

**ASSESSMENT OF THE EFFECTIVENESS OF THE STUDENTS
LOAN'S BOARD IN TANZANIA: A CASE OF THE
UNIVERSITY OF DODOMA AND ST. JOHN'S UNIVERSITY OF
TANZANIA**

By

Akilimali Austoto

A Dissertation Submitted in Partial Fulfillment of the Requirements for the
Degree of Master of Business Administration of the University of Dodoma

The University of Dodoma

October, 2015

CERTIFICATION

The undersigned, certifies that he has read the entire work and hereby recommend for acceptance by The University of Dodoma dissertation entitled “*Assessment of the Effectiveness of the Students Loan’s Board In Tanzania: A Case of the University Of Dodoma and St. John’s University of Tanzania*” in fulfillment of the requirement for the Degree of Master of Business Administration (MBA).

.....

Prof. Peter A. Kopoka
(SUPERVISOR)

Date.....

DECLARATION

AND

COPYRIGHT

I, Akilimali Austoto declare that this is my own original work and that has not been presented and will not be presented to any other University for a similar or any other degree award.

Signature.....

No part of this dissertation may be reproduced, stored in any retrieval system, or transmitted in any form or by any means without prior written permission of the author the University of Dodoma.

ACKNOWLEDGEMENT

Writing a dissertation is a long process that requires the author to involve a number of people, therefore, this work would have not been possible without support from different people. Before all I am most thankful to God, the creator who gave me life and strength throughout my studies.

I feel pleasure to express my heartfelt gratitude to Professor Peter Kopoka who is my supervisor in this research for his close guidance and supervision through my study. He has been more than just a mentor to me over the accomplishment of this study. It is his personal and professional guidance that helped me throughout my research work.

My heartfelt gratitude also goes to loan officers for their support during this study. I would also like to acknowledge the contribution of my respondents from the Universities of Dodoma and Saint John for granting their time and provide data with me. Lastly, I am grateful my colleagues Mr. John Masatu and Adela kimario for providing me with much needed motivation, encouragement and practice through difficult time of my research work.

It is not possible to thank everyone individually; therefore I say “thanks” to everyone who contributed, in one way or another, to successful completion of this work.

DEDICATION

This research is dedicated to my beloved wife Juliana Bachilula and our children Meshack and Margaret Austoto. May god bless them and give them long life with full of blessings.

TABLE OF CONTENT

AKILIMALI AUSTOTO	Error! Bookmark not defined.
AKILIMALI AUSTOTO	i
CERTIFICATION	i
DECLARATION AND COPYRIGHT	ii
ACKNOWLEDGEMENT	iii
DEDICATION	iv
TABLE OF CONTENT	v
ABSTRACT	xi
LIST OF ABBREVIATIONS AND ACRONYMS	xii

CHAPTER ONE: INTRODUCTION AND BACKGROUND OF THE STUDY

.....	1
1.1 Introduction	1
1.2 Background to the Study	1
1.3 Statement of the Problem	4
1.4 Research Objectives	7
1.4.1 General Objective	7
1.4.2 Specific Objectives	7
1.4.3 Research Questions	7
1.5 Significance of the Study.....	8
1.6 Limitations and Delimitations of the Study.....	9

CHAPTER TWO: LITERATURE REVIEW

.....	10
2.1 Introduction	10
2.2 Definitions of Key Terms	10
2.2.1 University Student	10
2.2.2 Student Loan.....	10
2.2.3 Student Loan Board.....	11
2.3 Theoretical Literature	11
2.3.1 Human Capital Theory and Students' Loans.....	11
2.3.2 Strengths and Weaknesses of the Theory	12
2.3.3 Relevance of the Theory to the Study	14

2.4 Empirical Literature Review	16
2.4.1 Global Efforts in Financing Students for Higher Education	16
2.4.2 Cost sharing in Higher Education and Students' Loans	17
2.4.3 Student Loan Schemes: Objectives and Rationales.....	17
2.4.4 Empirical Evidence on Students' Loans World Wide.....	20
2.4.5 Determinants for effective Financing of Higher Education	24
2.4.6 Financing of Higher Education in Tanzania.....	25
2.4.7 Higher Education Students' Loan Board and Its Establishment in Tanzania ..	26
2.5 Summary and Research Gap in the Reviewed Literature.....	27
2.6 Conceptual Framework	28
CHAPTER THREE: RESEARCH METHODOLOGY	31
3.1 Introduction	31
3.2 Study Area	31
3.3. Research Approach.....	31
3.4 Research Design	32
3.5 Target Population	32
3.6 Sampling and Sampling Procedures	32
3.6.1 Probability Sampling Techniques.....	33
3.6.2 Non-Probability Sampling.....	33
3.6.3 Sampling Frame.....	34
3.6.4 Sample Size	34
3.7 Methods of Data Collection.....	36
3.7.1 Prim.ary Data.....	36
3.7.2 Secondary Data.....	36
3.8 Research Tools	36
3.8.1 Questionnaire.....	37
3.8.2 Interview Guides	37
3.9 Data Analysis and Presentation Techniques.....	37
3.10 Data Quality Control	38
3.10.1 Validity.....	38
3.10.2 Reliability	38

CHAPTER FOUR: PRESENTATION OF FINDINGS AND DISCUSSIONS	39
4.0 Introduction	39
4.1 Respondents' Profile	39
4.1.1 Distribution of Respondents by Sex	40
4.1.2 Distribution of Respondents based on Programme of Study.....	40
4.1.3 Distribution of Respondents by Year of study	41
4.1.4 The Type of the University the Student Belongs	42
4.1.5 Acceptance on whether a Student is a HESLB Beneficiary	43
4.2: Assessment on the Institutional set-up and Operations of HESLB in relation to Loan Disbursement to University Students	43
4.2.1: Responses on the Means of Communication in Accessing HESLB Information for Loan in Joining University Education	44
4.2.2: Perceptions on how it is Convenient on Loan Application	46
4.2.3: Acceptance on the Accessibility Status of Loan Application	47
4.2.4: Level of Satisfaction with the criteria of Means and Loans' Application.....	47
4.2.5: Acceptance on Fairness of Means-Testing Mechanism	48
4.3 Effectiveness of HESLB on Loan Disbursement to University Students in the Study Area	49
4.3.1: Loan Percentage levels Granted to Students	49
4.3.2: Respondents' Satisfaction with Loan Grade Provided.....	51
4.3.3: Perception on Accessibility Status Level of Loan Disbursement to Successful applicants	52
4.3.4 General Evaluation of HESLB in Financing University Students	55
4.4 Challenges that Hinder Effective Provision of Adequate Loan to University Students	56
4.4.1: Level of Performance of HESLB on Students' Loan Application Procedures	56
4.4.2: Acceptance on the Assistance of HESLB Criteria to Poor Families' Students to Access Loan.....	57
4.4.3 Categorised Factors that reduce the Effectiveness of HESLB to Provide Loan Services.....	59
4.5: Summary	61

CHAPTER FIVE: SUMMARY, CONCLUSION AND	
RECOMMENDATIONS	63
5.1 Introduction	63
5.2 Summary of the findings	63
5.4 Conclusion.....	64
5.5 Recommendations	65
5.5.1 Policy Action based Recommendations	65
5.5.2 Recommendations for Further Studies	67
REFERENCES	69

=

LIST OF FIGURES

Figure 2.1. Conceptual Framework Showing the Relationship of Variables in Determining the Impact of Effective Provision of Loans to Students.....	30
Figure 4.1 Responses on Satisfaction Students have on the Criteria of Means and Loans application.....	48
Figure 4.2 Responses on the Status Level of Loan Disbursement to Successful Applicants.....	53
Figure 4.3 Responses on the Quality of Services of HESLB in Financing University Students	55
Figure 4.4 Other Factors for Ineffectiveness HESLB in Providing Loan to Clients.	60

LIST OF TABLES

Table 1: Distribution of the Sample Size	35
Table 4.1: Sex of Respondents	40
Table 4.2: Programme of Respondents	41
Table 4.3: Year of Study of Respondents.....	42
Table 4.4: University Category	42
Table 4.5 Acceptance of Student whether is a Beneficiary of HESLB.....	43
Table 4.6: Means of Loan Information.....	44
Table 4.7: Convenience of Means of Application.....	46
Table 4.8: Accessible loan Feedback Status.....	47
Table 4.9: Fairness of Means-testing Mechanism.....	49
Table 4.10: Responses on Percentage Level on Loan Granted	50
Table 4.11: Acceptance on the percentage of loan granted to client.....	52
Table 4.12: HESLB performance level on Students' Application Procedures	57
Table 4.13 Responses on Whether HESLB Assist Students from Poor Families to Access Loans	58

ABSTRACT

Student financing in institutions of higher learning is today one of the major challenges facing the education sector in Tanzania. This study assessed the effectiveness of Students Loan's Board as an alternative way for financing Higher Education in Tanzania taking the University of Dodoma (UDOM) and Saint John's University of Tanzania as a case study.

This study employed probability and non-probability in sampling procedures whereby random and purposive techniques in selecting a sample size for study were employed. The study employed also both quantitative and qualitative research approaches in data collection, analysis and presentation under the guidelines of cross-sectional research design to accomplish the study. Questionnaires and interview guides were used as data collection tools. Statistical and Package for Social Sciences (SPSS) and content analysis were used to analyze the data, which were presented in tables and figure and nourished by descriptions.

Findings have shown that financing higher students for university studies found to increase compared to the commencement of the programme in 2004, although still most of the needy and eligible students fail to secure loan. Budget for students' loans is limited; Loan guidelines, criteria and procedures of loan application and means testing are fairly done. The study therefore recommends that, the government should raise budget for financing higher education students. Reset criteria and procedures for application and allocating loans to clients, so that all clients of loan secure such opportunity and meet their dreams of acquiring tertiary education, for their development and the nation at large.

LIST OF ABBREVIATIONS AND ACRONYMS

HCT	: Human Capital Theory
HE	: Higher Education
HESLB	: Higher Education Students' Loan Board
ICETEX	: Instituto Colombiano de Credito Educativo y Estudios en el exterior
ICT	: Information Communication Technology
LDRU	: Loan Disbursement and recovery Unit
MDGs	: Millennium Development Goals
NSFAS	: National Student Financial Assistance scheme
SJUT	: Saint John University of Tanzania
TCU	: Tanzania commission for Universities
TEN/MET	: Tanzania Education Network/ Mtandao wa Elimu Tanzania
US	: United States
URT	: United Republic of Tanzania

CHAPTER ONE

INTRODUCTION AND BACKGROUND OF THE STUDY

1.1 Introduction

Student financing in institutions of higher learning is today of the major challenges facing the education sector in Tanzania. This study assessed the effectiveness of Students' Loan Board as an alternative way for financing Higher Education in Tanzania, using the University of Dodoma (UDOM) and Saint John's University as a case study. The study intended generally, to assess the effectiveness of the Higher Education Students' Loan Board (HESLB) in supporting higher learning students financially with loans, as a way of making youth Tanzanians realize their academic dreams for personal and national development. This chapter includes the background of the study, statement of the problem, objectives of the study, research questions, scope, limitation and delimitation of the study as well as the significance of the study.

1.2 Background to the Study

Students' loans are loans offered to higher education students to pay off educational related expenses such as tuition fees and research expenses (Jackson, 2002). Students' loans have becoming increasingly important due to inability of the government to sustain parallel increase in levels of funding for students financial aid (Johnstone, 2009). However, tuition fees are going up and grants alone are not sufficient to meet the costs of obtaining higher education (Johnstone, 2006). In this aspect there is an increase in growth of students' loans schemes to support higher education due to the increasing importance of higher education in the 21st century.

Higher education enhances status and greater earning power to individuals and to the larger society through economic prosperity, advancement of democracy and social justice (Macmillan, 2006).

In the past thirty years globally, the most fundamental change in higher education policy throughout the world has been the attempt to democratize access and rapidly expanding primary and secondary school enrollments. Increased demands for skilled labour and growing perception of higher education as a path to individual prosperity has also fuelled pressure to expand higher education opportunities. In developing countries in particular, the effect has been dramatic: higher education enrolments increased substantially at all income levels (Albeeht and Ziderman, 1993).

Johnstone (2009) asserts that the financing of higher education throughout the world has seen dramatic changes in the last decades of the 20th and the 1st decade of the 21st centuries. In the main, these changes are responses to a worldwide phenomenon of higher educational costs tending to rise at rates considerably in excess of the corresponding rates of increase of available revenue, especially those revenue that are dependent on taxation. Six trends in the latter years of the 20th and early years of the 21st centuries each with economic, political and social roots and consequences are noteworthy for their impacts on financing of higher education and in turn of higher educational participation and accessibility. These trends are increasing unit or per student cost of instruction, increasing enrolments and increasingly knowledge-based economies and the consequent additional expectations upon higher education as a major engine of economic development and individual betterment. Others includes, failure of government or public revenue to maintain their share of the cost increases resulting from the aforementioned pressures on higher educational

expenditures, increasing globalization which contributes both to the increasing cost trajectories and to the fettering governmental revenues increasing liberalization of economies and resulting decentralization, devolution and privatization of public and private systems and institutions of higher education).

In developing countries, the same as in industrialized countries, a major challenge faced by governments is how they reform the finance of higher education (HE) in response to the twin pressure of rising private demand for admission to higher education and heavily constrained public budgets. The last twenty years there have been major changes in the way HE is financed in many countries, as governments have grappled with problem of financing rapidly expanding systems of HE while public expenditure for education has failed to keep pace or in some case declined (Woodhall, 2007). The situation marks for a challenge of under financing of higher education which in turn affects negatively provision of required loans to the enrolled students.

The Tanzania Higher Education Students' Loan Board (HESLB) was established by an Act No.9 of 2004 which was enacted by the parliament of the Republic of Tanzania and signed by the former president B.W Mkaapa. The Act was set to provide for the establishment of the board and for the administration, granting, repayment and recovery of higher education students' loans and for other matters related thereto (URT, 2004). The board was effectively inaugurated by that time by the minister for higher education, science and technology on 30th March 2005 and became operational in July 2005. The main objective of the board is to assist on loan basis, needy students who secure admission in accredited higher learning institutions, but who have no economic power to pay for the cost 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 the board sustainable (www.hslb.org.tz: retrieved on 9th October, 2013).

Challenges to HESLB have been noticed that make some education stakeholders to question its effectiveness in financing higher learning students in Tanzania. Annual report and financial statements of 2008/2009 identifies some major challenges the board encountered in the same year (URT, 2010). The challenges included growth of demand for loans vis a vis limited budgets. This was due to increased high academic performance in advanced level Secondary Education Examinations coupled with capacity expansion in higher education institutions. Another major challenge is the decrease in the value of loans issued repayment of HESLB loans. These take a long time (up to 10 years) and the loans are interest free, during the year (URT, *ibid*). Therefore, this study assessed the effectiveness of students' loan board in Tanzania using the universities of Dodoma and St. John as case of study.

1.3 Statement of the Problem

Countries in the world have had been struggling to improve the provision of education to their people. Developing countries especially those of Africa have also been under pressure to create an environment which could facilitate provision of education to their people up to tertiary level. Efforts on enhancing provision of education have also been driven with international strategies like the Millennium Development Goals (MDGs) strategies in order to curb poverty (Ten/Met, 2008: 10). Effective provision of tertiary education to most poor people in most African countries, need international and national support for positive outcomes.

Tanzania has taken various efforts and strategies in making sure that Tanzanian youths are financed so as to achieve their dreams in acquiring entry into university educational level. Since independence, higher education in Tanzania has been mainly public in ownership as well as in operational control (URT, 1999). The government introduced the National Higher Education Policy in 1999 to be used as guidelines and mission to the attainment of university graduates. Among other strategies found in the policy, states that the government will broaden the base for financing of higher education and ensure increased financial sustainability including taxation (URT, *ibid*). This means that the government has the responsibility to finance university students in order to access tertiary education. Thus, expenses for higher education, including students' living costs, have been financed entirely by the public budget. Moreover, in the 1990s the loan scheme was established for the higher education students to enable them to access higher education (Dachi, 2000). One of the central objectives of the loan scheme in Tanzania was to enable the needy students to access higher education regardless their social and financial background difficulties (*ibid.*)

In 2004, the government established the Higher Education Students' Loan Board (HESLB) by an Act No.9, which commenced its operations in July, 2005 as an alternative way for financing students and makes them realize their dreams. URT (2010) asserts that among other things, the Board has been entrusted by the Government with the responsibility to issue loans to students pursuing advanced higher diplomas and degree studies at accredited higher education institutions in and outside the country and to collect repayment for all loans issued to students since 1994, so as to make the scheme successful and sustainable. It is argued that the students' loan scheme in Tanzania has slightly improved the accessibility in higher

education (URT, 2002). URT (*ibid*) asserts that the loan fund was initiated in 1994/95 with 1,647,669,450 Tanzanian shillings which was made available by the Treasury and the same amount was disbursed to 6,044 loan recipients in 13 higher learning institutions. It is further documented that by the end of 1999/2000 the loan scheme had grown to 16, 370, 485, 500 Tanzania shilling and was disbursed to 10, 292 loan recipients (URT, *ibid*).

Despite all such efforts done by the government to finance its people in acquiring university education, there have been identified challenges that face the system of sponsoring university student for tertiary education costs. Mapima (2011) asserts that the government invariably accepts the fact that it has the obligation to provide education to its citizenry but the financial resources available for that purpose have never been commensurate with the requirement of the populace that is entitled to tertiary education.

Moreover it is estimated that up to 2006/07 academic year for the higher education institutions 78 billion Tanzanian shillings had been disbursed to 47,784 students from different higher learning institutions all over the country out of 220,000 who were supposed to be disbursed (HESLB, 2007). Arguably, there is an increase of students, who receive the study loan however; the increase does not reflect the number of students who complete Advanced Secondary Education with qualification for higher education. Bangu (2012) also shows that there are high rates of expansion in higher educational demand and consequently large increase in the number of students anticipating a student loan as core means of support, however there is insufficient funds for loans to cover the growing demand. This suggests that the HESLB have not been successful fulfilled its goal and there is little information on

what hinder its successfulness. There are also a very few studies done in Tanzania on the effectiveness of students' loan board in financing Tanzanian youth. Other studies have concentrated on other issues concerned to general challenges facing HESLB (Rugambuka, 2008: Ishengoma, 2008 and Bangu, 2012). This study therefore, thought to assess the effectiveness of the students loan's board in financing higher education in Tanzania taking the University of Dodoma and Saint John's University of Tanzania as a case study.

1.4 Research Objectives

1.4.1 General Objective

The general objective of this study was to assess the effectiveness of the Students' Loan Board (HSLB) in Tanzania, using the universities of St. John and UDOM as case of study.

1.4.2 Specific Objectives

- (i) To assess the institutional set-up and operations of HESLB in relation to loan disbursement to university students.
- (ii) To determine the effectiveness HESLB in loan disbursement to university students at the universities of St. John University of Tanzania (SJUT) and the University of Dodoma (UDOM)
- (iii) To investigate challenges and prospects for HESLB to effectively provide adequate loan to higher education students

1.4.3 Research Questions

- (i) What is the institutional set up and operations of the HESLB in Tanzania?
- (ii) How effectively does HESLB disburse loans to its beneficiaries (SJUT and UDOM)?

(iii)What challenges and prospects for HESLB to effectively disburse loans to university students?

1.5 Significance of the Study

The study assessed the effectiveness of students' loan board in Tanzania whereby the Saint John University of Tanzania and the University of Dodoma were used as case study. The results of the study will provide vital statistical and in-depth information concerning the operation and effectiveness of institutions providing financial assistance to students in higher learning. Thus findings of this study if considered by stakeholders will be of significance at individual, national and the institutional level.

Individually, through accomplishment of this research, the researcher will be awarded a master degree as it is one of the criteria for study accomplishment. Moreover, the document will be used as point of reference by researchers who will be interested in the same area of study. They will be able to utilize it as literature to be reviewed and enrich their studies. At the national level, this study will assist the government and make aware policy makers on the information that will give a room for modification of the existing higher students' loan policy and in the formulation of new strategies to enhance the effectiveness of HESLB in financing university students. Knowing the challenges that impede HESLB to effectively support big number of students with loan will make the government and other education stakeholders aware of how to improve HESLB practices on serving Tanzanians' students. Furthermore, the study also will add knowledge to educational planners and students on the best practice in student loan management and provide solution to challenges facing HESLB in financing higher education institutions.

At the institutional level, the study will assist the HESLB to be more informed about its services offered to their customers (students in higher education institutions) that will help to enhance its operations for instance issues like loan recovery and disbursement. Finally, the findings from this study are expected to provide some recommendations to improve performance of HESLB and maximize its contributions on financing students in higher education institutions.

1.6 Limitations and Delimitations of the Study

During the study some of the researcher encountered some challenges, however these challenges were eventually solved. Such challenges included anxiety of respondents and informants to provide information on the required issues. Some of the respondents feared to give out real information needed and such situation could lead them to give wrong information. There was also uncertainty of the transportation to reach the sources of data at a reasonable time. In addition to that some of study participants violated meeting time which was arranged for meeting and it affected the time table of the researcher. Moreover, a researcher had limited financial recourse to meet the daily expenses during the study. The researcher managed to solve those drawbacks by taking various measures including the following; on the issue of anxiety, the researcher educated them on the importance of conducting a study and also the importance of feedback to the researcher. The researcher also told the participants on the formality of the exercise and that the study was conducted officially for education purposes and a permission letter for study conduction was officially granted. The researcher also used extra time to meet informants for information also much time was consumed to wait an appointment to meet loans' officers. Basing to financial inability, the researcher used the available resources in the most efficient manner and managed to accomplish the study's goals.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter provides an overview of different literature that relate to the title ‘the effectiveness of students’ loan board as an alternative way for financing higher education students. In the literature review key concepts have been defined to lay the foundations of the study. The study explains theory related to the study which has been used to predict what was expected to guide a researcher in his study inquiry. Empirical literature also has been delineated to provide knowledge and amplify an understanding on different phenomena under the policy and operations of HESLB in financing university students including influential factors, effects and challenges. Finally, the gap of knowledge of the literature reviewed was identified and the conceptual framework explained and illustrated.

2.2 Definitions of Key Terms

2.2.1 University Student

Woodford (2003) perceives a student as a person who is learning at a college or university or sometimes at a school. Therefore, a university student is a person that is learning at a university level and mostly studying for bachelor degree, masters or PhD level.

2.2.2 Student Loan

According to Woodford (2003), student loan is an agreement by which a student at a college or university borrows money from a bank to pay for h/her education and then pays the money back after finish studying and start a job. Moreover, students' loans are loans offered to higher education students to pay off educational related

expenses such as tuition fees and research expenses (Jackson, 2002). Generally a student's loan is that loan a university or college student borrows from an authorized institution for purpose of supporting h/her study with the intention of returning that loan offered.

2.2.3 Student Loan Board

It is an authorized institution responsible in dealing with disbursement and repayments of loan to and from college or university students' loan beneficiaries. In Tanzania this institution is known as the Higher Education Student Loan Board (HESLB).

2.3 Theoretical Literature

2.3.1 Human Capital Theory and Students' Loans

According to human capital theorists, all expenditures can be classified as either investment or consumption (Schultz, 1971). The consumption expenditure refers to the purchase and use of goods and services which yield immediate but short lived benefits, while investment expenditure refers to the purchase and use of assets which yield benefits over a long period of time and lead to an increase in the productive capacity of a given unity of production (*ibid.*: 36). Barr (2009) argue that according to Human Capital theory expenditure on education is treated as an investment and not as a consumer item. An individual acquires this human capital in schooling and post-school investment and on the job training.

The theory suggests that cost for education should be regarded as consumption as well as an investment. Education is to be regarded as consumption due to the fact that it is among of human rights. The government should set strategies that will be used to support the needy students from poor families to pursue education including

the tertiary one. This is when the government provides capitation grants to primary and secondary schools to subsidize where the community could require paying for. At the tertiary level is when the government has to create conditions to provide Tanzanians youths with loans in a form of cost sharing so as to make them able to pursue university education.

From such a point of view, efforts are to be done in Tanzania to encourage the government to increase capacity in loan schemes in order to increase the number of educated people because it is believed that highly trained and skilled manpower is the pivotal element for real development and the government should undertake the human capital approach in order to reveal the belief of the theory. The suggestion is also supported by Schultz (1963) by paraphrasing the statement of the theory by saying that “...Increase investment in human capital increases individual productivity and income, and concurrently lays the technical base for the type of labour force necessary for economic growth in modern industrialized society”. A study by Snooks (2008) supports that there has been increasing awareness that, human capital when combined with other factors of production can be an important factor in economic development. Therefore, it is true that investment in education is high, but for the country to achieve sustainable development at individual and the national level, the community must adhere to the education costs of its youth who are the ones that engage in production in different sectors.

2.3.2 Strengths and Weaknesses of the Theory

Arguably, the human capital theory seems to bring the notion that the costs have to be incurred in making someone get knowledge and skills (education) and by doing so the bearer of education is becoming more productive and at last his/her earnings

increases. The investment costs include direct costs such as pecuniary or out of pocket costs and also includes indirect costs such as forgone earnings (salary and any other benefits attached to an employment) (Cohn et al, 1990). The investment costs which are the point of interest in this study are pecuniary costs which are incurred by students.

This study also agrees on human capital theory because of the belief that people constitute the most important resource in any organization. It is people who act on other resources such as money, machines, materials and methods that enable organization to function. Robbins (2009) also argues that organization can survive without other resources, but they cannot survive without people. For organizations to achieve good end results, much of the investment must be directed on human being. Students' loans will encourage more students to get education through increased enrollment; loan provision should be emphasized in order to finance more other needy and qualified students. Guidelines and selection criteria for loans should be harmonized and effectively implemented, and successively provided to students in financing higher education in Tanzania.

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

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

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

2.3.3 Relevance of the Theory to the Study

From the above postulations of the theory, higher education is one form of investments in which individuals have to incur costs in order to get it. The implication of human capital theory is that people have to invest in themselves through higher education. Students or/and their families and the government are compelled to incur the costs. Although HCT does not pinpoint exactly where the sources of investment should come from, that is, who should invest yet investment has to be done basing on social and private benefits of higher education (Canton & Venniker, 2001). Higher education apart from directly benefiting the bearer, thus

setting the clear grounds for an individual to incur the costs, yet the individuals do not reap the full benefits of their education investment: partly the benefits accrue to others – spillovers of human capital investment which necessitate the public or rather the government to also contribute to the investment costs (*ibid*). In their words Canton and Venniker (p. 38) say that; “*Higher educated individuals may increase the productivity of the co-workers and may enhance social cohesion. As a result the total returns to education investment for society (i.e. the social returns) may exceed the sum of all private returns*”.

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

Despite the above scenario, it is argued by some authors, (Johnstone, 2002 & 2003), that investing in ones education is increasingly costly. He also argues that historically many state governments around the world incurred almost all costs of higher education to individuals and the institutions. However, with increasing cost of higher education and presence of many other social sectors which require more or

tantamount attention, individuals have to share with the government the costs for higher education.

2.4 Empirical Literature Review

This sub-section discusses various literature related to the study reviewed which will directly predict the research gap to be filled by the researcher.

2.4.1 Global Efforts in Financing Students for Higher Education

Students' loan programmes now exist in many developed and developing countries. Examples of student loan programmes which are financed from public funds or backed by government guarantees, were found in Japan, Scandinavia and the U.S.A, where the idea of students borrowing from government funds to finance higher education dates from the 1940s and 1950s (Woodhall, 2007). Other developed countries set up loan programmes in the 1960s, including Canada and several European countries. By early 1980s student loan programmes were established in Europe, North America, Latin America, the Caribbean, and few isolated examples in Africa and Asia. A review of international experience of student loan programmes found official loan programmes that are run by government agencies or backed by government guarantees in more than thirty countries (World Bank, 2008b).

The first developing country to establish a student loan programme was Colombia, where the Instituto Colombiano de Credito Educativo y Estudios Technicas en el Exterior (ICETEX) was established in 1953, and it was followed by many other student loan programmes in Latin America in the 1950s and 1960s (World Bank, 2008a). Loan have recently been proposed in several other countries, including the U.K., and New Zealand among developed countries; and Tanzania, South Africa, Kenya and Uganda are among of the developing countries (world Bank, 2008a).

2.4.2 Cost sharing in Higher Education and Students' Loans

Cost sharing has been used in higher education to refer to the shift of the burden of costs for higher education from exclusively being borne by the governments or taxpayers, to being shared with parents and students and/or donors (Johnstone, 2005; 2003). It is argued that most of the governments across the world incurred all the costs for higher education due to the fact that the higher education sector, particularly the universities, was regarded as the engine for socio-economic development through the creation of knowledge, selection and certification of elite groups, that is, the learned professions, the higher civil service, the politicians and the commercial and industrial leadership (Trow, 1972). However, with massification of higher education where every person with qualification seeks for higher education and with financial distress to many countries across the world, particularly in 1990s, marked the difficulties for governments to exclusively bear the burden of costs for the higher education and hence cost sharing (Johnstone et al., 1998; Woodhall, 2004). A solution advocated or attempted in many countries is to introduce cost sharing through tuition fees and student loans and other types of private contribution (Woodhall, *ibid*). Generally, cost-sharing is considered as the introduction of tuition fee or especially sharp increases in tuition fees to cover part of the costs of instruction or of user charges to cover more of the costs of lodging, food, and other expenses of student living that may have hitherto been born substantially by governments (taxpayers) or institutions (Johnstone, 2003).

2.4.3 Student Loan Schemes: Objectives and Rationales.

The student loan schemes have been introduced in many countries across the world as one of the alternatives for financing higher education. Ziderman (2004) identified five ideal objectives of loans schemes. These are as follows:

First, it is about budgetary Objectives (income generation from tuition fees). This mainly aims at: Generating income to maintain university enrolments and output or quality, in response to raising public university unity costs (when additional government funding is not available); Funding replacement: in response to reduction in overall government expenditures, including the education sector; Funding replacement: in response to realization of public educational budgets, from universities to other sub-sectors with higher societal returns.

The second objective concerns with University System expansion. This mainly aims at generating additional tuition fee revenues to (partially) finance expansion of the public university sector; University expansion via growth of the private University Sector (to minimize the state's role in financing expansions).

The third objective is social objectives (equity and access for the poor). This mainly aims at loans being generated towards needy students; Cross subsidization: grants for needy students financed by income from higher fees.

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

The fifth objective is students' assistance. This aims at erasing students' financial difficulties during study; increasing students' commitment; Improving Students' financial independence.

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

students who may be constrained by insufficient loan budgets and some of the applicants may be denied a loan. Ziderman (2005) also argued that, the traditional and most effective method of enhancing, the educational access of the poor has been through the provision of means – tested grants (scholarships) to cover tuition fees (where schooling is not free) and usually living expenses as well. However argued, a widespread scholarship scheme is likely to be expensive, therefore the use of loans rather than grants offers a method that both increase access for the poor and reduces, or at least contains, public expenditure over the longer term, as loan repayments build up. Arguably, loans schemes meant to assist the poor should be designed so as to reach this population; otherwise the central objective of the scheme will be lost (Ziderman, *ibid*).

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

On the contrary if the loan schemes are not well managed they may discourage many needy students from seeking higher education and also mismanagement of student loans may cause drop outs for students already in higher education institutions (Woodhall, 2002). So in order for a loan scheme to perform well (objectively and rationally), the loan scheme designers need to observe the requirements which lead to good performance including efficient institutional management with adequate systems for selection of borrowers, close communication with higher education institutions, sufficient record-keeping and data storage (*ibid*).

2.4.4 Empirical Evidence on Students' Loans World Wide

Johnstone and Marcucci (2009) assert that several countries in Western Europe and Asia introduced reforms in student support system in the 1990s. The reforms were triggered by the increasing cost and inadequacy of existing systems of student aid, changes from highly selective systems of higher education to mass higher education and desire to expand higher education participation without imposing an excessive burden on public fund. Yang (2006) did a research in Asians countries, whereby the results show that financial pressure on public budgets experienced by Asian countries has led many governments to seek ways to increase private contributions to the cost of higher education. For instance Japan and Philippines use private finance to attend private institutions, while in China and India higher education is financed mainly by the state (Li, 2007). According to Woodhall (2002b) most of the other countries in Asia students get financial support in the form of scholarships, grants and loans, though the concern about equity advocates that loans result in more equitable sharing of the cost of higher education than a system of grants, scholarship and free tuition fee, financed from government revenue, (Woodhall, 2007).

In Norway, a national system of student loans was established in 1947 and it was started by the establishment of a state institution for student loans (Levy, 2004). He further explains that the loans are given after means-testing (parental economy), and following an individual assessment of the student's plans and progression. As per administration, the system has been operating under the same government institution-the State Educational Loan Fund (*Lånekassen*). The State Educational Loan Fund has been in charge of all functions related to the administration of the schemes, in close co-operation with the ministry and the educational institutions. The development of ICT in the institution facilitates communication not only within the institution but also with the education institutions (*ibid*).

A study on how the students' loans scheme can be sustainable through repayment was conducted in South Africa by Jackson (2002). The results of the study explains that national student financial assistance scheme (NSFAS) found to remain sustainable due to recovery of the loan portion of the award from students and recycling of these funds back to the scheme in order to assist future generation students. In 1991 a small scheme to assist black disadvantaged students were established in South Africa named as NSFAS (Varghese, 2006). The scheme seem to have grown into a national scheme which helped to finance the cost of higher education for over 600,000 black needy students and academically qualified. NSFAS is funded by the government contributions, donors and is increasing its share from loan repayments by former students, (Jackson, 2002).

Another study on the effectiveness of NSFAS in the provision of students loan in south Africa shows that the institution has been serving a large number of financially needy and previously disadvantaged students, although it has kept its annual

administration cost of under 2% -- in part through a good technological infrastructure that aids in good record keeping (Meagan, 2006:7). The loan scheme is portrayed as performing well.

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

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

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

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

Varghese (2006) continue to argue that Kenya has a long history of experimenting cost sharing in higher education, it started in 1952 when loans were given to students to study abroad, whereby students started getting bursaries and grants in 1963. According to Woodhall (2002a) the government introduced the university students' loans scheme, managed by the ministry of education in 1974 to take care of the increased demand in higher education but there were no recovery due to lack of legal framework. Johnstone (2006c) argue that the Kenyan government established the higher education loans board (HELB) in 1995 with mandate to disburse funds and recover the outstanding loans since 1952 so as to create a viable revolving fund, which could generate substantial turnover through interest to be lent to the needy students so as to ease pressure on the national educational budgets.

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

reflect the Tanzanian population growth from 23.1 million in 1988 to 34.6 million in 2002 (URT, 2006). The population is estimated to be 37 million (*ibid*).

However, the above presented loan schemes from different countries seem to vary in their performance though their central objective is more or less the same which is to assist the students to access higher education. The countries' economic base and political environment differ. Some have more or less the same economies (developing economies) and the other countries have different economic stands (developed economy) which might be a base for having varying students' loan scheme management and administration and perform differently compared to their counterparts. Regardless of these differences, all countries have almost the same goal which is the point of reference and discussion when addressing the effectiveness of the HESLB in the provision of loans to university students in Tanzania.

2.4.5 Determinants for effective Financing of Higher Education

Johnstone (2006a) argues that success and failure of students' loans in financing higher education is embedded on the philosophy or assumptions as well as the strong appeal which the students' loans are based on. This means that students' loans in financing higher education are based on unrealistic assumptions and have been launched in many developing countries with exaggerated expectations. According to Johnstone (2006c) the major expectations of governments with regards to student loan finances are: (1) huge funds can be mobilized in a short time, with the repayments of loans by the graduates (2) government can do away with budgetary allocations for higher education and eventually withdraw from financing higher education and (3) higher education can be made self-financing with the revolving fund. All the three assumptions stated are based on the recovery of the already issued students' loans by insisting that the loanees will repay back their due loan

automatically without any resistance. Therefore the failure besides the success of students' loans in financing higher education is a result of reliance on the above mentioned unrealistic and questionable philosophies.

According to Richard (2002), the success of students' loans in financing higher education is a result of the strong appeal embedded on students' loans itself, these appeals are based on the increased enrollment of higher education students, satisfactory guidelines and criteria for granting loans as well as the recovery of already issued students loans funds. Research by Johnstone and Marcucci (2010) support that students' loans not only increase access to higher education but also, more importantly, reduce regressive distribution of public resources this is because all those who get students loans for their education are the one who will be obliged to pay the loan. However Msolla (2007) argue that satisfactory guidelines and criteria for granting loans has been strongly appealed as they prevent wasteful expenditures as only the needy will get loans. Moreover students loans are regarded as equitable as they appear to hold out the promise to the student that, 'you can borrow money when you cannot pay for higher education on your own and repay when you can' this advocates the recovery of the already issued students' loan, (Macmillan, 2006).

2.4.6 Financing of Higher Education in Tanzania

According to URT (2007) students' loans in financing higher education in Tanzania resulted due to cost sharing policy which existed during the colonial period and in post independence Tanzania. However, after independence, students in higher learning institutions paid tuition fees and students from poor families were assisted through government bursaries. In 1974, the government abolished the bursary

system and assumed all the responsibilities of paying for all higher education costs for students admitted in public higher education institutions, (URT, 2007).

The government failed to finance free public higher education in addition to all of the other pressing public needs, so the reinstatement of cost sharing policy in higher education was made in 1980's. The formal announcement of the policy was made in January 1992, it was argued that the introduction of cost sharing in higher education had become necessary in order to maintain the quality of academic programs, to encourage needy students to attend higher education, and to improve access to higher education, while at the same time containing government expenditures in higher education (URT, 2005). According to URT (1998), cost sharing policy in higher education was planned to be implemented in three phases, (1) in 1992/1993, students and parents were required to pay for their transportation costs to and from their respective universities, (2) in 1994/1995 students were required to pay for meals and accommodations, in addition to the first phase items, through a loan which was administered by the government to all Tanzanian students admitted in public accredited higher education institutions, (3) in 2004/2005, parents and students were required to meet partial payments through loans to cover the following additional costs; tuition fees, books and stationery, special faculty requirements, field practical training and research. Under this phase all the activities were under the supervision of the higher education students' loans board, (URT, 2005).

2.4.7 Higher Education Students' Loan Board and Its Establishment in Tanzania

The Higher education students' loans board (HESLB) was established under the act of parliament No. 9 of 2004, as amended by act No. 9 of 2007, CAP 178 and commenced its operation in July, 2005 (Higher Education Students' Loans Board

[HESLB], 2008). The Board was established following the adoption of the national higher education policy of 1999. Among other things, the board has been entrusted by the government with the responsibility to disseminate loans to Tanzanian students who are eligible and needy as defined by the act No. 9 of 2004 pursuing advanced diplomas and or degree studies at accredited higher learning institutions in and outside the country and to collect repayment for all loans issued to students since 1994, so as to make the scheme successful, (HESLB, 2006).

Ishengoma (2004) argue that since the introduction of HESLB, there is an increase in access of the needy students to higher learning institutions due to increase in students enrollment which has been proved by the increase in number of universities or colleges. Before the introduction of students loans programme there were only 11 public universities and university colleges as well as 19 private universities and colleges (TCU, 2009). Currently, there are 119 public universities facilitated by the availability of students loans (TCU, 2013).

2.5 Summary and Research Gap in the Reviewed Literature

The section has defined key terms which carry the central ideas of the research problem for widening an understanding of the focus to the study. The human capital theory and its assumptions have also been presented to predict the essence of loans provision in improving individuals' education for development. The theory has further been shown on how can be applied in an actual field and also it has been related to this study. The chapter has further presented general overview of the objectives of the loan schemes mainly basing on Ziderman literatures which are among the literatures explaining widely about the loan scheme as an alternative for financing higher education. In addition to that the general overview of the rationale

for loan schemes has been elaborated. In addition to the above, the chapter has presented the performance of the student loan scheme in developed and developing countries, like Tanzania, Kenya, South Africa, Japan and Norway as portrayed in different literatures. Determinants to effective provision of loan to students have also been suggested. Finally the research gaps in the reviewed related literatures have been presented to show the rationale for conducting this study.

The reviewed literature particularly those addressing the student loan scheme in Tanzania indicate that the performance of student loan scheme in Tanzania has been approached by focusing on the external perspective of the loan scheme operations. This means that most of the surveyed literatures discuss the external performance of the loan scheme mostly basing only on the scope of loan provision. Furthermore, some of the literature, for example (URT, 2002 & 2006), show that the loan scheme as an element of cost sharing in Tanzania is slight performing well. Other literature show doubts on the performance of the scheme for example (Ishengoma, 2004; Mpiza, 2007; and Bangu, 2012). Accordingly, it seems that there is limited information on how effectively HESLB is as an alternative source in providing loans to university students for their studies. Therefore, the researcher found imperative to conduct a study on internal perspective of HESLB basing on the effectiveness of students' loan board as an alternative way for financing higher education in Tanzania to deal with policy implementers using the University of Dodoma and St. John's University as case study.

2.6 Conceptual Framework

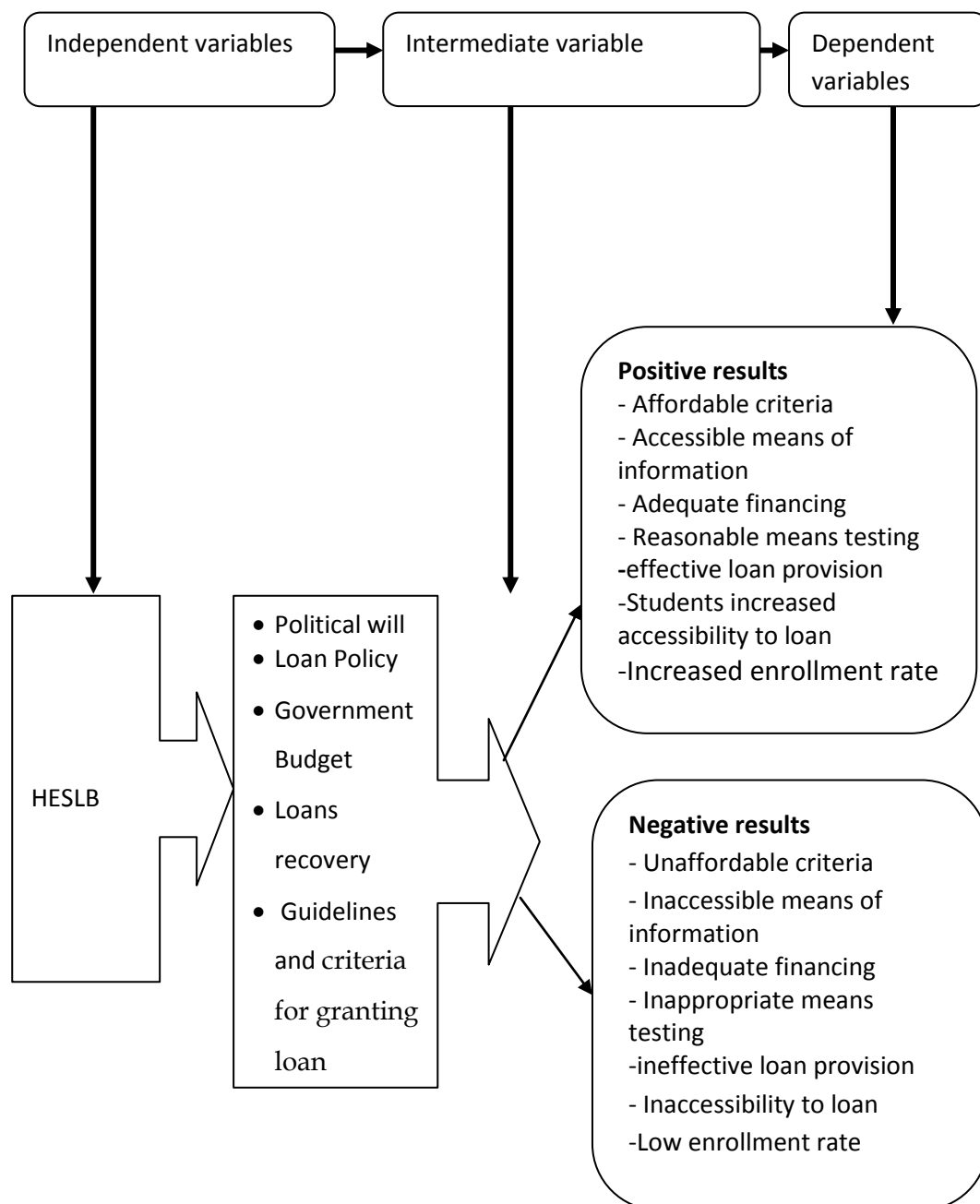
Conceptual framework for this research is based on practices of Higher Education Loan Board through variables, analyzed to determine the effectiveness of the

institution in the provision of loans to students. The conceptual framework predicts that, HESLB is an independent variable which is expected to provide loan to students through established conditions, so as an accessibility of higher education to Tanzanians be possible and contribute to national development.

Intermediate variables are those variables (including political will, loan policy, government budget, loan recovery, guidelines and criteria for granting loans) that link the independent and dependent variable(s). The variables may influence the independent variable positively and yield positive results or negatively and result into unsatisfactory results.

Dependent variables are results of the link between independent and intermediate variables. The results may be positive if HESLB has been positively influenced by the intermediaries in the process of its operations and effectively administered. However, if HESLB will negatively be influenced, the opposite is true (refer figure 2 below).

Figure 2.1: Conceptual Framework Showing the Relationship of Variables in Determining the Impact of Effective Provision of Loans to Students



Source: Researchers' own Construct, 2014

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section is about the methodology which has been used in conducting a research. It identifies the methodological approach taken when tackling a research problem. The key areas of this section included study area; research approach; research design; sampling; research methods; data recording and analysis and ethical considerations.

3.2 Study Area

The study was carried out in Dodoma Municipality. The study covered two Universities, The University of Dodoma (UDOM) and St. John's University of Tanzania (SJUT). The area have been selected due to the presence of public and private owned universities that could provide respondents and key informants from universities of different background for data collection. The universities selected in the area were also accessible in terms of transport which enabled a researcher to collect data and accomplish a study in time.

3.3. Research Approach

Research approach refers to an integrated set of principles and general procedural guidelines. Basing to the epistemological positions there are three types of approaches that one of them can be applied in a study. The study used mixed method in data collection, analysis and interpretation. This mixed methods study addressed overall content of the aim of the study, because qualitative approach is a process of understanding a social human problem, based on building a complex holistic, detailed view of informants conducted in a natural setting while quantitative approach is concerned with quantifiable data that cannot be easily collected by

analyzed in a narrative manner. The researcher was able to generate statistical and qualitative data from the findings.

3.4 Research Design

Kothari (2004:31) define research design as the arrangement of conditions for collection and analysis of data in a manner or as a plan or an arrangement of situation that aims to combine relevance to the research purpose with economy in procedure. The research design minimizes bias and maximizes the reliability of data to be collected and analyzed; a cross sectional design was employed in this study because it allowed the collection of data on different groups of respondents at one point in time.

3.5 Target Population

Bryman (2008) defines population as any complete group of entities or people sharing some characteristics. The targeted population for this study was the students at UDOM and SJUT and loan officers of the same universities. Also loan officers of HESLB at the central zone in Dodoma region were involved. University students from two universities were the main unit of analysis of the target population, because are the one projected to provide the reality on the performance of HESLB on loans disbursement to students for higher learning.

3.6 Sampling and Sampling Procedures

Sampling refers to a small proportional of population selected for observation and analysis (Best & khan, 1993). They continue to argue that there is no sample size which is best, however a good sample should be that which reflects an accurate profile of the population from which could be gathered quickly, effectively and economical.

Sampling procedure refers to a set of ideas that define the rules that specify how the system calculates the sample size and contains information about the evaluation of expected characteristics during results recording (Bryman, 2001). The study applied probability and non-probability sampling techniques so as to select an appropriate and suitable sample size.

3.6.1 Probability Sampling Techniques

Probability sampling is also known as ‘random sampling’ or ‘chance sampling’. Under this sampling design, every item of the universe has an equal chance of inclusion in the sample (Kothari, 2004). “People sampling” the key concepts, therefore are the population in quantitative sampling (the total target group who would be the subject of the research, and about whom one is trying to say something) and the sample (the actual group who are included in the study and from whom the data are collected) (Punch, 2009). Probability sampling was used to select the sample which is purely based on chance. The researcher employed simple random sampling to select the area of study which is Dodoma Municipality and respondents from among the students. The researcher used the technique because of avoiding bias of information to be collected from the respondents and informants so as to observe validity and reliability of the findings.

3.6.2 Non-Probability Sampling

Non-probability sampling is that sampling procedure which does not afford any basis for estimating the probability that each item in the population has of being included in the sample. Non-probability sampling is also known by different names such as deliberate sampling, purposive sampling and judgment sampling. In this type of sampling, items for the sample are selected deliberately by the researcher; his choice concerning the items remains supreme (Kothari, 2004). Purposive

sampling as a technique of qualitative sampling refers to a sampling in which the individual units are selected by some purposive method” (Kothari, *ibid*). The researcher used purposive sampling in selecting informants who were the loan officers at UDOM and SJUT universities to be surveyed. HESLB officers at the central zone in Dodoma Municipality were also involved so as to give important and detailed data for in-depth analysis and interpretation.

3.6.3 Sampling Frame

According to Kombo and Tromp (2006:22), sampling frame is a list of individuals/objects from which a sample for the study is drawn. The study involved two types of Participants; Students at the UDOM and SJUT, as well as Loan Officers at the two universities and from the HESLB at the central zone-Dodoma.

3.6.4 Sample Size

It is the exact number of items selected from a population to be sampled for study (Kothari, 2004). In this study the researcher determined sample size using the formula by Naing et al., (2006) as follows:

$$n = \frac{(Z^2) * (P) * (1-P)}{e^2} \dots \dots \dots (1)$$

Whereby:

n = sample size when population size is large than 10,000 people

Z = standard normal deviation, set at 1.96, corresponding to 95% confidence interval

e = degree of accuracy

P =proportion in targeted population estimated to have a desired attribute, if not known,

Formula allows using 50% of the population.

The estimated proportion of the population of citizens in UDOM and SJUT 50 % was used. The error to be tolerated (sampling error) will be +8% at 92% confidence interval, therefore, sample size is:

$$n = (Z^2)*(P)*(1-P)/e^2$$

$$n = (1.96^2 \times 0.5 \times 0.5) / 0.08^2$$

$$n = 225 \text{ people}$$

About 94.30% of the desire respondents compensate for non response citizens. But due financial and time limit, sample size was adjusted to 120 respondents from two universities. Also the sample size included 5 key informants making eventual sample size to a total of 125 participants

Table 1: Distribution of the Sample Size

s/no	Category	No.	Form of participation	Instrument
1	UDOM students	60	Respondents	Questionnaire
2	SJUT students	60	Respondents	Questionnaire
3	UDOM loan officer	1	Informant	Interview guide
4	SJUT loan officer	1	informant	Interview guide
5	Central zone-Dodoma HESLB officers	3	Informants	Interview guide
Total		125	Participants	

Source: Author's own Construct, 2004

3.7 Methods of Data Collection

3.7.1 Primary Data

Primary data are information gathered directly from respondents or first-hand records which are both qualitative and quantitative. Primary data are collected through various methods such as observation, interviewing (Cresswell, 2003). The researcher utilized survey and semi-structured interview methods in collecting data where questionnaires and interview guides were employed as data collection instruments.

3.7.2 Secondary Data

These are data obtained from the existing records or publication (Cresswell, 2007: 13). For the purpose of achieving the objective of this study, secondary data were collected from loan officers from both universities and HESLB loan officers.

3.7.2.1 Documentary review

The researcher used a schedule as a tool to collect documented information from participants. In so doing the technique costed less time and money to obtain them. The researcher employed a documentary review technique in getting information from the key informants for more clarification of the primary data. Documents were helpful in obtaining various data for comparison and references purposes. The application guidelines, criteria and students' loans' disbursement from documented information were used.

3.8 Research Tools

These are instruments to be utilized by a researcher in collecting data while at a field.

3.8.1 Questionnaire

Kothari (2004: 16) Questionnaire as a tool was employed to reduce bias and it gives the respondents convenient time. Cohen (2007: 13) defines questionnaire as a well formulated set of questions to probe and obtain responses from respondents. Structured questionnaire containing a number of closed ended and open ended was used to save time and enable to cover large sample size within a short period of time. Self administered questionnaire was used collect data from one hundred and twenty (120) respondents from two universities because it is less cost to administer, easy to administer, it reduces bias. The main reason for using self administered questionnaire in this study is that the data to be collected was sensitive hence it gave freedom and confidence to respondents to provide correct answers

3.8.2 Interview Guides

Interview guides are tools of a semi-structured interview data collection used to collect data from key informants. The technique was used to collect information from the five (5) key informants as analyzed in the table number 1. Semi-structured interview enabled the researcher to get information from informants by interviewing them with the support of interview guide.

3.9 Data Analysis and Presentation Techniques

There were two types of data to be analyzed, quantitative and qualitative ones. Quantitative data was analyzed by the assistance of a computer programme, Statistical Package for Social Science (SPSS) version 16. It was employed as a tool to assist data analysis. Qualitative data was analyzed through content analysis whereby data of the same content were grouped for interpretations. In this analysis, data was presented in form of tables and figures, frequencies and percentage of

responses. Frequencies and percentage used to describe characteristics of respondent's profiles and opinions. Descriptions of the analyzed data were given in elaborating the quantitative data. Moreover, explanations of the contented data from key informants were presented.

3.10 Data Quality Control

3.10.1 Validity

According to Tabachnick and Fidel (2007:6-10) validity refers to the degree to which study accurately reflects or assesses the specific concept the researcher is attempting to measure. To make sure that data collected is valid, several measures were used. To avoid identification, the respondents never wrote their names. Questionnaires were self administered.

3.10.2 Reliability

Reliability refers to the consistency with which repeated measures produce the same results across time and observers (Tabachnick and Fidell, 2007:6-10). The issue of reliability was ensured by the following; the use of multiple methods and tools during data collection including interviews, survey (questionnaires as tools), observation, and review of secondary data. Reliability was also ensured by the use of appropriate sampling techniques including random sampling from university students and purposive sampling in selection of appropriate sample and suitable sample size from loan officers.

CHAPTER FOUR

PRESENTATION OF FINDINGS AND DISCUSSIONS

4.0 Introduction

This chapter presents the research findings and discusses the results. The results presented are based on the specific objectives of the research: (1) the institutional set-up and operations of HESLB in relation to loan disbursement to university students, (2) the effectiveness of HESLB in loan disbursement to university students in the study area, (3) challenges and prospects for HESLB to effectively provide adequate loan to higher education students. The chapter is organized into four sections. The first section addresses the respondents' profile. The second part addresses the institutional set-up and operations of HESLB in relation to loan disbursement to university students. The third addresses the level of the effectiveness of HESLB in loan disbursement to university students in the study area. The last section addresses challenges and suggests mitigation measures against constraints facing the programme. Responses are in form of quantitative and qualitative information. A total number of 120 respondents (students) provided quantitative data. Qualitative data from five informants who were UDOM and SJUT loan officers and Central zone-Dodoma HESLB officers have been used to nourish upon quantitative data.

4.1 Respondents' Profile

Information about background characteristics of respondents in the selected two universities, UDOM and SJUT in Dodoma municipality has been presented. Students' characteristics discussed include sex, programme of study, year of study, type of university the students studies and HESLB beneficiaries. Therefore, the study had to look into some information of respondents mentioned above, so as to

understand how they influence nature and types of responses. In this regard, profile of respondents provides the parameters within which the analysis of responses is based on for this chapter and in the subsequent chapters.

4.1.1 Distribution of Respondents by Sex

This variable was examined with an interest of checking whether it could have an influence towards the responses collected. A sample of 120 respondents of students from SJUT and UDOM universities was involved. It was found that 48.3 % of the respondents were male and 51.7 % were female (*see fig.4.1*).

Table 4.1: Sex of Respondents

		Frequenc y	Percent	Valid Percent	Cumulative Percent
Valid	Male	58	48.3	48.3	48.3
	female	62	51.7	51.7	100.0
	Total	120	100.0	100.0	

Source: Field Data, 2015

The findings in figure 4.1 above show that the majority of the respondents were female 51.7 %. This indicates that female exceeded the number of male, but due to the nature of variables investigated; this variation in sex did not affect collection and interpretations of the findings.

4.1.2 Distribution of Respondents based on Programme of Study

This variable in the study aimed at assessing the representation of students based on different programmes. Results on the distribution of respondents based on programme of study are shown in (*table.4.2*) which shows that respondents who were studying Education dominated in the study, totaling 28.3 % of students found in the study area. This group is regarded to be sponsored at large by HESLB than

other programmes. The other programme was BSc-Engineering represented by 21.7%, BCOM represented by 15%, BAPA represented by 20%, DS 14% and 8% of the respondents involved were LLB students.

Table 4.2: Programme of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	BCOM	18	15.0	15.0	15.0
	EDUCATION	34	28.3	28.3	43.3
	BSc-ENG	26	21.7	21.7	65.0
	BAPA	20	16.7	16.7	81.7
	LLB	8	6.7	6.7	88.3
	DS	14	11.7	11.7	100.0
	Total	120	100.0	100.0	

Source: Field Data, 2015

Key: BCOM= Students from the department of business; EDUCATION=Students who studies Education courses; BSc-ENG= Students pursued courses based on engineering sciences; BAPA= those studied public administration courses; LLB= Law students; DS= Students pursued Development studies.

The findings in table 4.2 above show that most respondents were those from the programmes of EDUCATION 34 (28.3%) and BSc-ENG 26 (21.7%). The dominance of respondents from this programmes shows that most beneficiaries of loans from HESLB were studying these courses and had more experience on the performance of the operations of loans' board.

4.1.3 Distribution of Respondents by Year of study

The study intended to categorize students in relation to their years of study so as to get diverse views related to their experience of students being at the institution in relation to HESLB services. Referring to the table 4.3 below, the majority of the

respondents were second years who were 47(39.2%), followed by first years 45(45%), third years 25(20.8%) the last group was fourth years who were 3(2.5%).

Table 4.3: Year of Study of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1st Yr	45	37.5	37.5	37.5
	2nd Yr	47	39.2	39.2	76.7
	3rd Yr	25	20.8	20.8	97.5
	4th Yr	3	2.5	2.5	100.0
	Total	120	100.0	100.0	

Source: Field Data, 2015

Data from the field show that most students involved in the study were first and second years with a total of 92(76.7%). This implies that these groups were influenced in the study, due to currently challenges of unsatisfactory services being delivered by HESLB to them.

4.1.4 The Type of the University the Student Belongs

The variable was set to determine participation of respondents in different category of universities, public and private. Analyzed data in table 4.4 below shows that students from private and public university were involved for 50% from each university. This suggests that ideas from both types of universities were considered.

Table 4.4: University Category

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Public	60	50	50	50
	Private	60	50	50	100.0
	Total	120	100.0	100.0	

Source: Field Data, 2015

4.1.5 Acceptance on whether a Student is a HESLB Beneficiary

This variable thought to investigate the clients of HESLB. Data showed that beneficiaries were 70(58.3%) of the respondents and 50 (41.7%) had no loan (*refer table 4.5*).

Table 4.5 Acceptance of Student whether is a Beneficiary of HESLB

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	70	58.3	58.3	58.3
	No	50	41.7	41.7	100.0
	Total	120	100.0	100.0	

Source: Field Data, 2015

The findings in the table above have shown that 41.7% of the surveyed students were non-beneficiaries of HESLB. This implies that still there is a big number of students who lack an opportunity to be sponsored by the government through HESLB loans. This situation also suggests that might be true that many Tanzanians fail to proceed with tertiary education due to lack of loans. the situation was also revealed by Mapima (2011) in his study on the performance of HESLB on loan disbursement and recovery who found out that financial resources available for students' loans have never been commensurate with the requirement of the populace that is entitled to tertiary education.

4.2: Assessment on the Institutional set-up and Operations of HESLB in relation to Loan Disbursement to University Students

This objective was set to assess the effectiveness of the operations of HESLB in disbursing loans to students under the current set-up of the institution. The objective worked on the performance of the means HESLB employs in providing information

on the issues concerning to loans to applicants, convenience of the means in applying loans and getting feedback of the application, and fairness of the criteria of means-testing and loan allocation.

4.2.1: Responses on the Means of Communication in Accessing HESLB Information for Loan in Joining University Education

Data collected from a field survey showed that 73 (60.8%) selected Internet as the means they accesses information about HESLB and higher education loans in general, 9 (7.5%) selected News paper, 5 (4.2%) sided on TV/Radio, while 25 (20.8%) selected both internet and TV and 8 (6.7%) of the respondents affirmed that their source of information about HESLB and procedures concerned to its responsibilities were all the means identified (*refer table 4.6 below*). This suggests that clients of loan got information about HESLB and loans' issues in general through different means of information.

Table 4.6: Means of Loan Information

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Internet	73	60.8	60.8	60.8
	News Papers	9	7.5	7.5	68.3
	TV/Radio	5	4.2	4.2	72.5
	Both Internet and TV	25	20.8	20.8	93.3
	All the mentioned	8	6.7	6.7	100.0
	Total	120	100.0	100.0	

Source: Field Data, 2015

All five interviewed officials explained that the information is provided mainly through the media and websites of the Ministry of Education and vocational Training (MoEVT) and HESLB. It was also said that in addition to that HESLB

provides information through calendared exhibitions in Tanzania. On this, one of the interviewed officials from HESLB had the following to say:

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

Another, loan official explained on the institutional set- up of the institution and its influence to loan application procedure and disbursement. She added as follows;

"HESLB has its main office of the Executive Director; at plot no.8 block no 46, service trade Kijitonyama area, Sam Nujoma road, Mwenge, which work in collaboration with the Ministry of Education and Vocational Training (MoEVT). It also has zonal offices in four zones including Dar-es-salaam, Dodoma, Mwanza and Mbeya. In case of application guidelines, HESLB mostly uses its website, television broadcasting, radio and news papers to show that Students who seek for the loans are supposed to make their application through the forms that are issued by HELSB. The guidelines also explain where the students should access the application forms for a loan from HESLB. For example the guideline for applicants of 2015/16 is based on the HESLB Act No.9 of 2004. The document states that for purpose of Guidelines, needy applicant means:-A poor orphan (who has lost both parents); a poor applicant with disability or applicant whose parents have

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

²Nanenane is a special day for farmers, which is celebrated on August 8th every year. In Dodoma is conducted at Nanane ground at Nzuguni near Kisasa ward.

disability; a poor applicant who has lost one parent; an applicant from poor family³”.

4.2.2: Perceptions on how it is Convenient on Loan Application

The study collected students’ perceptions on the convenience on the procedures used in applying loans in the current set-up of HESLB. Field data have found out that 5 (4.2%) of the respondents showed that loan application procedures are very easy, 11 (9.2%) regarded as easy, 38 (31.7%) rated at average while 50 (41.7%) and 16 (13.3%) of the respondents affirmed that loan application procedures are difficult and very difficult respectively (refer table 4.7 below).

4.7: Table Convenience of Means of Application

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very easy	5	4.2	4.2	4.2
	Average	38	31.7	31.7	35.8
	Easy	11	9.2	9.2	45.0
	Difficult	50	41.7	41.7	86.7
	Very difficult	16	13.3	13.3	100.0
	Total	120	100.0	100.0	

Source: Field Data, 2015

Field data have shown that most of the respondents 66 (55%) affirmed that loan application procedures were not friendly as they rated the procedures as difficulty and very difficult respectively. The inferences of the data suggest that procedures in applying loans due to the institutional set-up of HESLB, reduces a number of successful applicants. This has made most of applicants fail in securing loans for study.

³ Visit www.heslb.go.tz for more information on the current guidelines, criteria and procedures for issuance of students’ loans and Grants for the 2015/2016 academic year.

One of the loan officers from one of the university also argued that;

Some of students from rural areas in the country find difficult to process for loan to insufficient information. Difficulties in information to those who live in interior areas and due to institutional set-up of HESLB prohibit more legible students apply for loan in time. This is because main issues concerning to loan are processed at the headquarters in Dar-es-salaam only, where it is difficult for students from poor families to travel to headquarter for loan information.

4.2.3: Acceptance on the Accessibility Status of Loan Application

Data from the field indicate that 95(79.2%) of the respondents disagreed with quick accessibility of loan feedback application status to students and only 20.8% of them agreed on timely accessible loan feedback status (refer table 4.8).

Table 4.8: Accessible loan Feedback Status

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	25	20.8	20.8	20.8
	No	95	79.2	79.2	100.0
	Total	120	100.0	100.0	

Source: Field Data, 2015

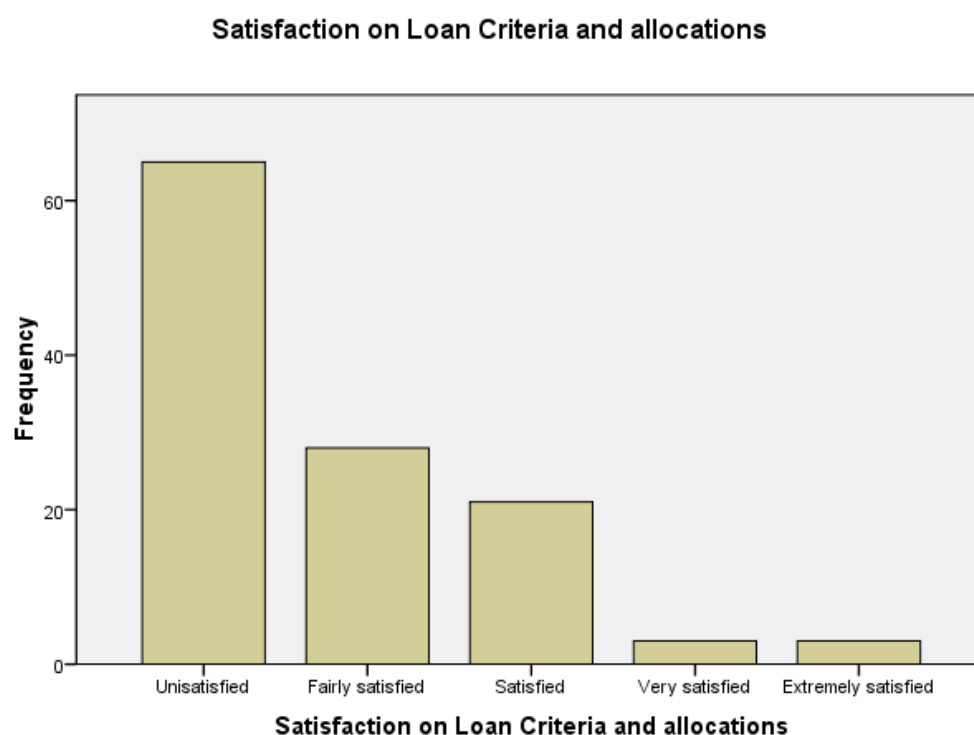
Deduction of the data in table 4.8 above suggest that most clients of loans from HESLB are not easily accessible with loan information, as 95 (79.2%) of the respondents were not conversant with information services being provided by the institution.

4.2.4: Level of Satisfaction with the criteria of Means and Loans' Application

Results in figure 4.1 below shows that the most (54.2%) of the respondents opposed were satisfied with means and criteria of loans' application being utilized by the institution, (23.3%) were fairly satisfied, (17.5 %) were satisfied and who showed

that were very satisfied and extremely satisfied respectively were 2.5% at each group. The results tell us that most students are not satisfied with means and criteria HESLB securing successful students to granted loans for study. The institution is not trusted by the majority as it does not play fairly in allocating loans to those in need of loans.

Figure 4.1 Responses on Satisfaction Students have on the Criteria of Means and Loans application



Source: Field Data, 2015

4.2.5: Acceptance on Fairness of Means-Testing Mechanism

Results in table 4.9 below shows that the most (75%) of the respondents opposed that there was a fairness in means-testing mechanism. Only very few (25%) indicated that means-test mechanism was fair. The results suggest that means testing is done based on favouritism with minimal amount of merit. The findings were in agreement with those of Rugambuka (2008) who studied the performance of higher education students' loan scheme in Tanzania with the stakeholders' views, and

found out that the loan scheme in Tanzania was partly not performing well in terms of application procedures, disbursement of funds to students and loan recovery. the situation has inhibited fair performance of HESLB in providing loans to clients.

Table 4.9: Fairness of Means-testing Mechanism

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	30	25.0	25.0	25.0
	No	90	75.0	75.0	100.0
	Total	120	100.0	100.0	

Source: Field Data, 2015

4.3 Effectiveness of HESLB on Loan Disbursement to University Students in the Study Area

This objective sought to gather data on how effectively HESLB has been disbursing loans to university student so as they can meet their studies costs at campus. Data collected based on level of loans in terms of percentage were disbursed to students, timely accessed loans to successful applicants, and the general assessment of HESLB services in financing university students.

4.3.1: Loan Percentage levels Granted to Students

Findings in table 4.10 below show that 50 (41.7%) of the respondents had nothing to say due to the fact that they were not loan beneficiaries, 18(15%) of the respondents were receiving 0-20% of the required support of loan from HESLB, 24 (20%) were receiving 30-40% while 16(13.3%) were receiving 50-70%, and 12(10%) of the respondents were receiving 80-100%.

Table 4.10: Responses on Percentage Level on Loan Granted

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	I don't know	50	41.7	41.7	41.7
	0-20%	18	15	15	56.7
	30-40%	24	20	20	76.7
	50-70%	16	13.3	13.3	90.0
	80-100%	12	10	10	100.0
	Total		120	100.0	100.0

Source: Field Data, 2015

Deduction from the findings is that only few of the students 10% are granted with loans for 80-100 percent which cannot effectively support them live and study patiently at campus and most of them live in hard life and hence affect negatively their academic performance.

This situation is also revealed by Bangu (2012) who identifies some driving forces to such situation which include high rates of expansion in higher education and consequently large increase in the number of students anticipating a student loan as the core means of support. Also, insufficient funds for loans to cover the growing demands of loans by all the needy and eligible students,

Moreover, one of the informants among loans' officer asserted that;

The board has established the technological process in providing loan to applicants basing on their economic abilities, which was initiated in 2007. The process is done with the assistance of the government HESLB purchased and installed a Loan Management System in 2006/2007; which was subsequently improved in 2007/2008 making it able to carry out means-testing for loan applicants. However, the officer alerted that there is a possibility of granting a student from poor family a loan of low percentage, because the system cannot technologically detect the reality of the economic abilities of the applicants

because it refers to the already written information by an applicant. This difficulty rises because still most Tanzanians have no national identity that could be used to provide real information of the clients and their parents.

HESLB (2009) explains that initially the Board allocated loans to students manually due to lack of computerized system which could carry out means testing for the loan applicants. This forced the Board to issue 100% loans to all applicants in 2005/2006. Currently, means Test is an electronic tool used to determine economic ability of the loan applicants. It is conducted automatically by the Loan Management System based on information provided by the applicants.

Due to such explanations of the informant and that reviewed from the document of HESLB, it is possible that some applicants from low economic status families are granted with low percentage of loan and those from higher economic status families secure higher percentage of loan granted to them.

4.3.2: Respondents' Satisfaction with Loan Grade Provided

Data concerning to the level of satisfaction students have on the amount of loan grade granted to them were collected from all respondents. Total number of 4(4%) of the respondents rated at strongly satisfied, 8 (8%) seem to be satisfied, 36 (36%) responded that were not satisfied, 2 (2%) were strongly dissatisfied whereby 50 (50%) responded that they had no loan. This is indicated in table 4.11 below.

Table 4.11: Acceptance on the percentage of loan granted to client

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly satisfied	4	4	4	4
	Satisfied	8	8	8	12
	Not satisfied	36	36	36	48
	strongly dissatisfied	2	2	2	50
	I don't have loan	50	50	50	100.0
	Total	120	100.0	100.0	

Source: Field Data, 2015

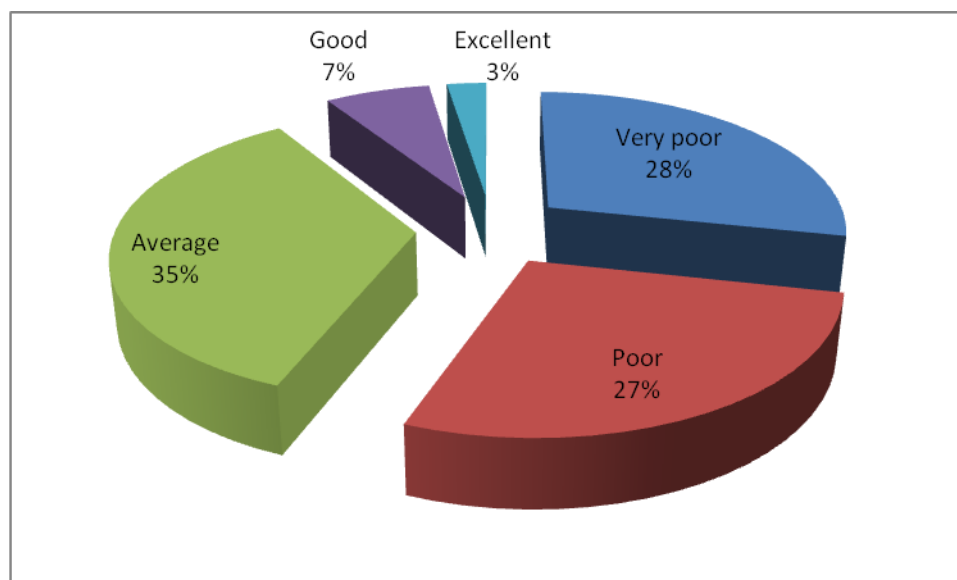
According to the data presented in the table above which shows that 38% were not satisfied and a half of the total respondents had no loan suggest HESLB does not performing well financing university students who need loans.

However, one of the loan officers was against students' views on satisfaction on the performance of HESLB as is said that; *HESLB has been adding its beneficiaries since it stated, for example in the academic year 2008/2009 the loaned students were 58,798 while in the academic year 2015/2015 it expects to provide loan to 200,000 students.*

4.3.3: Perception on Accessibility Status Level of Loan Disbursement to Successful applicants

Respondents with a total number of 120 were asked to level the accessibility of loans to all successful applicants in terms of disbursement in the right time. Field data show that who rated that loan disbursement was excellent were (3%) of the respondents, good (7%), average (35%), for poor responses were (27%) and for very poor were (28%) of the respondents as presented in the figure below.

Figure 4.2 Responses on the Status Level of Loan Disbursement to Successful Applicants



Source: Field Data, 2015

From the findings presented in figure 4.2 above, implies that disbursement of loan to successful applicants is not done in the right time as (53%) of the respondents who are more than a half of the respondents showed that disbursement of loans were poorly and very poor disbursed.

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

submit admission list of students or examination results of the continuing students.

One of the officials at HESLB had the following to say;

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

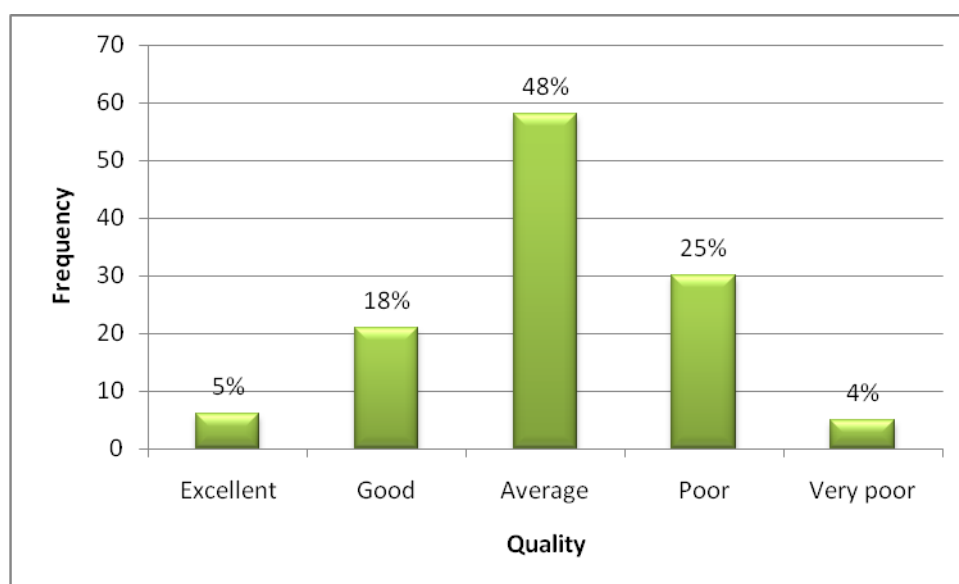
Another interviewee, a loan officer at St. John's University of Tanzania also added that inadequate and late financing from the central budget to HESLB lead to poor and timely allocation of money to clients. He stipulated the following;

"I think the institution does not get enough funds to provide to the successful applicants as applied. The budget is meager as a result some of the students fail to get loan. Not only that allocation of loan is limited, but also it takes time for students to receives the money allocated to them due delay of fund from the central government. We have been having many cases of students who do not receive their loans on time and this eventually instigates chaos in the university. The situation always is bad for first year students who preliminary receive their loans for the first time through their bank accounts. You find money missing in their accounts on the date they are supposed to get the loan. It always raises chaos to the institution as sometimes students organize strikes and boycott classes after making several follow-ups without success".

4.3.4 General Evaluation of HESLB in Financing University Students

This query did a general assessment of HESLB services in financing university students through loan. Data collected in the survey have revealed that 5% of the respondents valued HESLB services as excellent, 18% rated for good, average level was rated by 48%, but who rated for poor were 18%, while 4% of the respondents rated for very poor (refer figure 4.3 below).

Figure 4.3 Responses on the Quality of Services of HESLB in Financing University Students



Source: Field Data, 2015

Research findings showed that most of the respondents comprised a total of 48% valued the performance of HESLB as average. This means that the general performance of the institution is at moderate level.

The findings is line with those revealed by the study done by Rugambuka (2008) who conducted the study related to the topic and found out that the loan scheme in Tanzania is partly not performing well in terms of application procedures, disbursement of funds to students and loan recovery.

However, one of the loan officers showed positive achievement of HESLB in financing higher education students as he said that;

Financing higher education in Tanzania is successful as it has increased enrollment of students in higher learning institutions. It is true that the institution face challenges in its functions, such as inadequate funds to effectively grant loans to eligible students, but Higher Education Students' Loans Board (HESLB) is employing enough efforts to recover loans granted to loans beneficiaries since 1994 so as to increase a number of new loan beneficiaries.

4.4 Challenges that Hinder Effective Provision of Adequate Loan to University Students

The main aim of this objective was to explore procedural performance level and hindrances that face HESLB form providing acceptable services as identified in its vision and mission of the institution. Performance level of HESLB on students' loan application procedures, acceptance of the criteria on whether they support students from poor families to secure required loan and other factors affecting negatively the performance level of the institution have been discussed.

4.4.1: Level of Performance of HESLB on Students' Loan Application Procedures

field data have found that 5% of the respondents showed that HESLB was excellently performing in serving the students in the students loan application procedures, 20.8% rated its performance as good, 45.8% valued the performance of HESLB at average level, 19.2 regarded the performance as poor while 9.2% of the

respondents valued the performance of the institution on loan application procedures as very poor as indicated in table 4.12 below.

Table 4.12: HESLB performance level on Students' Application Procedures

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Excellent	6	5.0	5.0	5.0
	Good	25	20.8	20.8	25.8
	Average	55	45.8	45.8	71.7
	Poor	23	19.2	19.2	90.8
	Very poor	11	9.2	9.2	100.0
	Total	120	100.0	100.0	

Source: Field Data, 2015

The findings in figure 4.5 above have shown that the majority 45.8% perceived that HESLB was performing moderately in the serving students in loan application procedures. This implies that a half of the students are those who have enjoyed the service and the other are not encouraged of it.

4.4.2: Acceptance on the Assistance of HESLB Criteria to Poor Families' Students to Access Loan

Field data show that 10% of the total respondents strongly agreed that HESLB criteria assist students from poor families to access loan, 19.2% agreed, who disagreed were 40% while those who strongly disagreed were 20% and 10.8% had no idea (see table 4.13 below).

Table 4.13 Responses on Whether HESLB Assist Students from Poor Families to Access Loans

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	12	10.0	10.0	10.0
	Agree	23	19.2	19.2	29.2
	Disagree	48	40.0	40.0	69.2
	Strongly disagree	24	20.0	20.0	89.2
	I don't know	13	10.8	10.8	100.0
	Total	120	100.0	100.0	

Source: Field Data, 2015

Findings have revealed that almost (60 %) of the respondents affirmed that criteria for loan allocation does not assist poor families to access loan. From the findings, assumptions can be made to mean that both clients from good economic and poor families have equal chance to secure loan.

One of the loan officers of HESLB at the central zone at Dodoma also contributed on the way HESLB determines the students to be given the loan and its size. He contributed that;

“In terms of means test, the process adheres on the pre-established guidelines which can also be found in HESLB annual report of 2009/2009. Means Test is done electronically to determine economic ability of the loan applicants. It is conducted automatically by the Loan Management System based on information provided by the applicants”.

The loan officer mentioned such criteria based on variables and weights which are considered in the means test, by referring from the document as illustrated below;

variables	weight
Educational background	40%
Social economic status	20%
Parent educational level	20%
Parents occupation	10%
Parents assets	5%
Parents lifestyle	5%

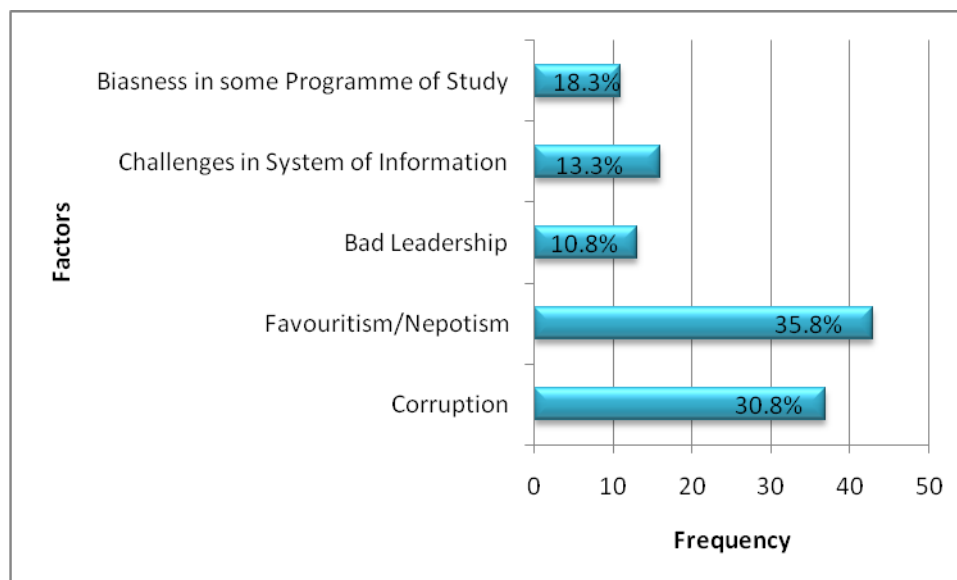
Source: HESLB Annual Report, 2008/2009

However, he added that; *“In an attempt to encourage more students to undertake science based programmes, loan applicants admitted in Higher Education Institutions to undertake science courses have been provided with loans at 100%”*.

4.4.3 Categorised Factors that reduce the Effectiveness of HESLB to Provide Loan Services

Field data have identified factors which have been hindering effective and fair practices of HESLB in the provision of the demanded loan to clients. Responses showed that all factors are genuine but differ in their level of influence as rated by respondents. Corruption was mentioned by 37(30.8%) of the respondent, favouritism and nepotism 43(35.8%), bad leadership 13(10.8%), challenges in the system of information 16(13.3%), and biasness on programmes of study was mentioned by 4(6%) of the respondents. Refer figure 4.4 below.

Figure 4.4 Other Factors for Ineffectiveness HESLB in Providing Loan to Clients



Source: Field Data, 2015

Findings from the field have shown that there are numerous factors that hinder effective services provided by HESLB to most clients. Favouritism and nepotism seem to be the main factor, followed with corruption and other were bad leadership, challenges in the system of information and biasness on programmes of study.

The interview conducted to HESLB official also resulted into the common challenges that lower the effectiveness of the institution in providing services to clients at higher standards, one of the HESLB officials said that;

Still the main problem is a limited budget that is allocated for supporting needy students of higher learning with loan. Moreover, in case of inappropriate means testing being allocated to students is due to the lack of national identity card to students which could be used to verify economic status of the applicant and allocate an appropriate loan. There is also scarcity of human resources which becomes difficult to expand services to most closer areas like in districts where clients are.

The above findings were in line with that found from the study by Nyahende (2013) on the Success of Students' Loans in Financing Higher Education in Tanzania. He discovered that political factors and economical impacts among others challenge the success of the institution in supporting higher education students financially.

4.5: Summary

This chapter discussed the findings on the effectiveness of students' loan board as an alternative way for financing higher education students in Tanzania. The findings focused on the understanding of the operational effectiveness of HESLP and challenges it faces from supporting all Tanzanians youth for their education advancement. The assessment on the institutional set-up and operations of HESLB, in relation to the performance of loan disbursement functions to university students, has been analyzed.

From the findings various issues have been exposed include: means of communication confirmed by participants to be used by HESLB in informing clients and for application purposes; level of the effectiveness of such means and their perceived value; satisfaction of the clients on the loan granted to them and their accessibility; general performance of HESLB which found to at moderate level below to the expected support to be provided to Tanzanians. Funding of higher education students found to raise. Although HESLB is seem to a valuable strategy to support students from poor families, but still most of such clients miss such opportunity due to the use of unfriendly criteria and procedures as a big number of students lacks loan. Challenges that reduce the effectiveness of HESLB practices have also been explored. They include limited financing, scarcity of human resources, lack of national identity card, prevailing corruption in the operation of the institution in disbursing loans to students, favouritism and nepotism, bad

governance, challenges in the system of information and biasness on programme of study.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the summary of the study findings. This is followed by the recommendations which when implemented will help to improve the effectiveness of HESLB in disbursing loans to university students timely and equitably for the development of Tanzanian youths, and concludes by outlining the suggested areas for further research.

5.2 Summary of the findings

The study also aimed in examining the effectiveness of Higher education students' loan board in its operations of financing higher education students in Tanzania. Dodoma municipality was employed as a case study whereby the universities of St. John and UDOM were sampled and surveyed.

The study focused on the specific objectives: a first objective was to assess the institutional set-up and operations of HESLB in relation to loan disbursement to university students. Its variables included means of communication in access loan's information, convenience of means of communication, accessibility status of loans' feedback, quality of the criteria of means test grants allocation, and fairness of means testing.

The Second objective was to determine the effectiveness HESLB in loan disbursement to university students in the study area with its variables such as disbursement level in terms of percentages to loan beneficiaries, satisfaction level on

granted to students, quality of HESLB operations in terms of time, and general assessment of services provided by the loan board.

The third objective was to draw and explore challenges facing HESLB in implementing its objectives of supporting most Tanzanians acquire tertiary education. The study found that there are several challenges effective provision of service in financing as many students as possible which include; poor funding of the institution, corruption, nepotism, bad leadership, difficult in the means of information, and biasness of the institution to some programmes.

The fourth objective was to explore possible solutions that can be utilized to improve service provision related to financing of higher education students through loans.

5.4 Conclusion

In the objective one: data from the field have shown that HESLB employs internet, news papers, and radio/ TV as means in providing information on the issues concerning to loans to applicants; means of application of loan were affirmed to be unfriendly to some clients which led some of them to fail in securing study loan; loans application and feedback were shown to be inaccessible in time; most of the respondents were unsatisfied with the criteria of means and loan application procedures as well as unfair in means testing mechanism.

The objective two: the findings revealed that most students were receiving loans below one hundred percent. Financing higher students for university studies found to increase compared to the commencement of the programme in 2004, although still needy and eligible students are many and most of them fail to secure loan. Data

show that 33.3% out 50% of the respondents who were loan beneficiaries found to have granted a loan at 30-70% and only few of them 10% succeeded to secure loan for 80-100%, this situation made the unsatisfied with the allocation of loan basing on percent; moreover, HESLB found to be ineffective on timely disbursement of loan as 53% of the respondents affirmed that loan disbursement were received late by clients. At this objective also, it was generally evaluated that HESLB was performing moderately in proving services to students.

The objective three: it was found that criteria and procedures set by HESLB do no favour in one hundred percent students from poor families to secure a reasonable amount of loan for study. Other challenges explored which might have lead to ineffectiveness of HESLB services include corruption, nepotism, bad governance, challenges in the system of information and biasness on programme of study. In order HESLB to effectively achieve its objectives at the optimal level there should be taken purposive action to improve the situation. Recommended solutions are to be considered to improve reasonable disbursement of loans to higher leaning institution students and provide them in time.

5.5 Recommendations

On the basis of the findings of this study, recommendations suggested have been divided into two parts, action based recommendations and recommendations for further studies as follows;

5.5.1 Policy Action based Recommendations

The HESLB has to review the loan application procedures to ensure that they favour most students and prospective students. The following are suggested possible solutions to be utilized to raise the effectiveness of students' education loan board

(HESLB) as an alternative way for financing higher education students and meet their dreams.

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

- ii. HESLB should think about using traditional means of communicating to the public along with modern communication means. This means that instead of depending only to the media and internet which are not accessible to most of the people, the HESLB should on top of that use, what I can call, traditional means such as sending the information through the district officers assigned who will communicate with local leaders. In turn the local leaders will communicate to the people trough their local meetings.

- iii. The government should raise the budget for financing higher education clients with loans where most of the vulnerable youths form low economic status families can access loan and realize their dreams.

- iv. A pragmatic analysis of the nature of the customers of the HESB should be done so as to design the convenient means for communicating information about the whole process of loan acquisition. It is recommended that the government should decentralize the HESLB to district level (establish the district offices). By doing so some services such as distribution and collection of loan application forms and means-testing can be done at the district offices. In addition, it is recommended that the loan application forms can also be stationed at nearby localities.
- v. Other measures to ensure effective recovery by HESLB includes adequate legal frameworks to ensure that loan recovery is legally enforceable and effective loan collection machinery, using either commercial banks or engagement of debts collectors to ensure high rates of repayment and to minimize default which will then raise the capacity of the institution to fund other needy students. Also national identity card should be provided to all Tanzanians which will be used in tracing those with loan and collect from them and raise the institution fund.
- vi. Guidelines and criteria for granting loans should be improved to include the assessment of economic status of students' loans applicants, because the economic status will determine their ability to repay back the loans.

5.5.2 Recommendations for Further Studies

The study focused only on two universities Dodoma municipality in Tanzania, so the future studies should expand to cover more universities in Tanzania to make the study more general and more applicable to other countries. It is suggested that the similar study should be done and cover broader scope than this in the sense that it

should involve more stakeholders such as the parents/guardians, the employers and the managements of various higher education institution (to mention a few). The researcher also recommends on the assessment on effectiveness of HESLB practices on granting loans by using existing guidelines and criteria to Tanzanian youths.

REFERENCES

- Abebayehu A. T. & Johnstone, B.D. (2004) Means Testing: The Dilemma of Targeting Subsidies in African Higher Education Accessed on 15th April, 2008
from <http://www.gse.buffalo.edu/org/inthigheredfinance/Tekleselassie%20DBJ%20Means%20tesing%20edited%20by%20Lavina.pdf>
- Bangu, A. (2012). Total Approach to Financing Higher Education Students Loans: a Presentation of the 4th higher education Forum, on 13th -14th September, 2012 in Arusha.
- Barr, N., (2002). Funding Higher Education: Policies for Access and Quality, in House of Commons Education and Skills Committee. Sixth Report of Session Ss. 1-3
- Barr, N. (2009). Financing higher education lessons from economic theory and reform in England. *A special issue of Higher education in Europe*, 34(2), 201-210.
- Becker, G. S. (1993). *Human Capital: A Theoretical and Empirical Analysis, with Special Reference to Education*. 3rd Edition. Chicago: The University of Chicago Press.
- Berlinger, E. (2009). An efficient student loan system: Case of Hungary. *A special issue of Higher education in Europe*, 34(2), 257-268.
- Best, J.W. & Kahn J. V. (1995). *Research in Education*, (7th ed) Newdelhi, Prentice Hall of India Ltd. Cambridge: Polity
- Blanche, T. M. and Durrheim, K. (1999). *Research in Practice. Applied methods for social sciences*. Cape Town: University of Cape Town Press.
- Brock-Utne, B. (1996). Reliability and Validity in Qualitative Research within Education in Africa. *International Review of Education*, 42, 6:605-621
- Bryman A. (2001) *Social Research Methods*, Oxford University Press, Oxford.
- Bryman, A. (2004). *Social research methods*. 2nd edition Oxford University Press. Oxford.
- Canton, E., & Venniker, R. (2001). Economics of Higher Education, in *Higher Education Reform. Getting the Incentives Right*, CPB. Ss 35-51

- Creswell, J. W. (2003). *Research design: qualitative, quantitative, and mixed methods approaches* Thousand Oaks, Calif.: Sage Publications
- Cohen, L., Lawrence, M., & Keith M. (2007). *Research Methods in Education*. London: Routledge London and New York.
- Dachi, A.H. (2000). *Enhancing Access to higher education through distance mode*. Dar es Salaam. University of Dar es Salaam
- European Commission, (1990). *Financial Support for students in higher education in Europe (vol)*. Luxembourg, Eurydice.
- Galabawa, J. C. J. (1991). *Funding, selected issues and trends in Tanzania higher education*. Netherlands. Kluwer Academic Publishers, ss 49-6.1
- Ishengoma, J.M. (2004). *Cost Sharing in Tanzania: Fact or Fiction? In Journal of Higher Education in Africa*. Vol.2, No.2, pp.101-134
- HESLB. (2004). *Act number 9 of 2004 CAP 178*, Dar es salaam, Tanzania Parliament.
- HESLB. (2006). *Annual Report, 2005 – 2006*, Dar es salaam, Higher education students' loans board.
- HESLB. (2008). *Corporate strategic plan 2008-2011*. Dar es salaam, Higher education students' loans board.
- HESLB. (2009). *Published guidelines and criteria for granting loans in the academic year 2007/2008*, Dar es salaam, Higher education students' loans board.
- HESLB. (2009). *Higher Education Students Loans' Board Annual Report and Financial Statements 2008/2009*. Dar es salaam, Higher education students' loans board.
- Ishengoma, J. M. (2004). *Cost sharing and Participation in Higher Education in Sub-Saharan Africa: The case of Tanzania* (Doctoral dissertation). State University of New York at Buffalo.
- Jackson, R. (2002). *The National Student Financial Aid Scheme of South Africa (NSFAS): How and why it works. The Welsh Journal of Education Special International issues, 11(1), 82-94.*

- Johnstone, D. B. (2006b). *Higher educational Accessibility and Financial viability; The Role of Student loans in Higher education in the world: The financing of universities*. Barcelona: Palgrave Macmillan.
- Johnstone, D. B. (2006c). *Financing Higher Education: Cost-Sharing in International Perspective: Center for International Higher Education Lynch School of Education*. Boston College Chestnut Hill, Massachusetts.
- Johnstone, D. B., & Marcucci, P. (2010). *Financing higher education in International perspective: who pays? Who should pay?* Baltimore: The Johns Hopkins University Press.
- Johnstone, D. B. (2006a). *Financing Higher education: Cost-Sharing in International perspective*. Boston: Boston College Center for International Higher education and sense Publishers.
- Johnstone, D. B., & Marcucci, P. (2009). Tuition policies in a comparative perspective: Theoretical and political rationales. *The Journal of Higher education policy and Management*, 29, 161-164.
- Johnstone, D. B. (2009). *An international perspective of the financial fragility of Higher education institutions and systems, Leading stressed colleges and Universities to excellence* (pp. 31-48). Baltimore: The Johns Hopkins University press.
- Johnstone, D. B. (2005a). "Cost-Sharing and Cost-Effectiveness of Grants and Loans Subsidies to Higher Education". In Teixeira, Pedro N.; Johnstone, D. Bruce; Rosa, Maria J. and Vossensteyn, Hans (eds.). *Cost-Sharing and Accessibility in Higher Education: A fair Deal?* Dordrecht: Springer pp 51 - 77
- Johnstone, D. B. (2003). "The Economics and Politics of Cost Sharing in Higher Education: Comparative Perspectives". *The Economics of Education Review*, 23 (200) pp. 403 – 410.
- Kombo, D.K. and Trompo D.L.A. (2006) *Proposal and thesis Writing, An Introduction*. Paulines Publications Africa – Nairobi.
- Kothari, C. R. (2004), *Research Methodology: Methods and Techniques*, New Delhi: Willey Eastern Limited.
- Levy, S.L. (2004). *Student finance schemes in Norway: A case study*. Paris: International Institute for Educational Planning, UNESCO.

- Li, W. (2007). Family background, Financial constraints and Higher Education attendance in China. (*Economics and Education Review*, 26, 725-735: <http://dx.doi.org/10.1016/j.econedurev.2007.09.001>)
- Livingstone D.W. (1997). *The Limits of Human Capital Theory: Expanding Knowledge, Informal Learning and Underemployment*. Toronto, Ontario Institute for Studies in Education,.
- Macmillan P. (2006). *Higher Education in The World, The Financing of Universities*. Great Britain, William cloves, First edition.
- Mapima, C. (2011). *The Role of Tanzania Education Authority in supplementing the Government Effort in Improving Quality of education in Tanzania*. Dar-es-Salaam
- McMahon, W. (1998). Potential Resource Recovery in Higher Education in the Developing Countries and the Parents' Expected Contribution. *Economics of Education Review*, 7(1).
- Mingat A. and Psacharopoulos, G. (1985). *Financing Education in Sub-Saharan Africa. Issues of equity and efficiency of investment – Some policy alternatives*” Finance and Development, World Bank Publication
- Mpiza, M. (2007). *The Impacts of Cost Sharing on Students in Public Universities in Tanzania: A case study of The University of Dar es Salaam*. Masters' dissertation, University of Oslo, Norway.
- Msolla, P. (2006). *Issues of Higher education in Tanzania*. Dar es Saaam, Ministry of Higher Education, Science and Technology
- Msolla, P. (2007). *Issues of Higher Education in Tanzania. Comments at the Joint Japan-World Bank Graduate Scholarship Program*. Regional Conference in Dar es salaam. (http://www.siteresources.worldbank.org/INTWBISFP/Resources/O_Prof_Msolla.Pdf).
- Nyahende, V. R. (2013). *The Success of Students' Loans in Financing Higher Education in Tanzania* (A Online Published Dissertation: May 20, 2013). Canadian Center of Science and Education. URL: <http://dx.doi.org/10.5539/hes.v3n3p47>
- Otieno, W. (2004). *Loan in Kenya: pas Experience, current Huddles and Opportunities for the futures; in a Journal of higher Education in Africa*. Nairobi. Nairobi Press.

- Punch, K.F.(2009). *Introduction to Research Methods in Education*. Los Angeles: Sage Publishers
- Richards, K. (2002). Reforming higher Education student finance in the UK; The impact of recent changes and proposals for the future. *The Welsh Journal of Education (Special International Issue)*, 11(1), 48-63.
- Robbins, S. P. (2009). *Organizational behaviour; global and Southern African perspectives*. Cape Town, Pearson, Education South Africa.
- Rugambuka, I. B.(2008). The Performance of Higher Education Students' Loan: Sheme in Tanzania: The Stakeholders' Views (a published Dissertation). Oslo
- Shultz, T. W. (1963). *The Economic value of Education*. New York: Columbia University Press.
- Schulz, T.W. (1971). Investing in Human . The role of Education and Research. New York. The Free Press
- Snooks, G. (2008). A general theory of complex living systems: Exploring the demand side of dynamics. *Complexity*, 13, 12-20. <http://dx.doi.org/10.1002/cplx.20225>
- Stigler, J. G. (1962). Information in the Labor Market, *Journal of Political Economy*, vol. LXX (October,), 94-105
- Tabachnick, B.G. & Fidell, L.S. (2007): Screening data prior to analysis using Multivariate Statistics, Fifth Edition (pp. 60-116). Boston: Pearson Education.
- TCU. (2009). *Facts and Figures, Universites and University colleges*. Tanzania Commission for Universities, Dar es salaam.
- TEN/MET (2008), *Towards Reaching Education Millennium Development and EFA Goals in Tanzania and Beyond: An Issues Paper to be presented to the President of the United Republic of Tanzania prior to the UN Summit on the Millennium Development Goals (MDGs) 1*. Unpublished. Faculty of Education, University Dar es Salaam
- Trow, M. (1972). Reflection on Transition from Mass to Universal Higher Education in *Dædalus*. *Journal of the American Academy of Arts and Science* 99 (1)
- United Republic of Tanzania. (2011), National Higher Education Policy. Government Printer. Dar Es Salaam

- Tumwesigye, J. (2004). Can a Student Loan Scheme Provide an Efficient and Equitable Mechanism of Financing Higher Education in Developing countries? *The case of the institute of Teacher Education Kyambogo (ITK)*. Masters' dissertation, Norwegian Teacher Academy, Bergen.
- United Republic of Tanzania. (2011), Higher Education Students' Loans Board (HESLB), Guidelines and Criteria for Issuance Of Student Loans For 2011/2012 Academic Year. Government Printer, Dar Es Salaam.
- United Republic of Tanzania. (2010), Higher Education Students' Loans Board (HESLB)- Annual Report & Financial Statements 2008/2009. Government Printer, Dar Es Salaam.
- United Republic of Tanzania. (2007). *Basic Statistics on Higher Education 2002/2003-2006/2007*. Dar es Salaam: Government Printing Press.
- United Republic of Tanzania (2006a). Revised guidelines and criteria for granting student loans starting 2006/07 academic year, The Higher Education Students' Loan Board, Dar es Salaam.
- United Republic of Tanzania (2006b) Student Loan Beneficiary Employment Records. The Higher Education Students' Loan Board, Dar es Salaam.
- United Republic of Tanzania. (2005). *Review of Financial Sustainability in Financing Higher Education in Tanzania*. Dar es Salaam, Ministry of Science, Technology, and Higher Education.
- United Republic of Tanzania (2004a). Higher Education Students' Loans Board Act. Dar es Salaam: Government Printer.
- United Republic of Tanzania (2004b). "Report of the Probe Team on Student Crises in Higher Education Institutions in Tanzania". Dar es Salaam: Ministry of Science, Technology and Higher Education.
- United Republic of Tanzania. (2004), *National Economic Survey Report*, President Office Planning and Privatization, DSM 256pp
- United Republic of Tanzania (2002) An Evaluation of the First and Second Phase of Cost sharing in Higher Education in Tanzania, Ministry of Science, Technology and Higher Education.
- United Republic of Tanzania (1999a). National Higher Education Policy. Dar es Salaam: Ministry of Science, Technology and Higher Education.
- United Republic of Tanzania (1995). Tanzania Education and Training policy. Dar es Salaam: The Ministry of Education and Culture.

- United Republic of Tanzania. (1998). *Financial Sustainability of Higher Education in Tanzania. A report of the task force on Financial Sustainability of Higher Education in Tanzania*. Dar es salaam, Ministry of Science, Technology, and Higher Education.
- Varghese, N. V. (2006). *Growth and Expansion of Private Higher Education in Africa*. International Institute of Education Planning, Paris France.
- Woodhall, M. (2002a). *Student loans: Potential, Problems and Lessons from International Experience Institute of Education*. University of London. Institute of Education.
- Woodhall, M. (2002b). Paying for learning: The debate on student fees, grants and loans in international perspective. *The Welsh Journal of Education*.
- Woodhall, M. (2007). *Funding Higher Education; The contribution of Economic Thinking to Debate and policy development*. Washington, DC: World Bank.
- World Bank. (2008a). *Accelerating catch-up: Tertiary Education for Growth in Sub-Saharan Africa*. World Bank, Washington, DC.
- World Bank. (2008b). *Project Appraisal Document; Science and Technology Higher Education Program, Tanzania*. World Bank, Washington, DC.
- World Bank. (2009). *World development indicators*. World Bank, Washington, DC.
- Woodhall, M. (1991). Student loans in higher education: (3) English speaking Africa. Paris: International Institute for Educational Planning
- Woodhall, M. (1992). Student loans in developing countries: Feasibility, experience, and prospects for reform. *Higher Education*, 23(4), 347-356.
- Woodhall, M. (2002, July). Paying for learning: The debate on student fees, grants and loans in international perspective. *Welsh Journal of Education*, 11(1).
- Woodhall, M. (2004). Student Loans: Potential, Problems, and Lessons from International Experience. *Journal of higher Education*, Vol. 2 No. 2, pp 37-51
- Woodford, K. (2003). Cambridge Advanced Learners' Dictionary (version 1.0). Cambridge. Cambridge University Press.
- Yang, D. (2006). *The ideal and reality of Chinese education equity*. Beijing: Peking University Press

Ziderman, A. (2005) *Student Loans in Thailand: are they effective, equitable, sustainable?* UNESCO. Bangkok, Thailand, Bangkok Publishers

Ziderman, A. (2004). *Policy Options for Student Loans Schemes: Lessons from five Asian Case Studies*. UNESCO Bangkok Publishers. Bangkok, Thailand.

Ziderman, A., & Albrecht, D. (1993). The World Bank research observer. Student loans –An effective instrument for cost recovery in higher education, 8(1) 71-90

APPENDICES

Appendix I

Questionnaire for University Students

My name is Austoto A, a student of Dodoma University, pursuing Masters Degree of Business Administration (MBA). I am carrying out a research on the assessment of the effectiveness of students' loan board as an alternative way for financing higher education students in Dodoma municipality using UDOM and SJUT as case study. I kindly request you to provide me with the information I need. It will be treated as confidential and used for academic purposes only.

SECTION A: Characteristics of Respondents

1. Sex of respondent

a) Male

b) Female

2).Programme of study (Please Mention)

.....

3. Year of study

a). 1st year

b). 2nd year

c). 3rd year

d). 4th year

4. What category of your university is?

a) Public

b) Private

5. Are you a client of the HESLB?

a) Yes

b) No

**SECTION B: Information on the institutional set-up and operations of HESLB
in relation to loan disbursement to university students.**

6. What means of communication gave you information on the availability of the study loan from the HESLB before joining the university?

a) internet

b) News paper

c) TV/radio

d) Both internet and TV

e) All of the above

7. How convenient to you are the means for applying the loan?

a) Very easy

b) Average

c) Easy

d) Difficult

e) Very difficult

8. Is the loan feedback on loan application status accessible to you on time?

a) Yes

b) No

9. At what extent are you satisfied with the criterion and the means of loan allocation?

a) Unsatisfied

b) Fairly satisfied

c) Satisfied

d) Very satisfied

e) Extremely satisfied

10. Is the means-testing mechanism fair?

a) Yes

b) No

SECTION C: The effectiveness HESLB in loan disbursement to university students in the study area.

11. What percentage does the HESLB granted to you?

a) I don't have loan

b) 0-20%

c) 30%-40%

d) 50%-70%

e) 80%-100%

12. Are you satisfied with the loan grade you have been provided?

a) Strongly satisfied

b) Satisfied

c) Not satisfied

d) Strongly dissatisfied

e) I don't have loan

13. How would you rate the accessibility of loan to all successful applicants (disbursement of loan in time?)

a) Very poor

b) Poor

c) Average

d) Good

e) Excellent

14. What is the general assessment of HESLB services in financing university students through loan?

a) Excellent

b) Good

c) Average

d) Poor

e) Very poor

SECTION D: Challenges that hinder HESLB for effective provision of adequate loan to higher education students

15. How do you level the performance of HESLB on students' loan application procedures?

- a) Excellent
- b) Good
- c) Average
- d) Poor
- e) Very poor

16. Are the criteria for successfully be provided with loan by HESLB assist most students from poor families secure loan?

- a) Strongly agree
- b) Agree
- c) Disagree
- d) Strongly disagree
- e) I don't know

17. What do you think are factors related to loan disbursement to students that reduces the effectiveness of HESLB from providing adequate loan to many Tanzanian youths? (Please mention).

- a)
- b)
- c)

SECTION E: Possible measures and strategies that will ensure HESLB to effectively support higher education students with loan

18. Comments on what should be done to effectively support most higher education students with loans

- a)
- b)

Appendix II

Interview Guide for HESLB Central Zone Officers in Dodoma Municipality

1. What is institutional set-up and operations of HESLB in relation to loan disbursement to university students?
2. What are students' loan applicant procedures?
3. Is there clear and timely information on how to access the loans and the qualification for it. How does the HESLB provide such information?
4. Please explain how HESLB determines the students to be given the loan and the loan and the size of the loan?
5. What is your general opinion on the performance of the loan scheme in Tanzania on application procedures, disbursement of funds to students and repayment/recovery of the loan?
6. What challenges do hinder HESLB from disbursing enough loans and to all applicants applied for it?
7. What mitigation measures need to be in place to sustain water supply projects at your area?

Appendix III

Interview Guide for University Loan Officer

1. Are there any instances where students do not get their loans in time? If yes how frequently does this happen and how serious is it? What are the consequences for that? How does your office help if such situation happens?
2. What is your general opinion on the HESLB operations – loan application procedures and disbursement of the loan in relation to effective loans provision to students?
3. What do you think should be done by the government and its responsible institutions to improve loan disbursement to loans' applicants?

Appendix IV

Documentary Review Guide

1. The application guidelines, criteria and procedures for the student loan
2. The disbursement of student loans