

The Performance of Higher Education Students' Loan Scheme in Tanzania: The Stakeholders' Views

Innocent Buberwa Rugambuka



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**Institute for Educational Research
Faculty of Education
University of Oslo**

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ABSTRACT

A students' Loan scheme is one among many alternatives for financing higher education in various countries around the world. Tanzania is one of the countries that have been practicing loan scheme system for financing higher education sub-sector. The purpose of this study is to examine the performance of the students' loan scheme in Tanzania basing on the views of the stakeholders, mostly higher education students who are the main beneficiaries of the scheme.

Some university students at the University of Dar es Salaam, the policy makers and policy implementers in the Ministry of Higher Education, Science and Technology and the Higher Education Student Loan Board respectively, were identified for the study. The study was guided by two research questions. These are: what is the performance of higher education student loan scheme in terms of the procedures for loan application and money disbursement; and does the student loan scheme contain the structures for loan recovery to the extent of being able to recover the loan?

A qualitative strategy has been used in this study. Multiple methods were used for data collection, namely semi-structured interview, group discussion and documentary analysis. Twelve students of different academic years of study and student leaders at the student organization level, two policy makers and two policy implementers were interviewed. Twenty students were involved in a focused group discussion. And various documents including policy documents, guidelines and website documents were analyzed. Data collected was analyzed by induction process.

The findings show that the loan scheme in Tanzania is partly not performing well in terms of application procedures, disbursement of funds to students and loan recovery. Therefore to make the loan scheme perform at the convenience of the stakeholders, it is recommended that the government should decentralize the HESLB to district level (establish the district offices). By doing so some services such as distribution and collection of loan application forms and means-testing can be done at the district offices. In addition, it is recommended that the loan application forms can also be stationed at

Advanced Secondary Schools to make it easy for the applicants to access them as most of the applicants are students from these schools.

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DEDICATION

This study is dedicated to my dearest parents-Ma Kokwenda, D. and Ta Rugambuka, S.

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ABBREVIATION/ACRONYMS

BoT	Bank of Tanzania
EC	European Commission
FGD	Focused Group Discussion
DARUSO	Dar es Salaam University Students' Organization
DFID	Department for International Development
GSLs	Government Students' Loan Scheme
HEP	Higher Education Policy
HELB	Higher Education Loan Board
HESLB	Higher Education Students' Loan Board
ICT	Information Communication Technology
ILO	International Labour Organization
IMF	International Monetary Fund
LDRU	Loan Disbursement and Recovery Unity
MHEST	Ministry of Higher Education Science and Technology
NSFAS	National Student Financial Aid Scheme
SFAA	Student Financial Assistance Agency
TANESCO	Tanzania National Electric Supply Company
TETP	Tanzania Education and Training Policy
TIRDO	Tanzania Industrial Research and Development Organization
UDSM	University of Dar es Salaam
UiO	University of Oslo (Universitet i Oslo)
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNSD	United Nations Statistics Division
URT	United Republic of Tanzania
USA	United States of America
USLS	University Student Loan Scheme
WEOs	Ward Executive Officers
WB	World Bank

CHAPTER ONE

INTRODUCTION

1.1 Background to the Problem

Higher education students' loan schemes have been established in more than 60 countries around the world since 1940s (Woodhall, 2002). It is argued that students' loans have emerged as one of the feasible mechanisms for financing tertiary education in the situation where by a growing number of countries throughout the world, public resources are proving increasingly insufficient to finance tertiary education (Salmi, 2004). In these countries, cost-sharing between government and the students is becoming the norm. But cost-sharing cannot be implemented equitably without adequate student support mechanisms for academically qualified but needy students. So through higher education student loan schemes that make funds available to all students who wish to borrow for their education, higher education has been accessible to every one who wants it by qualifications. Among the aims of many higher education students loan schemes is to assist students to overcome financial barriers to undertaking tertiary study (ibid.)

Despite the higher education student loan schemes being increasingly opted for in many countries across the world, their performance in some countries is discouraging due to poor performance as a result of insufficient management and administration (Ziderman and Albrecht, 1995). In other countries, the loan schemes have proved success by meeting the intended goals and satisfying the stakeholders (ibid.) It is argued that poor performance of higher education student loan schemes is more prominent in developing countries and transition countries than developed countries (Johnstone, 2004).

Incase of Tanzania where higher education has been relatively free since independence; higher education student loan scheme can be traced back before independence (1961) (Ishengoma, 2004). But it is argued that the scheme in those days was a short-lived program (Woodhall, 1992) which ended in 1974 when the government decided to solely finance higher education sector including bearing all the costs for the students in higher education institutions (Ishengoma, 2004).

The higher education student loan scheme was reinstated in 1992 as an element of cost sharing policy (ibid.). However, since the introduction of the loan scheme there was no independent body that exclusively dealt with managing and administrating the student loans. The loans were managed under a unit of three people without much of ICT in The MHEST (URT, 2002c). This was causing a lot of problems in terms of loans efficacy in the country. The status of ICT in Tanzania is underdeveloped such that its usage is very limited to a segment of the population (Ngalinda and Mtagahywa, 2005)

It is said that since the introduction of student loan scheme under the MHEST, there have been grievances from the stakeholders particularly students and parents over the loans program operations (Dachi, 2000). The grievances have been extending far to the extent of causing student unrest and crisis (ibid.). Problems associated with students' discontent of the loan scheme operations such as demonstrations and boycotting classes have been very common in Higher education institutions in Tanzania (Omari, 1994a).

The student crisis and unrest emanating from discontent to the loan scheme operations was contributed to the absence of a comprehensive and legal framework to institutionalize the provision of the Higher Education Policy of 1995 that contained the cost sharing statement (URT, 2002). The policy advocates the establishment of students' loans executive agency with its own autonomy and offices to deal with students' loans. The agency was not yet established up to 2004.

Therefore, for the effective implementation of loans scheme, an independent body was to be established, mandated with all the powers of dealing with all the issues relating to student loans in the country. It is within this context that Higher Education Students' Loans Board (HESLB) was established. The HESLB was established in 2004 by the Act No.9 of 2004 and commenced its operations in July 2005. The Act among other things empowers the HESLB to administer and supervise the whole process of payment and repayment of loans. It is also empowered to formulate the mechanism for determining eligible students for loans (URT, 2004).

With the establishment of the above independent entity to deal with students' loans one would expect that the prior grievances of the stakeholders (students and their parents) to have been solved but the situation has not changed much.

In recent years students from public and private higher education institutions have been boycotting classes and demonstrating towards the HELSB offices expressing their concerns in relation to its operations. Example in 2006/07 academic year there was an intensive strike that started with the students from the University of Dar es Salaam and later four more higher education institutions joined. The strike involved demonstrations, prolonged sit-ins and boycotting classes for three consecutive days.

Talking to the media (Guardian new paper, 16th 2007) the Student Organization President at the University of Dar es Salaam said that student were determining to intensify their strike in order to force the government to solve the prevalent problems related to the loan application and disbursement procedures plus the newly set up criteria for one being eligible to get such loans. The students' strike culminated into a two month closure of the five higher education institutions that were involved (UDSM, 2007).

Many Higher education stakeholders have been doubting on the performance of the Higher Education Student loan Board to the extent of some suggesting that it should be restructured or resolved completely and establish the new one.

1.2 Statement of the Problem

Student loans have been advocated by economists and higher education policy analysts for nearly 50 years, but the idea has always raised fierce controversy (Woodhall 2004). The theoretical justification for loans is that higher education is a profitable private investment, offering graduates high returns in the form of better job opportunities and higher lifetime earnings (ibid.). It is further advocated that student loan scheme give academically able students from poor families, who would otherwise be denied access to higher education on grounds of poverty, the chance to invest in their own future by providing them with financial aid when it is needed and allowing them to repay it when

they can afford to do so (Ziderman 1992). Increasingly many countries across the world have devoted to establishing students loan schemes as viable projects not only for supporting students but also as one way of diversification of sources for financing higher education sub-sector. Despite their economic and social potentials, some students' loan schemes across the world have displayed a poor performance.

In Tanzania context, there are some evidences which show that the government has been making efforts to assist the higher education students through grants and loans. The establishment of the Ministry of Higher Education, Science and Technology in 1992 that had a section dealing with students' loans and later the establishment of an independent body (HESLB) that exclusively administers and manages students' loans are among the efforts. The students' Loans Act No. 9 of 2004 that established the HESLB identifies the major responsibilities of the Board as to disseminate loans to students pursuing advanced diploma and degree studies at accredited higher learning institutions in and outside the country; to find and mobilize all financial resources for the board, and recovery of the disbursed money (URT, 2004)

Despite these entire efforts of the government to ensure that every academically able students accesses higher education through provision of the government loan by the empowered body (HESLB) there have been choruses of discontent from the stakeholders regarding the HESLB operations. The experience shows that since the introductions of loan scheme in Tanzania there have been approximately 56 students' crisis in higher learning institutions emanating from inadequate management of students loans (URT, 2002). In 2005 annual budget meeting the Members of Parliament (MPs) complained on the performance of the HESLB (Bunge, 2005). Moreover, in recent years the HESLB has been a recurrent topic in the Tanzania media, portraying it negatively in terms of its performance (The Guardian, September 9, 2007; Mtanzania, July, 15, 2007).

For that matter this study devotes to examining the performance of the HELSB particularly on procedural issues pertaining loan application, loan disbursement and loan

recovery. The study focuses on the views of the stake holders mostly the students and being supplemented by the views from other stakeholders.

1:3 Significance of the Study

This study is anticipated to contribute to the existing stock of knowledge on higher education financing in Tanzania. In particular, the study is anticipated to contribute to the better and sustainable running of the loan scheme so as to suitably serve the targeted population of Tanzanians – the students’ loan scheme in Tanzania is inclined to enhancing the poor students or students from disadvantaged background to access higher education.

The recommendations given in this study may contribute to eradication of frequent problems (students’ strikes and demonstrations) associated with students’ loans which seem to be recurrent in higher learning institutions in Tanzania. By doing so, the study will have contributed to ensuring equal opportunity to higher education for the Tanzanians who strive for it.

Moreover, in the field of research, the study may instigate further studies in a broader scope on how the students’ loan system functions in Tanzania.

1.4 The objectives of the study

The overall objective of this study is to examine the performance of the Higher Education Students’ Loan Scheme in Tanzania. Specifically the study strives to meet the following objectives:

- Examining the performance of the Higher Education Students’ Loan scheme with respect to procedures for loan application and loan disbursement.
- Assessing the structures of loan recovery

1.5 Research Questions

The study is guided by the following research questions

- *What is the performance of the higher education student loan scheme in respect to loan application and disbursement procedures?*

The assumption of this question is that convenient procedures for loan application are among the basic and first step for a person seeking a loan and may shed lights to the person to be successful or not in his/her application. The availability of information on application, the mode of application, accessibility of application forms and the costs involved in applying, the time spent in the process, set the foundation for loan acquisition. It is assumed that if these procedures, in one way or another, are inconvenient there is a possibility for loan scheme to attract grievances from the customers and central objective of student loan schemes across the world.

- *Does the student loan scheme contain the structures for loan recovery to the extent of the loan being recovered?*

The assumption of this question is that, a good performing and successful student' loan scheme among other things has to be able to recover the loaned funds. There must be strong machinery to ensure that the loans are recovered (Woodhall 1992).

Various studies have pointed out that many loan schemes have displayed a poor performance and others finally collapsed as a result of failure to make recoveries intertwined with defaults (Johnstone, et al. 1998; Mokgwathi, 1992; Mohadeb, 2006; Woodhall, 2004). Absence of sounding structures for recovery creates a poor base for tracing the debtor even where the intension of recovering the loan is obvious.

1.6 Operationalization

Operationalization in a common language refers to the process of establishing a conceptual definition that is explicitly stating what a concept means in the context of a particular study (Singleton, 1999). Cozby (2007) gives the meaning of the term as defining a concept in terms of operations or techniques the researcher uses to measure or manipulate it. He further argues that operational definition forces researcher(s) to discuss abstract concepts in concrete terms. Operational definition helps to avoid misconception to the users of a particular study.

Basing on the above elucidation, the key concepts in this study are operationalized. The terms include performance, stakeholders (policy makers, policy implementers and loan scheme), and Higher Education Students' Loan Scheme.

1.6.1 Performance

Performance is a loaded term. It may mean different things to different people. In management and administration of organization, performance is used to mean achieving the intended goals or rather producing the result that is aimed at (Peters, 2001). This way of conceiving the term is too simplistic as it looks at the end results, but performance is said to be continuous process that encompass all activities pertaining the well being of the organization internally and externally (Magretta, 2002). She continues saying that considering performance by focusing on the end results misses the component of the external image of an organization.

Magretta's viewing of performance may be posing a question that *from which point of view can a performance of an organization be approached?* Organizational performance can be approached internally, from the perspective of culture, or externally, as an organization's brand (Haworth, 2007). Internal Culture is based on members' shared patterns of perception, representation, and response on surrounding internal and external operations while external brand is driven by the perception of the organization in the minds of customers and the outside world. This is largely the result of their relationships with products, services, or the organization itself (ibid.).

Performance in this study is considered as the satisfaction or dissatisfaction of the stakeholders (mostly students) to the services of the HESLB in terms of loan application procedures, loan disbursement and loan recovery, thus the study borrows from Magretta (2002) idea of external brand – assessing the performance basing on the views of the customers.

1.6. 2 Stakeholders

Stakeholders are individuals or group of people who may directly or indirectly affect or be affected by the organization's decision. In this study three categories of stakeholders are being referred to, namely the higher education students, the Ministry of Higher Education, Science and Technology officials and the Higher Education Students' Loan Board officials.

More specifically, the higher education students being referred here are students from the University of Dar es Salaam who are the beneficiaries of the student loan scheme in Tanzania. The Ministry of Higher Education Science and Technology officials are the representative of the government of Tanzania that create policies about education financing for implementation– in short they are policy makers. And the Higher Education Students’ Loan Board Officials are people who are directly involved in managing and administration of students’ loans – in short policy implementers.

1.6.3 Higher Education Students’ Loan Scheme

Is a financial program for assisting students with qualifications but with no or limited financial ability to access higher education. The program may be run by private institutions such as banks in which the other objective apart from student assistance is profit making; or run under the sponsorship of the government in which the sole objective is assisting students. The higher education student’ loan scheme being referred in this study is the government sponsored students’ loan scheme.

1.7 Ethical issues

In this study the ethical issues have been observed. Primarily the letter of introduction was secured from the Institute for Educational Research-University of Oslo, which was a key to the research environment. The written permit for accessing the institutions where data were collected was obtained from the MHEST and this was a second key as this allowed me to conduct the study (interviews and group discussion) in the respective areas. The permit is found in *Appendix I*.

Apart from that, the appointment was made with all respondents and the interviews were conducted as per every interviewee’s convenient time. But before any interview, the informed consent form which was prepared before was presented to every interviewee to read and sign as an acceptance to voluntarily participate in this study. It is argued by Creswell (2003:64) that during research the researcher is compelled to develop an informed consent form for participants to sign before they engage in the research. This form acknowledges that the participants’ rights have been protected during data collection. The informed consent form is found in *Appendix G*.

1.8 The structure of the thesis

This dissertation is comprised of six chapters. The first chapter has presented background to the problem, statement of the problem, significance of the study, research objectives followed by research questions. Also the chapter has presented the operationalization of the concepts which are central to the study. Finally the chapter has ended by presenting the ethical issues.

Chapter two embarks on theoretical framework and reviewing the literatures that related to this study. The human capital theory particularly its postulates and its relevancy to this study are presented. In addition to that cost sharing concept which embeds the notion of student loans is also presented as part of the theoretical framework of the study. The chapter also reviews some related literatures by looking how various authors depicted the performance of the loan scheme in Tanzania as compared to some selected countries.

Chapter three presents the methodological aspect of the study. In this chapter qualitative strategy is presented followed by the methods that have been used for data collection. These methods are individual interview, group interview commonly known as focused group discussion, and documentary review.

Chapter four presents the main findings of the study. The findings are presented in two parts. The first is performance of the loan scheme in terms of procedures for student loan application and loan disbursement. The second part presents the performance of the loan scheme in terms of the loan recovery.

Chapter five discusses the main findings of the study as presented in the previous chapter. The discussion is also done in two parts.

Chapter six which is the last chapter provides the summary, conclusion and the recommendation of the study including suggestions for further study. The limitation of the study is also presented in this chapter.

CHAPTER TWO

THEORETICAL FRAMEWORK AND LITERATURE REVIEW

2.0 Introduction

This chapter presents the theoretical framework in which the study is confined and reviews the literatures that related to this study. The chapter is divided into three parts. The first part presents the human capital theory and cost sharing as the confinement of the study. And the second part presents the performance of the students' loan scheme in Tanzania and students' loan schemes in other countries as reflected in different literatures. The last part gives the summary and research gaps in the reviewed Literatures to mark the rationale for conducting this study.

2.1 Human Capital Theory (HCT)

According to human capital theorists all expenditures can be classified as either investment or consumption (Schultz, 1971). The consumption expenditure refers to the purchase and use of goods and services which yield immediate but short lived benefits while investment expenditure refers to the purchase and use of assets which yield benefits over a long period of time and lead to an increase in the productive capacity of a given unity of production (ibid.: 36).

From that point of view, it is argued that expenditure on education is an investment that yields long-term future benefits in the form of higher income for both the educated individuals and for the society as a whole (Atwi, 1992). Thus, this type of investment is to be done in human capital. "The distinctive human capital is that it is part of man. It is human because it is embodied in man, and it is capital because it is a source of future satisfactions, or future earnings, or both. It can, of course, be acquired not as an asset that is purchased in the market but by means of investing in ones self. It follows that no person can separate himself from the human capital he/she possesses. A person must always accompany his capital whether it serves him in production or consumption" (Schultz, 1971:48-49).

Arguably, the theory seem to bring the notion that the costs have to be incurred in making some one get knowledge and skills (education) and by doing so the bearer of education is becoming more productive and at last his/her earnings increases. The investment costs include direct costs such as pecuniary or out of pocket costs and also includes indirect costs such as forgone earnings (salary and any other benefits attached to an employment) (Cohn et al, 1990). The investment costs which are the point of interest in this study are pecuniary costs which are incurred by students.

Despite the assumptions of human capital theory, there have been a number of criticisms of the theory. According to Stigler (1962), it is difficult to separate human capital investment from personal consumption. This may perhaps mean that not all investment in humans through education are investment, others are consumption. The point by Stigler may be the determination of the degree and level of consumption and investment in costs incurred for education.

The theory has been criticized by Livingstone (1997) that its assumption that investing in education leads to ones higher earnings is partly misleading. He argues that the notion is intervened by the underemployment challenges such that the growing proportions of people who have invested many years of their lives in acquiring advanced formal educational qualifications are unable to obtain commensurate.

Debatably, this may mean that it is not one to one function, as assumed by HCT, that whoever invests in education has to end up with higher earnings. Some of people who have invested much in educating themselves may end up with decreased earnings because earnings are the function of multiple factors than education alone. For instance, after achieving the knowledge and skills, one enters the labor market. The labor market in which the educated worker must compete is not perfect one to permit the educated to get appropriate jobs for which they have been relatively trained (Tumwesigye, 2004). Moreover, the productivity of the labor is contributed with other factors than education such as job satisfaction including the working environment and the rewarding structure in a particular institution or firm.

2.1.1 Relevance of the theory to the study

From the above postulations of the theory higher education is one form of investments in which individuals have to incur costs in order to get it. The implication of human capital theory is that people have to invest in themselves through higher education. Students or/and their families and the government are compelled to incur the costs.

Although HCP does not pinpoint exactly where the sources of investment should come from, that is, who should invest yet investment has to be done basing on social and private benefits of higher education (Canton & Venniker, 2001). Higher education apart from directly benefiting the its bearer thus setting the clear grounds for an individual to incur the costs, yet the individuals do not reap the full benefits of their education investment: partly the benefits accrue to others – spillovers of human capital investment which necessitate the public or rather the government to also contribute to the investment costs (ibid.). In their words Canton & Venniker say that higher educated individuals may increase the productivity of the co-workers and may enhance social cohesion. As a result the total returns to education investment for society (*i.e.* the social returns) may exceed the sum of all private returns (p. 38)

That being the case incurring costs for investing in ones higher education is expected to be done by the three benefiting parts, namely students, parents and the government (the taxpayers). On the question of students and parents to incur the costs for investment, there comes a situation where some individuals are academically capable for higher education but economically (financially) incapable. This drives in the notion of equity as an assurance of financially incapable individuals to access the higher education, through making the resources available to every academically capable individual regardless the economic ability (Mingat & Psacharopolous, 1985). To solve the complexity of equality and access to higher education the student loans which are set free for the eligible individuals become an alternative.

Despite the above scenario, it is argued by some authors, (Johnstone, 2002 & 2003), that investing in ones education is increasingly costly. He also argues that historically many

state governments around the world incurred almost all costs of higher education to individuals and the institutions. However, with increasing cost of higher education and presence of many other social sectors which require more or tantamount attention, individuals have to share with the government the costs for higher education.

Tanzania historically was a socialist country where many social services including higher education were predominantly borne by the government. In 1990s the government introduced cost sharing policy in most of social services provision including education particularly higher education. Students' loan scheme was established by the government to aid students to meet most of their higher education costs at present time and pay later after graduation (URT, 1999). Arguably, the loan scheme of this kind is a source of funds for one to investment in his/her higher education. For that matter students get funds from loan providers, investing them in their higher education while expecting future returns from this investment. Eventually, students after graduation and having achieved their final expectation (returns) from higher education, they can be able to repay the loans.

A student loan program as a source of funds for higher education seekers is expected to be stable and sustainable so as to assure confidence and security to the borrowers (Johnstone 2002). This is very crucial particularly when the loan program's one of the central objectives is to assist the poor students. The loan scheme in Tanzania is among the loan schemes that aim at assisting the poor students to access higher education. As the source of the investment for the poor students, the acquisition of the loan is expected to be convenient to them in all aspect. The aspects include the procedures for application, disbursement and repayment. With convenient procedures it is considered that the students will accordingly invest in themselves through higher education and acquire the knowledge and skills which will enable them to get higher earnings – assuming that the labor market will be on their side. And for that matter repayment of the loan may not be a problem for individuals who determine to pay back, leave alone intentional defaulters.

2.2 Cost sharing in higher education and Students' Loans

Cost sharing has been used in higher education to refer to the shift of the burden of costs for higher education from exclusively being borne by the governments or taxpayers, to being shared with parents and students and/or donors (Johnstone, 2005; 2003).

It is argued that most of the governments across the world incurred all the costs for higher education due to the fact that the higher education sector, particularly the universities, was regarded as the engine for socio-economic development through the creation of knowledge, selection and certification of elite groups, that is, the learned professions, the higher civil service, the politicians and the commercial and industrial leadership (Trow, 1972). However, with massification of higher education where every person with qualification seeks for higher education and with financial distress to many countries across the world, particularly in 1990s, marked the difficulties for governments to exclusively bear the burden of costs for the higher education and hence cost sharing (Johnstone et al., 1998; Woodhall, 2004). A solution advocated or attempted in many countries is to introduce cost sharing through tuition fees and student loans and other types of private contribution (Woodhall, 2004). Generally, cost-sharing is considered as the introduction of tuition fee or especially sharp increases in tuition fees to cover part of the costs of instruction or of user charges to cover more of the costs of lodging, food, and other expenses of student living that may have hitherto been borne substantially by governments (taxpayers) or institutions (Johnstone, 2003).

2.2.1 The student loan schemes: Objectives and rationales.

The student loan schemes have been introduced in many countries across the world as one of the alternatives for financing higher education. Ziderman (2004) identified five ideal objectives of loans schemes. These are as follows: - First, budgetary Objectives (income generation from tuition fees). This mainly aims at:

- Generating income to maintain university enrolments and output or quality, in response to raising public university unit costs (when additional government funding is not available);

- Funding replacement: in response to reduction in overall government expenditures, including the education sector;
- Funding replacement: in response to realization of public educational budgets, from universities to other sub-sectors with higher societal returns.

The second objective concerns with University System expansion. This mainly aims at:-

- Generating additional tuition fee revenues to (partially) finance expansion of the public university sector;
- University expansion via growth of the private University Sector (to minimize the states role in financing expansions);

The third objective is social objectives (equity and access for the poor). This mainly aims at:

- Loans being generated towards needy students;
- Cross subsidization: grants for needy students financed by income from higher fees.

The fourth objective is manpower needs, which intend at meeting specific occupational or regional manpower needs.

The fifth objective is students' assistance. This aims at:

- Erasing students financial difficulties during study;
- Increasing students commitment;
- Improving Students' financial independence

Other loans schemes have multiple objectives. These aim at more than one objective. For instance, loans available to all students to facilitate fee increases and cost sharing, may also offer greater student independence. Ziderman (ibid) observed that, a loan scheme aimed at a greater cost sharing between the government and students may be constrained by insufficient loan budgets and some applicants will be denied a loan.

Ziderman (2005) also argued that, the traditional and most effective method of enhancing, the educational access of the poor has been through the provision of means –

tested grants (scholarships) to cover tuition fees (where schooling is not free) and usually living expenses as well. However argued, a widespread scholarship scheme is likely to be expensive, therefore the use of loans rather than grants offers a method that both increase access for the poor and reduces, or at least contains, public expenditure over the longer term, as loan repayments build up. Arguably, loans schemes meant to assist the poor should be designed so as to reach this population; otherwise the central objective of the scheme will be lost (Ziderman, *ibid*).

There are many rationales for Student loan schemes. According to Johnstone (2003) Loan schemes provide alternative ways of higher education financing (Johnstone, 2003). This way of financing students is considered equitable and efficient as individuals with academic ability but limited financial means are not denied educational opportunities (Migant, et al. 1985). However this is possible with the loans which are accompanied by means-testing (Chapman, 1997; Johnstone, 2003). Means-testing is said to treat the applicants fairly though it is difficult to conduct especially where there are no basic information to support the instrument (Abebayehu & Johnstone 2004; McMahon, 1998). Apart from that, student loans schemes are regarded as best mechanisms for student support because they encourage individuals to pay for their education irrespective of their socio-economic background (EC Report, 1999).

It is further asserted that if loans are well managed in all stages from when the applicant lodges the application to the time of repayment, then they form a sustainable cost-recovery mechanism for financing higher education (*ibid.*). On the contrary if the loan schemes are not well managed they may discourage many needy students from seeking higher education and also mismanagement of student loans may cause drop outs for students already in higher education institutions (Woodhall, 2002). So in order for a loan scheme to perform well (objectively and rationally), the loan scheme designers need to observe the requirements which lead to good performance including efficient institutional management with adequate systems for selection of borrowers, close communication with higher education institutions, sufficient record-keeping and data storage (*ibid.*)

2.3 The performance of student loan schemes

As pointed out earlier in chapter one, the loan schemes across the world have displayed varying degrees of performance. Some of the loan schemes in both developed and developing countries are said to perform well while others do not (Johnstone, 2004). Below is the literatures' depiction of the performance of Tanzania student loan schemes and some other selected student loan schemes from three countries, namely South Africa, Kenya and Norway for comparative purposes.

2.3.1 The Performance of Students' loan scheme in Tanzania

Since independence, higher education in Tanzania has been mainly public in ownership as well as in operational control (URT, 1999a). Thus, expenses for higher education, including students' living costs, have been financed entirely by the public budget. However, in the 1990s the loan scheme was established for the higher education students to enable them to access higher education (Dachi, 2000). One of the central objectives of the loan scheme in Tanzania was to enable the needy students to access higher education regardless their social and financial background (ibid.)

It is argued that the students' loan scheme in Tanzania has slightly improved the accessibility in higher education (URT, 2002c). Although, a principal objective of cost-sharing in Tanzania was to increase participation and accessibility to all institutions of higher education, including the flagship university of Dar es Salaam yet there has been only a very slight increase in undergraduate admission rates and a modest expansion in total undergraduate enrollments for the past eleven years at the University of Dar es Salaam and in the other three public universities (Ishengoma, 2004). However, these slight increases do not even reflect the increasing numbers of advanced secondary school graduates over the years or the increasing numbers of applicants with minimum qualifications for admission, and they do not generally reflect the Tanzanian population growth from 23.1 million in 1988 to 34.6 million in 2002 (ibid.) – the population is estimated to be 37 million (URT, 2006).

Table 2: University of Dar es Salaam Undergraduate Admissions vis-à-vis Applicants with Minimum Entry Qualifications, 1989/90-2003/04

Year	Applied	Admitted	% Admitted
1989/90	2,578	1,037	40.2
1990/91	2,850	944	35.0
1991/92	2,644	1,081	41.0
1992/93	3,407	1,136	33.4
1993/94	3,711	1,243	33.5
1994/95	3,058	1,147	37.5
1995/96	3,800	1,280	33.7
1996/97	4,100	1,339	32.6
1997/98	4,233	1,607	38.0
1998/99	4,992	1,802	36.1
1999/00	5,132	1,457	48.0
2000/01	n.a	3,000	n.a
2001/02	n.a	2,950	n.a
2002/03	n.a	3,531	n.a
2003/4	8,000	2,555*	32.0

Source: Committee of Vice Chancellors and Principals in Tanzania (1997, p. 54); University of Dar es Salaam - Admissions Office, May 2003; University of Dar es Salaam (2003) "Selection of Candidates for Government Sponsorship 2003-04" Letter from the Chief Academic Officer to the Faculty Deans and Principals of Constituent Colleges, Ref. Z17/A.P2003 March 23rd 2003; University of Dar es Salaam, Minutes of the 151st Meeting of the University Council Held on June 9th 2002 p. 13; University of Dar es Salaam, Minutes of the 148th Meeting of the University Council Held on November 22nd 2001 p. 25; Higher Education Accreditation Council (HEAC) (2001) HEAC Newsletter Vol. 1. No.1 p. 1 (cited in Ishengoma, 2004)

n.a - data not available

* = applicants were to be admitted on Government sponsorship only as per the directive from the Chief Academic Officer in the letter cited above.

The above data show that the introduction of student loans from 1990s does not reflect the enrollment trend of students at the University of Dar es Salaam. The data show a fluctuating trend, for instance in 1991/92 – 41 percent of applicants were enrolled, 1996/97 – 32 percent of the applicants were enrolled, in 1999/00 – 48 percent of the applicants were enrolled while in 2003/4 – 32 percent were enrolled. The data also show

that there is no any year where the enrollment has been even 50 percent of the applicants which means many students are left than enrolled.

The above observations bring us to some important questions concerning access to higher education in Tanzania, and in particular to the flagship University of Dar es Salaam (Ishengoma, 2004). And given the level of poverty in Tanzania, it is conceivable that there were many students who never applied for higher education, as their household could not meet the expenses of involved such as transport, application, and entry examination.

Despite that, it is also conceivable that there are students who would not have been able to eat and stay on or near the institutions of study if there was no provision for a loan for food and accommodation (URT 2002).

Regarding equity (fairness in access to the loan funds), which is among the objectives of the student loans in Tanzania particularly directing the funds to the needy students, was impractical up to 2004 due to absence of an instrument (means-testing) which could have enabled its implementation. That being the case, it is argued that children of the richer segment of the society tended to be over represented in higher education institutions by a factor of almost 1:4 (ibid.). However the means-testing was theoretically and practically introduced in 2005 and 2006 respectively but its efficacy is yet to be estimated (Ishengoma, 2008; Mpiza, 2007)

Apart from the above it is said that the loan scheme in Tanzania from 1994 to 2000 has been able to disburse loans to students in 13 higher education institutions. The loan fund was initiated in 1994/95 with 1,647,669,450 Tanzanian shillings which was made available by the Treasury and the same amount was disbursed to 6,044 loan recipients in 13 higher learning institutions (URT, 2002c). It is further documented that by the end of 1999/2000 the loan scheme had grown to 16, 370, 485, 500 Tanzania shilling and was handling 10, 292 loan recipients (ibid.). Moreover it is estimated that up to 2006/07 academic year for the higher education institutions 78 billion Tanzanian shillings had

been disbursed to 47,784 students from different higher learning institutions all over the country (HESLB, 2007). Arguably, there is an increase of students, who receive the study loan though, as pointed earlier, the increase does not reflect the number of students who complete Advanced Secondary Education with qualification for higher education.

2.3.2 The performance of students' loan scheme in South Africa.

Students Loan Schemes have practically succeeded in some countries while in other countries the schemes have been disappointing (Ziderman, et al., 1993). The experience from South Africa displays one of the successful student loan schemes. According to Merisotis and Gilleland (2000), since its inception in 1996 the National Student Financial Aid Scheme (NSFAS) has been doing well in all sections of operations including frequent public awareness campaigns that educate people through TV, radio stations, internet, brochures and higher education students' and public meetings on procedural issues for acquisition of the funds. The campaigns have enabled the NSFA to confront minimal political pressure from the stakeholders during the implementation stage and other types of issues that plague other countries on the continent interested in operating a national student loan scheme (ibid.).

Apart from that, South African student loan scheme has been successful in addressing some of the issues that often lead to the failure of loan schemes (Meagan, 2006). It has been able to timely disburse the money (loans) and also it has been able to recover those loans and protect them against default. The student loan schemes also need to ensure that the high administrative and collection costs are built into the cost of the loan to ensure that the money recovered reflects the actual costs involved in the administration of the loan (Johnstone, 2000; Woodhall, 1991). NSFAS has been serving a large number of financially needy and previously disadvantaged students, although it has kept its annual administration cost of under 2% -- in part through a good technological infrastructure that aids in good record keeping (Meagan, 2006:7). The loan scheme is portrayed as performing well.

2.3.3 The Performance of students' loan scheme Kenya

The student loans scheme in Kenya was in place before in 1952 but was suspended by the government one year after independence in 1964 and reintroduced in 1973 by the name of University Student Loan Scheme (USLS) in the form of a small unit which was not autonomous, the Loan Disbursement and Recovery Unity (LDRU) (Otieno, 2004). It is further pointed out by Otieno that the loan scheme was performing poorly in terms of disbursement and recovery as money was literally dished out to students although the students were to channel their application forms to be endorsed by the chiefs/local but yet there was no serious attempt to recover them. He further argues that there was a big outcry from the students, parents and other stakeholders that very few targeted students were able to access the loans due to unclear and bureaucratic procedures that hindered poor students (the targeted ones) from the peripheries of the country to access the LDRU offices in Nairobi.

Several factors undermined the successful operation of the program. First, the ad hoc manner in which the program was started meant that there were no precautionary measures taken to guard against default. Second, it lacked people with requisite skills in debt recovery. By all accounts, it was grossly ill equipped to handle the challenges of running a loan program (ibid.).

However, more comprehensive reforms were realized in 1995, when the government set up the Higher Education Loans Board (HELB) through an Act of Parliament. Good facilitative measures for disbursement of loans, scholarship and bursaries to needy Kenyan students including decentralization of application stations to upcountry regions were established (ibid.).

The HELB in Kenya has been able to recover a substantial amount of the loaned funds such that up to 50% of disbursed funds are generated from recoveries, which, as of 2002, averaged Ksh 50 million (US\$2,173,913) per month (KR, 2002 cited in Otieno 2004). Despite this achievement, the Board is far from achieving full cost recovery, a daunting

task for many loan programs (ibid.). The loan scheme is depicted as moving towards good performance after a long period of struggle.

2.3.4 The performance of students' loan scheme in Norway

A national system of student loans was established in 1947 and it was started by the establishment of a state institution for student loans (Levy, 2004). He further explains that the loans are given after means-testing (parental economy), and following an individual assessment of the student's plans and progression.

As per administration, the system has been operating under the same government institution-the State Educational Loan Fund (*Lånekassen*). The State Educational Loan Fund has been in charge of all functions related to the administration of the schemes, in close co-operation with the ministry and the educational institutions. The development of ICT in the institution facilitates communication not only within the institution but also with the education institutions (ibid.).

Regarding student application procedure, students are required to submit and forward the loan application forms through the institutions or directly to the State Education Loan Fund. "They are then forwarded to the appropriate regional office, where they are scanned for registration. These applications are registered and, unless further queries are raised, are processed automatically by the computer. Other applications are first handled manually" (Levy, 2002:31). In addition to that it is further pointed out by Levy that *Lånekassen* has introduced a net-bank customer contact where students at an institution of higher education may now enter an application electronically.

The disbursement is done within ten days but this is preceded by the payment document which is given to the customer through the institution of learning that has to be signed by the receiver and return the document to *Lånekassen*. Within ten days the applicant is paid twenty percent of the loan through the bank or post office and the rest is reimbursed monthly to a bank account (Levy, 2002).

Concerning repayment of the loan, when the student has finished the study, a repayment plan is generated automatically (Levy, 2002). The plan is sent to the customer approximately four months later and the repayment period is set to a maximum of 20 years but smaller loans may have a shorter repayment period. The loan is charged with interest from the first month after the end of the study period but loans are interest-free for students during the course of studies for the time a student is eligible for support (ibid). According to the State educational Loan Fund (2002) in its annual report of 2001 cited in Levy (2002), the loans repaid by debtors were 3,559 million Norwegian Kroner (NOK) and the interest paid by the client was 3,035 million NOK and the fees on repayment was 125 million NOK. This shows that loan repayment is being done. The new loans each year are financed through incomes from the repayment of loans, and new loans that Lånekassen will obtain from the National Bank (ibid.). The student loan scheme is depicted as performing well.

However, the above presented loan schemes from different countries seem to vary in their performance though their central objective is more or less the same which is to assist the students to access higher education. While the first three presented loan schemes emanate from African countries (developing countries), the last case is from developed countries. The countries' economic base and political environment defer. The first group of countries has more or less the same economies (developing economies) and the other country has different economic stand (developed economy) which might be a base for having varying students' loan scheme management and administration. Regardless these differences, all countries have almost the same goal which is the point of reference and discussion when addressing the performance of the student loan scheme in Tanzania.

2.4 Research Gaps in the Reviewed Literatures

Two categories of literatures have been reviewed. Some of the literatures are specifically addressing the students' loan scheme in Tanzania while others address the students' loan schemes in other countries.

The reviewed literatures particularly those addressing the student loan scheme in Tanzania indicate that the performance of student loan scheme in Tanzania has been

approached by focusing on the internal perspective of the loan scheme operations. This means that most of the surveyed literatures discuss the internal performance of the loan scheme mostly basing on the policy makers and policy implementers.

Further more some of the literatures, for example (URT, 2002 & 2004), show that the loan scheme as an element of cost sharing in Tanzania is slight performing well in, others show doubts in the performance of the scheme for example (Ishengoma, 2004; Mpiza, 2007).

The reviewed literatures on the performance of the loan scheme in Tanzania have not addressed the performance in relation to the procedural processes for student to access the study loan. Neither have these literatures addressed the trend of the loan recovery (repayment). In addition, the methodology used by the reviewed studies for instance URT, 2002 and Mpiza, 2007 is mainly quantitative.

Finally, other surveyed literatures particularly those addressing the student loan schemes in other countries show the performance in varying degrees including performance in application procedures, disbursement and loan recovery.

From the above mentioned research gaps it has been seen imperative to conduct this study in order to fill in the gaps by using the qualitative methodology in order to examine the performance of the loan scheme in Tanzania mainly focusing on procedures for the loan acquisition and the structures for loan recovery.

2.5 Summary

The chapter has presented the human capital theory and its assumptions. The theory has further been related to this study.

The chapter has also presented the notion of cost sharing as related to student loan schemes. It has further presented general overview of the objectives of the loan schemes mainly basing on Ziderman literatures which are among the literatures explaining widely

about the loan scheme as an alternative for financing higher education. In addition to that the general overview of the rationale for loan schemes has been elaborated.

In addition to the above, the chapter has presented the performance of the student loan scheme in Tanzania and other three countries, Kenya, South Africa and Norway as they are portrayed in different literatures for comparative purposes.

Finally the research gaps in the reviewed related literatures have been presented to show the rationale for conducting this study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

The foregoing chapter has embarked on theoretical framework and reviewing the related literature to this study. This chapter devotes to methodological aspect of the study. It specifically devotes on research strategy and data collection methods. Finally the chapter specifies the study setting in which the data was collected.

3.1 Research strategy

This study employed qualitative methodology in collecting the data and in analyzing the same data. The methodology was selected because it was considered appropriate to generate desirable and relevant data. The strategy was further opted due to employing methods of data collection that capture the in-depth and detailed data depending on the purpose of the study, manageable sample size and the affordable costs (Best 1995).

The purpose was to generate the in-depth and detailed data that would enhance to examine the performance of the students' loan scheme in Tanzania in respect to students' and policy makers/implementers' experiences through words rather than statistical manipulation (Bryman, 2004). In addition to that the strategy enhanced to elicit first hand information from the respondents by physically visiting them to their places. This is supported by (Creswell, 2003; Silverman, 1993; Strauss and Corbin, 1990) by saying that the qualitative researcher has often to go to the site (home, office) of the participant to conduct the research and in turn this enables the researcher to develop a level of details about the individual place and to be highly involved in actual experience of the participant.

Moreover, the strategy was used being aware of its limitations particularly the limitation of the methods associated with it, namely individual interview and group interview (focused group discussion). The limitations are explained later on during the presentation of the particular methods.

Two types of qualitative methods, namely semi-structured interview and focus group discussion have been used. These two methods were applied because the interest was to achieve the stakeholders own assessment of the performance of the loan scheme. Specifically the performance was examined through the views of the students and through the complementary information from the policy makers/implementers.

3.2 Data collection procedures and methods

The data were collected at the end of January up to early March, 2008. Before going to the field for research work a research proposal was prepared and discussed with the supervisor. And also communication was made with the key persons in the institution that were to be visited. The objective for prior communication was to clearly understand the procedures for accessing these institutions on one hand and to develop a rapport with them. This procedure is supported by Spradley (1979) cited in Shekh (2003:121) by saying that familiarizing with the research environment minimizes barriers in data collection and in some instances allows the researcher to develop mutual trust that allows for smooth flow of information.

3.2.1 Interview

In this study in-depth face to face interviews specifically semi-structure interview was used to all respondents, that is, twelve students from the UDSM and four officials from MHEST and HESLB – two officials respectively. Interview method was opted to basing on its many advantages particularly that it allows verbal and non-verbal ways of delivering and receiving information and it allows an interviewer and interviewee to discuss an issue in details and wider perspectives (Cohen et al., 2007; Patton, 2002).

Students were selected in this study because they are involved in the whole process of loan acquisition, which is, applying, receiving and later on repaying the loan. A student community, which is directly involved in such manner, is one of the constituents of the loan scheme that is in a good position to portray the performance of the loan scheme by evaluating the services they receive. In short, students were considered to elucidate how the loan scheme performs in practice as opposed to how it ought to. The MHEST and

HESLB officials were involved because they are policy makers and implementers of the loan scheme policy.

It should be noted that before doing any interview, the fieldwork permit from the MHEST was obtained after presenting the introductory letter from the Institute of Educational Research, Faculty of Education-UiO. The written permit (*appendix I*) allowed to conduct the interviews in the same Ministry, the University of Dar es Salaam and the HESLB.

At the University of Dar es Salaam, the administration was approached and a go ahead was given to interview students. The Dean of Students contacted the DARUSO President who in turn held a meeting with faculty representatives and a few ministers of the organization where the author of this study was invited and used the opportunity to introduce the study. It was then agreed to interview three respondents a day depending on when they were free from lectures, and interviews were conducted at each interviewee's place of choice in the university main campus.

At the MHEST, two officials who are responsible for higher education were interviewed in their respective offices. And at the HESLB, two officials were also interviewed in the same manner and on appointment bases.

The interviews were guided by a list of guiding questions (interview guides) which was prepared prior to departure for field work. The use of interview guides, according to Punch (1998), is important for they assure that the same categories of information are obtained from a number of people being studied.

The guiding questions were into four categories. The first was used to interview ten students from ten faculties of the University of Dar-es-Salaam and the second was used to interview the DARUSO leaders. The third list of questions was used to interview two officials from the MHEST and the last was used to interview other two officials from the HELSB. The interview guides are found in *Appendixes A to D*.

Apart from the interview guide a number of instant questions depending on the type of answers provided by the respondent were asked. Instant questions in research are known as probing questions and they are suitable for clarification of issues during interviews (Cohen et al., 2007).

It should be noted that the interview method has some weaknesses such as being relatively expensive in terms of time and money, and having a possibility of incorporating biases or subjectivity. However these weaknesses were to the large extent observed through cost conscious budgeting on the limited financial resources which were available. Seeking appointments from the respondent to avoid “*a come tomorrow response*” and a mutual understanding was established through creation of rapport which ensured working within the time frame. Finally the intentionally leading questions were strictly avoided as a precaution for minimizing unnecessary biases. It is minimizing not eradicating biases because the issue of bias is complex. According to Lund (2005) a researcher is not free from being biased because even the choice of the problem to be studied may be driven by his/her bias as a topic of interest. Despite the biases, the interview method, as explained earlier, is credited for its ability to obtain in-depth information, allows flexibility and takes care of resistance from respondents (Silverman, 1985). This means that different from the questionnaire (particularly postal questionnaire) where a participant can decide to discard it or answer the question partially or incorrectly, in an interview session the face to face setting and good skills of interviewing may help to arrest the situation if occurs.

3.2.2 Focused Group Discussion (FGD)

The focused group discussion is another method that was used to elicit some in-depth information from the respondents. Basing on Corlien et al. (2003) and Morgan (1998a), that a focus group discussion should be constituted by six to twelve persons, and six to ten persons respectively; two groups of discussion were conducted and each group comprised ten students.

The author of this study facilitated the discussion such that all group members (students) during the discussion were left to talk freely and spontaneously about the different subtopics which emanated from the main topic. The discussion was guided by the group discussion guide (*see appendix E*).

The group discussions involved students from two different years of study. The first and third year students were together involved in each of the two groups in equal numbers. The groups were deliberately constituted in that manner in order to elicit a diversity of experiences on the operations of the loan schemes. The first year students had a degree of experience which was slightly different from the third year students. This will be discussed later.

Ten students were selected from first years and ten students from third years. This was done by the help of two University lecturers who invited the author of this study to attend their lectures and in turn some minutes were given in the four lectures to put forth the study topic and at the end of the lectures students were asked to volunteer for one hour group discussion on their convenient time. The two group discussions were successfully done and displayed experiences of the students to the performance of the loan scheme in Tanzania.

Although focused group discussion may be appropriate and even more advantageous, since it allows participants' perspective – an important feature of most qualitative research (Bryman, 2004), yet it has some disadvantages. In this case, some students particularly at the beginning of the discussions were reluctant to contribute while others were contributing more frequently than others. The first year students were a bit reluctant to contribute. It was observed that the first year students had inferiority complex over the third years and their low fluency in English language was the obstacle. However, the facilitator made it clear that the contribution from all participants were equally important because the views from the same speakers were insufficient for the study. And also Kiswahili (which is the national language though not medium of instruction in higher education institutions) was allowed to be used in case any participant thought that he/she

could feel more comfortable to give his/her views by using Kiswahili language. All participants understood both languages. After the clarification the participation was better than before. If the situation was not arrested there was a possibility for some participants to dominate the discussion, which in Bryman's view, it is a problem of group effect of those who hog the stage while others remain reticent speakers.

Another apparently disadvantage was that some of topics rose fierce discussions to the extent of some students forcing their views to be dominant and real. It was like individuals attacking each other through powerfully suppressing each others views. The situation was cooled down by urging every speaker to respect what another speaker has said and rather challenge any view by the power of argument than the argument of power. If the situation was not combated there was a possibility of the contribution of others to be suppressed and thus discouraging a fruitful participation.

The use of individual interviews and group interviews aimed at increasing the validity of the findings due to the fact that each method has the weakness and strength (Bryman, 2004). That being the case, the use of both methods in this study augmented the strength of the findings. Through both methods more or less similar information in varying degrees were elicited.

3.3 Documents analysis

Documentary analysis has been considered by many qualitative researchers as potential source of data for research (Mason, 1996). Providing the meaning of a document in research context Bryman (2004) says that it is any written material that can be read, have not been produced specifically for the purpose of social research, are preserved so that they become available for analysis and are relevant to the concerns of a social researcher. In this study documents have been used to complement other sources of information with the idea that documents corroborate and augment evidence from other sources (Yin, 1994).

This study has used official state documents. These are Tanzania Higher Education Policy (HEP) of 1999, Higher Education Students' Loan Board Act of 2004 and an

Evaluation Report of the First and Second Phases of Cost Sharing in Higher Education in Tanzania (2002). The first document has been included in the analysis as it lays foundation for higher education students loans' while the second mandates and delineates the functions of the HESLB. And the last document explains and evaluates the steps taken by the government in financing students in higher education institutions by showing the done and undone. Other documents used include the HESLB guidelines for the applicants of study loan. Generally all documents are closely related to the problem in focus.

The documentary review was done with a precaution that not all documents are useful for research purposes because documents are written to serve various purposes of which some may be inclined to certain purposes that are not fit for research. The documents that were reviewed in this study attained the criteria of being used in research as they are either state official documents or research studies. According to Scott (1990) the documents to be reviewed in research need to be authentic (genuine), credible (free from error and distortion), representative (typical) and meaningful (clear and comprehensive). The documents mentioned above meet the mentioned standards.

3.4 Study Settings

The study has been conducted in the United Republic of Tanzania. Tanzania is approximately 945,087 square kilometers. It is composed of more than 26 regions and its population is 34.6 million (URT, 2002c). It is one of the poorest countries in the world. Its economy is partly dependent on external donors. It is heavily aid dependent (approximately 40% of the national budget is funded through aid) and more than one third of the population lives below the national poverty line - below 1\$ (ILO, UNDP, UNIDO, 2002). The study was specifically conducted in one of the regions of Tanzania that is Dar es Salaam.

Dar-es Salaam is the capital and largest city of Tanzania. Most of government ministries, including the Ministry of Higher Education, Science and Technology, are located in the city. The centre areas of this study, notably, the mentioned ministry, University of Dar es Salaam (UDSM) and the HESLB are all located in Dar-es-Salaam city. The closeness of

the areas targeted in this study made it possible to make follow ups of all issues in a field situation.

3.5 Validity and Reliability

The terms validity and reliability have been more prominent in quantitative research but they are also applied to qualitative research though addressed differently (Brock-Utne, 1996; Cohen et al., 2000). In qualitative research the terms trustworthiness has been used by various authors to incorporated reliability and validity (Guba and Lincoln, 1994).

In this study trustworthiness was maintained in the following ways. Triangulation of methods was employed (interview, focused group discussion and documentary review). This enabled different methods to be complemented due to the fact that in research every method has its weaknesses and strengths.

Apart from that the instruments for data collection were piloted to few students of similar characteristics with the respondents of this study from the Instituted of Finacial Management (IFM). This led to revision of the instruments (for instance interview guide) to suit participants. These two measures were taken to maintain trustworthiness of the findings of the study.

3.5 Summary

The chapter has presented the methodology which has been used to conduct this study. Qualitative strategy and the methods (interview, focused group discussion and document analysis) that accompany the strategy have been presented. It has been presented that the interviews were done to all respondents, but the focused group discussion was done to one category of the respondents, to eliciting in-depth, detailed and first hand information. In addition to that it has been presented that documentary review to support the first hand information was employed.

CHAPTER FOUR

PRESENTATION AND ANALYSIS OF THE FINDINGS

4.0 Introduction

In the preceding chapter the methodological aspect of the study has been presented. In this chapter the findings of the study are presented and analyzed. The presentation and analysis are done in three sections following the trend of the objectives of this study. The first section deals with the performance on students' loan application procedures. The second section displays the findings on the performance on disbursement procedures. The third section devotes to performance on the loan recovery.

In analyzing the data, the induction method is used as a bottom up approach where themes ideally arise naturally from the data bearing on the research questions (Blanche and Durkheim et al., 1999). Thus not all issues discussed in the interviews are presented in the findings rather those that seemed most relevant to research questions.

Before engaging in the presentation and analysis of findings the summary and characteristics of the sample (research respondents) that participated in the study is provided.

4.1 Research Respondents.

The respondents were composed of three categories. The first category was comprised of university students who are among the stakeholders and beneficiaries of the loan scheme. It was constituted by 12 students for students who were interviewed and 20 for the students who were involved in group discussion thus the student category comprised 32 respondents. The second category is the category of policy makers which was comprised of two officials. And the last category is of policy implementers who were two. Table 4.1 provides a summary of the research respondents by category and gender.

Table 4.1 Respondents by category and gender

Category	Individual Interview			Focused Group Discussion			Grand total	%
	Male	Female	Total	Male	Female	Total		
Policy makers	2	0	2	0	0	0	2	5.6
Policy Implementers	1	1	2	0	0	0	2	5.6
Students	7	5	12	10	10	20	32	88.8
Total	10	6	16	10	10	20	36	100

The category of students in the respondents for the interview part was composed of two student leaders and other general students while in the group discussion all were general students. Students' leaders apart from giving their experience on the operations of the loan scheme they also gave the experiences for other students by virtue of being DARUSO leaders (students' organization).

4.1 Application Procedures

In this subsection the interest was to understand the convenience of procedures to students who are the customers of the HESLB. Primarily, the procedures had to be identified from the documentary review and the interviews from the policy makers and policy implementers.

The primary procedure is that the HESLB every year through different media provides information to the public on the eligible students and invitation for application. After the information has been released then the students who have completed Advanced Secondary School are required to access the loan application forms from the identified stations and fill them accordingly. The filled forms are sent (after paying an application fee) to the Executive Director of the HESLB through either the post office or physically submitting them to the HESLB offices which are in Dar es Salaam. After completing these procedures the student waits for publication of the list of successful applicants

through the media or internet. The HELSB Act No. 9 of 2004 allows the HESLB to set out the procedures, criteria and conditions governing the granting of students loans.

4.1.1 Information delivery and accessibility.

In this case the question was asked to the MHEST and HESLB officials regarding how the information is given to the public about the availability of funds for loans and eligibility.

All interviewed officials (four) explained that the information is provided mainly through the media and websites of the Ministry Higher Education, Science and Technology and HESLB. It was also said that in addition to that HESLB provides information through calendared exhibitions in Tanzania. On this, one of the interviewed officials from HESLB had the following to say:

We have various ways of providing information to our fellow Tanzanians on the availability and their rights for students' loans. We use government radio station-Radio Tanzania Dar es Salaam (RTD) and TV station-Tanzania Television (TVT). We also periodically give press release through the news papers namely, Daily News, Habari Leo, Uhuru, Mtanzaia and Sunday News. Mr. Researcher on top of that we attend nationally conducted exhibitions that take place in different periods of every year, for instance Sabasaba Day¹ and Nanenane Day². We are sure that these means of providing information cater for a variety of Tanzanians, if one misses our information in one may get it in another (interview, HELSB official-February, 2008).

On the other hand, more or less similar question was posed to all interviewed (12) students during individual interview.

Most of the interviewed students (10 out of 12) claimed that before joining the university they got information about the student loans from relatives and friends who were leaving in Dares Salaam or fellow students who were already in higher education institutions. One of the respondents had the following to give:

Since I was in High School in my village I had the basic information from my cousin who is working in Dar es Salaam. He was insisting me to study hard and that after completion of my studies and if I passed well he could send the forms to me in order to apply for the loan to enable me to study at the university level (interview, student – February, 2008)

¹ Sabasaba is an old and popular name for Dar es Salaam International Trade fair that takes place annually on July 7th at Mwalimu Nyerere Trade Fair Grounds which is located along Kilwa Road 8 km from the Dar es Salaam city centre.

² Nanenane is a special day for farmers, which is celebrated on August 8th every year.

I further wanted to know from the same respondent whether she had ever heard from the radio or TV or read in the news paper about the students' loans. She responded as follows:

Radio? TV? It seems you think that every place in Tanzania is Dar es Salaam! In short I had never heard from the small radio of my father and we had no TV at home and our school did not have electricity so there is no way we could access the TV news (Interview, student - February, 2008).

Another respondent (a student) had almost the same response on the source of information on the availability of students' loans. He said:

I had the information from my friend who was by then studying at the University of St Augustine-Mwanza. He explained to me everything about the students' loan and how to get it. I had never heard any information from the radio until when I came in Dar es Salaam when I happened to tune Radio Tanzania one day when I heard the advertisement from the loan board. However I am afraid, the information they deliver through this radio station is not accessible to many people particularly students because the station from my experience is not tuned by many people especially students. They could rather use other radio stations like Radio One, Free Africa, Kiss FM, East African Radio etc (interview, student – February, 2008)

Also the question was one of the topics of discussion in the two groups of discussion. The trend was the same as in the individual interviews. Most of the members within the groups seem to have never received any information through the means used by HELSB except when they came in Dar es Salaam to commence their studies.

Specifically, 16 out of 20 contributors in the discussions were to the idea that the means of providing information were favoring people in Dar es Salaam and forgetting other people from the rest of the country as if the whole country was Dar es Salaam. The following dialogue between two students may show how Dar es Salaam is considered to be favored:

- S1. *My friend do you expect to get information from modern means like internet and TVs while you are coming from “madongokwinama³?” Shame on you! That is a periphery of the periphery of the periphery! When you talk of Tanzania you talk of Dar⁴ my friend. The State House, all ministries' headquarters and ministers, almost all members of the parliament, big offices and many others of the like are in Dar es Salaam. Come on my friend if you want to be well informed I advise you to have a settlement in Dar otherwise you will keep on complaining until the end of the world.*

³ A Swahili name denoting a hardly accessible place

⁴ A short form of Dar es Salaam

S2. *Well, my place of origin is periphery of the periphery of the periphery, whatever you call it, but it is still part of Tanzania and Tanzanians are living there and more importantly they are paying tax as those in Dar so they are supposed to get and enjoy all the services like any other Tanzanians. I got my first loan at the end of the second semester I turned to be a mere beggar just because I had no any information on how to apply! Do you know how much I suffered? (Wiping the eyes as if she was about to cry) The Board is unfairly treating some Tanzanians, it is sad I tell you people!*

They further explained that Dar es Salaam is full of important social facilities such radio and TV stations and news papers which enable the flow of information quickly with no or few barriers. For them it was not easy to access information for most of the people to the periphery of the country.

The rest of the students claimed to have got information by physically going to the HESLB by virtue of living in Dar es Salaam as the following student was captured saying:

I did not have any problem with information. I have been living in Dar since I started standard one. So I got enough information from the board officials by dropping in their offices. (Interview, February, 2008)

The answers from the interviews and group discussions seem to tell that the HESLB deliver information using the means which are conducive to some parts of Tanzania while other parts are disadvantaged.

4.1.2 Mode of application and accessibility of loan application forms

The application guidelines by HELSB in 2005/6 show that Students who seek for the loans are supposed to make their application through the forms that are issued by HELSB. The guidelines also explain where the students should access the application forms for a loan from HESLB. For instance the 2005/06 guideline states the following:

Students may obtain application forms from the following sources:

- (i) Offices of Deans of Students in institutions of studies,
- (ii) Office of the Executive Director of HESLB located at TIRDO Complex – Msasani in Dar es Salaam,
- (iii) Ministry of Science, Technology and Higher Education Website⁵
- (iv) Post offices in their regions (URT, 2006a)

⁵ The MHEST website is www.msthe.go.tz

It is further explained from the guidelines that duly filled forms together with other relevant documents as stipulated therein have to be submitted to the Executive Director of the Higher Education Students' Loan Board through the post office or physically submit the forms to the HELSB offices.

Most of the students who were interviewed (11 out of 12) explained that they access the forms although with difficulties. And also they indicated that filling the forms is very tedious. The identified difficulties were mentioned as far stations for accessing the forms which involves extra costs. They further pointed out that some of the items in the forms are so difficulty to fulfill which makes the application task as a battle. They identified the items as those requiring them to get a certification of their residence, affiliation and income from ward verification committee, certification by the Advanced Secondary School headmaster or headmistress and approval from the parents and/or guarantor as the following citation syas:

According student guiding notes on filling the application form, the HESLB wants the student to get the verification of residence and affiliation and income from the ward committee or local council. Part I (9) of the forms requires an applicant to be certified by "A" level head-master /mistress or principal. Part II (18-19) has to be filled by the applicant's parents/guardians showing among other things their economic status and their life style. And parts III (22-23) require the loan applicant guarantee to provide his economic status. (URT, 2006a)

Responding to the question that wanted to understand how, when and where she did get the forms for application, one respondent had the following elaborative experience to give:

It was tough for me to get a form when I completed my 'A' level studies. I am coming from a small village 250km from the town where the post office is situated. I had to look for money to enable me to go there like thirty thousand shillings. When I went to the post office I was told that the forms were finished I had to wait for three days. I could not go back home thus I was forced by the situation to spend three nights in the guest paying money for accommodation and eating. Thanks god I got the forms the fourth day. But filling the forms was another difficult task for me particularly getting the guarantee person because most of the people I approached feared that they could be taken before the court of law if I fail to pay back the loan. Also I had to incur the costs for a magistrate's certification on the guarantor's side and my side. Again I had to go to the ward executive secretary for certification where my forms spent almost three weeks before I could get them back. You know what? Because of all these meanderings, I sent my forms to the HESLB one week before the deadline. The consequence was that when I joined here at the university I was told that I did not apply for the loan so I had to approach the DARUSO leaders who struggled along with me until when I succeeded (Interview, February, 2008)

According to the respondents it seems the task of accessing a form and filling it is time consuming and costly. The process seems to have meanderings that may lead to some prospective higher education students (particularly the poor ones) to refrain from applying for a student loan.

4.2. Loan Disbursement Procedures

In this case the task was to assess the mechanism used to determine the amount of loans to be assigned to students, the time factor for money disbursement, publication of successful students and the means through which the students receive their money.

4.2.1 Means-Testing

Means-testing was identified by policy makers and implementer to be the only dependable instrument (mechanism) used by HELSB to determine and allocate loan to individual students.

During the interview all interviewed policy makers and implementers said that before any disbursement of money is done, the received applications are subjected to means-testing to identify the amount of loan to be assigned to individual students per items specified by the Act which established the loan board. The items are meals and accommodation charges, books and stationery expenses, special faculty requirement expenses, field practical expenses, tuition fees and research expenses. The testing is done with the idea in mind that the money is to be loaned to academically able but needy Tanzanian students unable to meet education expenses and who have secured the admission in Higher learning institutions. On this one official from the HESLB had the following to say:

On receiving the applications we subject them to means-testing which is a newly introduced mechanism to identify the needy students among the applicants and amount of loan to be given. We have a computer program which we feed in the information given by the students in application form HESLB – SLF1 which in other words is called a means testing instrument. Through this testing applicants are categorized into grades, A (100% loan), B (80% loan), C (60% loan), D (40% loan), E (20%loan) and F (0% loan). So an applicant is granted a loan according to the percentage scored and these cuts across all items except meal and accommodation where all students are allocated equal amount. The processing of all forms is done at the central office as HESLB does not have branches so far (interview, February, 2008).

On the other hand most of the interviewed students (11 out of 12) were not satisfied with the results from the means-testing. They argued that the means testing is subjective and treats most of the students unfairly.

The student leaders claimed that although the HESLB has been insisting that it uses means-testing to correctly assign the grades for successful students but yet the DARUSO office has a list of 670 students who are actually suffering from being assigned in lower grades and hence they receive very little amount of loan which do not suffice their needs while they are at the university. It was claimed that negotiations between the DARUSO and HESLB were under way to enable the proper placement of the listed students.

One respondent doubting the means-testing instrument said the following during the interview:

I think there is a hidden criterion which is being used to place applicants in categories a, b, c, d, e, and f not this means testing. There is a number of applicants, who have been placed in lower categories, do r e and others in the higher categories a, b or c but in real sense they were supposed to be categorized otherwise because we know their background. Some are from poor families have been placed in group d while others in at least well-off families but have been placed in group a or b (interview, February, 2008)

Almost all contributors in the two group discussion were against the means testing instrument. 18 out of 20 students claimed that it was unreliable. A contributor from one of the groups said:

It is very shameful to talk of means- testing! The instrument, itself, is good but here in Tanzania it is being abused. Let us be frank. How many students make forgeries when filling the forms? How many students approach physically some HESLB officials to negotiate on their grade if at all the information provided in the form is the base of the grading? We are deceiving ourselves. There is no such a thing called means-testing. It is just a power of negotiation and good techniques of forgeries. (Group discussion, February, 2008)

According to the interviewed respondents and the group discussion means-testing is in use regarding the allocation of loans. However the instrument was not functioning to the expectations of the beneficiaries thus yielding unexpected outcome in loan allocation. According to them the means-testing was not giving out the results that reflected the economic/financial ability of the student or his family.

4.2.2 Publication of successful applicants

The application guideline for loans that was provided in 2006 specifies that the a list of successful candidates for loans is to be posted on the website, published in local newspapers, sent to respective institutions and individuals may be informed through e-mails (URT, 2006a).

All of the interviewed respondents (students) said that they usually get the result of their applications through mainly the news papers and notice boards at the university. None of respondent had accessed information about the result of his or her application of the loan trough the HELSB or MHEST websites. The universal reasons given by all interviewed students were that it is expensive to access the internet. One of the interviewed students said:

The internet is good for getting information but before coming to the university I can assure you I had never been successful to access the board's information from the internet. It is very expensive. I have to travel from the village to town where there are internet cafés and spend a night because there is no transport means to back home the same day. Even Worse, I have to pay the fee for internet and the internets are extremely slow to open. Sometimes you may not open the internet within the time paid for and thus required to pay once more. (Interview, February, 2008)

According to students accessing information is not only challenging task but also costly. There are some embedded costs to be incurred by the students when seeking to know the status of their application.

4.2.3 Disbursement of loans

The HESLB disburses the money through the higher learning institutions where the applicants have been admitted and through the bank accounts provided in the application forms by the applicants.

All of the interviewed policy makers and policy implementers explained that the students' loans are sent through their institutions of admission or bank account of each student. For instance one of the respondents had the following to say:

We have two ways of disbursing the money to successful students. Basically, first year students are given cash money through the bursars of their institutions. This is done for the first semester like 56 days. We receive the list of the students who have reported, comparing to the prior list of all students who have been selected to the particular institution then send the money per list to the institutions for payment. We do so for two reasons, to be sure of the recipients of the money and in most cases first year students do not have bank accounts on commencement of their studies. The

following semester first year students and other continuing students do fill different application forms (HESLB – SLF2) from the ones filled during the first application. At this time every student has a bank account where we deposit the money (interview, February, 2008)

At the same time all interviewed students admitted to have received the money through the banks and cash from the university's bursar however they were not satisfied with the pace of disbursement. It was explained by most students that the disbursement process is laden with delays. One of the students said the following on the issue of means and delays:

When I joined here at the university for the first time (the first semester) I received my money in cash from the bursar. The money for the following semesters is always deposited in my account. I think it is the same to my fellow students. The problem, brother, is that the money does not come on time. In fact, I have never received my money in or on time since I started my studies at this university three years now. You make a follow up to the Board, they say oh the check has been sent to the bank! (My bank is NBC LMT). You go to the bank they say it is yet to mature! I ask myself, why these officials of HESLB prepare the check late while they know the opening days each semester? (Interview, February, 2008).

Most of all participants in the group discussion did not have any queries with the means used by the HESLB to disburse the money. The problem was that sometimes some names were missing in the payroll in case of receiving cash from the bursar and delays in both means was a problem too. One of the participants in the group discussion gave the following concerns:

Mr. Chair person, (meaning the facilitator), for sure there is no problem with receiving the money either through the bursar or the bank. The problem rises when some names miss in the pay role. I think they do it deliberately – divide and rule - because it occurs most and frequently to first year students. And I can tell you when this occurs we plan and strike and on observing the situation the authorities immediately release the money and when we don't take such steps the money delays for a long time sometimes the whole semester (Group Discussion, February, 2008)

Disbursement delays

Most of the interviewees in all categories, (as mentioned in 4.2.3 above), point out that, delaying to disburse the money to student has become a prevailing problem. The policy makers and policy implementers admitted the delays while explaining that the delays are caused by three factors. The first one was student's inaccuracy in filling the application forms including wrong information aiming at being means-tested to an upper grade in order to get the large amount of loan (misreporting own information) and also some of the students provide the bank accounts of the banks which do not have branches in Dar es Salaam. The second reason was the HESLB sometimes receiving the money late from the

Ministry. And the third one is higher learning institutions delaying to submit admission list of students or examination results of the continuing students. One of the officials had the following to say:

It is true that we sometimes delay to disburse the money to students due to reasons beyond us. For example sometimes the funds delay from the government, students make erroneous and forgery mistakes and institutions delay their lists of admitted students or examination results. Mr., just imagine you are operating in such an environment, how do you do? The loan board is not working in isolation. If other people do not fulfill their responsibilities there is no way it can disburse the money on time. We are dealing with public money we need to be very careful and remember disbursement is not a tit for tat action, it is a procedural process. We better late to give them money than never while ensuring that the money is disbursed to the targeted people! (Interview, February, 2008)

On the other hand most of the interviewed students (10 out of 12) were skeptical of the disbursement delays. To students delaying disbursement is a perennial problem and intolerable as the following student leader said:

You know most of the students every semester get their money late. We have been having many cases of students who do not receive their loans on time and this eventually instigates chaos in the university. The situation always is bad for first year students who preliminary receive their loans for the first time through the bursar. You find many names are missing in the payment voucher while they have been listed to students who are supposed to get the loan. It is always a chaos from the beginning of the semester to the end. We sometimes organize strikes and boycott classes after making several follow-ups without success. And when we do this the money is immediately released (Interview, February, 2008)

The record from the Ministry of Loans at the student organization (DARUSO) shows a number of cases of students who faced serious delays to get their money for academic year 2005/06 and 2006/07 in different semesters, see tables 4.2a and 4.2b.

Table 4.2a Number of students whose loans were delayed for the academic year 2005/6

Year of study	semester		Total
	First	Second	
1 st	419	318	737
2 nd	200	160	360
3 rd	98	76	174
4 th	66	51	117
Total	783	605	1388

Source: DARUSO file

Table 4.2b Number of students whose loans were delayed for the academic year 2006/7

Year of study	semester		Total
	First	Second	
1 st	520	612	1132
2 nd	411	388	799
3 rd	294	212	506
4 th	194	111	305
Total	1419	1323	2742

Source DARUSO File

The above data show that, a large number of students delay to get their money. It can also be seen that the total number of students whose loans were delayed increased from 1388 in 2005/6 to 2742 in 2006/7 academic years. Again, there is an increase of number of students who do not get money on time per every year of study and per every semester for the two academic years comparatively.

According to HESLB (2007), 7371 students were given the loan at the University of Dar es Salaam in the academic year 2006/07. If 2742 did not get the money on time (delay), then this implies that 37.2% of the total students who received the loan got it late.

4.3 The loan recovery and structures for recovery

It has been found that loan recovery is still at the infant stages. Billions of money has been loaned to students particularly since 1994/95 when the students started signing legal contract with the government through the MHEST but so far there is no record of the amount which has been recovered. The available record from the MHEST shows that, 26.7billion Tanzanian shillings were disbursed to students from 1994/5 up to 2002. The disbursement record for 2003 and 2004 is missing. In 2005/06 the HESLB disbursed 57 billion Tanzanian shillings and it disbursed 78billionn Tanzanian shillings in 2006/7. The total amount of money that was disbursed to students up to 2007 excluding 2003 and

2004 is 161.7 billion Tanzanian shillings. However, this study did not access any record of recovery from either the MHEST or the HESLB.

Despite the absence of recovery record, the available data shows that the government has started the efforts to ensure that all people who borrowed the money since 1994/95 repay right from July, 2007.

We have laid down the foundation for recovering all the money disbursed to students since 1994/95. Repayment is now a must not an option. It is enforced by law different from previous days when there was no law to ensure repayment. The HESLB Act No.9 in 2004 was enacted to ensure that disbursement of money to students is done accordingly but most importantly to systematize the recovery process and make sure that we recover every sent we lend to students. Young man, you can contact the HESLB authorities they can tell you more about how they are doing on loan recoveries (interview, February, 2008).

The HESLB Act No.9 of 2004 explicitly points out that the task of loan recovery is among the functions of the loan board and is legally empowered to do so as two of the act's sections read:

...to administer and supervise the whole process of payment and repayment of the loans... to recover all loan moneys owed by former student loan beneficiaries since July 1994 under the student loan from or with the assistance of their respective employers or otherwise in accordance with the provisions of this Act and regulations made there under (URT, 2004a)

From the HESLB, the interviewed officials explained that repayment of loans was planned to start 2005 after establishment of the HESLB but absence of structures for ensuring the process, and improper record of the past borrowers from the MHEST hesitated the recovery. Regarding recoveries one of the officials had the following to say:

Recovery is still at the infant stage I can say. You know, the Loan Board started its functions in 2005 and immediately we had many things to do. So, we started by putting the logistics for recovery such as putting the legal binding structures (machinery) for repayment. In fact, the actual collection of disbursement started in July 2007. And for your information we are collecting past debts when the loan board did not exist and for the loans which we have practically disbursed are not ye ripe. All in all it is too early to tell you that we have recovered a certain amount of loans, may be July this year I can have something to tell because the annual financial report of the Loan Board will be out (interview, 2008)

The HESLB has summoned all the past borrowers through their employers to start monthly repayment of their debts (URT, 2006b). This has been done in response to a Parliamentary Act No. 9 of 2004 section twenty which calls upon all past borrowers to start monthly payment of their debts through their employers by monthly reductions from

their salaries. And also the Act makes it a responsibility of the employers to report any employee (graduate) who borrowed from the student loan scheme immediately when he/she is employed so that the record can be tracked. In addition, the Act stipulates the steps (penalties and prosecution) that can be taken for failing to repay and to report the graduate employee in case of the past borrower and the employer respectively. Consolidating the directives of the Act the policy implementer during the interview session had the following to say:

We have been able to inform about 70% of all employers in the formal sector that they are obliged by the law to let the Board know the presence of past borrowers in their institutions and arrange with the board on the monthly salary reduction for the loan repayment. Oh! We have written the letters to them and attached the legal form designed by the Board which they have to comply (Interview, February, 2008).

A probing question was asked on the type of the employers they have accessed – that is whether private employers or government employers and how fruitful it has been with regard to repayment. The following was the response.

Many of the employers and employees who have been accessed are from the government departments, institutions and quasi-government institutions and of course, they have started paying as I told you earlier. We have so far tracked few private employers and employees but we are still putting efforts to trace them. (Interview, February, 2008)

Generally, the respondents seem to justify the inability of the government and the respective authorities to recover the loaned money since the establishment of the loan scheme. Since 1994 to date there seems to be no prepared statistics of the recoveries. However, there are theoretical approaches which indicate intentions towards making recoveries; the issue is to put the theoretical intentions into practices.

4.4 Summary of the main findings.

The major findings of this study have been presented and analyzed. Prior to presentation and analysis, the chapter has briefly described the categories and characteristics of the respondents. The description has been done in words and also tabulated.

The presentation and analysis have been done following the trend of the objectives of this study. The findings of the study suggest that the HESLB in Tanzania provides information to the public, particularly to the targeted population, by using the means which are partly not convenient to most of the students.

Moreover, the findings suggest that the loan application process is lengthy and bureaucratic which injects the elements of delaying the final process (disbursement of loans). In addition, the process involves the hidden costs which have been explained to be a burden to real needy applicants.

Finally, the findings show that loan recovery is not yet being realized in Tanzanian higher education students' loan scheme. However, there efforts to enforce the recovery process by the law, the efforts which begun in 2004. Before 2004, the loan scheme authorities were like dishing out money to students without any measures to enable the students to repay them.

In short, the overall findings show that the HESLB is partly not performing well according to the views of the stakeholders (mostly students) who were involved and the documentary analysis done.

CHAPTER FIVE

DISCUSSION OF THE FINDINGS

5.0 Introduction

The foregoing chapter has presented and analyzed the findings of the study. This chapter discusses the previous presented findings. The discussion is done in the same order as the preceding chapter. The first part is the discussion on loan application procedures while the second is the discussion on loan disbursement procedures. The last part is the discussion on the loan recovery.

5.1 The loan application procedures.

Through the documentary review and interviews as presented in (4.1.2), it is not disputed that the HESLB in Tanzania has laid down procedures for students to apply for the loan. The question has been how suitable are these procedures to students who are primary beneficiaries of the loan so that they can invest in their future through education? The experiences from the respondents have tried to reveal the situation as it is discussed hereunder.

5.1.1 Information delivery and accessibility

The timely and thorough information to loan applicants has been said to be among the contributing factors to securing the loan (Ishengoma, 2004). The intention of the information is to ensure that the applicant is equipped with all the details about the application procedures before engaging in the act of application.

Advocating the power of information to students regarding students' borrowing from the student loan schemes, Woodhall (2004:48) argues that "information and publicity ensures that recipients understand and accept the underlying principles and consequent obligations for the borrowing". Arguably, a loan scheme authority that does not timely and thoroughly provide information to the customers (loan applicants) has a great possibility of inconveniencing the borrowers. This is partly happening to the loan scheme in Tanzania where a number of students are being inconvenienced in the process of seeking the loan due to lack of sufficient information as presented in chapter four.

The consequence of absence of details to loan applicants (students) is embarking on borrowing without knowing the conditionalities of the loans and eventually some students delay to get their loans while others do not even attempt to seek the loan due to lack of information. On this point Ishangoma (2004) argues that many advanced secondary school students fail to join the higher learning institutions due to lack of financial support from their families. While that is happening, the students' loan scheme in Tanzania targets at this type of students. That being the case it can be concluded that these students are not informed on the opportunities around them including the possibility of applying for the loan from HESLB.

The problem of information delivery seems to be emanating from inadequate communication of the parent ministry of higher education (MHEST) to students. According to the study which was done by the probe team for investigating the source of students' crisis in higher education in 2004 found that inadequate communication has been among the major source (URT, 2004b). Although the team was not specific on what type of communication inadequacy led to crisis, this study has revealed that the information delivery, particularly concerning the loans is channeled through the means which are not convenient to the targeted population.

It can be concluded that the HESLB to some extent is not performing well as per information delivery. The means of communication used by HESLB might be proper for the sake of communication but not proper to most of the targeted population that is students with poor and disadvantaged background. The role of HESLB in Tanzania as far as information delivery is concerned is to make sure that students have access to timely, accurate and relevant information particularly for students from poorer background (Barr, 2002). It should be understood that according to the HESLB Act No.9 of 2004 the main objective of the loan scheme is to serve the needy students to access higher education (URT, 2004a).

5.1.2 Mode of application and accessibility of application forms

The mode of application being used by the HESLB in Tanzania is feeling in forms, the mode which is not different from other countries where the students' loan programs are

practiced. For instance, the Hong Kong Loan Scheme requires the Students to submit loan applications directly to a central autonomous public loans organization– the student Financial Assistance Agency (SFAA) (Ziderman, 2004). In Norway applications are submitted directly to *Lånekassen*⁶. In South Africa, to apply for a student loan, a student once enrolled at a public higher education institution must go to the on-campus financial aid bureau and complete the NSFAS loan application (Meagan, 2004).

Two shortcomings on HESLB handling the application forms have been figure out from the experience of students. First it is difficult and expensive for most of students especially those who reside outside Dar es Salaam to access the loan application forms. It is more difficult for those who reside in villages. The HESLB is serving prospective higher education students and students in higher learning institutions which are approximately 10.2% of the total population of Tanzania – approximately 35 million people (Ishengoma, 2004) who are unevenly located in a huge country of approximately 945,087 sq km. Despite those facts, the HELSB is centralized in Dar es Salaam with no any branches to support its operations. The location of the office is already a problem to most of the students who have to travel all the way to Dar es Salaam to access the loans application forms or to the post offices which most of them are located in the central towns of each regions. And unfortunately, the forms may not always be available in the post offices as one of the respondents said (see 4.1.2).

Arguably, the point of location of the offices may not be a strong point to be complained at if the country could be computer networked. With good computer network the online communication with the HESLB would have been the best alternative such that students could be easily accessing the forms online. ICT usage in Tanzania is underdeveloped. For instance a study which was conducted in 2005 in Tanzania regarding the ICT access and usage found that 2% of all households in Tanzania have at least one working computer – all of them in urban areas (Ngalinda and Mtagahywa, 2005). And only those households with at least one computer were asked if they are connected to the Internet. The study found that only 15% of all households with working computers were connected to the

⁶*Lånekassen is a State Norwegian authority under the Ministry of Education and Research that deals with students' loans for education purposes.*

Internet –almost all of them (94%) in Dar es Salaam. Only 2% of people in Tanzania had email addresses and most of those lived in Dar es Salaam (ibid.). In such environment it may be self deceiving for the HESLB to expect their customers especially the prospective higher education students to successfully access the information or download the application forms from the internet.

Apart from the ICT powers in delivering and accessing information very fast yet the physical location of the offices seem to be vital even to successful loan schemes in other countries. Example Norway which is more advanced in ICT comparing to Tanzania yet the Lånekassen offices are located in different regions of the country possibly to make their services easily accessible as the following quotation from Levy (2004) reads:

“Lånekassen is organized into six departments and staff services. The departments are: Administration, Customer Services, Economy, Development, Support and Repayment, Collection Proceedings. The Department of Support and Repayment is organized into 10 regional offices, each one responsible for handling all the applications related to its region. Five of the offices are localized in the central office in Oslo, dealing with applicants studying in or living in the central eastern areas of the country. The five other offices are located in Stavanger, Bergen, Ørsta⁷ Trondheim and Tromsø, each covering nearby districts in the western and northern regions of Norway” (pg.30).

From the above scenario, it is obvious that the HESLB has not successfully set the convenient environment for the targeted students (poor ones) to appropriately invest in their future through higher education as the human capital theory advocates.

The second shortcoming is the extra costs embedded within the process of filling the forms as it was expressed by one of the respondents in 4.1.2. The applicants are supposed to get the certification (endorsement) of their application from the Ward Executive Officers (WEOs), “A” level secondary heads and magistrates. On top of that they are also supposed to find the guarantors who possess fixed/immovable properties and cause them to sign their forms. And also to travel long distances to access the loan application forms. This process was evaluated by students to be expensive and leading them to incur extra costs which have to be paid from the study loan they get.

⁷ Some places in the document the letters *Æ*, *Ø* and *Å* may be found in Norwegian names. Scandinavian alphabets have these three vowels, in addition to the English alphabet.

The intention of the HESLB to require students to go through that bureaucratic process, according to the interviewed policy makers and policy implementers, (see 4.1.2), was to authenticate the economic status of the applicant and his/her family so that the money is allocated to the intended applicants (security of money). This has been also a process to some of the apparently successful loan schemes (see Otieno, 2004; Mohadeb, 2006; Ziderman, 2003).

The HESLB in Tanzania may be following the right steps for students' loan application and for the security of public money. But if the cost for application (traveling for accessing and submitting the forms, paying for endorsement and other costs of the sort) suppress the expected loan, then, borrowing is not viable. This may be illogical to borrow in order to get a loan and then pay the debt which was incurred for getting the loan and just to find that the objective of the loan (higher education studies) is becoming unattainable. That being the case, the chance for the students to invest in their future through higher education (as advocated by human capital theory) may be jeopardized.

5.2 Loan Disbursement Procedures.

The ultimate of all procedures discussed in previous subchapters of this chapter are to enable the HESLB to disburse the loan to students. But before disbursement means-testing of the applicants is done.

5.2.1 Means-Testing.

It has been presented that means-testing is used by the HESLB as a sole instrument for evaluating the ability of students or their families' to pay for higher education. The instrument is a recent phenomenon as started in July, 2005 for the academic year 2005/6 (Ishengoma 2008). The means –testing was considered by the policy makers and policy implementers to be doing fine and argued that it is the only instrument the HESLB has to use in order to properly determine and allocate the loans to students. On the other hand the instrument was condemned by the students that it does not treat them fairly.

The proponents of means-testing argue that in its generic form means-testing ensures that those taking the loans are actually those that do need the loans in order to benefit from a

tertiary degree (Chapman, 1997, Johnstone, 2003). However, the instrument is said to be complicated and difficult to apply to most countries of the world where student loans are practiced and more serious in developing countries particularly African countries (Abebayehu & Johnstone 2004). The complications and difficulties arise from the question of how to determine the economic ability of a student and his/her family in order to determine and verify the amount that a family can reasonably be expected to contribute toward the higher education of their children (ibid.).

The complications and dilemmas of means testing become more serious when one thinks of the authentic source of information about the family incomes and assets. The country possession of a national data base where all citizens' income and assets are registered becomes vital (McMahon, 1998). It is argued that in absence of authentic source of information about the students and their families regarding their economic ability means-testing becomes a theoretical rather than fruitful practical phenomenon and in practice may create loopholes for treating students unfairly and sometimes may attract corrupt practices among the parties – that is, officials conducting the instrument and the students seeking the study loan (Johnstone, 2005).

The above explained situation is relevant to the loan scheme in Tanzania. The HESLB is practicing means-testing under very difficult environment. For instance the population of the Tanzania is relatively large- approximately 35 million people (URT, 2006), the informal sector is occupying a significant size of her economic spectrum (ILO, UNDP, UNIDO, 2002) and Tanzania does not have a national identity system of its citizens and also does not have a national data base of the citizens' economic ability and assets (URT, 2002c). Even worse, Tanzania's ICT is still underdeveloped (Ngalinda and Mtagahywa, 2005). In addition to that the forgery suspicions pointed out by some students is another dilemma for the HESLB. This is what Abebayehu & Johnstone (2004) have called the natural incentives and abundant opportunities of families to hide income and assets from the prying eyes of the authorities.

Conducting Means-testing in the above explained environment, HESLB may be either deliberately or un-deliberately treating the students unfairly thus the instrument giving an unexpected results and thus raising the suspicions of corrupt practices. Unfair treatment is contrary to the central objectives of the loan schemes according to the cost sharing advocates that students' loans create equal opportunity for all students to access higher education as put forth by Woodhall (2002) that:

Students loans give potential students from poor families, who would otherwise be denied access to higher education on grounds of poverty, the chance to invest in their own future, by providing them with financial aid when it is needed and allowing them to repay it when they can afford to do so (p.113).

The HESLB means-testing in Tanzania depends upon the information provided by the students in their first loan application forms. In order to be confident of the information given in the forms, the World Executive Officers do endorse the application forms (URT, 2006a). However, it has been argued that certification or endorsement may be problematic particularly if the loyalty of the endorsing authorities is stronger towards the student and his family than to the loans scheme and this certification may constitute little more than a rubber stamp (Ziderman, 2002).

Means testing is difficult in the absence of verifiable measures of family income and family assets (Johnstone, 2003). This is a central problem in places where an effective system of income taxation is lacking, or where the rural and informal sectors are relatively large (Ziderman, 2002). However this does not mean to say that a successful means-testing is not possible with the HESLB in Tanzania. It can be possible if estimates of family financial means and family financial need will probably have to be used with sufficient auditing and penalties for misreporting, to yield acceptable levels of compliance (Johnstone, 2003).

The measures for avoiding misreporting suggested by Johnstone are also advocated by the HESLB Act No. 9 of 2004 but such measures have not been taken so far, though during interview sessions and group discussion, some of the respondents in all three categories pointed out the possibilities of misreporting.

The implication of providing the loans to students where the means-testing does not exist or inefficiently operating is that there is a great possibility for the targeted students to be left without being given loans and hence failing to go to higher education institutions. By so doing, the central objective of the students' loan scheme in Tanzania, which is to assist the poor to access higher, education will have been not attained. Consequently, the country will have lost the knowledge and skills in the poor students that needed to be nurtured in higher education institutions in order to be more productive for growth of the economy of the country.

In a synopsis, means-testing conducted by HESLB is to some extent inefficient such that there is a possibility of unfair treatment of the loan applicants.

5.2.2 Publication of successful applicants

The publication of successful loan applicants is done in different means which some were evaluated by students to be convenient. But most of the means through which the publication is done seem not to be used by the target people. Media (that is news papers) is the only way identified by students through which they access the results of their application.

The idea of publication of successful applicants through the means used by HESLB may not be that much inconvenient to prospective students and students if the ICT in the country would have been developed (refer Ngalinda and Mtagahywa, 2005 in 5.2.1). Also the question of internet accessibility being expensive may somehow have been taken care with developed ICT. Currently the costs for surfing in the internet cafes are expensive to most Tanzanians. According to the survey which was done by Tanzania's Business Times in 2007 on the internet usage and charges found that the retail internet charges in Dar es Salaam were ranging from 1000 to 1500 Tanzanian shilling per hour equivalent to US \$ 0.828 and 1.242 (at the current exchange rates). The costs may be higher outside Dar es Salaam. This means that many people may not be able to access the internet particularly those who live below the national poverty line (below 1 US dollar) which is one third of the total population of Tanzania (UNSD, 2007). But yet these people need to invest in themselves through higher education because academic ability is also endowed

to them although they can not afford to incur all those costs associated with seeking higher education (URT, 2002c).

Under the situation where cost sharing policies requires the beneficiaries of higher education to contribute to their education, the equal chance for accessing information is of paramount importance. The HESLB using the means which are not convenient to needy population, who are the target of the student loans, denies the loans to the same students. That being the case, the notion by cost sharing advocates (Ziderman 1993; Johnstone 2005; Woodhal 2002), that student loans enable the poor to access higher education, seem to be contrary to the HESLB in Tanzania.

Another issue related to publication of successful students is the timing of publication. Many students complained of receiving the results of their application forms late. The publication is done in September each year while the higher learning institutions have opened already. This is inconvenient to some extent to students. For instance in academic year 2006/2007 about 1700 at the UDSM were compelled to terminate their studies and went back home after the HESLB informing them that they were not entitled for the study loan (UDSM, 2007). Preliminary they were eligible and were admitted at the institution for various courses. This scenario indicates that the publication of successful students may not be inline with the opening dates of higher learning institution.

All in all it can be said that the publication of successful students is partly inconvenient to some students. Some of the causes of inconveniencies are rooted in HESLB while others are the function of the government for example the underdeveloped ICT system.

5.2.3 Disbursement of loans

The HELSB disburses the loan money through the higher learning institutions (bursars) and banks. These means of money disbursement were explained by the respondents to be functioning to them except they expressed their concerns on some delays which occur regularly.

Although this study did not go far to investigate the banks procedures for releasing money, the delays may be partly a function of the particular banks procedures. For instance most of the banks in Tanzania require a closed check to be deposited in the bank and wait for about seven to fourteen days in order to mature (ready for money release). That being the case, if the HESLB preliminary procedures delay, there is a possibility for further delays due to banks' logistics. Disbursement delay is discussed hereunder.

5.2.3.1 Disbursement delays

Delaying to disburse the loan to students has been pointed out by the respondents to be a perennial problem with HESLB in Tanzania. Basing on the views of the respondents, there are multiple sources of delays. The main sources seem to be misreporting in the loan application forms, late receiving of funds from the government and inadequate communication between the HESLB and the higher education institutions. Nevertheless, the process of loan application which seems to be long may be an overall source of delays.

The delays of disbursement of students' loans were found to sometimes extreme to the extent of threatening students' academic welfare. Some of students were delayed to get their loans up to two semesters see (4.1.1). In such circumstances it is impossible for a student (a poor student) to pursue his higher education studies appropriately. This is due to the fact that a student who is encountered by such delays will be compelled to find the means to survive which may include begging (as one of the respondents pointed in 4.1.1) and engaging in part-time jobs which may not be easy to find. In addition, a student may decide to terminate the studies because she /he will have not paid the tuition fee and other fees which are compulsory and payable to the university. Failure to pay the tuition fee may lead not to be allowed to sit for the university exams therefore encouraging drop-out. In whatever alternative for survival, a student who is encountered by such delays is subjected to time waste for his/her studies and thus insufficient investment in his/her future through higher education. By wasting precious time for studies particularly through making follow-ups of the loan to the loan providing authorities, it is obvious that the students will fail to acquire the knowledge and skills accordingly as it was pointed out by the Mpiza (2007) that many students were performing poorly in their exams due to

wasting much of their time in making follow up of their loans instead of attending the lectures.

The consequence of this is that less skilled and less knowledgeable student will not fit for the labor market at his/her level of education and obvious the private returns from higher education will not be realized. This is contrary to the human capital theorists that higher education increases the future earnings to the bearer. Attached to this, is that, the loan money spent by this kind of student will have been partly lost because there is a great possibility of not repaying the loan. Consequently the student loan authorities will have been incapacitated in creating more loans to the prospective students. The government will have incurred all the cost for the particular student and the idea of cost sharing will have been invalid.

More or less similar findings on disbursement delays were observed by Mpiza (2007) with the slight difference of duration of time of delays. While this study found that some students were delayed of their loans up to two semesters, Mpiza (ibid.) found that some students missed their loans for some weeks at every semester. She was looking at the impact of cost sharing to students in public higher education in Tanzania. Among the impact to delays was found to be students missing classes and consequently being academically affected. Omari (1994a) documenting on students' loan delays explains that delaying students' loans was becoming a component of the loan scheme in Tanzania since its establishment. He further explains that delays, as result of poor management and administration of the loans, are among the major causes of students' unrest in higher education institutions in Tanzania. Omari's (ibid.) argument seem to be supported by Woodhall (2002) by saying that delays in disbursement of loans to students in higher education institutions in developing countries, whatever the reason, ultimately leads to students' unrest. However, Omari (1994a) did not point out the sources of delays. The sources of delays have been found out by this study as pointed out earlier but in addition the delays seem to be a systemic problem as discussed hereunder.

The disbursement delays of students loans in Tanzania is a systemic problem which starts with the preliminary steps for loan application. A student or a prospective student, who lacks information on the loan application procedure, who struggles to overcome long bureaucratic processes of filling in the forms including certification in more than two authorities can hardly submit the application forms on time such that the loan authorities process them on time. This is the case of the first year students. It should be noted that 'A' level students are required to apply for the study loans after completing their studies in May each year. The first semester for higher education institutions starts in September but the first year students always come one month earlier for orientation. By implication the time from application to disbursement is two months which is considered to be short time for the HESLB to process the applications of all students in the country from a single station - Dar es Salaam.

The above scenarios indicate that the loan scheme in Tanzania under the HESLB is partly not doing fine as far as disbursement is concerned. It is not disputable that at last the money reaches the students but the number of students delaying to get their money is large see table 4.2a and 4.2b. If that is the record of one institution, what about the record of all institutions in the country? The most important thing is that the money should reach the students in time to enable them to accordingly invest in their own future through higher education. If the money does not reach students on convenient time, there is a danger for the investment to be jeopardized by students not concentrating on their studies thus acquiring insufficient skills that can not enable them to reap the fruits of the education they are investing in.

5.3 Loan Recovery and structure for recovery

The loan recovery with HESLB in Tanzania has not yet been realized apart from the fact that loans begun to be provided to students since 1993/94. It has been revealed that there is no any record showing the amount of money which has been recovered from the past borrowers. The record shows that more than 161.7 billion Tanzanian shilling is in the hands of past borrowers. This means that the loan scheme in Tanzania continues to depend solely on the funds from the government and thus making the idea of creating a

self revolving fund – advocated by the proponents of student loan scheme (Johnstone, 2005; Woodhall, 2004; Ziderman and Albrecht 1995 to mention a few) – impossible.

By creating a self revolving fund a loan scheme decreases financial pressures on public budgets and financial pressures facing higher education, and renders the opportunity for more students to access higher education studies and hence invest in themselves through education (Kotey, 1992; Woodall, 1992). Although it is argued that attaining a self revolving fund has proved failure to most loan schemes in the developing countries due to high rate of default, high administration costs and subsidies injected by the governments, yet some loan schemes have displayed some signs of attaining the objective. For instance, in Kenya 50 percent of the loans to students are from the recoveries and as from 2002 50million Kenyan shilling (2,173,913 US dollar) are being recovered monthly (Otieno, 2004). The HESLB funds in Tanzania are all expected from the government every year. Logically this may mean that the HESLB has not yet been able to recover the amount which in turn may be added to their capital for their operations.

Failure to recover the loans from the past borrowers has been pointed out by various authors to be one of the indicators that show poor performance of a particular students' loan program (Lee, 2003). And some scholars argue that failure to recover the loans from the past borrowers is a symptom of lack of supervision and commitment to the student loan scheme and may lead to collapse of the scheme as was the student revolving loan fund which used to operate in Tanzania in the 1960s and 1970s (Galabawa, 1991).

Apart from the above discussed situations of loan recovery in relation to higher education student loan scheme in Tanzania under the HESLB, there are at least theoretical indicators which show that since the establishment of the HESLB, steps have been taken towards ensuring loan recoveries. It is argued that in order to be able to recover the loan there must be an effective machinery for loan recovery (Lee, 2003), that is a sounding legal framework for student loans to ensure that recovery is legally enforceable (Woodhall, 2004). Tanzania seems to be heading to the right way as far as establishment

of the machinery for recovery and legal enforceability of the student loans. The legal enforcement for loan recovery started with the parliamentary enactment of HESLB Act No. 9 of 2004 which established the HESLB and most importantly the HESLB authorities have started to implement the directives of the Act particularly on loan recovery, for instance summoning the past borrowers and their employers. However, the practical part of the efforts, (which is the most important issue), can not be estimated by this study because no record was accessed regarding the loan recovery.

5.4 Summary

The discussion of the findings in this chapter has been done basing on the objectives of this study. It has been discussed that loan application procedures are partly inconvenient to students, the main beneficiaries of the higher education student loan scheme in Tanzania. The inconveniences emerge from the multiple sources but the major one being long and bureaucratic process to be followed by the applicant.

It has been further discussed that the disbursement of the loan to students is overwhelmed by delays being preceded by unfair means-testing. Though at last the money is disbursed to students, the timing has been frequently inconvenient to a number of students to the extent of threatening their academic welfare and even worse the delays have been found to be among the major causes of students' unrest in higher learning institutions in Tanzania. This contradicts one of the central objectives of the student loan schemes across the world. One of the objective of the student loan schemes across the world is to enable the students, particularly those with academic ability but with limited or with no economic ability, to invest in their future through education. Through such investment the beholder of the achieved education and the public at large do benefit directly and indirectly respectively which is the ultimate goal of the nation to engage in such investment.

Finally it has been discussed that loan recovery, which is very crucial in management and administration of the student loan schemes, is yet to be achieved by the HESLB in Tanzania. The network or machinery for enabling recovery was inexistent until 2004 when the government established the HESLB by the Act No. 9 of the same year which is

legally compelled to recover all the loaned moneys since 1994. This has raised the hope for loan recovery because the HESLB has begun to trace past borrowers through their employers and by anecdotal evidence the accessed borrowers have started paying. It can be concluded that the loan recovery with the HESLB is still infant and this makes it impossible to create a self revolving fund which could have made it possible to provide loans to more students. Despite that the structures for loan recovery have been established.

CHAPTER SIX

SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.0 Introduction

The foregoing chapter has presented the discussion of the main findings. This chapter gives the summary, conclusion and the recommendations of the study. It is organized into four subchapters. The first one presents the summary of study. The second gives the conclusion of the study. The third subchapter provides the recommendation of the study including suggestions for further research on the area. The last presents the limitations of the study.

6.1 Summary of the study

The overall objective of this study was to examine the performance of the Higher Education Students' Loan Scheme in Tanzania. The specific objectives were examining the performance of the Higher Education Students' Loan Board with respect to procedures for loan application and money disbursement and assessing the availability of structures for loan recovery. The study was guided by two research questions: What is the performance of the HESLB in respect to loan application and disbursement procedures? And to what extent does the student loan scheme contain the structures for loan recovery?

The study was mainly qualitative and qualitative methods (interview, focused group discussion and documentary analysis) were used to collect the data and the analysis of the same data was done qualitatively.

Three categories of respondents were involved, namely higher education students from one institution, policy makers and policy implementers. Thirty four respondents composed the sample of the study. The sample was dominated by students who were thirty and the policy makers and implementers were four (two responds each). The asymmetrical composition of the sample was deliberately done because the study basically strived to examine the performance of the HESLB basing on the views of the students as the primary beneficiaries of students' loan.

The findings of the study revealed the following. On application procedures, most of the respondents (students) were to the view that the procedures were inconvenient to them. They said that the procedures were extremely bureaucratic and costly to the extent of compressing the loan that was strived for. The situation is that they incurred debts in order to fulfill the requirement of the bureaucratic procedures. They also pointed out that the procedures are prone to corrupt practices and forgeries although this study did not go further into investigating such criminal related issues. But on the other hand most of the respondents from the category of the policy makers and policy implementers were firm on the procedures that they were deliberately set for the security of the public money and the costs incurred by applicants were part of their contribution to securing higher education. But they did not know exactly the hidden costs which were incurred by the applicants.

It was also found that the application procedures are favoring certain parts of the country particularly town areas specifically Dar es Salaam as if the customers of the HESLB are only from Dar es Salaam.

Regarding disbursement of the loan, most of the respondents expressed that the means (bank and cash from the institution's bursar) through which they receive there loans were convenient. However, almost all respondents (students) pointed out that the disbursement process was facing serious delays. Some students were delayed to get their loan up to two semesters. The policy makers and implementers also agreed that there were sometimes delays. The major source of delays were the government for delaying to disburse the funds to the HESLB, some students delaying to submit their loan application forms, irregularities that were found to some forms of students that needed further investigation, higher education institutions not timely communicating the list of admitted students and the examination results to the HESLB and relatively shorter time for the HESLB to process the application forms. The HESLB is centralized in Dar es Salaam and has no branches in other twenty six regions of Tanzania.

Regarding loan recovery it was found that since the establishment of the loan scheme in 1994/95, loans had not been recovered up to 2006. The loaning authorities were like dishing out the money with no any effort to recover them. The efforts to recover the loan money begun in 2004 were it was then enforced by the law. The practical recovery begun in 2006/07 and past borrowers have started repaying though the record was not accessed by this study.

6.2 Conclusion

Basing on the findings of this study, it is safe to conclude that the HESLB does not partly perform well in the loan application procedures, disbursement and loan recovery. The application procedures are to some extent not convenient to most of the target students. The procedures for disbursement are also partly not convenient to the customers and the disbursement itself is encountering extreme delays. All these jeopardize the students' investment in their future through higher education. These inconveniences may later on have a negative impact on the loan repayment process. For instance, the inconveniences may instigate default behavior to the borrowers especially where the borrowers incur unexpected costs in order to get the loan which finally does not help them to achieve the main objective – useful knowledge and skills from higher education institutions.

It is also safe to conclude that the government has established the structures for recovering the loans from the past borrowers. However, the practical loan recovery is not yet realized although less dependable information that were not accompanied by documented record of the amount of repayments claimed to be collecting the repayments.

6.3 Recommendations

This study recommends that the HESLB has to revisit the loan application procedures to the favor of the most students and prospective students. In doing this the following may be done.

One, pragmatic analysis of the nature of the customers of the HESB should be done so as to design the convenient means for communicating information about the whole process of loan acquisition. The HESLB should think about using traditional means of

communicating to the public along with modern communication means. This means that instead of depending only to the media and internet which are not accessible to most of the people, the HESLB should on top of that use, what I can call, traditional means such as sending the information through the local leaders. In turn the local leaders will communicate to the people through their local meetings. The method was used during Ujamaa Villages⁸ and people were conveniently communicated for various issues (Nyerere (1968)).

Two, the government of Tanzania should think of extending the HESLB to other regions. This means that it should establish regional offices which will help to increase the accessibility of the services and also minimize costs for the people who are seeking the loan. However, this recommendation may take time to be implemented due to having large financial implication. But alternatively, the HESLB may seek a memorandum of understanding with the District Commissioners to be the agents in distributing the application forms. This can also be done to all Advanced Secondary School in the country.

Three, in order to minimize the hectic situation of dealing with many application forms in very limited time, the HESLB should think of causing the 'A' level students who are interested and aspire for higher education studies to apply for the study loan as early as when they enter the second year of their 'A' level studies. This will also minimize the late submissions of the application forms on the side of the applicants. Early application may also bring positive effect on the disbursement side which can contribute to minimizing disbursement delays.

Four, in order to attain the equity in determining the size of the loan to students, means testing as opposed to subjective determination should reflect the ability of the students to pay. To be able to do that means testing should not solely depend on the information given by students in their application forms. In order to be successful in an environment

⁸ Ujamaa Villages (Socialist Villages) were villages introduced by the first president of Tanzania Nyerere J.K. in 1967 to promote socialism and self reliance among Tanzanians. It was a component of Arusha Declaration which advocated equality to all citizens.

where there is no prior record of the economic ability of the applicants, multiple source of information is important. The HESLB may seek such information from local leaders, headmasters of the schools, fellow students in secondary schools and sometimes the close neighbors. This should be done while students are still in secondary schools and thus having the data to compare with the information given by the applicants. By doing so, two advantages may be achieved, creating equity in loan allocation and preventing forgeries in application forms.

Five, it is recommended that the government should establish the central national database where the records of every Tanzanian are kept. If this is done the problem of misreporting own information can be solved. It should be noted that national database can be of use even by other institutions to solve the similar problems.

Finally, it is recommended that the HESLB should trace the past borrowers in and out of the country and make sure that they pay and this should cut across all sectors, government and private sectors. By the current situation where repayment is more theoretical than practical there is a possibility in future for the loan scheme to collapse. The experience shows that during economic difficulties, for instance in 1980s, the government usually cut the expenditures in social services provision and in most cases the higher education sector has been among the first victims (Mollel, 2005). The loan scheme being an important component of the higher education sector may be victimized by the situation under the current extreme financial dependency on the government and little efforts for recovering the loaned funds. For the loan scheme in Tanzania to be sustainable and at least gain partial financial autonomy, recovery of the loaned funds is of paramount importance.

6.3.1 Recommendation for further Research

It is suggested that the similar study should be done. The study should be broader than this in the sense that it should involve more stakeholders such as the parents/guardians, the employers and the managements of various higher education institution (to mention a few). Also the kind of suggested study should involve higher education students from more than one institution because this study involved students from one institution.

6.4 Limitation

This study has used purposive sampling procedure which might have decreased the generalizability of the findings and that being the case the findings of this study are not generalizable to all the entire stakeholders of higher education students' loan scheme.

Through purposive sampling the small sample from three categories of stake holders has been used. In fact, higher education student loan scheme in Tanzania has a number of stakeholders, as listed in the background of this study, who might have different views on the performance of the scheme if approached.

Time for field work and financial constraints in relation to the nature of research problem dictated the choice of sampling technique. Having limited financial resources I was compelled to target on less number of respondents who could be accessed and who gave me the necessary information on their capacities.

Another limitation to this study is the political situation that transpired in my country during data collection stage which to some extent made it impossible to access certain data. In February, 2008 at the early stages of data collection work, my country was plagued by corruption scandal at the Bank of Tanzania (BoT) and Tanzania National Electrical Company (TANESCO) that involved a number of top government officials including the Prime Minister. The situation was tense that compelled the President to dissolve the cabinet. For that matter some of my respondents were not ready to allow me to access certain information which they regarded confidential. Such information was of great importance as per this study.

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Appendix A: Interview Guide - MHEST Officials

1. The introduction: brief explanation of the over all objective of the study
2. May you briefly give your academic background and work experience?
3. The MHEST is responsible for Higher Education (HE) in Tanzania. One of the important elements in HE is financing and student loans were introduced in Tanzania as one way of financing HE. To be able to apply students' loan applicants do need to have clear and timely information on how to access the loans and the qualification for it. How does the ministry provide such information?
4. Please explain the way the ministry is involved in the process for students' application for study loan? (means of application and accessibility of application forms)
5. Please explain how the ministry is involved in determining the students to be given the loan and the loan and the size of the loan?
6. The history of the loan scheme in Tanzania shows that the government under the MHEST has been giving study loans to students since 1994. And a loan is supposed to be repaid. How has the ministry set the repayment process? To what extent has the ministry been able to recover the loaned funds?
7. What is your general opinion on the performance of the loan scheme in Tanzania on application procedures, disbursement of funds to students and repayment/recovery of the loan?
8. End: appreciation to the interviewee for participation in the interview

Appendix B: Interview Guide - HESB Officials

1. The introduction: brief explanation of the over all objective of the study
2. May you briefly give your academic background and work experience?
3. The HESLB has been empowered by government through Act. No. 9 of 2004 to manage and administer the higher education students' loan in Tanzania. How does the HESLB provide information to the public on the availability and the right to the loan?
4. By which means do students apply for the loan? How do they access the application forms? When do they start to apply? Is there any deadline for application?
5. What type of costs are students or their parents/guardians supposed to incur in applying for the loan? Do you think the loan costs are manageable by the type of clients you are dealing with (poor students or families)?
6. Are there any instances where students have complained about the accessibility of the application forms and the content within the forms? If yes, explain specific sources of complain and how the HESLB has dealt with it.
7. Does the HESLB provide loans equally to all eligible loan applicants? If it does not, can you explain how the loan size is determined to students?
8. Which means does the HESLB employ in effecting the payment of loans to students? From your experience, how convenient are the means to students?
9. Does the HESLB pay the loans to all students in time? If it does not, explain why and how frequent does this happen?
10. One of the responsibilities of the HESLB according to the act that established it (Act no.9of 2004), is to recover the loaned funds particularly those which were loaned from 1994/95 onwards. What steps has the HESLB taken to execute this responsibility? To what extent has the loan been recovered?
11. What is your general evaluation on the operations of the HESLB particularly on application procedures, disbursement and loan recovery?
12. End: appreciation to the interviewee for participation in the interview.

Appendix C: Interview Guide - General Students

1. The introduction: brief explanation of the over all objective of the study
2. What is your year of study and which course are you pursuing?
3. Are you a client of the HESLB?
4. Please explain how you got the information on the availability of the study loan from the HESLB before joining the university and how do you get it after joining the university.
5. Explain the means and accessibility of the means you use in applying for the loan. How convenient to you are the means for applying the loan?
6. How do you get the feed back on loan application status?
7. Do you know the criterion and the means which are used to allocate the amount of the loan to you? To what extent are you satisfied with the criterion and the means?
8. How do you receive the loan? And how long does it take for the loan to be received?
9. What is your general opinion on the HESLB operations – loan application procedures and disbursement of the loan?
10. Ending remarks: appreciation to the interviewee for participation in the interview.

Appendix D: Interview Guide - Student Leaders

1. Opening remarks: brief explanation of the over all objective of the study
2. What is your year of study and which course are you pursuing? What position do you hold in a student organization?
3. According to the Higher Education Policy of 1999 and the HESLB Act No. 9 of 2004, the student loan is the contract between the individual student and the HESLB. What is the role of the students' organization in the students' application and acquisition of the loan?
4. Are there any instances where students do not get their loans in time? If yes how frequently does this happen and how serious is it? What are the consequences for that? How does the student organization help if such situation happens?
5. What is your general opinion on the HESLB operations – loan application procedures and disbursement of the loan in relation to students?
6. Ending remarks: appreciation to the interviewee for participation in the interview.

Appendix E: Focused Group Discussion Guide

1. Introductory remarks (introducing the goal of the research and introducing to one another) and agreement on the conventions of the group discussion participation.
2. The application procedures:
 - i) Information accessibility,
 - ii) Means of application and accessibility,
 - iii) The process of filling in the loan application form,
 - iv) The feedback on the status of the loan applications.
3. The loan disbursement:
 - i) The criteria and mechanism for determining the size of the loan to the loan applicant,
 - ii) The means through which the loans are paid to students,
 - iii) The duration of time from application to receiving of the loan.
4. The general opinion of each participant on the operations of the HESLB that is application and disbursement procedures,
5. Appreciation to the group members for their participation.

Appendix F: Documentary Review Guide

1. The application procedures for the student loan
2. The disbursement of student loans
3. The loan recovery structure and the extent of recovery

Appendix G: Participation Consent

You are request to consent for your participation into a study that aims at assessing the performance of the Higher Education Student Loan Scheme in Tanzania with respect to stakeholders' views. The reason for asking you to participate is the fact that you are among the stakeholders and thus a potential respondent in this study.

The study will involve in-depth interviews and focused group discussion. The interviews will be involve some general students and students' leaders at the University of Dar es Salaam, some officials from the Ministry of Higher Education Science and Technology and some officials from the Higher Education Students' Loan Board. The focused group discussion will involve general students from the University of Dar es Salaam.

The decision to participate is important and therefore you are requested to respond honestly to a few questions on your knowledge, experience and opinion.

Confidentiality

The information gathered will be treated with confidentiality such that only the researcher will access the given information in their raw form. In any way, the given information will not be linked to your individual name during report writing.

Benefits

There is no direct benefit for your participation in this study. However, your information will contribute to better running of higher education student loan scheme in Tanzania.

Participation

Participation into the study is voluntary. You have the right to decline to participate or to withdraw from the study at any point of the interview without saying the reason for your withdrawal. Your decisions whether to participate or not will not in any way jeopardize your higher education studies or your employment status. If you agree to participate into the study, please, give your signature hereunder.

Signature of the respondent Date

Signature of the interviewer Date

Appendix H: Clearance letter (UiO)



UNIVERSITETET I OSLO
DET UTDANNINGSVITENSKAPELIGE FAKULTET

To whom it may concern

Institute for Educational Research
P.O. Box 1092 Blindern
N-0317 Oslo

Date: 2008-01-07
Your ref.:
Our ref.:

Visiting address:
Sem Sælandsvei 7, Helga Eng's Building, 5th floor
Telephone: +47 22 84 44 75
Fax: +47 22 85 42 50
www.uv.uio.no

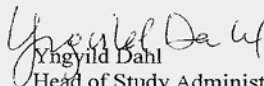
ASSISTANCE IN THE CONDUCTION OF FIELD-WORK

This is to confirm that the Tanzanian student, Innocent Buberwa, born 31.03.1971 is a second year student in the Master programme in Higher Education at the Institute for Educational Research at the University of Oslo, Norway.

In the second year our students are required to write a Master thesis of 50 to 80 pages. The field-work may incorporate interviews with educational practitioners and decision-makers, class-room observation and documentary analysis. The type of data gathered should of course be discussed with the relevant authorities. It is our hope that the work produced by the student will not only benefit him in his academic career but also be of use to the future of Tanzania.

We kindly ask you to give Mr. Buberwa all possible assistance during his field-work.

Yours sincerely,


Yngvild Dahl
Head of Study Administration




Jennifer Olson
Senior Executive Officer



UNIVERSITY OF OSLO
Institute for Educational Research
Box 1092 Blindern
N-0317 OSLO

Appendix I: Clearance letter MHEST

**THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF HIGHER EDUCATION, SCIENCE AND TECHNOLOGY**

Telegram: "SAYANSI", DSM.
Telephone: Gen.2111254/7
Direct Line:21112218
Fax: 2112533



P.O. Box 2645,
Dar es Salaam

In reply please quote:

AD 28/286/01

13/02/2008

TO WHOM IT MAY CONCERN:

RE: ASSISTANCE TO MR. INNOCENT R. BUBERWA DURING HIS FIELD – WORK

We wish to introduce Mr. Innocent R. Buberwa a second year student in the Masters Programme at the Institute for Educational Research at the University of Oslo, Norway. He is currently in the fieldwork for his thesis titled "**Students Loan Scheme in Tanzania**". **Performance, Impediments and the way forward.**

To accomplish this task he will conduct some interviews to some students/officials of different institutions, among others university of Dar es Salaam, Ministry of Education, Loans' Board and others.

By this letter, kindly, provide all possible assistance to make his field-work success.

Sincerely,

A handwritten signature in black ink, appearing to read 'Musabi'.

C. Musabi

for: **PERMANENT SECRETARY**