



JOINT MEDIA RELEASE

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03 September 2025

THE OFFICE OF THE PRIME MINISTER AND THE GOVERNMENT INSTITUTIONS PENSION FUND ANNOUNCES THE SIGNING OF THE MEMORANDUM OF AGREEMENT TO IMPLEMENT THE PENSION BACKED HOME LOAN SCHEME

The Secretary to Cabinet, Ms Emilia Mkusa and the Chief Executive Officer/Principal Officer of the GIPF, Mr. Martin Inkumbi have signed the Memorandum of Agreement (MoA) paving the way for the much-anticipated implementation of the Pension Backed Home Loan Scheme (PBHLS).

“The PBHLS enabled by the Pension Funds Act No. 24 of 1956 as amended, and the GIPF Fund Rules, will allow a qualifying GIPF member to borrow up to one third (1/3) of their pension benefit and repayable at a rate of Repo plus 2.5%, for the purchase of a home or land, construction of new houses, home improvements or renovations to existing property, in urban and rural areas, proclaimed and unproclaimed areas across the country,” said Martin Inkumbi.

“The commencement of the PBHLS will enable qualifying civil servants to secure residential properties, and have financial security, stability and peace of mind, knowing that they are providing a safe place for their families and future generations” said Ms Mkusa, Secretary to Cabinet.

Inkumbi added that the signing of the MoA signifies the commencement of the PBHLS as the administrators will have four (4) months to finalise all modalities enabling members to commence with borrowing on 12 January 2026.

The GIPF Pension Backed Home Loan (PBHL) scheme will enable active members to access a portion of their pension savings as collateral for the purchase of an erven, make improvements to an existing home, purchase or construction of a new home. The scheme will also enable members to transfer their existing home loans financed by other financial institutions or commercial banks to this new scheme.

The member's pension acts as guarantee/collateral for the home loan. In the instance of a mortgaged backed home loan through commercial banks, or through First Capital Housing Fund, the property serves as collateral. In the case of the PBHL, the pension credit or resignation transfer benefit (to the maximum of 33.33%) acts as collateral. The scheme is only available to active members (members who are currently employed and contributing monthly towards their pension).

"The PBHLS is designed in such a manner that active members retirement will not be negatively impacted at the time of retirement, as all outstanding loan amounts would have been repaid by the time the member reaches their retirement" said Inkumbi.

Active members would be required to visit the Human Resources offices of their respective employers. The applications would be submitted to one of the two identified administrators, namely, First Capital Treasury Solution (Pty) Ltd and Kuleni Financial Services (Pty) Ltd as the two agents that will administer this scheme. The payments and or funds would be released by the administrators to the service providers.

Members are encouraged to remain patient whilst the administrators finalise all modalities, engage HR officials and members on the processes and documents required country wide and ensure the deduction code is finalised. This will ensure a smooth commencement of the PBHLS on 12 January 2026. The GIPF will continue to proactively provide information and awareness on the PBHLS enabling members to make informed decisions in this regard.

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