The New Vision

Uganda: The Proposed Students' Loan Scheme - Opportunity to Right the Wrongs of Financing University Education

BY STEPHEN CHRISTIAN KAHERU, 21 MAY 2012

OPINION

With the introduction of Universal Primary Education (UPE) in 1997, primary schools in Uganda saw an upsurge in numbers of pupils. The drastic swell did not only overwhelm the infrastructure but also the teacher-pupil ratio and quality of education soon became a fundamental issue.

The pressure on the infrastructure and teachers aside, the UPE bulge soon manifested itself in soaring numbers of primary school pupils joining secondary school. Some years later, in 2007, the Government introduced Universal Secondary Education (USE) paving the way for more boys and girls to transition to secondary school.

For some time now, UPE and USE have been implemented as means-blind interventions to enhancing access to basic education. However, the attainment of basic education only is far from the end of the educational trajectory of many young Ugandans.

Opportunely, with increased access to basic education, UPE together with USE have had a combined ripple effect of increasing enrollment at institutions of higher learning.

The Government support for higher education at public universities has been receding since the 1990s. The reduced support, administered in gradual doses, has been characterised by trimmed budgetary allocations compelling cuts in numbers of student admitted.

The unfavourable funding climate also affected students' welfare envelope resulting in reduced allowances and in some cases, scrapping them. In spite of these adjustments, the numbers of students completing secondary school and qualifying with two principal passes to enroll at University have been escalating.

About 65,000 boys and girls qualified to enroll at university and other tertiary institutions this year, compared to nearly 62,000 in 2010. The Government has been supporting about 4,000 students every year at the five public universities including Busitema, Gulu, Kyambogo, Mbarara and Makerere.

For a number of years, Makerere, the country's oldest public university maintained its intake of the Government sponsored students at about 2000 of those who qualified for university enrolment.

This leaves scores of secondary school students enrolling at private universities while others find solace in pursuing their academic journeys at other tertiary institutions. Clearly, not every student who passes A-level can enroll at university. In consideration of the rising demand for higher education, the state has proposed introducing a loan scheme to enable under resourced students completing A-level to consummate their schooling with university education.

The proposal is a laudable step in enhancing access to opportunities for higher education. While addressing members of the National Executive Committee (NEC) on April 24, President Museveni regretted that the students' loan scheme had not yet been implemented.

He, however, sounded resolute on finding a way round it and even appealed for support on that front.

Uganda's history with interventions aimed at easing access to higher education through minimising barriers is not so lustrous. While there have been some initiatives designed to promote access to university education, the implementation of some of these schemes has been fraught with challenges, prominent among them being modality of operation.

No sooner had the Government introduced the university quota system in 2005 than it sparked criticism with more and more dissenting voices questioning its modus operandi which sidelined its intended beneficiaries.

Recently, there were media reports that an internal audit report of Makerere University had exposed a number of irregularities in awarding scholarships. While these experiences are certainly not worth writing home about, therein lies the ground to build a steady foundation for the proposed students' loans scheme.

The question of who is deserving of financial support is pivotal to the implementation of the loan scheme as much as it is for an equitable quota system for university admissions.

The inability to assess genuine need as the basis for eligibility of support is a path that we should not tread again. A fundamental aspect of student loan scheme that the Government will need to consider seriously is to have the loans based on real need.

One of the flaws of the quota system was that it failed to meet its objective of easing access for students from underprivileged parts of the country. In the end, students from urban-based well to do families who had enjoyed high quality pre-university education made it on the beneficiary list, edging out their ill-facilitated counterparts in rural schools.

An institutionalised means of accurately assessing the socioeconomic status of applicants as the basis for awarding of loans underpins the success of the proposed scheme.

However, this implies that the robustness of means testing is at the heart of identifying the genuinely needy. This can only be based on reliable data and, therefore, investment in collection of reliable data cannot be overemphasised.

The experience of Swaziland, Lesotho and Ethiopia where all university students are granted loans has shown that the more focused student loan programmes are, the higher their chances of sustainability.

As long as the scheme does not have an in-built mechanism of targeting the truly needy, it is unlikely that it will serve the purpose of enhancing access to university education for scores of deserving but financially constrained students.

Student loan schemes in Africa, just like some scholarship programmes which carry repayment obligations have, in many countries, registered dismal recollection rates.

In Kenya, a number of graduates who benefitted from loans from Higher Education Loans Board (HELB) have not honoured their obligations to date and are all over the world. Some years back when loan recovery hit prohibitive levels, the Government of Botswana established the Loans Recovery Service Division as it considered outsourcing loan recovery.

The need for a sturdy system to track debtors so as to bolster collections is central to the operation of the loan scheme as a revolving fund. In as much as loans have to be recovered, it is also essential that effort is made to raise awareness of all beneficiaries that loan repayment is the mechanism for keeping the fund running.

As with scholarship programmes, it will be critical to have strong administrative infrastructure put in place for the management of student loan scheme. The case for administering the students' loans through a dedicated agency has its strong points. If well managed, a separate body such as the Higher Education Loans Board (HELB) in Kenya,

Higher Education Students Loans Board (HESLB) in Tanzania, Student Financing Agency for Rwanda (SFAR) in Rwanda, Student Loan Trust (SLTF) in Ghana ensures a degree of administrative transparency. In addition, these semi-autonomous agencies provide a means to avert government bureaucracy that usually tends to get bogged down with inadequate resources and systems.

Right from the onset, it is vital that the operations of the students' loan schemes be anchored in an enabling legal environment. The success of loan programme is dependant on the legal foundation in which it is buttressed and of particular importance is the legal backing for loan recovery.

Enabling legislation is inextricably linked to loan recovery in that, however meticulous the tracking of debtors is, without legal ground, beneficiaries cannot be compelled to pay back. Likewise, even when recovery is predicated on exacting deductions by the employer in collaboration with other statutory mechanisms as is the practice in Ethiopia, Namibia, Kenya; it has to be legally provided for.

Student loan schemes have been implemented to serve various objectives in different countries. In Botswana, the loan scheme was open to all students. However, the burden of repayment varied with the field of study.

South Africa's National Student Financial Scheme mainly served a completion objective by converting 40% of the loan to a grant for students who upheld an exceptional academic standing. In Lesotho, the student loan scheme was, among other aims, employed as disincentive for brain drain requiring graduates who chose to emigrate to pay back 100% of the cost.

By President Museveni affirming that the students' loan scheme would lift a heavy burden off parents, it is implicit that a fundamental objective of the proposed scheme is to ease access to higher education.

However, central to this intervention is the sustainability of the resource flow for the scheme. All said and done, it will be in the ability to sustain the proposed scheme as a pipeline of financial support that the goal of extending higher education opportunities for generations of Ugandans will be realised.

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