, with other factors, necessitated a fundamental review of the existing housing provision methods and strategies.

NHE experienced a slow growth over the past five years and has not achieved its national target in terms of housing delivery. Henceforth, the objective is to develop a fresh, clear vision and craft out a strategic plan, aimed at pulling the entire organization together, focusing around a single game plan for execution to improve performance in housing delivery. Various challenges encountered by the NHE, including the Mass Housing Project implementation have necessitated an organizational transformation, in order to keep abreast with ever increasing demands by customers, new competition in the marketplace, sustainability requirements and national targets set.

Changes are therefore driven by the need to:

- ❖ Become more adaptable to changing environments
- ❖ Being more responsive in meeting new challenges
- ❖ Developing more flexible structures and a more robust organizational culture capable of embracing change and;
- ❖ Be bold to positively change matters that are not responsive to the current dynamics.

Government has welcomed and embraced this NHE strategic Plan for 2017/18 to 2021/23 in which the NHE has conducted situational assessment of the organization's background, strategy, capabilities, strengths, and weaknesses. This will place the organization in a better position to explore the scope of the changes that will be required. The Ministry of Urban and Rural Development (MURD) will continue to support the operations of the NHE in order to provide affordable quality housing to the Namibia nation, especially to the low and middle income earners as stipulated in the Harambee Prosperity Plan and Vision 2030 respectively.

A handwritten signature in black ink, appearing to read 'Sophia Shaningwa', written over a horizontal line.

**Hon. Sophia Shaningwa, MP**

**Minister of Urban and Rural Development**



The NHE Board of Directors believes that the organisation has great potential to positively reshape the housing landscape for the benefit all inhabitants of Namibia. We are indeed fully aware of the many challenges facing the entity. These include: a lack of serviced land in urban townships, limited financial resources, excess housing demand, and the huge housing backlog of approximately 110,000 units. It must be firmly noted, however, that these challenges are not insurmountable.

As the Board entrusted with the fiduciary duties of this strategically positioned entity, we work tirelessly with management in various strategic areas. Some of these strategic areas are: improvement of revenue collection, raising of funds for capital projects and effective cash flow management. We are committed to deliver on our mandate and take NHE to another level.

For NHE to deliver the number of anticipated housing units over the next five years, it will require a concerted effort from all key stakeholders. All key role players in the housing sector must work together harmoniously in order to provide the much-needed decent shelters for our citizens. In order to achieve this, key role players must complement, rather than compete with one another.

One of my favourite quotes states that “we are unlimited beings, limited only by the concept of limitation that we place in our minds”. We will not be limited in delivering on the mandate of NHE for the benefit of the Namibian people.

We remain most grateful to the Government of the Republic of Namibia for its unwavering political and financial support of the NHE’s operations, despite the adverse economic conditions currently prevailing in the country.

Our aim is to provide low cost, high quality housing for the inhabitants of Namibia falling within the low and medium income segment of the market.

A handwritten signature in black ink, appearing to read 'S Shivute', written over a horizontal line.

**Sam SHIVUTE**

**Board of Directors Chairperson**



NHE corporate strategies are developed around the mission to meet the needs of a growing Namibian population so that every Namibian family can live in a decent, quality home at an affordable cost in a sustainable and socially inclusive community. The objective of NHE as defined in terms of the establishing NHE Act No. 5 of 1993 as amended.

**“The financing of housing for inhabitants of Namibia and generally providing for the housing needs of such inhabitants”**

The Government has set as a national target, in the Fifth National Development Plan (NDP 5), the development of 20,000 houses over a four-year period and has mandated the NHE to execute 5,000 houses of this target. Furthermore, as part of its **“Vision 2030”** strategy, the Government has tasked the NHE to build 47,622 houses by the year 2030. This is a further challenge, and NHE therefore has to gear itself toward achieving these targets.

In light of this objective, a key challenge for the National Housing Enterprise (NHE) is to meet the national housing needs of Namibians countrywide. The NHE has set for itself an ambitious target of building 1250 houses per annum as part of contributing to the Harambee Prosperity Plan (HPP) of the Government of the Republic of Namibia.

The following constraints have been identified and although it may hamper the progress of housing delivery, these constraints are merely challenging the NHE to find innovative ways to triumph in the provision of affordable and quality housing to the Namibian Nation.

- ◆ A major constraint for NHE remains the availability of serviced land in order to construct houses.
- ◆ The availability of financial resources
- ◆ Match organizational strengths to external opportunities
- ◆ Land tenure and property rights issues



There is insufficient communication and coordination among role players in terms of provision of housing units countrywide.

The challenge is not only to drastically increase the volume of housing delivery both in urban and rural areas to meet targets set by the Government, but also to give effect to Government's commitment to sustainable human development thereby enhancing the quality and value of lives of all Namibian citizens.

NHE will form smart strategic partnerships with financial institutions both to finance the end users of NHE products and to source funding for the NHE projects. The NHE will also strive to strengthen its relationship with the line Ministry – the Ministry of Urban and Rural Development as the sole shareholder in this case.

The formulation of this strategic plan took cognizance of the entire operating environment by doing a situational analysis through the PESTEL and SWOT analyses, in order to understand every circumstance that affects the effective operation of the NHE.

Also receiving substantial attention is the organization's Four Strategic Perspectives, as well as Risk Management. It is critical that the NHE identifies, assess and mitigate all types of strategic risks through its enterprise-wide risk management policy and framework that is already in place.

Implementation of the strategic plan will see the formulation of a business plan that will outline all areas critical to the organization's business, including the resources required to achieve its set targets. Performance Management System and balance score cards will take center stage in ensuring the envisaged targets and performance levels are achieved. The performance is to be reviewed twice a year to keep track of the enterprise's performance. In the final analysis, the successful implementation of this Strategic Plan depends to a large extent on the hard work, dedication and strong commitment of the Board Management and the Staff of NHE.

**Mr. Gisbertus Mukulu**

**Chief Executive Officer (NHE)**

The NHE organized a strategic retreat workshop in order to consult with various stakeholders on the strategic road that the NHE will embark upon and to craft out a planning framework that will set the scene for the implementation of a revised strategic plan. It was imperative that an internal assessment be done of the organization's current vision, mission, values, people and culture, goals and strategies. Also an external assessment such as the prevailing social trends, technology, regulatory environment, economic cycles and competitors was necessary, and to establish what the NHE's competitive advantages are.

Against this background the workshop had to assess the NHE's strengths and weaknesses and to select appropriate strategies for all levels in the organization that will provide relative advantage over its competitors.

It was agreed that the NHE needs to incorporate an integrated development approach to drastically increase the volume of housing delivery both in urban and rural areas in order to overcome the current housing backlog in Namibia. The overarching strategic objective in this process is to deliver more affordable quality houses as well as create value for the shareholder's investments in the NHE.

The workshop affirmed the commitment to a progressive realization of the right to adequate housing and sustainable human settlement. It acknowledged that every Namibian should be provided with, and ensured access to a safe, secure, durable and affordable shelter. Furthermore, NHE should ensure that the architectural composition of houses built should create a sense of community and incorporate architectural designs for houses that reflect the African culture.

### 5.1. PESTEL Analysis

PESTE'L analysis provides an overview on how external factors influence the operations of the NHE from a macro and micro environment perspective. Thus, the organization does not only focus on internal factors but also on the long-term impact created by the macro environment.

The government has set as a national target, in the Fifth National Development Plan (NDP5), the development of 20,000 houses over a four year period and has mandated NHE to build 5,000 houses during the same period. Furthermore, as part of its “**Vision 2030**” strategy, the Government has tasked NHE to build 47,622 houses by the year 2030.

Issue	Impact on Business
<b>Political factors</b>	
<ul style="list-style-type: none"> <li>• Government decision to recapitalize NHE.</li> <li>• Cabinet decisions to change the governance structure</li> <li>• Including NHE PE's.</li> </ul>	<ul style="list-style-type: none"> <li>• All of these factors may affect the operations of NHE Negatively.</li> </ul>
<b>Economic factors</b>	
<ul style="list-style-type: none"> <li>• Slowdown in the national and global economies</li> <li>• Interest &amp; Inflation rate</li> <li>• Unemployment rate</li> <li>• Credit rating</li> <li>• Foreign exchange rate</li> </ul>	All of these will negatively impact on the operations of NHE
<b>Social factors</b>	
<ul style="list-style-type: none"> <li>• Poverty</li> <li>• Corruption</li> </ul>	<ul style="list-style-type: none"> <li>• Negative impacts on the operations will be felt.</li> <li>• Reputational risk</li> </ul>

Technological factors	
<ul style="list-style-type: none"> <li>• New housing technologies and innovations</li> <li>• ICT</li> </ul>	<ul style="list-style-type: none"> <li>• Acceptance of new technology by financial institutions and customers remains a challenge</li> <li>• Affordability of the new housing technology</li> <li>• IT is made to be a business driver, for example (automation)</li> </ul>
Environmental factors	
<ul style="list-style-type: none"> <li>• Floods</li> <li>• Drought</li> <li>• Protected flora</li> <li>• Conducive human habitat</li> </ul>	All these will have a negative impact on operations.
Legislation factors	
<ul style="list-style-type: none"> <li>• Any changes in the legislations</li> <li>• Legislation regarding land for housing development (NHE Act No. 5 of 1993) &amp; Local Authority Act (No. 23 of 1993) with regard to land and Regional Council Act( No. 22 of 1992)</li> <li>• Township Establishment Act ordinance 1963/1954</li> <li>• Regional and urban planning bills</li> </ul>	NHE operation is based on a legislation of the act by the parliament, hence any change will likely to affect the operation

## 5.2. SWOT Analysis

The strategy development process analyzed the context within which NHE operates and whether NHE was still relevant within its current environment.

NHE's strategy therefore takes cognizance of the fact that housing delivery can support wider goals, in the context of social, cultural and economic development and should therefore contribute to sustainable development

#### Strengths:

- Can build in an un-proclaimed town
- Mortgage financing
- Have skilled human capital
- Developed internal business processes
- NHE house brand
- Computerized demand list
- Capacity to implement housing projects

#### Weakness:

- Lack of corporate culture (teamwork)
- Lack or non-finalization of internal policies
- Absence of Performance Management System
- Inadequate management of the loan book
- Weak internal controls
- Delays in budget approvals

#### Opportunities:

- GRN Recapitalization is available
- Huge demand for affordable housing
- Expanding of the market segment
- Trend setter in financing and developing alternative technology
- Commercial development (raising funds)
- Partnership with PPP's, Turnkey, etc
- Partnership with Local Authorities (MOU)
- Partnership with other Employers and key role players
- Interest rate adjustment in line with market trends

#### Threats

- NHE compete with private developers in obtaining service land and construction of houses from Local Authorities
- NHE compete against commercial banks and other end user financiers.
- Escalating cost of building materials
- Scarcity of serviced land
- The high cost of un-serviced land

### 5.3. Risks Analysis

Enterprise Risk Management Process (ERM) is a process of risk identification, assessment and prioritization, where the organization takes a holistic approach to risk management of the business in order to ensure that both strategic and operational risks are identified and managed to an acceptable level.

The NHE has an enterprise-wide risk management policy and framework adopted and approved by the Board in 2012 as a guideline to effective management of the risks associated with NHE business operations. The policy and framework adopted is in line with the ISO 31000, King Code of corporate governance principles as well as NamCode guidelines.

NHE is being tasked with a national responsibility of supporting and implementing the Government housing policy by building and financing housing units. Thus, the NHE operates in a diverse, complex and competitive business and political environment which operations are exposed to various risks. Such risks needs to be identified, assessed and managed to an acceptable level while capitalizing in maximizing opportunities noted.

Type of Strategic Risk	Root Causes	Mitigation Factors
Political risks	<ul style="list-style-type: none"> <li>Government decisions regarding NHE business.</li> </ul>	<ul style="list-style-type: none"> <li>NHE must initiate and formalize AGM</li> <li>NHE must establish closer ties with line ministry and become part of GRN budget consultations, annually</li> </ul>
Legal risks	<ul style="list-style-type: none"> <li>The NHE Act(No.5 of 1993), local authority act(No.23 of 1993) and other legislative matters not favorable to NHE operations and exposing NHE operations to adverse effects</li> </ul>	<ul style="list-style-type: none"> <li>Engagement of local authorities and others as relevant stakeholders, etc.</li> <li>Amendment to the NHE Act(No.5 of 1993) and local authority act(No.23 of 1993) to give preferential treatment to NHE on land acquisition and transfer matters</li> </ul>
Financial risks	<ul style="list-style-type: none"> <li>Possibility of government stopping funding NHE</li> <li>Continuous annual financial losses</li> <li>The small size of NHE loan book</li> </ul>	<ul style="list-style-type: none"> <li>Continuous engagement and mobilization of GRN funding</li> <li>Introduce cost saving and budgetary measures</li> <li>Focus on strengthening the loan advance book by raising capital from the open market and invest on projects houses. This will cut dependence on GRN funding</li> </ul>
Economic risks	<ul style="list-style-type: none"> <li>The possibility of global and national economies going through a recession resulting in retrenchment of workers and raising unemployment in the housing market</li> </ul>	<ul style="list-style-type: none"> <li>Diversify to avoid dependence on interest income alone in case of severe recessions.</li> </ul>
Reputational risks	<ul style="list-style-type: none"> <li>Poor customer service</li> </ul>	<ul style="list-style-type: none"> <li>Focus on staff training to</li> </ul>

	<ul style="list-style-type: none"> <li>• Public perception, and</li> <li>• Unethical business practices by staff members</li> </ul>	<p>enhance customer service, review and update policies and procedures</p> <ul style="list-style-type: none"> <li>• Adhere to good corporate governance principles and practice NamCode guidelines.</li> <li>• Engage relevant stakeholders, and develop brand equity plan as well as continuous website development.</li> </ul>
Environmental risks	<ul style="list-style-type: none"> <li>• Possibility of NHE constructed and/or sold houses destroyed by storms, wind and flood.</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct feasibility studies to identify possible natural disasters and ensure house plans are responsive to the challenges.</li> <li>• Strengthen the controls and monitoring mechanisms during construction.</li> <li>• Enforce mitigating factors such as insurance cover on after sale products.</li> </ul>
Technological risks	<ul style="list-style-type: none"> <li>• Lack of housing innovation and alternative building technology</li> </ul>	<ul style="list-style-type: none"> <li>• Invest in research and benchmark with similar organization around the globe with emphasis on SADC region and/or Africa.</li> </ul>

### **6.1. NHE MANDATE**

In terms of the National Housing Act, Act No. 5 of 1993 as amended, NHE's mandate and responsibility towards the Namibian nation are two-fold :

- i) The financing of housing for the inhabitants of Namibia.**
- ii) Providing for the housing needs of such inhabitants.**

Therefore, the NHE has a mandate to act as a lending institution as well as a developer in the field of low cost housing.

### **6.2. VISION STATEMENT**

***“To be a leading agent in providing adequate, safe and affordable housing in Namibia”***

### **6.3. MISSION STATEMENT**

***“NHE provides and finances affordable, quality and adequate housing thereby contributing to Namibia's socio-economic development and creating a stable, progressive human habitat.”***

### **6.4. MOTTO STATEMENT**

***“Affordable and Quality Housing”***

### **6.5. GUIDING PRINCIPLES**

These principles and values set from a pillar of core values that will define the character and culture of NHE and its people and provide guidance in the pursuit of the strategic and operational objectives. It also provides an underlying framework for the decision making process and help shape the corporate image.

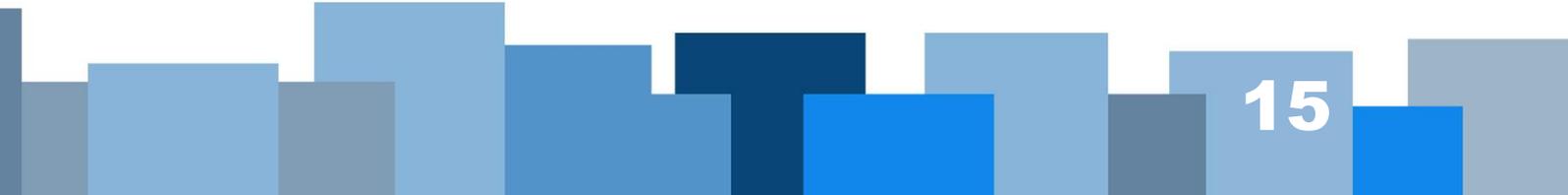
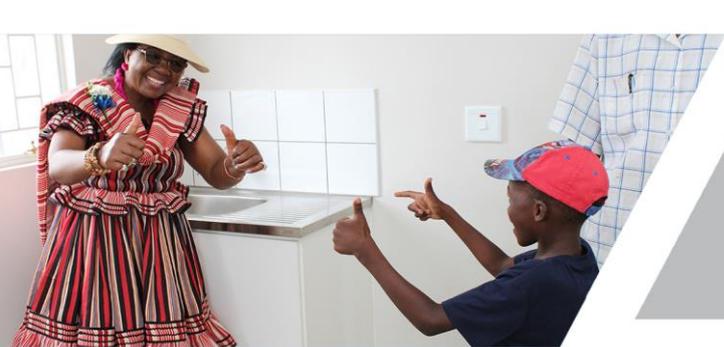
**6.6. Corporate Values**

<b>Integrity</b>	<b>We are honest, truthful, consistent and transparent.</b>
<b>Caring</b>	<b>We look after the interests of our employees and customers</b>
<b>Teamwork</b>	<b>Everyone takes responsibility as a team and we all own the customer.</b>
<b>Solution Driven</b>	<b>We continuously create solutions to challenges.</b>
<b>Excellence</b>	<b>We strive for highest standards in everything we do</b>

**6.7. Corporate Governance**

The NHE is a State-Owned Enterprise under the Ministry of Urban and Rural Development (MURD) and it is 100% owned by the Government of the Republic of Namibia. It is governed by the Board of Directors who appoints the Chief Executive Officer (CEO) in concurrence with the line Minister of MURD.

The entity is established by an Act of Parliament, National Housing Act No. 5 of 1993 as amended and complies with all relevant legislations such as the Companies Act (No. 28 of 2004), Public Enterprises Governance Act, 2006 (Act No. 2 of 2006), State Finance Act, 1991 (Act 31 of 1991), as amended. The annual financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS).



## 7.1. NICHE MARKET

A competitive advantage for NHE is the fact that the NHE is the national agency for the Government and therefore has the support of the Government that can be utilized for sourcing funds, influencing the regulatory and policy environment for housing development. NHE also has a dual mandate as a developer and financier which other developers or financiers in the housing sector might not have.

Thus, the NHE is catering for people earning between N\$3,000 and N\$30,000 per month individual and household income with an upper limit of N\$50 000 per month. Sixty percent (60%) of the products mix will cater for the niche market and forty percent (40%) by banks and other financial institutions.

## 7.2. Strategic Themes

STRATEGIC THEMES	STRATEGIES
1. Housing Delivery	<ul style="list-style-type: none"> <li>• Source land for housing development</li> <li>• Create and maintain a national housing demand profile</li> <li>• Deliver affordable quality housing</li> <li>• Initiate specialized housing projects</li> </ul>
2. Mobilizing Resources	<ul style="list-style-type: none"> <li>• Improve cash flow</li> <li>• Mobilize and secure affordable funding</li> <li>• Engage Government for Support</li> <li>• Diversify asset base and income stream</li> </ul>
3. Organization Transformation	<ul style="list-style-type: none"> <li>• Operationalize Strategy into a practical PMS</li> <li>• Implement optimal business processes</li> <li>• Activate a sustainable people supply chain process</li> <li>• Develop competent transformational leaders</li> <li>• Strengthen internal and external communication</li> </ul>
4. Customer Centricity	<ul style="list-style-type: none"> <li>• Improve service delivery</li> <li>• Reposition and live brand promise internally and externally</li> <li>• Continuously improve ICT applications</li> </ul>
5. ICT Governance	<ul style="list-style-type: none"> <li>• Information Communication Technology (ICT) will be a key enabler in the implementation of the NHE strategic as well as the business plan</li> </ul>

### 7.3. Funding Models

During the next five years, the NHE will embark upon the following funding models in order to operate on a self-sustaining basis supported by its shareholder, the Ministry of Urban and Rural Development in terms of re-capitalization.

- **Own Funding** – Loan Book growth to generate sufficient revenue to cover business operations in order to deliver on the NHE’s national mandate of housing provision.
- **Reinvestment of Funds**- Funds not utilized during the prior financial year will be redeployed into capital projects.
- **GRN Recapitalization** - funds obtained from treasury will be geared towards project houses and acquisition of land from local authorities.
- **Borrowed Capital** - economical debt financing and ring-fenced funding arrangements will be considered in order to upscale housing delivery.
- **Public Private Partnership** - special purpose vehicles funding arrangements will be embarked upon in order to address the housing backlog by way of a multi-sectorial approach.

The NHE will also act as Consulting firm providing services to third parties such as in the case of Veteran houses and charge an administration fee.



#### 7.4. Harambee Prosperity Plan

NHE Project Housing Funding Requirement over the next four (4) years in line with Harambee Prosperity Plan.

Description	Number of Units	Cost per Unit NAD	2017/18 NAD	2018/19 NAD	2019/20 NAD	2020/21 NAD
Land Acquisition	1,250	35,000	43,750,000	43,750,000	43,750,000	43,750,000
Land Servicing Cost per Plot	500	100,000	50,000,000	50,000,000	50,000,000	50,000,000
Housing Construction Cos per plot	1,250	300,000	375,000,000	375,000,000	375,000,000	375,000,000
Required Funding per Annum			468,750,000	468,750,000	468,750,000	468,750,000



### **8.1. Shareholder/Customer Perspective**

Changes in the housing environment are evident and as the housing landscape will continue to change considerably over the coming years, NHE's objective is to be the trend-setter with respect to innovation, policy development and creating a co-operative and partnership environment in which other players and stakeholders in the housing market can make productive contributions to housing delivery in Namibia.

#### **Objectives**

##### **8.2.1 Deliver affordable quality housing**

The NHE national mandate is to deliver affordable and quality housing for the inhabitants of Namibia to the satisfaction of the shareholder and stakeholders alike.

##### **8.2.2. Deliver Special Housing Projects**

The NHE endeavors to partnership with its key stakeholders in the provision of low cost housing e.g. providing housing for the war veterans, teachers, doctors/nurses, etc.

##### **8.2.3. Provide Housing Finance**

The NHE is mandated to provide housing financing as per the establish Act, Act No.5 of 1993 as amended.

##### **8.2.4. Promote stakeholders relations**

The NHE will promote and engage its stakeholders in a meaningful way in order to contribute to socio-economic development in the area of housing provision.

##### **8.2.5. Promote NHE Brand**

NHE housing is currently a household name in Namibia, however there is room for improvement especially customer centricity and accessibility of products/services.

### **8.2.6. Contribute to Housing Policy and Programs**

NHE is expected to play a vital role in the provision of housing as outlined in NDP5 as well as Vision 2030.

## ***8.3. Financial Perspective***

The investment strategy of NHE is aimed at responding directly to the key challenges that the NHE faces in building the capacity and profitability of the organization and to ensure financially sustainable and growth. The new investment strategy will therefore have to explore an assortment of investment possibilities for maximum revenue income to sustain the corporate strategy to drastically increase our housing delivery.

### ***Objectives***

#### **8.3.1. Improve cash flow**

NHE will institutes measures to ensure that the organization maintains a favorable liquidity position. Funds will be expended in areas where value for the entity will be created supporting high impact interventions.

#### **8.3.2. Enhance debt collection**

Debt Management is one of the focus areas during the next five years. This function will be transferred to the Finance Division from the Business Development Department Division.

#### **8.3.3. Mobilize affordable funding –Open Market**

The NHE current provides housing financing at a mortgage lending rate of 9.75% which implies that any cost of capital above its lending rate is unsustainable in the long-run. Therefore, the entity will mobilized affordable funding preferably lower than its lending rate in order to operate on a cost recovery basis to provide low to medium cost housing to the inhabitants of Namibia.

#### **8.3.4. Loan Book Growth**

The loan book which is one of the highest income generating assets currently stands at N\$500million and a growth of at least 15% per annum is projected over the next five years. This requires that more houses need to be built and financed by the NHE as opposed to credit-linked houses.

### **8.3.5. Mobilize Government Funding**

The Government of the Republic of Namibia has embarked upon the implementation of the Harambee Prosperity Plan which requires that 20,000 houses need to be built over the next four years. The NHE is in particular, allocated to build 5,000 houses during this same period. To construct 5,000 units a recapitalization in the amount of N\$375,000,000 per annum by the Ministry of Urban and Rural Development is required.

### **8.3.6. Broaden asset base**

The NHE needs to broaden its asset base in order to operate on a self-sustainability basis especially income generating assets such as loan book, investments properties, own land and buildings etc.

### **8.3.7. Diversify income streams**

Currently the main sources of income are interest revenues, house sales and rental income augmented by a re-capitalisation by the line Ministry of Urban and Rural Development hence there is need to increase revenue streams for the NHE.

### **8.3.8. Maintain unqualified audit**

The NHE strives to maintain an unqualified audit opinion as expected by Management and the Board of Directors. The organization is working to improve its financial systems which are characterized by certain weaknesses relating to integrations as well as automation of some processes.

## ***8.4. Internal Businesses Perspective***

The NHE should have an integrated application of business processes to streamline resources and enhance our business capabilities. It will be important to draft a workflow chart for the individual departments to identify opportunities to improve operations, providing new or better customer service, and reducing costs. This will allow the organization to identify the roles each department should play and measure the execution thereof. This activity will also enable the NHE to identify gaps between the existing operations and the envisioned future, as well as defining the project's approach to assimilate organizational and technological changes.

Successful changes must involve top management, including the Board as the decision making process will take place at corporate level in a centralized way and decisions will be filtered down to the general staff.

## **Objectives**

### **8.4.1. Review existing and implement policies and procedures**

Internal policies and procedures (P&P) forms the backbone of the organisation's operating processes and systems. The NHE reviews its P & P on an annual basis in order to ensure that they remain current as well as that risks are adequately mitigated.

### **8.4.2. Development and Implement new Policies and Procedures**

The NHE recognizes the importance of updating and filling any policies and procedures (P & Ps) gap that might exist which might have a huge impact on the manner in which the day-to-day business operations are conducted. All new P & Ps will be formulated in line with best practice in order to ensure consistence, transparency and accountabilities.

### **8.4.3. Improve Services Delivery**

NHE will develop and implement a customer servicer charter in order to provide efficient and effective products and services to its clients. This charter will enable the NHE to adhere to set time around times and to be a customer centric organization.

### **8.4.4. Ensure compliance to policies and procedures**

NHE continues to improve its internal control environment in order to mitigate risks to acceptable levels by updating and reviewing operational policies and procedures on an annual basis.

### **8.4.5. Continuously improve ICT systems**

Information Communication Technology is a key enabler of business operations thereby driving the implementation of this strategic plan.

### **8.4.6. Enhance research and data development**

It is imperative that the NHE engage into relevant research and data development activities in order to keep up with the latest technology in the housing development sector of the economy.

Research and development is also a prerequisite for business growth and sustainability in the long-run.

## ***8.5. Learning and Growth***

In order to ensure the successful implementation of the NHE strategies and the fostering of improved performance and grow areas that need to improve were identified as follows:

### ***Objectives***

#### **8.5.1. Building a high performance organization**

Performance Management System (PMS) is a way of measuring employees and organizational performance to determine whether the entity is on course or not in achieving its strategic goals and objectives. A balanced scorecard methodology is employed which is cascaded from the CEO to the lowest level in the organization.

#### **8.5.2. Enhance Organizational Capability and Capacity**

The organization has strategically positioned itself to attract qualified and competent staff whilst at the same time embracing cultural diversity of its workforce. The NHE offers market related remunerations and employment benefits in the spirit of the Namibian Labour Act. No. 11 of 2007 as amended. Secondly, the organization endeavors to retain its experienced employees who have contributed to the success of the business over the past years.

#### **8.5.3. Promote Appropriate Corporate Culture**

The NHE has and continues to foster a unique organizational culture which underpins its organizational development and performance. It is the glue that binds the work force together in order to pull in the same strategic direction creating synergy and driving productivity. NHE has adopted a high performance culture philosophy.

## Stakeholders/Customer Objectives and related Targets

	Baseline	Target per annum					Strategic Initiatives
		2017/18	2018/19	2020/21	2021/22	2022/23	
<b>Objective: SHOP1</b>	<b>Deliver Affordable Quality Housing</b>						
<b>Target 1</b> Number of houses completed	500	1250	1250	1250	1250	1250	<ul style="list-style-type: none"> <li>Acquire land from local authorities</li> <li>Obtain funding for capital projects</li> <li>Transfer and register land in the name of the NHE</li> </ul>
<b>Target 2</b> % of houses with defects per project	20%	18%	16%	14%	12%	10%	<ul style="list-style-type: none"> <li>Oriented all contractors on NHE quality requirements</li> <li>Intensify quality supervision of NHE projects.</li> </ul>
<b>Target 3</b> %of houses completed on time per project	105%	100%	100%	100%	100%	100%	<ul style="list-style-type: none"> <li>Appoint suitable, experienced and reputable contractors</li> <li>Adherence to contract plan timeline</li> <li>Conduct an assessment of the sites conditions</li> <li>Design effective monitoring and evaluation measures/system</li> </ul>
<b>Objective: SHOP2</b>	<b>Deliver Special Housing Projects</b>						
<b>Target 4</b> Number of houses completed in special projects	50	55	60	65	70	75	<ul style="list-style-type: none"> <li>Engage Public and Private stakeholders regarding the provision of housing.</li> <li>Enter into MOU</li> </ul>
<b>Objective SHOP3</b>	<b>Provide access to end-user financing</b>						
<b>Target 5</b> Number of new loan advances issued	300	350	400	450	500	550	<ul style="list-style-type: none"> <li>Obtain funding for new loans advances</li> <li>Market NHE products</li> <li></li> </ul>
<b>Objective SHOP4</b>	<b>Promote stakeholders relations</b>						
<b>Target 6</b> % of stakeholders satisfaction	50%	60%	85%	85%	85%	85%	<ul style="list-style-type: none"> <li>Conduct annual stakeholders satisfaction survey</li> <li>Implement measures to maintain/ improve stakeholders satisfaction levels</li> </ul>
<b>Objective: SHOP5</b>	<b>Promote NHE Brand</b>						
<b>Target 7</b> Leverage and increase products knowledge	60%	65%	70%	72%	75%	80%	<ul style="list-style-type: none"> <li>Implement public education programs</li> <li>Implement client education programs</li> </ul>

## Financial Perspective Objectives and related Targets

	Baseline	Target per annum					Strategic Initiatives
		2017/18	2018/19	2020/21	2021/22	2022/23	
<b>Objective: FPO1</b>	<b>Improve cash flow</b>						
<b>Target 8</b> Debtors day (cash sales)	120+	120d	90d	60d	30d	30d	<ul style="list-style-type: none"> <li>• Sign deed of sale only with clients who obtained pre-approved loan facilities from financial institutions even before the houses are completed.</li> <li>• Expedite registration process into NHE name</li> <li>• Expedite the housing sales process from initial application to keys handover.</li> <li>• Service level agreement with commercial banks</li> </ul>
<b>Target 9</b> % defaulting loans as % of loan book	5.3%	5%	5%	5%	5%	5%	<ul style="list-style-type: none"> <li>• Review and implement debt collection policy</li> <li>• Conduct a campaign to identify and motivate arrears to be written off</li> <li>• Embark upon clients' education on servicing of their mortgages.</li> </ul>
<b>Target 10</b> Creditors days (normal)	7d	30d	30d	30d	30d	30d	<ul style="list-style-type: none"> <li>• Enter into credit facilities agreements with suppliers/service providers</li> <li>• Pay creditors with 30 nett.</li> </ul>
Contractors (tender days)	7d	21d	21d	21d	21d	21d	<ul style="list-style-type: none"> <li>• Conduct sensitization and training campaign for the contractors</li> </ul>
<b>Target 11</b> % of rented houses/units occupied	80%	95%	95%	95%	95%	95%	<ul style="list-style-type: none"> <li>• Market rental properties</li> <li>• Review rental prices per region/place</li> <li>• Renew rental contracts on a timely basis.</li> </ul>

<b>Target 12</b> Maintain a budget variance $\pm 5\%$ within budget	50%	10%	10%	10%	10%	5%	<ul style="list-style-type: none"> <li>• Introduce cost control measures</li> <li>• Provide monthly management accounts</li> </ul>
<b>Target 13</b> Achieve profitability (net profit)	-64mil	-30mil	-20mil	10mil	20mil	30mil	<ul style="list-style-type: none"> <li>• Realize gross profit of 20% over all housing projects</li> <li>• Diversify income streams</li> <li>• Ring fenced the funds for each project</li> <li>•</li> </ul>
<b>Objective SHOP2</b>	<b>Mobilize affordable funding</b>						
<b>Target 14</b> % at which funding is obtained by the NHE	Prime Rate	Prime Rate	Prime minus	Prime minus	Prime minus	Prime minus	<ul style="list-style-type: none"> <li>• Negotiate affordable capital with lenders at lower interest rate than the NHE lending rate.</li> <li>• Adjust NHE mortgage lending rate in line with prevailing prime rate.</li> </ul>
		-1	-2	-3	-4	-4	
<b>Objective SHOP3</b>	<b>Increase loan book</b>						
<b>Target 15</b> Growth of the loan book @ (15% pa)	N\$533m	N\$613m	N\$705m	N\$811	N\$933	N\$1.1b	<ul style="list-style-type: none"> <li>• Allocate 40% of Project Houses to the loan book</li> <li>• Lobbying GRN to add Mass Housing houses on NHE loan book</li> </ul>
<b>Objective SHOP4</b>	<b>Maintain unqualified audit</b>						
<b>Target 16</b> Unqualified audit opinion	100%	100%	100%	100%	100%	100%	<ul style="list-style-type: none"> <li>• Address audit findings</li> <li>• Perform monthly GL reconciliations</li> <li>• Adherence to internal policies and procedures</li> </ul>

## Internal Business Processes Objectives and related Targets

	Baseline	Target per annum					Strategic Initiatives
		2017/18	2018/19	2020/21	2021/22	2022/23	
<b>Objective: SHOP1</b>	<b>Develop and implement policies and procedures</b>						
<b>Target 17</b> Number of policies and procedures developed and implemented	4	12	20	20	20	20	<ul style="list-style-type: none"> <li>Reviewed policies and procedures</li> <li>Timely approval of policies</li> <li>Implement policies and procedures</li> </ul>
<b>Objective: SHOP2</b>	<b>Improve service Delivery</b>						
<b>Target 18</b> % of service delivery as per agreed turnaround time	70%	80%	90%	95%	95%	98%	<ul style="list-style-type: none"> <li>Identify all the services that are provided to customers (internal &amp; external)</li> <li>Develop and implement a customer service charter.</li> <li>Conduct a survey on service satisfaction rating</li> <li>Develop SLA</li> </ul>
<b>Objective SHOP3</b>	<b>Ensure compliances to policies and procedures (laws and regulations)</b>						
<b>Target 19</b> % of compliance (Internal & External Audit)	70%	80%	80%	80%	80%	80%	<ul style="list-style-type: none"> <li>Internal Audit to develop rating matrix for Internal Audit Reports.</li> </ul>
<b>Objective SHOP4</b>	<b>Continuously improve ICT systems</b>						
<b>Target 20</b> Maximise system availability (ICT system uptime)	80%	90%	95%	99%	99%	99%	<ul style="list-style-type: none"> <li>Improve ICT Infrastructure to be more efficient</li> <li>Minimize computer downtime</li> </ul>
<b>Target 21</b> % of processes automated/enhanced	80%	85%	90%	90%	90%	90%	<ul style="list-style-type: none"> <li>Define and develop standard operating procedures</li> <li>Automate key processes to minimized manual interventions.</li> </ul>
<b>Target 22</b> % of systems integrated	80%	80%	85%	90%	95%	95%	<ul style="list-style-type: none"> <li>Integrated key ICT systems</li> <li>Conduct ICT workshop once per annum to address any system issues.</li> </ul>

## Learning and Growth Objectives and related Targets

	Baseline	Target per annum					Strategic Initiatives
		2017/18	2018/19	2020/21	2021/22	2022/23	
<b>Objective: GLOP1</b>	<b>Build a high performance organization</b>						
<b>Target 23</b> % of staff performance above threshold	n/a/	80%	80%	80%	80%	80%	<ul style="list-style-type: none"> <li>• Develop and implement PMS</li> <li>• Initiate staff mentoring and coaching program</li> </ul>
<b>Target 24</b> % of staff appraised and scored.		100%	100%	100%	100%	100%	<ul style="list-style-type: none"> <li>• Appraise staff performance quarterly</li> <li>• Report results</li> <li>• Develop, approve and implement the policy</li> </ul>
<b>Target 25</b> % of achievement of the 360 degrees feedback assessment		100%	100%	100%	100%	100%	<ul style="list-style-type: none"> <li>• Conduct peer review sessions</li> <li>• Address shortcomings identified through the 360 degree performance measurement</li> </ul>
<b>Objective: GLOP2</b>	<b>Enhance Organizational Capability and Capacity</b>						
<b>Target 26</b> % of learning and development plans for leaders and staff developed/implemented.		70%	75%	80%	85%	90%	<ul style="list-style-type: none"> <li>• Develop talent management framework</li> <li>• Leadership job coverage ratio (2:1)</li> <li>• Develop and implement PDP's</li> </ul>
<b>Target 27</b> % of employees attending training as per their PDPs.		70%	75%	80%	85%	90%	<ul style="list-style-type: none"> <li>• Develop and implement training modalities as per NTA requirement</li> <li>• Claim training funds from NTA</li> </ul>

PRODUCT	DESCRIPTION
<i>Core Houses</i>	These are products that target the low-income sphere of the market. A core house may be upgraded to a Conventional House by means of a Home Improvement Loan when clients' financial position improves. Non-NHE clients can also acquire these properties through the commercial banks – credit linked.
Conventional Houses	Depending on the client's financial position, the NHE can offer a Conventional House of which our building methods have proven over the years to be of high quality and acceptable standards. Non-NHE clients can also acquire these properties through the commercial banks – credit linked.
<i>Loan for New Houses (Project Houses)</i>	This is a loan given to NHE clients who buy newly built NHE houses. Clients who buy these houses become the first home owners and occupants of such properties. There are normally two types of houses on a project, namely: Core Houses and Conventional Houses.
<i>NHE Home Financing Loan (NHE private resale)</i>	NHE Home Financing Loan is a loan given to clients for a private re-sale. A private re-sale is when an NHE client decides to sell his/her property to a non-NHE client. If this person wishes his/her property to be financed by NHE, the loan to be given is called NHE Home Financing Loan. The selling price for the property must be determined and agreed by the NHE valuator.
<i>NHE Home Financing Loan (Non-NHE /private resale)</i>	NHE provides loan advances to enable an NHE client to acquire property from a non-NHE client. Thus, NHE clients enjoy the privilege of over non-NHE clients in terms of private re-sale home loan financing.
<i>Building Loan (own erf from municipality and NHE finances)</i>	NHE provides loans to clients who owns a erf or house not build or previously financed by NHE should they wish to upgrade their homes.



<i>Package Loan (can buy and improve at the same time)</i>	<b>NHE provides loan to acquire a house and make improvements on it at the same time, this is a combined loan i.e. one amount to buy the house and the other amount to upgrade the newly acquired house.</b>
<i>NHE Excess Loan (limited to N\$20,000.00 per annum)</i>	Excess Loan is a loan given to existing clients of NHE who have owned the NHE properties for a certain period of time. The client can borrow money from NHE to the maximum of N\$20,000. This money can be used to pay for school fees, municipal services such as rates and taxes, water & electricity, tuition fees, minor renovations to a property such as tiling, painting etc. The Excess Loan amount to be paid is the difference between the financed amount and the outstanding balance. No second bond registration is needed for the Excess Loan application.
<i>NHE Home Upgrading Loan</i>	This is a loan given to existing NHE clients who wishes to extend their houses. Clients can go to the nearest Regional Offices of NHE to apply for NHE Home upgrade Loan.
<i>Study Loan (NHE client)</i>	NHE provides study loans to its clients who own NHE houses to study at recognized and accredited institutions of higher learning limited to undergraduate studies.
<i>NHE Savings Account (building up deposit for the house)</i>	NHE encourages clients to make a savings deposit in order to enable them to afford their houses once constructed.
<i>Rental Unit</i>	NHE provides accommodation in terms of rented properties by entering into rental agreements with its clients over an agreed upon timeframe which can be extended in some instances.



**10.1. OFFICE OF THE CHIEF EXECUTIVE OFFICER**

*Overall Strategic Leadership, Planning, Direction, Support, Compliance, ICT Governance and Stakeholders Engagement*

***Corporate Communication and Marketing Function***

To manage the development, implementation and driving of effective corporate communication and marketing strategies in order to achieve the desired corporate image, reputation and NHE brand in the eyes of the corporation's various shareholders including clients, general public, media and NHE employees. In addition, to maintain sound stakeholder relations in line with the corporation's strategic statements; this function is also responsible for the management and provision of communication and marketing services internally and externally.

***Legal Advice and Company Secretary Function***

Legal Advice and Company Secretary ensures that the business of the company is conducted in accordance with its objectives is contained in the Companies Act No. 28 of 2004. The division arranges and calls meetings of the Board of Directors as well as prepares accurate record of Board meeting proceedings. It maintains books and registers of the company as required under the provisions of the National Housing Act, Act No. 5 of 1993 including making arrangement for the payment of NHE dividends when they fall due. This function is the custodian of the company's common seal.

This function is also responsible for legal advisory services and provides support on discrete legal issues by advising the company, drafting legal opinions and advises whether all the proceedings of the organization are in compliance with the requirements of the relevant legislations. It supervises, analyzes and researches the implication of laws, legislation, etc., that may affect the NHE business. Furthermore, the function manages the transfers and registrations of properties

with the Deeds Office. It formulates legal agreements and ensures that the organization has minimum legal liability and exposure.

***Internal Audit and Risk Assurance Function***

The division has a role to play in carrying out independent evaluations on NHE systems and processes to ensure that these systems and processes are operating as designed or intended and that goals and objectives will be achieved as planned. In addition, internal audit acts as an independent advisor and consultant, rendering advice and consulting services to both Management and the Board when requested to do so or when necessary.

***Information and Communication Technology Function***

This function is responsible for communication, inventory management, data management, management information systems, and customer relationship management and IT infrastructure management amongst others. The NHE principally uses emails to communicate with its Board members, employees, suppliers and customers alike. The organization needs to maintain enough inventories to meet demand without investing in more than they require.

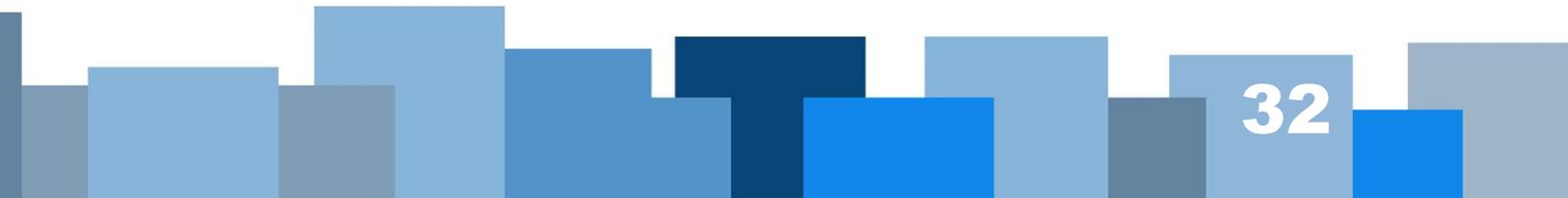
The days of large file rooms, rows of filing cabinets and the mailing of documents is fading fast. The NHE has joint digital stores of business information and all its branches country wide. Progressively, the NHE uses data as part of its strategic planning process as well as the tactical execution of this strategy. Other key roles include networking management, information security management and information communication technology support.

**10.2. TECHNICAL SERVICES AND ARCHITECTURAL & PROPERTY MANAGEMENT**

*Housing Construction, Architectural, Property Management, Project Management and Professional Services.*

**Architectural and Property Management Function**

The Architectural and Property Management is responsible for the drafting of NHE clients’ house plans, designing, land surveying, quantity surveying and cost analysis. NHE Contractors and builders are to ensure that they do not deviate from the construction plan designs including installations such a plumbing, electrical, heating and ventilations systems. Building plan designs



match current building structures, compliance with disabled access laws as well as cost effectiveness. Architects use computer-aided drafting systems, building modeling techniques and other relevant technologies.

Property Management entails valuations of properties using various market approaches, maintenance, building inspections including rental properties management.

### **Project Management Function**

Project Management is primary responsible for the delivery of NHE housing projects by initiating projects, land surveying, quantity surveying and cost analysis, executing, controlling and project closure including granting of no cost extensions. This team works closely with the Architectural division on projects and is responsible for all the aspects of construction of project houses and land acquisition.

### **Professional Services**

Professional services include town planners, quantity surveyors, land surveyors, civil engineers, electrical engineers etc. All these experts do not necessary need to be in the employment of NHE as some can be outsourced for cost effectiveness depending on the magnitudes of running projects.

## ***10.3. BUSINESS DEVELOPMENT AND OPERATIONS***

*Mortgage Lending, Credit Linked Sales, Special Projects Sales, Private Re-Sale, Home Improvement Loans, Excess Loans and Package Loan Services*

### **Regional Offices**

The NHE has five (5) regional offices apart from the Head Quarters country wide located in Windhoek, Keetmanshoop, Walvis Bay, Oshakati and Rundu. These are our foot prints in the regions aiding to provide efficient services to our clientele and stakeholders alike. Regional offices are also responsible for business development through growing of the loan book by identifying and increasing new business opportunities throughout the country.

## **10.4. FINANCE, HUMAN RESOURCES AND SUPPLY CHAIN MANAGEMENT SERVICES**

*Strategic Financial Management, Management Accounting, Human Resources Management, Organizational Development, Supply Chain Management and Administration Services.*

### **Corporate Finance Function**

The finance function is responsible for all the day to day transactional accounting for the business function, funds raising, revenue management, and financial management, drafting of annual financial statements and reporting. The finance division is also responsible for management of the organization's cash flow and ensuring there are enough funds available to meet the day to day requirements.

### **Human Capital and Organizational Development Function**

The human resources function is responsible for recruitment, occupational health and safety, employees' relations, compensation and benefits, compliance, training and development and organizational development. In addition, it drives the talent management programme, succession planning as well as the retention strategy in line with the strategic plan goals and objectives.

### **Supply Chain Management and Administration Function**

Supply Chain Management function is responsible for managing the demand and supply, logistics, purchasing as well as defining business boundaries and relationships with suppliers and services providers. It manages the fleet management and administration unit of the business. In addition, tenders management also resorts under this function.

### 11.1. Strategy Implementation Plan

The successful implementation of the strategies will depend largely on the specific steps that will be taken to achieve the initiatives. The NHE will develop and implement a two years business plan which will identify the resources required to achieve the strategic plan goals and objectives.

### 11.2. Performance Management System (PMS)

The development and implementation of the PMS is an integral part of this strategic plan using a Balance Scorecard methodology. The Corporate Scorecard will be cascaded from the CEO to the lowest level in the organisation and the management team will be required to sign performance agreements. The following shall be put in place;

- Assignment of responsibilities
- Implementation timelines of Initiatives
- Measures to achieve set targets
- Required Resources
- Results Communication Process
- Monitoring and Evaluations Mechanism

### 11.3. Human Capital Realignment

It is imperative that human capital re-alignment takes place including the identification of the required resources to achieve the goals and objectives of this strategic plan. The CEO will determine these processes for approval by the Board of Directors.

### 11.4. Performance Reviews and Appraisals

The NHE shall establish a Performance Review Committee (PRC) which will be responsible for the validation of the performance results as submitted by Management on a semi-annual basis. The mid-year review takes place during January assessing the six month performance and the final performance review takes place in July assessing the last six month of the financial year performance.

NHE will be focusing on creation of shareholder's wealth, growing the loan book, enhancing the quality of its statement of financial position and improve housing delivery output per year. Stakeholders engage is an imperative that should be pursuit in order to tackle the multifaceted problem of housing in Namibia by way of a multi-sectoral approach during the next five years and beyond.

This strategic plan will enable the organisation to carry out its short-term and long-term sustainability plans as intended by the Shareholder, the Government of the Republic of Namibia.

The NHE will strive to forge strategic partnerships with key stakeholders in order to address the multi-faceted issue of low cost quality housing delivery in the country.

The Board of Directors and Management will roll-out a performance management system which will underpin the implementation of this strategic plan.

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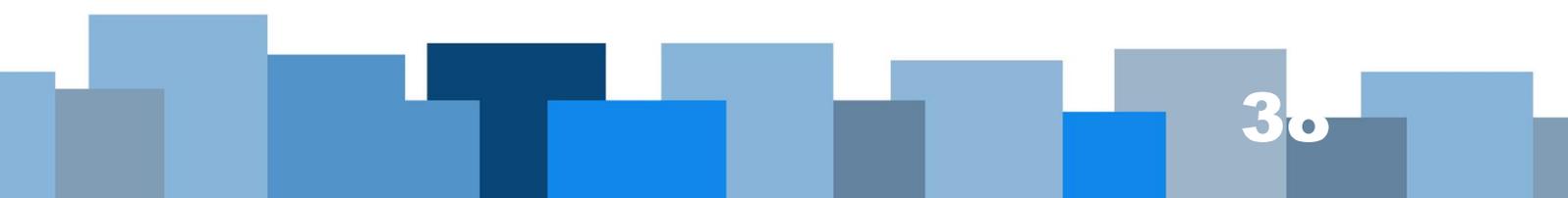
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**NATIONAL  
HOUSING  
ENTERPRISE**