MANAGEMENT OF PROVISION AND RECOVERY OF LOANS TO THE TANZANIANS’ STUDENTS OF HIGHER LEARNING INSTITUTIONS:
A CASE OF HIGHER EDUCATION STUDENTS LOAN BOARD (HESLB)
MANAGEMENT OF PROVISION AND RECOVERY OF LOANS TO THE TANZANIANS’ STUDENTS OF HIGHER LEARNING INSTITUTIONS:
A CASE OF HIGHER EDUCATION STUDENTS LOAN BOARD (HESLB)

By
Dativa Pius Ngowi

A Thesis/Dissertation Submitted in Partial Fulfillment of the Requirements for the Award of the Degree of Master of Business Administration in Corporate Management (MBA-CM) to Mzumbe University.

2013
CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation/thesis entitled Management of Provision and Recovery of Loans to the Tanzanians’ Students of Higher Learning Institutions, in partial/fulfilment of the requirements for award of the degree of Master of Business Administration in Corporate Management (MBA-CM) of Mzumbe University.

…………………………………..
Major Supervisor

…………………………………..
Internal Examiner

Accepted for the Board of ……………………..

_____________________________________
DEAN/ DIRECTOR FACULTY/ DIRECTORATE/SCHOOL/BOARD
DECLARATION
AND
COPYRIGHT

I, Dativa Pius Ngowi, declare that this thesis is my own original work and that it has not been presented and will not be presented to any other university for a similar or any other degree award.

Signature ____________________________

Date ________________________________

© 2013
This dissertation is a copyright material protected under the Berne Convention, the Copyright Act 1999 and other international and national enactments, in that behalf, on intellectual property. It may not be reproduced by any means in full or in part, except for short extract in fair dealings, for research or private study, critical scholarly review or discourse with an acknowledgement, without the written permission of Mzumbe University, on behalf of the author.
ACKNOWLEDGEMENT

This research paper is made possible through the help and support from everyone, including: The almighty God, my family, teachers, classmates, friends and my Higher Education Students Loans staffs. Please allow me to dedicate my gratitude toward the following significant advisors and contributors:

First and foremost, I would like to thank my thesis supervisor Dr. A. Kateka for her most support and encouragement. She kindly read my paper and offered invaluable detailed advices on grammar, organization, and the theme of the paper.

Second, I would like to thank some few Staffs at HESLB on behalf of others Mr. George W.R. Nyatega (HESLB Executive Director), Mr. Chagonja, Mr. R. Kibona, Mrs Julitha Miyedu, Mrs. Neema Nitume, Mrs Saumu, and all other HESLB staffs for their encouragement and tolerance for the all period of my studies without forgetting My Bosses Hon. Aloyce B. Kimaro (The Chairman- Nakara Auction Mart) and Mr. Faziel E. Makupa (Managing Director – Nakara Auction Mart) together with my fellow staffs especially Mr. Sedekia Kalokola, Godfrey Mally, Mugisha Kaiza John Mosha, Abdallah Mlete and Rehema Issa who most of the time used to play my part on my absence. I would like also to thank all of my Class mate as well as my Class Representative Mr. Anwar Uvilla for his most support in giving information and updating on different issues concerning our MBA programme and encouragement.

Finally, I sincerely thank to my Husband Mr. Emmanuel L. Silayo and my Kids Freedom Silayo and Britney Silayo and other relatives who provided me with both material and moral support. The product of this thesis paper would not be possible without all of them.

Thank you all.
DEDICATION

I dedicate this dissertation to my lovely family.
**LIST OF ABRIVIATIONS**

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>HESLB</td>
<td>Higher Education Students Loan Board</td>
</tr>
<tr>
<td>HLIs</td>
<td>Higher Learning Institutions</td>
</tr>
<tr>
<td>LMS</td>
<td>Loan Management System</td>
</tr>
<tr>
<td>OLAS</td>
<td>Open Performance Appraisal</td>
</tr>
<tr>
<td>PASW</td>
<td>Predictive Analytics Software</td>
</tr>
<tr>
<td>SPSS</td>
<td>Statistical Package for Social Science</td>
</tr>
</tbody>
</table>
ABSTRACT

The purpose of this study was to find out the situation of loan management in Tanzanian higher education Students Loans Board particularly in provision and recovery of loans.

The present study “Management of Provision and Recovery of Loans to the Tanzanians’ Students of Higher Learning Institutions” the main objectives of this study are: to understand the system used by HESLB in management of provision and recovery of loans, to determine the criteria used in identifying applicants who deserve to be given loans, to highlight the procedures used by HESLB during the provision and recovery of the students loans, to highlight the challenges/ problems areas and gather the suggestions to the challenges and to find out the situation on major operation of HESLB and to recommend appropriate course of action. In order to achieve these objectives, Primary data were collected by questionnaires and interview from 40 respondents extracted from HESLB staffs at both Loan Allocation and Disbursement Directorate and Loan Repayment Directorate whereby Secondary data were extracted from both official and non official HESLB manuals. The researcher found that, from the questionnaire schedules and interview conducted to HESLB employees the main functions of HESLB are: Control and management of any loan funds, to administer and supervise the whole process of payment and repayment of loans, to establish operational links with higher learning institutions and employers, to recover all loan moneys owed by former students loan beneficiaries since 1994/1995 and to conduct research on other local and external scholarships.

Therefore, despite the measures being taken by the Government to address the problem, still the researcher realized that there is a need to carry out the study at Higher Education Students Loans Board to avail some facts on the management situation in provision and recovery of loans. It is recommended that the Government through HESLB should involve other stakeholders in financing or issuing loans to higher learning students, review of loans issuing and recovery criteria.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>CERTIFICATION</td>
<td>i</td>
</tr>
<tr>
<td>DECLARATION AND COPYRIGHT</td>
<td>ii</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENT</td>
<td>iii</td>
</tr>
<tr>
<td>DEDICATION</td>
<td>iv</td>
</tr>
<tr>
<td>LIST OF ABRIVIATIONS</td>
<td>v</td>
</tr>
<tr>
<td>ABSTRACT</td>
<td>vi</td>
</tr>
<tr>
<td>TABLE OF CONTENTS</td>
<td>vii</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>ix</td>
</tr>
<tr>
<td>LIST OF FIGURES</td>
<td>x</td>
</tr>
<tr>
<td>CHAPTER ONE</td>
<td>1</td>
</tr>
<tr>
<td>PROBLEMSETTING</td>
<td>1</td>
</tr>
<tr>
<td>1.1 Introduction</td>
<td>1</td>
</tr>
<tr>
<td>1.2 Back Ground of the Problem</td>
<td>1</td>
</tr>
<tr>
<td>1.3 Statement of the Problem</td>
<td>2</td>
</tr>
<tr>
<td>1.4 Objectives of the Study</td>
<td>3</td>
</tr>
<tr>
<td>1.5 Specific Objectives of the Study</td>
<td>3</td>
</tr>
<tr>
<td>1.6 Research Questions</td>
<td>3</td>
</tr>
<tr>
<td>1.7 Significance of the Study</td>
<td>4</td>
</tr>
<tr>
<td>1.9 Limitation of the Study</td>
<td>4</td>
</tr>
<tr>
<td>1.10 Delimitation of the Study</td>
<td>4</td>
</tr>
<tr>
<td>1.10.1 Organization Structure</td>
<td>5</td>
</tr>
<tr>
<td>1.10.2 Main Objectives</td>
<td>5</td>
</tr>
<tr>
<td>1.10.3 Vision</td>
<td>6</td>
</tr>
<tr>
<td>1.10.4 Mission</td>
<td>6</td>
</tr>
<tr>
<td>1.10.5 Core Values</td>
<td>6</td>
</tr>
<tr>
<td>CHAPTER TWO</td>
<td>7</td>
</tr>
<tr>
<td>LITERATURE REVIEW</td>
<td>7</td>
</tr>
<tr>
<td>2.1 Theoretical Literature Review</td>
<td>7</td>
</tr>
<tr>
<td>2.1 Empirical Literature Review</td>
<td>9</td>
</tr>
<tr>
<td>2.2.1 The Design and Management of Student Loans Programmes</td>
<td>14</td>
</tr>
<tr>
<td>2.2.2 Current Higher Education Funding Model</td>
<td>16</td>
</tr>
<tr>
<td>2.2.3 Situation Analysis in Financing of Higher Education in Tanzania</td>
<td>18</td>
</tr>
<tr>
<td>2.2.3 Challenges facing Higher Education in Tanzania</td>
<td>22</td>
</tr>
<tr>
<td>2.2.4 Proposed strategies to address the Challenges.</td>
<td>23</td>
</tr>
<tr>
<td>2.3 Conceptual Framework</td>
<td>25</td>
</tr>
<tr>
<td>2.4 Discussion of Independent and Dependent Variables</td>
<td>28</td>
</tr>
<tr>
<td>CHAPTER THREE</td>
<td>33</td>
</tr>
<tr>
<td>RESEARCH METHODOLOGY</td>
<td>33</td>
</tr>
<tr>
<td>3.1 Introduction</td>
<td>33</td>
</tr>
<tr>
<td>3.2 Research Design</td>
<td>34</td>
</tr>
</tbody>
</table>
3.3 Data collection Sources and Instruments ........................................... 34
3.3.1 Primary Data .................................................................................... 34
3.3.2 Secondary Data ................................................................................ 35
3.4 Area of Study and Population .............................................................. 35
3.5 Sample of Study ................................................................................... 36
3.6 Sampling Technique .......................................................................... 36
3.7 Sample Size ......................................................................................... 36
3.8 Validity and Reliability of Data ............................................................ 37
3.9 Data Analysis ....................................................................................... 37

CHAPTER FOUR ....................................................................................... 38
FINDINGS AND ANALYSIS OF DATA ....................................................... 38
4.1 Introduction .......................................................................................... 38
4.2 Data Analysis and Findings ................................................................. 38

CHAPTER FIVE .......................................................................................... 55
DISCUSSION .............................................................................................. 55
5.1 Introduction .......................................................................................... 55
5.2 Discussion on the Objectives of the Study According to the Findings of this Study ................................................................. 58

CHAPTER SIX ............................................................................................ 63
SUMMARY, CONCLUSION AND RECOMMENDATIONS ....................... 63
6.1 Summary ............................................................................................. 63
6.2 Recommendations ............................................................................... 64
6.3 Conclusion ............................................................................................ 66

REFERENCES ............................................................................................. 67

APPENDICES ................................................................................................. 68
Appendix A: For Staff of the Higher Education Students (HESLB)......... 68
### LIST OF TABLES

<table>
<thead>
<tr>
<th>Table</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 2.1:</td>
<td>Proposed Model for Financing Public Higher Education in Tanzania</td>
<td>30</td>
</tr>
<tr>
<td>Table 4.1:</td>
<td>System Influence on the Management Performance</td>
<td>39</td>
</tr>
<tr>
<td>Table 4.2:</td>
<td>Supporting Documents for Undergraduates</td>
<td>41</td>
</tr>
<tr>
<td>Table 4.3:</td>
<td>Grade to Be Financed Under the Loan</td>
<td>41</td>
</tr>
<tr>
<td>Table 4.4:</td>
<td>TCU- Recognized Public and Private University Colleges and their Geographical Location.</td>
<td>43</td>
</tr>
<tr>
<td>Table 4.5:</td>
<td>Gross Enrollment Rations in Higher Education for Selected Sub-Saharan African Countries, 2004 (%)</td>
<td>45</td>
</tr>
<tr>
<td>Table 4.6:</td>
<td>Means Testing and Recovery Systems Efficiency</td>
<td>46</td>
</tr>
<tr>
<td>Table 4.7:</td>
<td>Plan for Repayment Period</td>
<td>48</td>
</tr>
<tr>
<td>Table 4.8:</td>
<td>Different Public Medias Used by HESLB to Mobilize Loan Beneficiaries</td>
<td>49</td>
</tr>
<tr>
<td>Table 4.9:</td>
<td>Creation of Awareness Session to Loan Beneficiaries</td>
<td>49</td>
</tr>
<tr>
<td>Table 4.10:</td>
<td>Correlation between Recovery Process and Availability of Monies for Reallocation</td>
<td>50</td>
</tr>
<tr>
<td>Table 4.11:</td>
<td>Considered Strategies to address the Challenges</td>
<td>53</td>
</tr>
</tbody>
</table>
# LIST OF FIGURES

<table>
<thead>
<tr>
<th>Figure</th>
<th>Description</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Figure 2.1</td>
<td>Conceptual Model</td>
<td>27</td>
</tr>
<tr>
<td>Figure 2.2</td>
<td>Independent Variables</td>
<td>27</td>
</tr>
</tbody>
</table>
CHAPTER ONE

PROBLEMSETTING

1.1 Introduction

Tanzania has a long history of cost sharing in higher education where by before and immediately after independence in 1961 all students pursuing higher education had to pay for tuition fees and other expenses. Having noted that the increasing public demand for higher education and a good number of students with good qualifications failing to continue with higher education, the concept of cost sharing was proposed in 1988.

Over years now, there have been an increasing number of students seeking higher education but funds to support them have not kept pace with the increasing demands. In order to assist students who could not afford to pay for their meals and accommodation, the government introduced a loans scheme whereby students could borrow money to meet such expenses. Higher Education Students Loans Board was established in the year 2005/2006 after an enactment of Act No. 9 of 2004. The main function of HESLB was to give loans to students and recover loans from previously loaned students.

1.2 Back Ground of the Problem

Over years now, there have been an increasing number of students seeking higher education but funds to support them have not kept pace with the increasing demands. The higher Education Students Loans Board (HESLB) is a body corporate established by Act No 9 of 2004 and commenced operations in 2005.

But currently, Higher education Students Loans board has inadequate fund which do not match with increased number of students who have no economic power to pay for the costs of their education and aged infrastructure which were meant to accommodate only few students.
Also there is limited number of other sources of financing higher education students to meet the increasing number of needy students demanding loans. Therefore these indicators show that there is a need to understand clearly the management situation in provision and recovery of students’ loans.

Due to several Challenges facing Higher Education in Tanzania, Early 2011 the President appointed a Team to review the current students’ loan scheme. The Team came up with a number of recommendations. Amongst them included the need to involve other stakeholders in financing or issuing loans to students, review of loans issuing and recovery criteria.

Despite the measures being taken by the Government to address the problem, still the researcher realized that there is a need to carry out the study at Higher Education Students Loans Board to avail some facts on the management situation in provision and recovery of loans, which definitely will be productive for the Board, Higher learning Institutions and for the students and the other higher education stakeholders.

1.3 Statement of the Problem
Higher Education Students Loans Board (HESLB) by recognizing its management functions to assume responsibility for control and management of any loan funds, to administer and supervise the whole process of payment and repayment of loans, to recover all loan moneys owed by former student loan beneficiaries still the current control and management system of provision and recovery of loans to higher learning Students in Tanzania is flawed and lopsided to such an extent that it has generated controversies, partisan debates among different stakeholders, students themselves and increase crises in higher education sector.

Basing on the impact of cost sharing policy that has resulted to increased number of students in Universities and university Colleges, about 60% of higher learning students get loans from the Higher Education Students Loans Board, but according to HESLB management the situation show that still there are many needy poor students who have the qualification to get loans but they do not get loans, and even those who
get the loans they do not get the loan as required or as applied. Therefore, researcher wants to find out the situation of loan management in higher education Students Loans Board particularly in provision and recovery of Loans.

1.4 Objectives of the Study
The main objective of this study was to find out the situation of loan management in higher education Students Loans Board particularly in provision and recovery of Loans.

1.5 Specific Objectives of the Study
(i.) To understand the system used by HESLB in management of provision and recovery of Loans.
(ii.) To determine the criteria used in identifying applicants who deserve to be given loans.
(iii.) To highlight the instruments used by HESLB for loans allocation
(iv.) To determine the procedures and period for loan repayment.
(v.) To highlight the challenges/ problems areas and gather the suggestions to the challenges

1.6 Research Questions
The research was geared towards seeking answers to the following research questions
(i.) Which system used by higher education students Loans Boards in management of provision and recovery of Loans?
(ii.) How do the above system influence HESLB management of provision and recovery of Loans?
(iii.) What are main criteria used by HESLB in identifying applicants who deserve to be given loans?
(iv.) How do HESLB recover loans from previous loan beneficiaries?
(v.) What are challenges associated with HESLB Management?
1.7 **Significance of the Study**

Basing on the prime objective of this study, findings from the study are expected to be used by Higher Education Students Loans Board to improve the management techniques in provision and recovery of Loans from students who are loan beneficiaries. The study findings are expected also to be used by higher learning institutions, and other higher learning stakeholders at large to design and propose viable model and make the management of provision and recovery of loans more effective. The study was envisaged to divulge important information for academic succession, whereby new ideas will be poured out and will be used as a cornerstone for other similar studies.

1.9 **Limitation of the Study**

(i.) Lack of viable models/ framework for determines the management performance in financing higher education.

(ii.) Budget and time constrains will force the researcher to concentrate his study at the Higher Education Students Loans rather than extending the study to other higher learning education stakeholders.

1.10 **Delimitation of the Study**

This study focused on finding out the situation of loan management in higher education Students Loans Board particularly in loan provision and loan recovery. Considering the multidepartment of the HESLB, the study concentrated on the Department of Loan Disbursement and the Department of Loan Recovery.

**Organization Background**

The Higher Education Students' Loans Board was established by Act No. 9 of 2004, inaugurated by the Hon. Minister for Higher Education, Science and Technology on the 30th March 2005 and became operational in July 2005. The objective of the Board is to assist, on a loan basis, needy students who secure admission in accredited higher learning institutions, but who have no economic power to pay for the costs of their education. The Board is also entrusted with the task of collecting due loans
from previous loan beneficiaries in order to have a revolving fund in place so as to make the Board sustainable

1.10.1 Organization Structure

In terms of decisions on policy issues, the Board is composed of 15 Board Members including the Chairman. The Chairman is answerable to the Minister for Education and Vocational Training. In terms of management the Board is headed by the Executive Director. Under the Executive Director there are 4 Directors who head 4 directorates namely:

(i.) Loan Allocation and Disbursement Directorate.
(ii.) Loan Repayment Directorate.
(iii.) Planning Research and ICT Directorate.
(iv.) Finance and Administration Directorate.

Each Directorate has a number of senior and junior staff who works under each Director.

Also the Board has 4 Independent units namely:

(i.) Procurement and Supplies
(ii.) Information, Education and Communication
(iii.) Legal Affairs and
(iv.) Internal Audit

Head of each independent unit is reporting to the Executive Director at a capacity of Assistant Director.

1.10.2 Main Objectives

(i.) To issue loans to higher education students
(ii.) To recover the said loans for re-lending to other needy Tanzanian students
1.10.3 Vision
In order to achieve and sustain its objective of assisting, on loan basis, needy Tanzanian students to meet the costs of their education HESLB has to play a much more significant role in identifying eligible students, issuance of loans and effective recovery of the loans so as to make the Board sustainable. It is in this context, therefore, that HESLB’s vision is:

“To be a centre of excellence for the provision of loans to needy and eligible Tanzanian students of higher learning institutions.”

1.10.4 Mission
The Board’s mission which is closely related to its vision is:

“To put in place a well-managed and sustained revolving students’ loan fund to enhance access to higher education by needy and eligible Tanzanian students.”

1.10.5 Core Values
The core values which will guide HESLB in achieving its objectives are; Team work, Transparency, Accountability, Commitment, Integrity, equity, creativity, Efficiency and Effectiveness
CHAPTER TWO

LITERATURE REVIEW

2.1 Theoretical Literature Review

Theoretical Review refers to review of different books and work of the other scholars patterning to the topic under study and the related with the bases from the theories models.

In finance, a loan is a debt evidenced by a note which specifies, among other things, the principal amount, interest rate, and date of repayment. A loan entails the reallocation of the subject asset(s) for a period of time, between the lender and the borrower. The most typical loan payment type is the fully amortizing payment in which each monthly rate has the same value over time.

Loans can also be subcategorized according to whether the debtor is an individual person (consumer) or a business. Common personal loans include mortgage loans, car loans, home equity lines of credit, credit cards, installment loans and payday loans. The credit score of the borrower is a major component in and underwriting and interest rates of these loans. The monthly payments of personal loans can be decreased by selecting longer payment terms, but overall interest paid increases as well. The most typical loan payment type is the fully amortizing payment in which each monthly rate has the same value over time.

Definition from website, A student loan is designed to help students pay for university tuition, books, and living expenses. It may differ from other types of loans in that the interest rate may be substantially lower and the repayment schedule may be deferred while the student is still in education. It also differs in many countries in the strict laws regulating renegotiating and bankruptcy. Student debt is a form of debt that is owed by an attending, withdrawn or graduated student to a lending institution. Generally, Student loans are loans offered to students to assist payment of the costs of education.
According to the theory, while college tuition payments are raising, the rate of return of a college degree is decreasing, and the soundness of the student loan industry may be threatened by increasing default rates. College students who fail to find employment at the level needed to pay back their loans in a reasonable amount of time have been compared to the debtors under sub-prime mortgages whose homes are worth less than what is owed to the bank.

Benjamin Ginsberg explains the connection between the increased ability to pay tuition and the increase in services provided in his book The Fall of the Faculty. According to Ginsberg, "there have been new sorts of demands for administrative services that require more managers per student or faculty member than was true in the past." The Goldwater Institute echoes this sentiment with it's findings that, "Between 1993 and 2007, the number of full-time administrators per 100 students at America’s leading universities grew by 39 percent, while the number of employees engaged in teaching, research or service only grew by 18 percent."

U.S. Secretary of Education William Bennett first suggested that the availability of loans may in fact be fueling an increase in tuition prices and an education bubble. This "Bennett hypothesis" claims that readily available loans allow schools to increase tuition prices without regard to demand elasticity. College rankings are partially driven by spending levels, and higher tuition prices are correlated with increased public perceptions of prestige. Over the past thirty years, demand has increased as institutions improved facilities and provided more resources to students. Additionally, schools tend to enroll fewer students as they improve student offerings and increase prices. This suggests that it is in schools' best interest to increase tuition prices as much as possible, so long as financial aid ensures an ability to pay on the part of students and parents.

A variation on the higher education bubble theory suggests that there is no general bubble in higher education—that is, on average, higher education really does boost income and employment by more than enough to make it a good investment—but that degrees in some specific fields may be overvalued because they do little to boost
income or improve job prospects, while degrees in other fields may in fact be undervalued because students do not appreciate the extent to which these degrees could benefit their employment prospects and future income.

Proponents of this theory have noted that schools charge equal prices for tuition regardless of what students study, the interest rate on federal student loans is not adjusted according to risk, and there is evidence that undergraduate students in their first 3 years of college are not very good at predicting future wages by major.

Glenn Reynolds wrote in the Washington Examiner that those who have financed their educations with debt may be particularly hard-hit. Reynolds continued arguing his case in "The Higher Education Bubble" where he noted that higher education, as a "product grows more and more elaborate-- and more expensive-- but the expense is offset by cheap credit provided by sellers who are eager to encourage buyers to buy.

However, the data shows that, over years now in Tanzania, there have been an increasing number of students seeking higher education but funds to support them have not kept pace with the increasing demands. Higher education Students Loans board has inadequate fund which do not match with increased number of students and aged infrastructure which were meant to accommodate only few students. Also there is limited number of other sources of financing higher education students to meet the increasing number of needy students demanding loans. Therefore there is a need to understand clearly the situation under the key management factors in provision and recovery of students’ loans.

2.1 Empirical Literature Review

Empirical Review refers to the review of previous journals, study dissertations of various people.

Most countries have their own systems as well as programmes to finance their HE students (Chapman and Harding, 1993; Barr, 2003), consisting both of government and private loans. By setting up specific bodies or organizations to manage them
(Chapman, 2006), the government can offer loans to a wide variety of students. For example,

Malaysia formed the National Higher Education Fund Corporation (NHEFC) in 1997 to organize and provide loans for Higher Education students (NHEFC, 2008). NHEFC offers loans representing the federal government to enable selected students pursue their studies in the Malaysian universities and colleges. Similarly to the corresponding bodies in other countries, NHEFC is funded directly by the government using the government budget. Most countries, however, have realized that they cannot rely on the government budget. Economically, governments have limited resources and they are shared among a number of social needs such as public healthcare, housing, and education (Ziderman, 2005).

Non-repayment of student loans keeps increasing every year due to reasons such as unemployment and students continuing with a study for another degree (Khan, 2008). In order to maintain sufficient resources for current and future students, as well as to reflect the significance of the government inspiration to support student loans, NHEFC requested in 2007 a loan of Ringgit Malaysia 2 billion (USD 0.57 billion) from the government budget, Research in Higher Education Journal.

In Australia Tertiary Student places are usually funded through the HECS – HELP scheme. This funding is in the form of loans that are not normal debts. They are repaid over time via a supplementary tax, using a sliding scale based on taxable income. As a consequence, loan repayments are only made when the former students has income to support the repayments. The debt does not attract normal interest but grows with CPI inflation. Discounts are available for early repayment. Although there has been criticism that the HECS – HELP scheme creates an incentive for people to leave the country after graduation, because those who do not file an Australian tax return do not make any repayments. Administration of student loans in Kenya
When the University Students Loan Scheme was established in 1974, a section of the Ministry of Education was charged with the responsibility for disbursement of the loans. It was not until 1980 that another office was opened to carry out the loans collections. The Student Loans for Public Universities have been managed under the two sections of the Ministry of Education until 1988/89 academic year when loans disbursements were decentralized to the 41 districts in the countryside to be processed by the provincial administration and the commercial banks. The latter will also be expected to recover the loans in future.

Loans to students are disbursed twice in one academic year. The portion of the loan for catering and accommodation is directed to each of the four public universities where internal arrangements for the management of these services are done. About 34 per cent of the loan is earmarked for the students' personal expenses including books while the tuition loan is directed to the universities for the necessary purchases of academic materials. An interest rate of 2 per cent has been charged on the loans as a service charge. Currently, banks are receiving the 2 per cent of the loans in anticipation of their future roles, especially in loan collections.

However the backlog of matured loans prior to 1988 is being recovered by the Loan Recovery Unit in the Ministry of Education. The repayment period for the loans is ten years. For the new graduates, about 15-20 percent of their salaries is directed to the repayment of the loans. A grace period of between two to three years was in force before 1988, but the new agreement with the banks has no provision for a grace period. This means that graduates are expected to start repayment immediately on employment. There have been no provisions for any special category of loanees such as the low-paid, unemployed or others facing financial problems.

**Administration of the loans scheme in Malawi**

The loans scheme, which is only for University of Malawi students, is administered by the University. When the money arrived, the University Council set up an Allocations Committee and appointed the University Registrar as its Chairman. Other members of the Committee are: the Secretary for Education and Culture, the
Secretary to the Treasury, the four Principals of the constituent colleges of the University of Malawi, the Chairman of the Students' Union, and the University's Finance Officer.

In addition, a loans officer was recruited for the day-to-day transactions of the scheme. The World Bank credit provided funds to allow the University to send her to the USA for training in loan management. Since the University has four colleges, it was decided to have a loans sub-committee at each college which studies each and every application before recommending to the main Committee. The College Committee comprises all Faculty Deans, the College Registrar and the Chairman of the College Student Union.

**Collection**

The loans scheme fund is expected to become fully revolving, and loans given to students must be repaid if the scheme is to continue. The collection task is also the university's responsibility. Graduating students are reminded, during the last term of the final year, of their obligations and are requested to fulfill them when they leave. The University may also enter into an arrangement with employers of the graduates whereby the employer is requested to recover the loan obligations at source and remit the amounts deducted to the University. The arrangement has legal backing in that the amendment to the University Act which came into effect with the introduction of the Loans Scheme, stipulates among other things, that employers are required to facilitate loan recoveries on behalf of the University.

Since the scheme is only three years old, the exercise of collecting loans through employers has only just started and the response so far is very encouraging. The University has managed to trace about 70 per cent of loan grantees and some of them have repaid the loans in full, by applying for advances from their employers. It is too early to make any estimate of default rates. It is anticipated, however, that there will be defaulters. Some of the borrowers might have died, in which case the loans will have to be written off. Others (especially women) might have married foreigners and
left the country. The default rate win be known as soon as the current tracing exercise has been completed.

Student loans in the United Kingdom are primarily provided by the state-owned Student Loans Company. Interest begins to accumulate on each loan payment as soon as the student receives it, but repayment is not required until the start of the next tax year after the student completes (or abandons) their education. Since 1998, repayments have been collected by HMRC via the tax system, and are calculated based on the borrower’s current level of income. If the borrower’s income is below a certain threshold (pound 21,000 per tax year for 2012/2013), no repayments are required, though interest continues to accumulate. Loans are cancelled if borrower dies or becomes permanently unable to work.

Korea’s student loans are managed by the Korea Student Aid Foundation (KOSAF). The KOSAF is an institution committed to talent cultivation in charge of student aid and established in May 2009. According to the governmental philosophy that Korea’s future depends on talent development and no student should quit studying due to financial reasons; they help students grow into talents that serve the nation and society as members of Korea. Through the management of Korea’s national scholarship programs, student loan programs, and talent development programs, KOSAF offers customized student aid services and student loan program is one of the their major tasks.

KOSAF main students loan programs are; Deun-Deun (ICL) Student Loan, Standard Student Loan and Rural Resident Student Loan. Currently KOSAF seeks lower interest rates by using direct loans. Since KOSAF issue government guaranteed bonds, students can borrow directly from the foundation, which reduces their burden on tuition payment. The loan repayment may not exceed the student’s financial need.(en.wikipedia.org/wiki/student-loan).
According to the report of an IIEP educational forum held in Nairobi Kenya from 25-27 June 199, with the purpose to examine the experience of student loan programmes, to explore arguments for and against providing financial support for students by means of loans rather than scholarships etc, in Africa shows that many African countries recognized the need for cost sharing. (Maureen WoodHoll – IIEP). In Tanzania where students now receive loans to cover tuition fee, stationary, meals and accommodation expenses.

2.2.1 The Design and Management of Student Loans Programmes

According to the discussion of the way current loan programmes operate in English – Speaking Africa revealed that none of the existing schemes is without administrative problems, but all countries are currently planning improvements or reforms designed to make the Management and recovery of loans more effective. Although there is no single model that is suitable for all countries there are certain agreed conditions necessary for the effective management of student loan programmes, the following condition must be considered,

(i.) A sound institutional structure,
(ii.) A sound financial management system,
(iii.) A sound legal frame work for student loans,
(iv.) Effective machinery for targeting financial support and selecting recipients for loans, scholarships or other forms of public subsidy,
(v.) An effective machinery for loan recovery,
(vi.) To ensure that default is minimized, and
(vii.) An effective publicity campaign to ensure widespread acceptance and understanding of the principles of student loans.

The feasibility of student loans

Despite the problems that have been encountered in administering student’s loans in Africa, there was considerable optimism expressed at the forum about the possibility and scope for improvements in the future, and agreement about the necessity of achieving wider cost sharing in higher education. It was agreed that provided that loan recovery could be improved, student loans could make an important
contribution to the finance of higher education, particularly by enabling universities to introduce realistic charges for board and lodging and even, in some cases, by allowing tuition fees to be introduced or increased.

It was also agreed, however, that loans were not always the most effective form of student support. For the neediest students’ grants, scholarships or bursaries may be more effective than loans as a way of encouraging participation. Other option such as compulsory contributions of portions of a proportion of income, as in Botswana, compulsory national service for graduates, with part of the national service allowance being deducted to cover loan repayments as in Ghana, should also be explored.

It is also important to compare the income generated from loan repayments with the costs of administering the loan programme. In some cases the costs of administration, together with high rates default, have so depleted the income from student loan programmes, that it would actually be cheaper to give grants, rather than loans.

Nevertheless, there was general agreement that student loans do have a part to play in promoting wider cost sharing in higher education, and there was optimism that they could be made to work more effectively. Participants’ believed that a successful student loan programme needs to meet the following condition:

(i.) There must be adequate initial capital for the loan fund, and this must be wisely invested, to generate income to finance loans to students.

(ii.) The purchasing power of the capital must be maintained, by the reinvestment of part of the income, to allow for the effects of inflation as well as the non-recovery of some loans (for example in case of death).

(iii.) The number of loans must be restricted to a level which the fund is able to sustain; this means that a system of effective targeting is needed to ensure that loans are used to support the neediest students, or to provide incentives for students to study courses with high priority in terms of manpower needs. For example Tanzania the give the following course high priority; education,
engineering, agriculture, animal and health sciences and they also considering some criteria for applying for the loans like poor orphans.

(iv.) Students loans should charge a realistic rate of interest, which is adequate to cover inflation and administration costs.

(v.) Loan recovery must be efficient, which requires that the obligation to repay loans is legally enforceable, that accurate records are maintained, and that effective mechanisms are established to collect loan repayments, either through existing machinery such as the collection of income tax or social security contributions, or with the help of employers.

Existing student loan programmes in Africa do not satisfy these conditions. Most loans are highly subsidized, with graduates paying low rates of interest, which means that there are substantial ‘hidden grants’. Loan recovery has being disappointing, with very high rate of default in most countries. Several countries, such as Ghana and Kenya, have tried to make loans available to all students, rather than restricting eligibility on grounds of family income. This has being critised on ground of both cost and equity, since it means that taxpayers with below – average incomes are subsidizing graduates with above – average incomes. (Report of an IIEP educational Forum by Maureen Woodholl).

Despite the liberalization of the higher education sector, participation and admission rates and general gross enrollment ratio in higher education in Tanzania are still low compared to neighboring and other SADC countries implying the low capacity of the higher education sector to enroll more students because of limited funding.

2.2.2 Current Higher Education Funding Model
Financing of public higher education in Tanzania in the context of cost sharing policy is (ideally) supposed to be a shared responsibility between different stakeholders and beneficiaries of higher education products. But practically this is not happening.
The Government despite its declining financial ability to finance public higher education institutions through subventions to cover recurrent and capital development budgets, but is also financing tuition dependent private higher education institutions. Through providing interest–free loans to cover tuition fee and related cost to students enrolled in private universities through the Higher Education Students’ Loans Board (HESLB) and the Tanzania Education Authority leading to inequities in higher education financing. (By Johnson M. Ishengoma).

Although there are several applicable strategies and suggestion on the way student loans should be Managed, In Tanzania still there are many needy poor students who have the qualification to get loans but they do not get loans, and even those who get the loans they do not get the loan as required or as applied. Also there is a delay in loans disbursement which result a lot of chaos and quires. Also there still problem in the loan recovery. Despite of the existence of a plethora of beneficiaries of higher education products, their contribution to higher education remains insignificant mainly limited to welfare costs.

The Higher Education Students Loans Board Act No. 9 of 2004, specifies loanable items as follows:

(i.) Meals and accommodation charges
(ii.) Books and stationery expenses
(iii.) Special faculty requirements
(iv.) Field practical training expenses
(v.) Research expenses; and
(vi.) Tuition fees

Student loans in Tanzania are set aside annually by the Government and provided to students by the Higher Education Students Loans Board by the use of Means Testing system in identifying applicants who deserve to be given loans. Discussion of the way current loan programmes operate in English – speaking Africa revealed that none of the existing schemes is without administrative problems, but all the countries
have introduced or planning improvements or reforms designed to make the management and recovery of loans more effective.

Any student who is needy (that is a person who has no financial assistance from any other sources to cover his/her education costs). He/she must be a Tanzanian by nationality and should have been admitted to an Accredited Institution of Higher Learning to pursue either Advanced Diploma or a Degree. Moreover, he/she must have made a written application to the HESLB by filling-in required forms and submitted them within the specified time frame.

2.2.3 Situation Analysis in Financing of Higher Education in Tanzania
Higher education in Tanzania has been mainly public in ownership as well as in operational control. Thus, expenses for higher education, including students living costs have been financed entirely by the public budget. With a few exceptions, students, their families and future employers do not make any significant contribution to the cost of higher education beyond the general incidence of the tax system and the income foregone while studying.

The extent to which the private rate of return to higher education exceeds the social rate of return is a useful index of public subsidy to higher education. Available evidence suggests that in Africa and indeed in Tanzania, private rates of return to higher education are conservatively 15 percent greater than social rates of return. This is more than three times higher than in Latin America or in industrialised countries and fifteen times higher than in Asia.

The practice of providing either free room and board on campus or allowances to students, thereby shifting to the public education budget a considerable sum required to cover living expenses of students, greatly inflates publicly borne unit costs of higher education in Tanzania. Although the Government has begun to phase out support for some elements of the living costs of students, fellowships to students still constitute a large part of public expenditure on higher education.
Therefore measures for getting financial contributions to higher education from a broader spectrum of society should be planned.

In recent years the education sector has been marginalised due to macro-economic policies that came with the Structural Adjustment Programmes of the 1980s. These policies emphasize that allocation of resources should be on productive and economic enterprises. As a result the education sector as a whole is now under-financed.

Donor support in both capital and recurrent expenditure has helped to keep the system somehow going; but there are clear signs of donor fatigue due to changing conditions in the socio-economic and political global situation. This therefore calls for a very urgent review of the financing systems for higher education.

**Policies on sources of financing Higher Education**

An effective financing plan for the future will have to accommodate the changing role of the Government in financing and managing education. Emphasis shall be directed at cost sharing and power sharing with private organisations, individuals, non-governmental organisations and communities who will be encouraged to take an active role in establishing and maintaining institutions of higher learning. Students will have to contribute for their education.

The new approach to financing higher education aims at the following:

(i.) Rationalising the level of Government contribution to higher education

(ii.) Rationalising the level of government awards at institutions of higher education and introducing some competitiveness in the awards.

(iii.) Introducing a legally fortified students loan scheme

(iv.) Arresting the decline in the quality of and access to higher education due to under funding by requiring the beneficiaries to contribute towards their higher education and by shifting public resources from students’ welfare to provision of education.
Strategies for Policies on Sources of Financing Higher Education

The major sources of financing higher education shall be the following:

Contribution by Owners – owners of institutions of higher education shall be the public and private sectors or partnership between them. Their contribution will be in terms of provision and maintenance of physical infrastructure as well as provision of basic funds for the mission of the institution.

(i.) Contribution by Beneficiaries – the beneficiaries of higher education is the Government, the private sector and individual students and their families.

(ii.) The Government – the Government shall also provide and / or facilitate loans and/or scholarships for students in higher education institutions. While the government continue to be the main financer of higher education, it shall be the higher education policy maker and supervisor of its implementation.

(iii.) The private Sector – the private sector should be encouraged to establish and maintain higher education institutions, provide funds to enable students to borrow for their higher education, sponsor students in higher institutions by providing scholarships, fellowships etc, and provide funds for research.

(iv.) Individual students and their families – students and their families shall be required to contribute towards their higher education. Contribution by the students shall be in the following scheme:

(v.) Students studying in local Institutions of Higher Education

Students studying in local institutions shall be required to pay for the following direct expenses: application fees, registration fees, meals and accommodation, books and stationery, field practical expenses, medical insurance, special projects, caution money, students union fees, examination fees and tuition. The transferring of these costs to from the Government to the students shall be done in phases, beginning with students’ welfare costs.

(i.) Students studying Abroad under the Tanzania Government Sponsorship

In view of the high costs involved, Tanzania Students shall study in institutions abroad under the following conditions:

(a.) The course to be pursued is not offered in local institutions
(b.) Local institutions do not have the capacity to train the required number of personnel.
(c.) There are scholarship offered by donors
(d.) Students sent abroad shall have the best academic records.

Contribution by Institutions of Higher Education – institution of higher education shall be required to run their activities in a cost effective manner with a view to reducing costs. (National Higher Education Policy, February 1999)

According to the third phase of cost sharing which come to force in 2005/2006 which HESLB was established under the Act No. 9 of 2004 to undergo the following function;

(i.) To assume the responsibility for the control and management of any loans funds as vested in the Board under the Act,
(ii.) To formulate the mechanism for determining eligible students for payment of loans
(iii.) To administer and supervise the whole process of payment and repayment of loans
(iv.) To keep the register and other records of students loan beneficiaries under the Board.
(v.) To advise the Minister on matters of policy and of the law concerning provisions and recovery of loans to students
(vi.) To establish operational links with employers of loan beneficiaries for the purpose of facilitating the recovery of the loans granted
(vii.) To establish networking and cooperation links on a mutually beneficial basis with institutions and organizations, be they governmental or non-governmental, local, foreign, or international
(viii.) To conduct research and maintain a databank on other local and external scholarships, sponsorships and awards that may be accessed by Tanzanian Students in need or in search of opportunities and financial sponsorship or assistance for higher education and or training. (The HESLB Act, 2004)
To ensure the overall efficient and effective implementation of the provisions of the Act and of any such other written law concerning Government loans

2.2.3 Challenges facing Higher Education in Tanzania

The higher education in Tanzania is facing a number of challenges. Amongst them include:

(i.) Increasing number of students aspiring to enroll in higher learning institutions due to successful completion and implementation of Primary Education Development Programme (PEDP), Secondary School Development Programme (SEDP) and increased public / social demands for Higher Education.

(ii.) Inadequate funding which do not match with increased number of students and aged infrastructure which were meant to accommodate only few students

(iii.) Inadequate number of teaching and technical staff compared to the increased number of students and new higher learning institutions.

(iv.) Too much independence on Government to finance and support higher education.

(v.) The aging and retiring skilled academic staff with most Universities having no succession plans.

(vi.) Poor working environment, remuneration and retirement packages which do not attract and retain skilled and experienced staff.

(vii.) Limited number of other sources of financing higher education students to meet the increasing number of needy students demanding loans.

(viii.) Inefficient utilization of meager resources due to duplication and uncoordinated efforts by higher learning institutions.

(ix.) Some few institutions refusing to enter Central Admission System in order to minimize multiple admissions which results in delay in opening of institutions, delay in loans disbursement and non filling of placements in Universities.

(x.) Increasing number of fake certificates and degree awards in order to get university Admissions.
(xi.) Low ratio of female and disadvantaged students in higher learning institutions.

(xii.) More students preferring to study arts and social science programmes than life science and technological programmes due to better remunerations after graduations and less stress when in universities.

(xiii.) Low pass rates for science and technology biased students in both Secondary Schools and Universities.

(xiv.) Completion for students with middle cadre institutions which are also offering degrees.

(xv.) Lack of national Qualification framework to oversee, regulate and control quality higher education

2.2.4 Proposed strategies to address the Challenges.

Among the measure being taken by Government to address these challenges include the Development of Higher Education Development Programme “Mpango wa maendeleo ya Elimu ya Juu” (MMEJU) which aims at addressing the following:

(i.) Increasing Gross Enrolment Ration in Higher Education from the current 3% to 6% by 2015.

(ii.) Rehabilitation of the aging and dilapidated infrastructure and contraction of new infrastructure to accommodate increased number of students.

(iii.) Training of more academic and technical staff to meet the increasing number of students and higher learning institutions.

(iv.) Allocation / provision of more research and development funds to Higher Learning Institutions.

(v.) Establishment of alternative sources of financing higher education students loans.

(vi.) Improving management and administration of higher learning institutions

(vii.) Networking Higher Learning Institutions in order to share knowledge and resources more effectively.

(viii.) Implementation of science, technology and Higher Education Project (STHEP) which aim at increasing science and teacher graduates in selected higher education institutions.
(ix.) Review and harmonization of education policies and Acts in order to address or meet emerging new needs and challenges.

(x.) Establishment of joint higher education students admission i.e (Tanzania Commission for Universities - TCU) and loan application system

(xi.) Improvement of the Higher Education Student Loans Board’s Means Testing and Recovery Systems so that by 2015, at least 25% of the loans come from recovery.

(xii.) Establishment of higher education students unit cost

(xiii.) Establishment of education students unit cost

(xiv.) Establishment of staff development fund to train young staff for further education

(xv.) Identification of few institutions to be Centre of excellence and offer more postgraduate programmes

(xvi.) Encouraging more students’ especially female students to apply and join science and technology programmes by giving those grants and 100% loans.

(xvii.) Engagement of expatriate staff to teach and supervise Postgraduate students while institutions are training their staff.

HESLB Management faces the following barriers in its provision and recovery of loans. Some authors argue that unless and until the real barriers are understood and addressed, this situation will continue to prevail. Lack of awareness and mindset, lack of top –level commitment, limited resources, lack of technical support, poor transformation process, lack of Staff development, lack of ownership, poor culture.

However, the data shows that, over years now in Tanzania, there have been an increasing number of students seeking higher education but funds to support them have not kept pace with the increasing demands. Higher education Students Loans board has inadequate fund which do not match with increased number of students and aged infrastructure which were meant to accommodate only few students.
Also there is limited number of other sources of financing higher education students to meet the increasing number of needy students demanding loans. Therefore there is a need to understand clearly HESLB management Situation in provision and recovery of students’ loans.

2.3 Conceptual Framework

Research Framework

First and foremost, let’s begin with the definition of theoretical framework. Basically, there was a clear definition of it that defined by the past researcher Hafeez (2010) as “conceptual or theoretical model would be drawn taking into account various factors which have identified links with the problem”. The purpose of developing theoretical framework is to help the researchers to have an insight of the problem in this study. Moreover, the central problem of this research is: What is the overall management situation in provision and recovery of Students loans? At the same time, the theoretical model will further discussed about the independent variables affect dependent variables.

Research Framework linked to the main problems that require the researcher to emphasize on. The conceptual frame work lays a foundation for empirical study to find out the situation in the management of loans provision and loans recovery by Higher Education Students Loans Board to the Tanzanian Students of Higher Learning Institutions. Management Situation is dependent variables whereas there are number of independent variables which include HESLB commitment, System used to allocate and recover loans, Instruments used, the procedure and period for loan repayment application, HESLB Budget.

It is expected that the findings will be applied or lay a foundation for other similar studies in future, also will be a useful tool in education policy formulation by relevant higher education stakeholders in future.
However some previous researchers proposes some models such as market model which seem to have been successful in other East African Countries like Uganda and Kenya (J.M Ishengoma). This model also advocated by oketch (2003) and Lamptey (1994) stresses the injection of the market principles and market driven approaches into the financing of higher education to make it completely self-financing.

Basin on real situation for financing higher education in Tanzania, it is evident that, to propose a viable model or framework for financing higher learning in the Tanzanian context it is almost impossible because of intense and deliberate politicization of financing of higher education and because of the entrenched mindset of FREE HIGHER EDUCATION among the majority of Tanzanians.

An eligible student applicant is supposed to fill-in specific forms (SLF1, SLF2 & SLF3) and return them to the HESLB within a specified time frame. A non-refundable application fee of Tsh. 30,000/- should be deposited to the HESLB bank account and the duplicate deposit slip be attached to the application forms (this applies to first time loan applicants). These forms are available in many established locations including the colleges/universities or at nearest postal offices. The forms can also be downloaded from HELSB website at www.heslb.go.tz

Every loan beneficiary is liable to repay his/her debt immediately after completion of the course or termination of his/he studies. Loan beneficiaries, who secure employment, should arrange with the employer to ensure remittance to the Board for a period not exceeding ten years.

Loans beneficiaries who engage in self-employment should also make necessary arrangement to inform the board and remit the amounts Boards Bank Account No. 2011100205 maintained by the National Micro-finance Bank.

Procedures for Loan Repayment Operation

(i.) Loan Repayment process shall involve the following procedure:

(ii.) Receiving of consolidated report from disbursement department

(iii.) Update database of all loan beneficiaries
(iv.) Updating database of beneficiaries whose loans are due for repayment
(v.) Updating database of identified loan beneficiaries by employers
(vi.) Billing of the identified loan beneficiaries
(vii.) Receiving regular monthly loan instalments from loanees or employers
(viii.) Banking of the received payments
(ix.) Updating of individual loan accounts
(x.) Issuance of clearance certificates to loanee

Figure 2.1: Conceptual Model

<table>
<thead>
<tr>
<th>DEPENDENT VARIABLES</th>
<th>INDEPENDENT VARIABLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management of loans</td>
<td></td>
</tr>
</tbody>
</table>

### SPECIFIC OBJECTIVES

- Initiating Variable
- Deviating variable

Source: Review of literature & practice

Figure 2.2: Independent Variables

- HESLB commitment
- System used to allocate and recover loans
- Instruments used
- The procedure and period for loan repayment application
- Economic Status of
- Increasing numbers of applicants
- Delays in loan allocation and loan disbursement

- Controversies
- Partisan debates
- Crises in higher education sector
- Management efficiency

Source: Review of literature & practices
2.4 Discussion of Independent and Dependent Variables

An independent variable is a variable that is being manipulated in an experiment in order to observe the effect on a dependent variable. (A.H. Mbwambo 2011). This study takes Management situation as independent variables and the researcher wants also to analyze the management situation in loans provision and loans recovery.

According to Steve Simon (2010), dependent variable is defined as “variable that you believe might be influenced or modified by some treatment or exposure”.

In addition, dependent variable in a research is also use to be predicted. Besides, the independent variables are defined as “the factors which is measured, manipulated or selected by the experimenter to determine its relationship to an observed phenomenon” The independent variable is the antecedent, whereas the dependent variable is the consequence (Jagdish Hiray, 2008).

In the research framework, it discussed about the relationship between the dependent variables and independent variable. Talent management is assumed as dependent variables whereas there are four independent variables which include employer branding, employee engagement, rewards & recognition, and organizational commitment.

In an experiment, the independent variable is the variable that is varied or manipulated by the researcher, and the dependent variable is the response that is measured. An independent variable is the presumed cause, whereas the dependent variable is the presumed effect. Manipulation of independent variables does influence the level of dependent variable.

Therefore this study takes Management Situation as dependent variables. In the research framework, it discussed about the relationship between the dependent variables and independent variable. Based on this study the researcher makes an analysis on the relationship between management situation and the loans provision and loans recovery.
Whereas there are several independent variables which include; HESLB commitment, System used to allocate and recover loans, Instruments used, the procedure and period for loan repayment application, HESLB Budget.

Although in Tanzanian context is almost impossible to propose a viable model or framework for financing higher because of intense and deliberate politicization of financing of higher education and because of the entrenched mindset of free higher education among the majority of Tanzanians, unfortunately including the educated, this paper proposes the market model which seems to have been successful in Kenya and Uganda higher education sectors.

The market model also advocated by Oketch (2003) and Lamtey (1994) stresses the injection of the market principles and market driven approaches into the financing of higher education to make it completely self-financing.
Table 2.1: Proposed Model for Financing Public Higher Education in Tanzania

<table>
<thead>
<tr>
<th>Market Segment in Rank Order</th>
<th>Financing Mode</th>
<th>Cost/ Budget Item</th>
<th>Level of financing in % (Annually)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Higher Education Institutions</td>
<td>Revenue diversification and privatization of services; contracted research &amp; consultancy; sale of patents; enrollment of privately sponsored students</td>
<td>1, 2, &amp; 4</td>
<td>1= 5% 2= 5% 4= 100%</td>
</tr>
<tr>
<td>2. Students and their Parents</td>
<td>Cost sharing</td>
<td>3</td>
<td>100%</td>
</tr>
<tr>
<td>3. Government</td>
<td>Direct donation to responsible institution to HEIs; introduction of an education levy</td>
<td>1, 2</td>
<td>1= 95% 2= 95%</td>
</tr>
<tr>
<td>4. Private Sector/Potential Graduate Employers</td>
<td>Direct donation to responsible institutions, student and professorial chairs sponsorship of contracted research.</td>
<td>1</td>
<td>Variable</td>
</tr>
<tr>
<td>5. External Donors</td>
<td>Direct grants to higher education institutions, faculty, departments, bureaus etc.</td>
<td>1</td>
<td>Variable</td>
</tr>
<tr>
<td>6. Financial Institutions and Banks</td>
<td>Creation of Higher Education Loans Bank to replace HESLB. Students and their parents can borrow money to pay for tuition and related costs at a market interest rate.</td>
<td>Variable</td>
<td>Variable</td>
</tr>
<tr>
<td>7. Alumni</td>
<td>Direct donations to institutions to establish endowment &amp; Trust Funds</td>
<td>1 &amp; 3</td>
<td>Variable</td>
</tr>
</tbody>
</table>

Source: Review of literature (J.M. Ishengoma-PhD)

Key: 1= Capital Development; 2=Direct Training Costs; 3=Students Direct Costs; 4=Other Administrative and Personal Emoluments Costs

One of the critical components of our proposed model is the establishment of the Higher Education Bank (HEDUBANK) by private investors to replace the Higher education Students Loans which appears to be ineffective and offers interest free loans which are unrealistic in the market economy in which the higher education sector is operating. This proposed Bank can give loans to higher education institutions at an interest rate to be determined. Currently, there is one private commercial bank (Azania) which provided limited education loans to parents.
The idea of an education bank has worked very well in Nigeria. The Nigerian Education Bank (EDUBANK) was established in 1993 after the Nigerian Student Loans Board was resolved due to its gross failure in recovering student loans amounting to NGN 400 million (US$ 3.34) by the time it was dissolved (Ishengoma, 2002:16). The roles of the Nigerian Education Bank are: (a) to serve as intermediary in Nigeria’s credit market; (b) harness private sector resources for the funding of education; and (c) take over part of the government’s educational funding responsibilities.

The specific functions of the Nigerian Bank are: (a) student lending; (b) lending for publishing books; (c) leasing educational equipment; (d) project financing; (e) funds mobilization; and (f) provision of advisory services for educational purposes (Chuta, 1198:426). The Bank is fully subscribed to by the Federal Government of Nigeria. The Bank also provided loans to university faculty for sabbatical leave and attendance at conferences abroad and for book publishing.

The proposed model supported by a special higher education bank is definitely an idea and a viable strategy for financing of higher education in Tanzania to develop and retain the next generation of academics and for stemming both internal and external brain currently adversely impacting capacity building and human resource development in public higher education institutions in Tanzania.

Having noted the increasing public demand for higher education and a good number of students with good qualifications failing to continue with higher education, the third phase of cost sharing came into force in 2005/2006 after an enactment of Act No.9 of 2004 which established the Higher Education Students Loans Board (HESLB). The main function of HESLB was to give loans to students and recover loans from previously loaned students (1994 to date). The impact of cost sharing has resulted to increased number of students in Universities and University Colleges.
As a conclusion, this chapter is actually a basic guideline for the following chapters. It starts by drawing out the theoretical framework and theoretical model which elaborate the dependent variable and independent variables. The study also shows the relationship effect between dependent variables and independent variables.
CHAPTER THREE

RESEARCH METHODOLOGY

MANAGEMENT OF PROVISION AND RECOVERY OF LOANS TO THE TANZANIANS’ STUDENTS OF HIGHER LEARNING INSTITUTIONS

3.1 Introduction

This chapter seeks to find out the situation of loan management in higher education Students Loans Board particularly in loan provision and loan recovery. In this chapter, research methodology will be discussed. What research methodology is? It is set of method to analyze the result of the finding and provides useful analysis to the research. Throughout this chapter, the better understanding of the concept for talent management will be more detailed. The first part will be “Research Framework”. It is a collection of factors that link to the main problems that require the researchers to emphasize on.

Additionally, within this subtitle, the theoretical model is developed to better known of the relationship between dependent variables and independent variables. Besides that, the following part will be “Research Hypothesis”. It is in a form of statement which used to test the relationship between the variables.

Continually, “Sampling Procedures” will be discussed after the hypothesis testing. Within this, it discussed about which type of sampling method will be conducted. As mentioned previously, the respondents of my research will be the selected employees from different department within the HESLB.

On the other hand, “Sources of Data” is discussed about the sources used for my research whereas “Data Collection Method” is discussing about the respondents that have been selected. The following will be “Questionnaire development” which discussed the patterns of the questionnaires to be distributed. The methods used for measurement for the both dependent and independent variables is debated under
“Measure of scale”. Lastly, “Data analysis” is to discuss what type of instruments to be used to test the research data collected.

3.2 Research Design
Research design is a strategy to be employed to answer the main research questions. According to Cooper and Schindler (2003), research design is an activity and time based plan, based on the research objective which guides the selection of source and types of information.

The study employed both desk and field research. The study involved both descriptive and analytical study. For desk research, intensive literature review was done together with collection of statistical data and qualitative information from published sources such as books, journals and articles and through the internet to develop conceptual framework.

3.3 Data collection Sources and Instruments
The search for answers to research questions calls for collection of data. Data are facts, figures, and other relevant materials, past and present, serving as bases for study and analysis. Secondary sources are those research reports that use primary data to solve research problems, written for scholarly and professional audiences. Researchers read them to keep up with their field and use what they read to frame problems of their own by disputing other researchers' conclusions or questioning their methods” (Wayne, Gregory and Joseph, 2008)

3.3.1 Primary Data
Besides that, primary data is the information that gathered from the employees by using the questionnaire. In other words, the primary data is the data that collected from first hand experience to the research paper which is directly from the respondents through several methods such as interviews and questionnaires. According to Hair, Money, Samouel, & Page (2007), self-administered questionnaire is one of the methods used to generate primary data as well-designed questionnaires provide high level of accuracy.
A study was conducted at HESLB; where by primary data were collected. This study conducted in a form of case study, where by the researcher visit HESLB and get required information. The complete self-administered questionnaires were used as the major data collection method, then collected back by the researcher for statistical analysis and inference. The rationale for employing self-administered questionnaires was due to the fact that it provides ample time for the respondent to brainstorm and think widely and deeply before they can answer the questions rather than the on spot interview. Data was collected using questionnaire which was comprised with open and close ended questionnaires.

And the Likert Scaling method was used for measurement of the both dependent and independent variables. This scale is to determine how strongly does the respondent agreed or disagreed towards the questions.

Incidence observation was also included on operational proceedings by the researcher. Observation is the systematic observation, recording, description, analysis and interpretation of people’s behavior. The researcher used participant observation because she has management knowledge.

3.3.2 Secondary Data
In this study secondary data were obtained by perusing through literature from books, various operational manuals, HESLB Act No 9 of 2004 and its amendment of year 2007, HESLB Strategic Plan 2012-2013, survey -based data and complied multiple sources. Research reports and readily available documents including Acts, manuscripts and office reports from HESLB which comprises official and non-official documents.

3.4 Area of Study and Population
According to Busha and Harter (1980), a population comprises any set of persons or objects that posses at least one common characteristic. Furthermore, a population can be very large or small, depending upon the size of the group of person’s objects from
which the researcher plans to make inference. Thus, a population refers to people that the researcher has in mind from which information/data can be obtained.

According to Paton (1987), selection of areas of study and population with the interesting issues that address the research subject is very important as it is easy to manifest the situation that research seeks to address. The Higher Education Students Loans Board is the area of the study located at Dar-es-Salaam, Mwenge- Kinondoni. The target population of study was HESLB management staff and employees. The selection of the population and the study area based on the criteria of the current system of financing higher education in Tanzania that have big impact in financing of higher education in Tanzania. This is due to the fact that HESLB offers loans to poor and needy students admitted in fully registered higher learning institutions.

3.5 Sample of Study
In this study we have two sampling units, HESLB management and operational employees. Higher Education Students Loans Board Management and Operational Staffs were used as the sample of this study because of many competing Higher Learning Students needs.

3.6 Sampling Technique
Researcher employs cluster sampling technique, whereby the total population was divided into two groups (or Cluster): HESLB Management and HESLB operational Staffs. The required information was collected from the elements within each selected group.

3.7 Sample Size
The sample size is 40, comprising of Higher Education Students Loan Board management and from operational Higher Education Students Loan Board employees. Students from higher learning institutions were not involved due to limited resources. Sample size is affected by different factors such as population’s heterogeneity, researched cases proportion, expected loss and size of population.
Resources available to the researcher create limitations to hoped sample size. These resources are time and money.

3.8 Validity and Reliability of Data
The probability sampling plan was used to select the sample of respondents from each population of group. In the plan each employee had equal chance of being included in the sample. Simple random sampling also known as chance sampling was used in obtaining the potential employee respondents from each group. Questionnaires were well designed and structured to fill in liberally to achieve the reliability of data.

3.9 Data Analysis
The purpose of doing data analysis is to test the hypotheses developed previously. There were several methods to determine the relationship between the dependent and independent variables. After the literature study and the research framework have been done, the following step is to develop a hypothesis testing. There are several hypotheses were developed in this study to seek a better understanding of Loans management and its relationship with the variables.

A hypothesis is a tentative statement about the researchers’ perceptions how independent variables affect the dependent variables. Mouton (1990) and Guy (1987) has presented the definition of hypothesis which Mouton (1990) presents hypothesis as “Statement postulating a possible relationship between two or more phenomena or variables” where Guy (1987) presents hypothesis as “A statement describing a phenomenon or which specifies a relationship between two or more phenomena”. After we have done the definition of variables and decide the scaling method to be used, it is essential to ensure the instrument used is accurately measuring the variables. In other words, the purpose of doing data analysis is to test the hypotheses developed previously. In order to analyses the research data that were collected from the respondents, I used Predictive Analytics Software (PASW) tool, version 2.0 in this research. PASW is the new name for the new range from Statistical Packages for Social Science (SPSS).
CHAPTER FOUR

FINDINGS AND ANALYSIS OF DATA

4.1 Introduction
This chapter puts forward data presentation and analysis of research findings. The main focus of the study is to find out the situation in management of provision and recovery of Loans to the Tanzanians’ students of higher learning institutions, using A Case of Higher Education Student Loans Board. For the purpose of the study, 30 questionnaires were distributed to HESLB staff in various departments. In order to make analysis on the management situation various questions were asked based on research questions and objectives.

4.2 Data Analysis and Findings
(i.) The system used in identifying applicants who deserve to be given loans.
The first objective of this study was to understand the system used by HESLB in management of provision and recovery of Loans. To understand the system used by HESLB in loans management, staffs were asked to mention what system HESLB uses to identify the eligible students applicants to be financed under the loan.

There responses are as summarized as follow:

Due to increasing numbers of applicants seeking loans from the HESLB and Limited funds set aside annually by the Government, the HESLB uses Means Testing System in identifying applicants who deserve to given loans.

From the results it was noted that staffs of the board understand the system HESLB uses in its loans management. Some on the other hand mention the system of applying loans by students through OLAS then Loan Management System. The results show that 33 out of 40 staff recognizes the system of administration and supervision of the whole process of loans allocation and repayment of loans.
After correctly analyzed the understanding of the main system uses by the HESLB in its loans management, researcher wanted to know the perception of HESLB stakeholders (staff in this case) on the uses of Means Testing System towards the influence in performance management in loans provision and recovery.

The following is a list of questions and the respondents’ responses plus the analysis of the respective presentations.

Question 1: What system used by HESLB to identify the eligible students applicants to be financed under the loan?
Regarding the above question, majority of respondents mentioned the following; Means Testing System, OLAS and then Loan Management system used by Higher Education Students Loans Board to identify the eligible students applicants to be financed under the loan.

Question 2: Do you think the used system has great influence in HESLB performance management with regard to the grade provided to the needy Tanzania Students?
Response

Table 4.1: System Influence on the Management Performance

<table>
<thead>
<tr>
<th>Response</th>
<th>Respondent</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>38</td>
<td>95%</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>I don’t know</td>
<td>2</td>
<td>5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Data Analysis-SPSS

The findings of the question above shows that 95% of HESLB Staffs agreed that the used systems such as Means Testing system and Loan recovery System by the Board has great influence in its performance management as it helps much in the whole process of receiving application forms, analysis, testing and recommendation for approval of loans to eligible applicants. For instance HESLB uses system known as
LMS to provide grades to all loan applicants and these grades are used as a percentage of loan amounts to be given to applicants.

Question 3: How does Higher Education Student Loans Board measure its performance?
Regarding this question, majority of respondents state that, HESLB measure its performance by comparison applications vs. granted loan, through Open Performance Appraisal and through observation.

(ii.) Criteria used in identifying applicants who deserve to be given loan
The second objective of this study is to determine criteria used by HESLB in identifying applicants who deserve to be given loans. To analyze this objective, the researcher looks on what criteria used and which grade is favorable to all eligible needy Tanzanian Student applicants. The researcher also wants to know which higher learning institutions whose students benefit from these loans.
The following is a list of questions and the respondents’ responses plus the analysis of the respective presentations.

Question 4: What would you consider to be the main criteria in identifying and grading the eligible student’s applicants to be financed under the loan?
Majority of the respondents mentioned the following to be major criteria eligible for applying for the loans:
(a.) Poor disabled applicants or applicants who have disabled parents;
(b.) Applicants from poor single parents families
(c.) Applicants pursuing Government priority programs like education, engineering, agriculture, animal and health sciences
(d.) Application from poor marginalized and disadvantaged groups
(e.) Applicants from low income threshold family earning national minimum wage or below.
Some on the other hand mention the supporting documents must be attached in application forms for undergraduates. Relevant document, supporting/evidencing some key information provided in application form by the applicant. The supporting documents must be verified by appointed authority by law to establish their authenticity. The table below lists some of the supporting documents.

Table 4.2: Supporting Documents for Undergraduates

<table>
<thead>
<tr>
<th>S/N</th>
<th>ATTACHMENTS</th>
<th>EVIDENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>i.</td>
<td>Certified copy of academic certificates for form iv &amp; form vi and/or equivalent qualification</td>
<td>Academic qualification</td>
</tr>
<tr>
<td>ii.</td>
<td>Original Bank Deposit Slip</td>
<td>Payment of application fee</td>
</tr>
<tr>
<td>iii.</td>
<td>Birth Certificates, Affidavits or copy of Tanzanian passport</td>
<td>Citizenship</td>
</tr>
<tr>
<td>iv.</td>
<td>Death Certificates of parents</td>
<td>Orphanage/single parents</td>
</tr>
<tr>
<td>v</td>
<td>Medical report</td>
<td>Disability</td>
</tr>
<tr>
<td>vi</td>
<td>Any of the following:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Letter from village / Ward or local Government office</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Certified copy of title deed for immovable property such as farms, plots or buildings</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Certified Salary Slips for in service applicants</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Life insurance policy</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Certified Bank Statement with certificate of balance from the Bank.</td>
<td>Identification/ verification of assets owned by applicant, parents’ guardians.</td>
</tr>
</tbody>
</table>

Source: website www.heslb.go.tz, guidance for loan applicants.

Question 5: Which grade does you regard is fair to be financed under the loan to all eligible needy Tanzanian Student applicants?

Table 4.3: Grade to Be Financed Under the Loan

<table>
<thead>
<tr>
<th>Responses</th>
<th>Respondent</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-100% &amp; B – 90%</td>
<td>12</td>
<td>30%</td>
</tr>
<tr>
<td>C- 80% &amp; D - 70%</td>
<td>18</td>
<td>45%</td>
</tr>
<tr>
<td>E -60% &amp; F - 50%</td>
<td>8</td>
<td>20%</td>
</tr>
<tr>
<td>G –40% &amp; H – 30%</td>
<td>2</td>
<td>5%</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Data Analysis-SPSS
According to the results on the table above implies that; financing of higher education in Tanzania in the context of cost sharing policy is (ideally) supposed to be shared responsibility between different stakeholders and beneficiaries of higher education products. 45% of the HESLB Staffs declare that the students of Higher Learning should be financed under the loans Category C & D to cover tuition fee, Meals and Accommodations expenses and related cost to students.

Question 6: Which Higher Learning Institutions whose students benefit from these Loans?

According to the above question, majority state that all accredited higher education institutions which have been licensed to offer courses which lead to attainment of Degrees and or Advanced Diplomas, both government and privately owned institutions benefit from these Loans.

The table below shows a list of Tanzania Commission for Universities (TCU) recognized universities and university colleges in Tanzania as of April 2008, including their geographical location which has an implication for their financing.
Table 4.4: TCU- Recognized Public and Private University Colleges and their Geographical Location.

<table>
<thead>
<tr>
<th>No.</th>
<th>Public Universities/University Colleges and Institutes</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>University of Dar es Salaam</td>
<td>Dar es Salaam</td>
</tr>
<tr>
<td>2.</td>
<td>Ardi University</td>
<td>Dar es Salaam</td>
</tr>
<tr>
<td>3.</td>
<td>Muhimbili University of Health and Allied Sciences</td>
<td>Dar es Salaam</td>
</tr>
<tr>
<td>4.</td>
<td>Open University of Tanzania</td>
<td>Dar es Salaam</td>
</tr>
<tr>
<td>5.</td>
<td>Sokoine University of Agriculture</td>
<td>Morogoro</td>
</tr>
<tr>
<td>6.</td>
<td>Mzumbe University</td>
<td>Morogoro</td>
</tr>
<tr>
<td>7.</td>
<td>University of Dodoma</td>
<td>Dodoma</td>
</tr>
<tr>
<td>8.</td>
<td>State University of Zanzibar</td>
<td>Zanzibar</td>
</tr>
<tr>
<td>9.</td>
<td>Dar es Salaam University College of Education</td>
<td>Dar es Salaam</td>
</tr>
<tr>
<td>10.</td>
<td>Moshi University of Cooperative and Business Studies</td>
<td>Kilimanjaro</td>
</tr>
<tr>
<td>11.</td>
<td>Mkwawa University College of Education</td>
<td>Iringa</td>
</tr>
<tr>
<td>12.</td>
<td>Institute of Journalism and Mass Communication</td>
<td>Dar es Salaam</td>
</tr>
</tbody>
</table>

Private Universities and University Colleges

<table>
<thead>
<tr>
<th>No.</th>
<th>Public Universities/University Colleges and Institutes</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>13.</td>
<td>Hubert Kairuki Memorial University</td>
<td>Dar es Salaam</td>
</tr>
<tr>
<td>14.</td>
<td>International Medical and Technological University</td>
<td>Dar es Salaam</td>
</tr>
<tr>
<td>15.</td>
<td>St. Augustine University of Tanzania</td>
<td>Mwanza</td>
</tr>
<tr>
<td>16.</td>
<td>Mount Meru University</td>
<td>Arusha</td>
</tr>
<tr>
<td>17.</td>
<td>University of Arusha</td>
<td>Arusha</td>
</tr>
<tr>
<td>18.</td>
<td>Muslim University of Morogoro</td>
<td>Morogoro</td>
</tr>
<tr>
<td>19.</td>
<td>Zanzibar University</td>
<td>Zanzibar</td>
</tr>
<tr>
<td>20.</td>
<td>St. John’s University of Tanzania</td>
<td>Dodoma</td>
</tr>
<tr>
<td>21.</td>
<td>Teofilko Kisanji University</td>
<td>Mbeya</td>
</tr>
<tr>
<td>22.</td>
<td>Agha Khan University Tanzania Institute of Higher education</td>
<td>Dar es Salaam</td>
</tr>
<tr>
<td>23.</td>
<td>Tumain University Dar es Salaam College</td>
<td>Dar es Salaam</td>
</tr>
<tr>
<td>24.</td>
<td>Iringa University College</td>
<td>Iringa</td>
</tr>
<tr>
<td>25.</td>
<td>Makumira University College</td>
<td>Arusha</td>
</tr>
<tr>
<td>26.</td>
<td>Kilimanjaro Christian Medical College</td>
<td>Kilimanjaro</td>
</tr>
<tr>
<td>27.</td>
<td>Stefano Moshi Memorial University College</td>
<td>Kilimanjaro</td>
</tr>
<tr>
<td>28.</td>
<td>Mwenge University College of Health Sciences</td>
<td>Mwanza</td>
</tr>
<tr>
<td>29.</td>
<td>Sebastian Kolowa University College</td>
<td>Tanga</td>
</tr>
<tr>
<td>30.</td>
<td>Ruaha University College</td>
<td>Iringa</td>
</tr>
<tr>
<td>31.</td>
<td>University College of Education zanzibar</td>
<td>Zanzibar</td>
</tr>
</tbody>
</table>
In carrying out their functions, institutions of higher education influence and are influenced by other institutions within and beyond Tanzania’s borders. Institutional co-operation has the following benefits:

(a.) Enhancement capabilities in training, research and extension
(b.) Creation of production and business opportunities of an international scale.
(c.) Promotion of competitiveness among institutions of higher education at local and international levels.
(d.) Generation of research grants, fellowships and scholarships.
(e.) Promotion of publications and publicity of institutions’ activities.
(f.) Enhancement of human resource development.
(g.) Facilitation of exchange of information and experiences.

Despite the liberalization of the higher education sector, participation and admission rates and general gross enrollment ratio in higher education in Tanzania are still low compared to neighboring and other SADC countries implying the low capacity of the higher education sector to enroll more students because of limited funding. Table below shows available data on gross enrollment ratios in higher education in Tanzania and in some other selected African countries for the year 2004.
Table 4.5: Gross Enrollment Ratios in Higher Education for Selected Sub-Saharan African Countries, 2004 (%)

<table>
<thead>
<tr>
<th>Country</th>
<th>Gross Enrollment Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tanzania</td>
<td>1.0</td>
</tr>
<tr>
<td>Kenya</td>
<td>3.0</td>
</tr>
<tr>
<td>Uganda</td>
<td>3.0</td>
</tr>
<tr>
<td>Burundi</td>
<td>2.0</td>
</tr>
<tr>
<td>Rwanda</td>
<td>3.0</td>
</tr>
<tr>
<td>Mozambique</td>
<td>1.0</td>
</tr>
<tr>
<td>Botswana</td>
<td>6.0</td>
</tr>
<tr>
<td>Angola</td>
<td>1.0</td>
</tr>
<tr>
<td>Lesotho</td>
<td>3.0</td>
</tr>
<tr>
<td>Zambia</td>
<td></td>
</tr>
<tr>
<td>Swaziland</td>
<td>5.0</td>
</tr>
<tr>
<td>Namibia</td>
<td>6.0</td>
</tr>
<tr>
<td>South Africa</td>
<td>15.0</td>
</tr>
<tr>
<td>Zimbabwe</td>
<td>4.0</td>
</tr>
</tbody>
</table>

Source: GUNI (2007) Higher Education in the World 2007 Table IV 1.5pp 383-384

(iii.) Instruments of Loans Allocation

Loans allocation means the whole process or receiving application forms, analysis, testing and recommendation for approval of loans to eligible applicants. This section of loan allocation and disbursement aims at providing a reference point, a framework and standard in loans allocation process. Every loan beneficiary is liable to repay his/her debt immediately after completion of the course or termination of his/her studies. Loan beneficiaries, who secure employment, should arrange with the employer to ensure remittance to the Board for a period not exceeding ten years.

Loans beneficiaries who engage in self-employment should also make necessary arrangement to inform the board and remit the amounts Boards Bank Account No. 2011100205 maintained by the National Micro-finance Bank.

The third objective of this study is to highlight the instruments used by HESLB for loans allocation. To address this objective, the following questions were asked.
Question 7: What do you consider to be the main instrument of loans allocation to be referred by HESLB before recommending on application for approval or non-approval?

Findings to this question was that, among 40 questionnaire schedule distributed to HESLB Staffs almost all of the respondent mention the following; almanac from higher Education Institutions, Fee structure, Students’ admission list, list of Registered Students, prospectus and examination results these appeared almost to the all HESLB employees response.

Therefore the researcher found that the top management and the Loan allocation Officer need to thoroughly refer to all the above mentioned documents, and do critical analysis for the data about an applicant, before recommending on application for approval or non-approval.

Question 8: How efficient is the systems used by HESLB to identify needy Tanzanian Student applicants and recovery?

Table 4.6: Means Testing and Recovery Systems Efficiency

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher</td>
<td>20</td>
<td>50</td>
</tr>
<tr>
<td>Moderate</td>
<td>10</td>
<td>25</td>
</tr>
<tr>
<td>low</td>
<td>10</td>
<td>25</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Data Analysis-SPSS

According to the results on the above table, 50% of selected HESLB Staffs reply that both Means Testing and recovery systems are efficiently high, 25% moderate and 25% low. This implies that Means Testing and recovery system uses by the HESLB management help much in identifying applicants who deserve to get loans but due to increasing numbers of applicants seeking loans from the HESLB and limited funds set aside by the Government still there is a need for HESLB to plan for more strategies in order to improve its Means Testing and loans recovery systems.
(iv.) Procedures and period for Loan Repayment.

This is the fourth objective of this study. The HESLB has been empowered to collect all monies lent out to students of higher learning Institutions since 1994/1995 so that the same money can be used for onward lending to other needy Tanzanian students. In order to find out the situation in HESLB management, the researcher required to determine the procedure and the period for Loan Repayment. To analyze this objective the researcher asked the following questions:

Question 9: What are the procedures should be involved for Loan Repayment Operation?

Depending on the nature of the above question the following were the results, most of the respondents mention the following procedures to be involved in Loan Repayment process by HESLB management;

(a.) Receiving of consolidated report from disbursement department
(b.) Update database of all loan beneficiaries
(c.) Updating database of beneficiaries whose loans are due for repayment
(d.) Update database of identified loan beneficiaries by employers
(e.) Billing of the identified loan beneficiaries
(f.) Receiving regular monthly loan installments from Loanees or employers
(g.) Banking of the received payments
(h.) Updating of individual loan accounts
(i.) Issuance of clearance certificates to Loanee

Question 10: When does loan beneficiaries is liable for repayment of his or her debt?

The majority of respondent clarify that, every loan beneficiary is required to repay the loan following expiry of one-year grace period upon successful completion of the studies for which the loan was granted or upon earlier termination of such studies for any reason or for whatsoever cause. At the moment, the loan is interest free and payable after a grace period of one year. Besides, if the Loan beneficiaries has delayed payments or without voluntary submit his or her information to the Board
beyond one year grace period; interest of 10% of his/her debts shall be paid to the Board.

Question 11: HESLB top management must have effective established Students Loan Repayment plan before providing Loans to students.
According to the researchers observation and informal interview conducted by researcher few staffs were explore their view that HESLB should have plan for Loan repayments before proving the Loans they suggest the following to be included in the repayment plan; the situations in which the student loan repayment authority may be used; the criteria to meet or consider in authorizing student loan repayment benefits, including criteria for determining the size and timing of the loan payment(s); the procedures for making loan payments; documentation and recordkeeping requirements sufficient to allow reconstruction of each action to approve a student loan repayment etc.

Table 4.7: Plan for Repayment Period

<table>
<thead>
<tr>
<th>Responses</th>
<th>Respondent</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Strong agree</td>
<td>38</td>
<td>95</td>
</tr>
<tr>
<td>Disagree</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Strong disagree</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Data Analysis-SPSS

According to the results on the table above shows that 95% majority of HESLB staff strongly agreed that, HESLB top management must have effective established Students Loan Repayment plan before providing Loans to students.

Question 12: Do you know if HESLB uses Televisions, radios, newspapers, seminars, workshops and other promotional materials to mobilize employed and self employed loanees to come forward to the Board to arrange for repayment of their loans.
Table 4.8: Different Public Medias Used by HESLB to Mobilize Loan Beneficiaries

<table>
<thead>
<tr>
<th>Responses</th>
<th>Respondent</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>36</td>
<td>90%</td>
</tr>
<tr>
<td>No</td>
<td>4</td>
<td>10%</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Data Analysis-SPSS

The findings from the table above shows that 90% majority of the HESLB knows the effort done by HESLB management to advertise through different ways of media to institute and create awareness to all loan beneficiaries to come forward to the Board to arrange for their repayment. In some other hands few employees(4) among 40 HESLB staffs of the sample selected do not know if HESLB uses different ways of advertisement and promotion to create and institute awareness to Loan beneficiaries so as to come forward for the repayment of their loans.

Question 13: Do you think HESLB Management has successfully created awareness to all loan beneficiaries for them to know their liability to repay their debts voluntary or through their employers?

Table 4.9: Creation of Awareness Session to Loan Beneficiaries

<table>
<thead>
<tr>
<th>Response</th>
<th>Respondent</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>15</td>
<td>37.5%</td>
</tr>
<tr>
<td>No</td>
<td>17</td>
<td>42.5%</td>
</tr>
<tr>
<td>I don't know</td>
<td>8</td>
<td>20%</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Data Analysis-SPSS

As per above table, thought 37.5% of respondents realized the effort done by HESLB management to institute loan repayment awareness session but still majority of the staffs realized that, HESLB has not successfully created awareness to all loan beneficiaries to come forward for repayment of their loans. Therefore due to these results the situation here shows that HESLB needs to put more effort in its Means of
testing and loans recovery systems for institute loan repayment awareness sessions all over the country so as to improve its efficiency in monies recovery.

After the researcher analyze the system HESLB uses in the management of loans allocation and recovery, criteria used in identification of needy applicants, instruments to be used before Loans allocation, procedures and period for repayment instruments used by HESLB to create awareness to all loan beneficiaries to come forward for repayment of their loans, she therefore needed to know if there is any correlation between the process of recovery of the outstanding monies from previous loan beneficiaries and the availability of monies to be allocated to the eligible students. To know if there is any correlation the researcher asked the following question;

**Question 14:** Do you think the process of recovery from the outstanding monies from previous loan beneficiaries and the availability of monies to be allocated to the eligible Tanzania Students has positive correlation?

**Table 4.10:** Correlation between Recovery Process and Availability of Monies for Reallocation

<table>
<thead>
<tr>
<th>Response</th>
<th>Respondent</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>36</td>
<td>90%</td>
</tr>
<tr>
<td>No</td>
<td>1</td>
<td>2.5%</td>
</tr>
<tr>
<td>I don't know</td>
<td>3</td>
<td>7.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

**Source:** Data Analysis-SPS

According to the nature of the question, the results on the table above shows that 90% the majority of respondent agreed that there is positive correlation between the process of recovery from the outstanding monies from previous loan beneficiaries and the availability of monies to be allocated to the eligible Tanzania Students, even though 2.5% respondent said no correlation and other 7.5% staffs they do not kwon if there is any correlation.
In some other hand, according to researcher technique of asking oral unstructured interview question to some of the employees apart form the selected sample she succeed to get the reason of this positive correlation. Majority state that there is positive correction because HESLB in recovery process has to collect all monies lent out to students of Higher Learning Institutions since 1994/1995 so that the same money can be used for onward lending to the other needy Tanzania Students.

Hence, the delays in the recovery of the outstanding money from loan beneficiaries have great impact on HESLB performance efficiency in allocation of Loans to new applicants.

(v.) Challenges Facing Higher Education Students Student Loans Board
This is the last objective of this study whereby the researcher wants to know the challenges which HESLB faced on the management of provision and recovery of Loans. The researcher also wants to gather the suggestions to those challenges. To analyze this objective the researcher asked the HESLB Staff the following Questions;

Question 15: What do you consider as being major challenges faced by HESLB in management of loans allocation and disbursement?

According to the question above, majority mention the following as a major challenges faced by HESLB management in loan allocation and disbursement;

(a.) Increasing number of students aspiring to enroll in higher learning institutions who are economically poor to pay for the cost of their education hence the increasing number of loans applicants every year.

(b.) Inadequate funding which do not match with increased number of students and aged infrastructure which were meant to accommodate only few students.

(c.) Higher learning Institutions delay to submit the list of students names to be financed under the loans for practical learning (Field) this leads the delay in allocation and disbursement of such loans.

(d.) Delay in the submission list of students who get admission to different higher learning institution
(e.) Transfer of most first year students from the universities they are allocated by TCU and NACTE to other universities which raise unnecessary queries to the board.

(f.) Most of students refuse or delay to sign the Return form for the loans allocated to them through their universities as there way to escape the repayment.

Question 16: What do you consider as being major challenges faced by HESLB in management of loans repayment?

The findings to the above question show that HESLB were very sensitive to this question because most of Loan beneficiaries thought that the money given to them was just given free by the government and not for repayment. Due to that majority consider the following as the major challenges faced by HESLB management in the recovery of loans;

(i.) Inadequate of loan repayment attitudes - Most of students’ loan beneficiaries lack loan repayment attitudes hence absence of voluntary repayment of loans.

(ii.) Lack of National Identification Number - The absence of the mandatory National Identification number has caused so many inconveniences to the Board in the context of identifying the whereabouts of loan beneficiaries.

(iii.) Inadequate cooperation from some of Employers - Notwithstanding public education that the Board has been undertaking to the employers in respect of abiding to the relevant HESLB Act provisions to ensure loan repayment, some employers have been reluctant to provide information of graduates of higher learning institutions to the Board on time.

(iv.) High Labour Turnover of loanees - Frequent changes of the jobs for many repaying loanees leads to inconsistence of loan repayment inflows.

(v.) Difficult in reaching employees of International Organizations and Diplomatic Missions of other countries - It is difficult to reach, loan beneficiary employees of diplomatic missions and loanees working abroad for enforcement of loan repayment, since their employers cannot be legally compelled to abide by the provisions of the HESLB Act.
Question 17: Do you agree that HESLB Management should lay down several strategies such as Institute inspection for employers’ compliance in their premises, Use of Local Government Authorities to trace loanees, Use of Diaspora Department of the Ministry of Foreign Affairs and International Cooperation to locate loanees residing abroad, Institute loan repayment through Mobile payment systems (M-Pesa, Tigo Pesa, Airtel Money) and Use of free SMS for voluntary disclosure of the whereabouts of loanees to address those challenges in repayment of loans?

Table.4.11: Considered Strategies to address the Challenges

<table>
<thead>
<tr>
<th>Response</th>
<th>Respondent</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>38</td>
<td>95%</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>I don’t know</td>
<td>2</td>
<td>5%</td>
</tr>
<tr>
<td>Total</td>
<td>40</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Data Analysis-SPSS

The findings from the table above help the researcher to gather the suggestion on the strategies to overcome the challenge faced by HESLB particularly in loan recovery. As it shows that most of HESLB Staff agreed with the researcher that HESLB Management in a view of addressing those challenges has to lie down and plan to implement the strategies mention in the question above.

Besides, the researcher through literature review found that HESLB management the Management has laid down the following strategies which are being implemented to improve HESLB Means Testing and Loans recovery systems so that by 2015 at least 25% of the loans come from recovery;

(i.) Liaising with strategic partners to locate loanees not repaying or dropouts (Pension Funds, Treasury, and National Statics Bureau).

(ii.) Enforcement of HESLB Act provisions on Loan Repayment.

(iii.) Liaising with the Ministry of Home Affairs department of Immigration for tracking loanees travelling abroad.
(iv.) Continue to engage Debt Collectors to supplement tracing of Loanees and collection of due loans.

(v.) Issuance of Loan statements to Graduating loan beneficiaries.

(vi.) Publicity and advertising.

(vii.) Full automation of repayment and recovery operations.

Therefore this chapter presents the finding and the analysis of the data collected from the HESLB Management staffs and the employees.
CHAPTER FIVE

DISCUSSION

5.1 Introduction
Basing on the impact of cost sharing policy that has resulted to increased number of students in Universities and university Colleges, about 60% of higher learning students get loans from the Higher Education Students Loans Board, but according to HESLB management the situation show that still there are many needy poor students who have the qualification to get loans but they do not get loans, and even those who get the loans they do not get the loan as required or as applied.

In order to achieve and sustain its objective of assisting, on loan basis, needy Tanzanian students to meet the costs of their education HESLB has to play a much more significant role in identifying eligible students, issuance of loans and effective recovery of the loans so as to make the Board sustainable.

Based on the literature review the following were revealed as the key conditions necessary for the effective management of student loan programmes: these include,

(i.) A sound institutional structure, which builds upon existing strengths in a country. So, for example, Ghana has chosen to give administrative responsibility for loans to the Social Security and National Insurance Trust (SSNIT), which has already established a system of data collection and analysis which covers most graduates employed in the modern sector. All employees are required to contribute to an alternative pension fund. Similarly in Zimbabwe, administration of students loan programme is linked with the Vocational Training Fund, administered by the Ministry of Higher Education, whereas in Malawi the university has responsibility for selecting loan receipts, disbursement and recovery of loans. Thus, in most countries like Tanzania the burden of loan collection ultimately falls on the government or public agency responsible for the students loan programme, so that it is essential to ensure that an adequate system is in place for recording
information about borrowers, and the size of their debt, and for collecting loan repayments, with the assistance of employers or the income tax or social security if this is possible. Computerization will help improve the efficiency of data analysis, but it will not by itself solve problem of collecting and analyzing student and graduate records.

(ii.) A sound financial management system, which ensures that the value of the initial capital of a student’s loans fund is maintained, taking account of prevailing interest rate and inflation. Many countries like Lesotho and Nigeria, have tried to establish a revolving fund, under which loan repayments from graduates will be used to finance loans for the next cohort or generation of students. However, no existing loan programme is self financing in this way, because student’s loans are subsidized, with graduate paying interest well below market rates, and most loan programme suffers from high level of default.

(iii.) A sound legal frame work for student loans. In several countries student loan programmes face legal obstacles, for example the Limitation of Action in Kenya and the Law on Prescription of Debts in Zimbabwe make it impossible to enforce loans if collection of debt is postponed or allowed to lapse for six years. In both these countries changes in the law are being planned, in order to remove this limitation.

(iv.) Effective machinery for targeting financial support and selecting recipients for loans, scholarships or other forms of public subsidy. In countries, for example Kenya, all students are eligible for loan, but where interest rates are substantially subsidized by the government, this imposes a heavy burden on public funds. Whatever the system adopted, it is essential that any means testing should be accurate, if it is to be fair. Thus, targeting can be used to meet both efficiency and equity goals. On the other hand, giving grants or subsidized loans to all students, regardless of family income or choice of subject, is likely to satisfy neither criterion.
(v.) An effective machinery for loan recovery, to ensure that default is minimized. Efforts are under way in Kenya, Nigeria and Zimbabwe to improve Loan recovery. In many cases in the past records were not adequately maintained, so that graduates were not even aware that their loans were due for repayment, nor the mechanisms by which they could start to repay their loans. Previous attempts to involve employers in loan recovery have not been successful, but in Tanzania it is imposed a legal obligation on employers to collect loan repayment from their graduate employees by deducting from their salaries every month and remit the same amount to the HESLB account.

(vi.) An effective publicity campaign to ensure widespread acceptance and understanding of the principles of student loans. It was also agreed that the most effective way to ensure good recovery of student loans was to educate public opinion, to ensure that the obligation to repay students was taken seriously by all parties, including the students themselves, their parents, authorities throughout the higher education system and employers.

(vii.) It is also essential that students should understand that the failure to repay their loans involves depriving future generations of pupils and students of the opportunities for adequate primary, secondary or higher education. Thus, the government, HESLB and other Higher education stakeholders should express very eloquently the need to promote positive attitudes towards wider cost sharing in higher education, and understanding of the importance of paying debts. Unless public authorities and universities themselves could inculcate the idea that the receipt of a student loan involves a real obligation to repay the debt, and that failure to repay (except in cases of real hardship) is to stealing from taxpayers and cheating future generations of students, it will be difficult to change attitudes of student and graduates, and reduce default. Also political will and effective publicity are both necessary to ensure that not only students, but also the public at large understood and accepted the principles of cost sharing and Loan Repayment.
5.2 Discussion on the Objectives of the Study According to the Findings of this Study

The first objective of this study was to understand the system used by HESLB in management of loan provision and loan recovery. To find out the system used by HESLB in loans management, staffs were asked to mention what system HESLB uses to identify the eligible students applicants to be financed under the loan.

The research find out that staffs of the board understand the system HESLB uses in its loans management as they mention clearly that HESLB uses loans recovery system and Means Testing System in identifying applicants who deserve to be given loans.

Having noted the increasing numbers of applicants seeking loans from the HESLB and Limited funds set aside annually by the Government, the HESLB uses Means Testing System in identifying applicants who deserve to be given loans and made strategic plans for improvement of HESLB Means testing and loans recovery system.

Criteria used in identifying applicants who deserve to be given loan

The second objective of this study is to determine criteria used by HESLB in identifying applicants who deserve to be given loans. To analyze this objective, the researcher looks on what criteria used and which grade is favorable to all eligible needy Tanzanian Student applicants. The researcher also wants to know which higher learning institutions whose students benefit from these loans.

From the results the researcher noted that together with the required criteria to be considered there are also grade to be allocated to the qualified needy Tanzania Students for the loans to meet the higher learning expenses. The researcher find that, each completed loan application form, must be attached to it, relevant document, supporting/ evidencing some key information provided in the application form by the applicants. The supporting documents must be verified by appointed authority by law to establish their authenticity.
The above information shows that all the criteria used in loans application process helps HESLB management in loans provision and loans recovery therefore its simplify the whole process of provision and recovery of Loans hence the HESLB Means testing and loans recovery system efficiency.

**Instruments of Loans Allocation**

Loans allocation means the whole process or receiving application forms, analysis, testing and recommendation for approval of loans to eligible applicants. This section of loan allocation and disbursement aims at providing a reference point, a framework and standard in loans allocation process. The third objective of this study is to highlight the instruments used by HESLB for loans allocation.

The findings shows that, HESLB refers to several instruments before recommending on application for approval or non approval and the management staffs and other employees are aware of these instruments.

The researcher realizes that although HESLB management staff and other employees are aware of these instruments they do not real make a thorough check of the submitted forms together with attachments. This is because of raised quarries from the applicants and the higher institutions since when HESLB start to provide loans to students of the Higher learning. The management situation is not so much conducive particularly in the provision of loans.

Therefore HESLB should work hard to implement the planed strategies and ensure the thorough check of the submitted forms together with the attachments for loans application.

**Procedures and period for Loan Repayment**

This is the fourth objective of this study. The HESLB has been empowered to collect all monies lent out to students of higher learning Institutions since 1994/1995 so that the same money can be used for onward lending to other needy Tanzanian students.
In order to find out the situation in HESLB management, the researcher required to determine the procedure and the period for Loan Repayment.

According to the finding, research found out several procedures for starting repayment and the grace period before starting the Loan Repayment including the following:

(i.) Loan Repayment process shall involve the following procedure:
(ii.) Receiving of consolidated report from disbursement department
(iii.) Update database of all loan beneficiaries
(iv.) Updating database of beneficiaries whose loans are due for repayment
(v.) Updating database of identified loan beneficiaries by employers
(vi.) Billing of the identified loan beneficiaries
(vii.) Receiving regular monthly loan instalments from loanees or employers
(viii.) Banking of the received payments
(ix.) Updating of individual loan accounts
(x.) Issuance of clearance certificates to loanee

Although the HESLB specify the procedures and the grace period for how long the loan beneficiaries can wait after the completion of studies or after leaving the school they must also give knowledge to these loan beneficiaries so as to help them on how to keep their student loan debt under control.

Therefore HESLB management must find a way which will help loan beneficiaries to know their loans, to know their grace period, to stay in touch with the board, and to pick the right repayment option. This will simplify the whole process of loan recovery hence it will increase the monies

**Challenges Facing Higher Education Students Student Loans Board**

This is the last objective of this study whereby the researcher wants to know the challenges which HESLB faced on the management of loans provision and recovery. The researcher also wants to gather the suggestions to those challenges.
Besides, the researcher through literature review found that HESLB management has laid down the following strategies which are being implemented to improve HESLB Means Testing and Loans recovery systems so that by 2015 at least 25% of the loans come from recovery:

(i.) Liaising with strategic partners to locate loanees not repaying or dropouts (Pension Funds, Treasury, and National Statics Bureau). The Management has been periodically obtaining updated Government payroll, database of pension beneficiaries from Pension Funds and other employees associations where loan beneficiaries are located.

(ii.) Enforcement of HESLB Act provisions on Loan Repayment. The Management has issued notices of 21 days to loan defaulters through Newspapers to start servicing their loans otherwise on expiry date of the notice, they were notified that legal measures including filing civil cases against them will be taken as per HESLB Act No. 9. The notices have now expired and the Management will commence to file civil cases against those who did not respond to the notice during the 3rd quarter of 2012/2013.

(iii.) Liaising with the Ministry of Home Affairs department of Immigration for tracking loanees travelling abroad. The Management has submitted the names of loan beneficiaries who have not started to repay their due loans to the Immigration Department who are in the process of linking the loan defaulters’ database and their system that would ease them to track down defaulters who will be applying for passports or applying for clearance of travelling abroad.

(iv.) Continue to engage Debt Collectors to supplement tracing of Loanees and collection of due loans. The Management has been annually entering into agreement with Debt Collectors to trace loan beneficiaries and loan collection since November 2009 to date.
(v.) Issuance of Loan statements to Graduating loan beneficiaries. The Management has been issuing loan statements to graduates of Higher Learning Institutions on each academic year with a view of creating awareness of loan repayment. Such statements will be available online as from July, 2013.

(vi.) Publicity and advertising. More adverts in respect of loan repayment are being carried out through both print and electronic media to create awareness of loan repayment to loanees and employers

(vii.) Full automation of Repayment and Recovery operations. Management is in process to finalize full automation of the repayment operations by the aid of recently developed Loan Repayment System. The exercise was expected to be accomplished by 30th June, 20

Therefore, for the effective management of students loans, HESLB should consider the following:
A sound institutional structure for management and administration of loans; whether this involves a government agency, commercial banks or other type of organization will depend upon the particular institutional strengths of each country; Sound financial management to ensure that the purchasing power of the capital of a student loan fund is maintained, and the costs of administration of loans are adequately covered; this requires realistic interest rates to be charged on student loans; A sound legal framework for student loans, to ensure that loan recovery is legally enforceable; Effective machinery for targeting financial support and selecting recipients of subsidies on grounds of financial need or manpower priorities; Effective machinery for loan recovery, to minimize default; Publicity campaigns to ensure widespread understanding and acceptance of the principles of student loans and the importance of the obligation
CHAPTER SIX

SUMMARY, CONCLUSION AND RECOMMENDATIONS

6.1 Summary
The Present Study “Management of Provision and Recovery of Loans to the Tanzanians’ Students of Higher Learning Institutions at Higher Education Students Loan Board (HESLB)” the main objectives of this study are; To understand the system used by HESLB in management of loans provision and loans recovery, To determine the criteria used in identifying applicants who deserve to be given loans, To highlight the instruments used by HESLB for loans allocation, To determine the procedures and period for loan repayment, and to highlight the challenges/problems areas and gather the suggestions/recommend course of action to the challenges.

In order to achieve these objectives the data has bee collected from primary as well as secondary sources. For the purpose of study, the primary data were collected through questionnaire from 40 HESLB employees.

In knowing the management situation in loans provision and loans recovery as among the main function of HESLB, questionnaires were administered to 40 HESLB employees the results shows that above 35 out of the 40 staffs recognize the administration and supervision of the whole management process of payment and repayment of loans.

The study also found that although there is positive correlation between loan allocation and loans recovery still there are several challenges faced by HESLB management in both process of loans provision and loans recovery. From the findings, data reveal that the main challenges in Loans provision are;

Increasing number of students aspiring to enroll in higher learning institutions who are economically poor to pay for the cost of their education hence the increasing number of loans applicants every year, Inadequate funding which do not match with increased number of students and aged infrastructure which were meant to
accommodate only few students, Higher learning Institutions delay to submit the list of students names to be financed under the loans for practical learning (Field) this leads the delay in allocation and disbursement of such loans, Delay in the submission list of students who get admission to different higher learning institution, Transfer of most first year students from the universities they are allocated by TCU and NACTE to other universities which raise unnecessary queries to the board, Most of students refuse or delay to sign the Return form for the loans allocated to them through their universities as there way to escape the repayment.

The market model proposes to be applied in Tanzania as it seems to have successful in Kenya and Uganda higher education sectors. The market model for higher education financing is proposed in the context of two major trends that have characterized the changes in higher education sector in Tanzania since the 1990’s when the Government liberalized the provision of higher education: these are some limited privatization of public higher education and the emergence of the private higher education sector.

The findings also reveal the following as the main challenges in Loans recovery; Inadequate of loan repayment attitudes, Lack of National Identification Number, Inadequate cooperation from some of Employers, High Labour Turnover of loanees and Difficult in reaching employees of International Organizations and Diplomatic Missions of other countries.

6.2 Recommendations.

(i.) Institute inspection for employers’ compliance in their premises, the purpose of this strategy is to ascertain whether employers comply with the HESLB Act provisions in respect of loan repayment and to make them understand their obligations towards loan repayment.

(ii.) Use of Local Government Authorities to trace loanees, the purpose of this strategy is to track untraced loanees in their residences or their domicile by the help of Local Government leaders.
(iii.) Use of Diaspora Department of the Ministry of Foreign Affairs and International Cooperation to locate loanees residing abroad, The Management shall use a forum of the Tanzania Diaspora meetings which are being convened in overseas countries to create loan repayment awareness among the participants including the loan beneficiaries residing abroad.

(iv.) Institute loan repayment through Mobile payment systems (M-Pesa, Tigo Pesa, Airtel Money) . The strategy will create conducive environment for voluntary loan repayment

(v.) Use of free SMS for voluntary disclosure of the whereabouts of loanees. Use of short massages through the mobile phones is intended to encourage loan beneficiaries and other stakeholders to provide the whereabouts of loan beneficiaries voluntarily.

(vi.) Cultural transformation is “the lifeblood of change”. Therefore HESLB top management should take effort to change its culture. As Deloitte consulting partner Lisa Barry says cultural transformation is “the lifeblood of change”.

She outlines six major fundamentals for change: -

(i.) Make your case for change,
(ii.) Have a clear vision,
(iii.) Develop a strategy,
(iv.) Workout how much organizational capacity there is to enact the change,
(v.) Introduce strong motivation for change to the business, and
(vi.) Communicate effectively.

Furthermore, the Presidential Teams Recommendation on Loans in early 2011, came up with a number of recommendations. Amongst them included the need to involve other stakeholders in financing or issuing loans to students, review of loans issuing and recovery criteria.
6.3 Conclusion

According to the literature review and the findings and from the discussion it is recommended that Higher Education Students Loan Board should make an effort to start immediately the implementation of the above recommended strategies for effective and efficiency management of provision and recovery of Loans to the Tanzanians Students of Higher Learning Institutions.

Therefore, for the HESLB to improve its management situation in provision of loans and its recovery; it is the time now for the Government and Higher education Students Loan Board management join hand together to implement the planed strategies which are not yet being implemented for effective and efficiency management performance in loans provision and loans recovery. Loan recovery could be improved, student’s loans could make an important contribution to the finance of higher education, particularly by enabling universities to introduce realistic charges for board and lodging and even, in some cases, by allowing tuition fees to be introduced or increased.
REFERENCES

Cohen, I at el. (2000), Research methods in Education. London


hht/www.heslb.go.tz
APPENDICES

Appendix A: For Staff of the Higher Education Students (HESLB)

Dear Respondent,

I am Dativa Pius Ngowi an MBA Student. I hereby conduct a research on MANAGEMENT OF PROVISION AND RECOVERY OF LOANS TO THE TANZANIANS’ STUDENTS OF HIGHER LEARNING INSTITUTIONS. A CASE OF HIGHER EDUCATION STUDENTS’ LOAN BOARD – (HESLB)

This research will be under supervision of Mzumbe University Business School, Dar es Salaam Campus College. The purposes of this research is purely for academic purposes and not otherwise.

All information given and views expressed shall be treated with maximum confidential. It is expected that the findings of this study will be useful to the academicians, higher learning Stakeholders and the public at large. Therefore your cooperation by filling this questionnaire promptly is kindly requested.

Thank You in Advance for Your Time and Passion in Replying This Question.

For Management and Other Staff of the Higher Education Students Loans Board - (HESLB)

1. What system used by HESLB to identify the eligible students applicants to be financed under the loan?

............................................................................................................................................................................................
..........................................................................................................................................................................................

2. Do you think the used system has great influence in HESLB performance management with regard to the grade provided to the needy Tanzania Students?

Response

(i.) Yes ( )
(ii.) No ( )
(iii.) I do not know ( )
3. How does Higher Education Student Loans Board measure its performance?

4. What would you consider being the main criteria in identifying and grading the eligible students’ applicants to be financed under the loan?

5. Which grade do you regard is fair to be financed under the loan to all eligible needy Tanzanian Student applicants?

<table>
<thead>
<tr>
<th>Categories</th>
<th>Tick the appropriate category</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-100% &amp; B – 90%</td>
<td></td>
</tr>
<tr>
<td>C- 80% &amp; D - 70%</td>
<td></td>
</tr>
<tr>
<td>E-60% &amp; F - 50%</td>
<td></td>
</tr>
<tr>
<td>G –40% &amp; H – 30%</td>
<td></td>
</tr>
</tbody>
</table>

6. Which Higher Learning Institutions whose students benefit from these Loans?

7. What do you consider to be the main instrument of loans allocation to be referred by HESLB before recommending on application for approval or non approval?

69
8. How efficient is the system used by HESLB to identify needy Tanzanian Student applicants?

Response

<table>
<thead>
<tr>
<th>Categories</th>
<th>Tick the appropriate category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher</td>
<td></td>
</tr>
<tr>
<td>Moderate</td>
<td></td>
</tr>
<tr>
<td>Low</td>
<td></td>
</tr>
</tbody>
</table>

9. What are the procedures should be involved for Loan Repayment Operation?

…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………

10. When does loan beneficiaries is liable for repayment of his or her debt?

…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………

11. HESLB top management must have effective established Students Loan Repayment plan before providing Loans to students.

Response

<table>
<thead>
<tr>
<th>Categories</th>
<th>Tick the appropriate category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree</td>
<td></td>
</tr>
<tr>
<td>Strong agree</td>
<td></td>
</tr>
<tr>
<td>Disagree</td>
<td></td>
</tr>
<tr>
<td>Strong disagree</td>
<td></td>
</tr>
</tbody>
</table>
12. Do you know if HESLB uses Televisions, radios, newspapers, seminars, workshops and other promotional materials to mobilize employed and self employed loanees to come forward to the Board to arrange for repayment of their loans.
Response
(i.) Yes ( )
(ii.) No ( )

13. Do you think HESLB Management has successfully created awareness to all loan beneficiaries for them to know their liability to repay their debts voluntary or through their employers?
Response
(i.) Yes ( )
(ii.) No ( )
(iii.) I don’t know ( )

14. Do you think the process of recovery from the outstanding monies from previous loan beneficiaries and the availability of monies to be allocated to the eligible Tanzania Students have positive correlation?
Response
(i.) Yes ( )
(ii.) No ( )
(iii.) I don’t know ( )

15. What do you consider as being major challenges faced by HESLB in management of loans allocation and disbursement?
................................................................................................................................................................................................................
................................................................................................................................................................................................................
................................................................................................................................................................................................................

71
16. What do you consider as being major challenges faced by HESLB in management of loans repayment?

............................................................
............................................................
............................................................

17. Do you agree that HESLB Management should lay down several strategies such as Institute inspection for employers’ compliance in their premises, Use of Local Government Authorities to trace loanees, Use of Diaspora Department of the Ministry of Foreign Affairs and International Cooperation to locate loanees residing abroad, Institute loan repayment through Mobile payment systems (M-Pesa, Tigo Pesa, Airtel Money) and Use of free SMS for voluntary disclosure of the whereabouts of loanees to address those challenges in repayment of loans?

Response
(i.) Yes (   )
(ii.) No (   )
(iii.) I don’t know (   )

Thank You in Advance for Your Time and Passion in Replying this Question.