

# HIGHER EDUCATION STUDENTS' LOANS BOARD



## GUIDELINES AND CRITERIA FOR ISSUANCE OF STUDENT LOANS FOR 2011/2012 ACADEMIC YEAR

### 1.0. BACKGROUND

As part of implementation of the National Higher Education Policy of 1999, the Higher Education Students' Loans Board (HESLB) was established under Act No. 9 of 2004 and commenced operations in July, 2005. 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.

According to the Act, **eligible and needy** Tanzanian students who secure admission in higher education institutions to pursue academic programmes that lead to attainment of **Higher Diplomas or Degrees** may seek loans from HESLB to meet **part of, or all costs of their education**. This stipulation is the legal interpretation of paragraph 6.2 of Higher Education Policy (1999) which ushered in **cost – sharing** in the provision of higher education in the country. Cost – sharing in higher education is construed to mean a shift in shouldering at least part of the costs of education from the Government, which had hitherto been the main financier, to the beneficiaries.

Section 6 (b) of the Act gives powers to the Board "to formulate mechanisms for determining eligible students for payment of Loans" and Section 6 (c) empowers the Board "to administer and supervise the whole process of issuance and repayment of loans". On the strength of these legal powers, these Guidelines and Criteria are hereby issued to prospective loan applicants and the public at large to guide the whole process of application and issuance of loans for 2011/2012 academic year.

## **2.0. PROVISION OF LOANS UNDER THE ACT**

Provision of students' loans falls under section 16 and 17 of the Act No. 9 of 2004. Section 16 (1) of the Act provides that:-

- 2.1. Subject to the provisions of the Act, the Board may provide, on a loan basis, **financial assistance** to any **eligible student who is in need** of the loans and **who has applied for such assistance** as is required to meet all or any number of the students' welfare costs of Higher Education.

Financial Assistance implies that parents or guardians have the primary obligation of meeting higher education costs of students.

- 2.2. For purpose of these Guidelines, **NEEDY** applicant means:-

- A poor orphan (who has last both parents)
- A poor disabled applicant or applicant who has disabled poor parents,
- An applicant from a poor single parent family
- An applicant from poor marginalized and disadvantaged groups.

- 2.3. Loans shall be issued to cover the following items:-

- i. Meals and Accommodation charges
- ii. Books and Stationery expenses
- iii. Special Faculty Requirement expenses
- iv. Field Practical expenses
- v. Research expenses
- vi. Tuition Fees

## **3.0. ELIGIBILITY FOR LOANS FOR 2011/2012 ACADEMIC YEAR**

Eligible student for loans in 2011/2012 academic year must meet the following conditions (for First Degree and Higher/Advanced Diploma students):-

- 3.1. Be a Tanzanian (as defined by HESLB Act No. 9 of 2004 as amended)
- 3.2. Must have applied for a loan through the Online Loan Application System (OLAS).

- 3.3. Has been admitted into an accredited Higher Learning Institution as a candidate for a **First Degree** or **Higher Diploma** on **full time basis**.
- 3.4. A continuing student who has passed the examinations necessary to enable him to advance to the next year or stage of study.
- 3.5. A person who is not fully funded by other organizations or sources.
- 3.6. First time applicants who are direct from form six.
- 3.7. First time applicants holding an Ordinary Diploma (Equivalent Qualifications) admitted into Health Sciences, Education (science) and Education (Mathematics) programmes only.
- 3.8. All other candidates admitted into programmes other than Health Sciences, Education (Mathematics) and Education (Sciences) on the basis of equivalent qualifications shall not be eligible for loans, with effect from 2011/2012 academic year.
- 3.9.** Given the high demand for student loans viz a viz a limited budget, priority shall be given to applicants who will be admitted to pursue National Priority Programmes which for the time being shall be the following:-
  - 3.9.1 Education (through Means Testing)
  - 3.9.2 Health Sciences (Doctor of Medicine, Dental Surgery, Veterinary Medicine, Pharmacy and Nursing).
  - 3.9.3 Engineering (through Means Testing)
  - 3.9.4 Agricultural Sciences (through Means Testing)
  - 3.9.5 Animal sciences (through Means Testing)
- 3.10.** An Overseas student under bilateral agreements between the Government of the United Republic of Tanzania and other Governments.
- 3.11.** Students studying at the Open University of Tanzania **for a maximum period of six (6) years**. (through Means Testing)

**3.12. Postgraduate students**

In order to enhance adequacy of academic staff in local Higher Education Institutions, a limited number of loans will be available to academic staff pursuing Masters and PhD courses. Loans applicants for Masters or PhD programmes must meet the following conditions:-

- 3.12.1. Must be a Tanzanian
- 3.12.2. Must have been admitted to a Fully accredited higher education institution in Tanzania.
- 3.12.3. A person who is not funded by other organizations or sources.
- 3.12.4. Must have applied for Loans through the Online Loan application system (OLAS).
- 3.12.5. Must hold a first degree or advanced Higher Diploma with a minimum of Upper Second Class (for applicants pursuing Masters Degrees) or Master's Degree with minimum of Upper second class (for applicants pursuing PhD degrees).
- 3.12.6. Must be a teaching academic staff at an accredited higher learning institution in Tanzania
- 3.12.7. The employer must have signed the financing Agreement between the Higher Education Students' Loans Board and Higher Education Institution.
- 3.12.8. She/he must have started to repay a previous loan at least for unbroken period of twelve months, if he/she is already a student loans beneficiary.

#### **4.0. LOAN ITEMS AND AMOUNT/RATE TO BE FINANCED**

According to the Act, the Board may provide loans to cover either all items or any of the items stipulated under section 2.3 above.

##### **4.1. Reviewed Means Testing System**

Following clients' complaints over the current Means testing (MT) system, as well as the number of appeals logged to the Board with regard to awarded MT grades, the Board has reviewed the Means testing system to make it Simple, Transparent and Fair.

The general rule in the reviewed Means Testing has considered School Fees paid in O – level and A – Level as evidence of applicant's ability to share costs of higher education. Thus Applicant's neediness shall be measured as a difference between the higher education costs (*Meals and Accommodation charges,*

*Books and Stationery expenses, Special Faculty Requirement expenses, Field Practical expenses, Research expenses and Tuition Fees*) of a particular institution of study and the applicant's ability to pay which shall be multiplied by a factor to acknowledge the high return of University Education to the applicant.

In addition, the system shall make adjustments to cover for Loan applicants with special socio-economic disadvantages such as Orphanage, Disability (of Parents/applicants) and Single parenthood.

Under the new Means Testing System, the whole loan shall be aggregated to one lump sum amount. Out of that, the Tuition Fee and Special Faculty Requirement components shall be paid directly to the Institution of study, whereas the remaining amount shall be paid to the student quarterly.

Means Test to first time applicants shall be applicable in the Tuition fee and Special Faculty Requirements only. The other four loan items meals and Accommodation, Books and Stationery, Field Practical Training and Research shall be allocated one hundred (100) per cent loans.

#### **4.2. Coverage of the Reviewed Means Testing System**

The new system shall be applicable only to the first time loan applicants in the 2011/2012 academic year and subsequent years who will be admitted to pursue all programmes that will not be eligible for 100% loans.

#### **4.3 Award of One Hundred (100%) Per cent Loans**

To motivate candidates to join professions which currently have critical shortages, the following programmes shall be awarded one hundred (100%) per cent loans:-

4.3.1 Health Sciences as defined in section 3.9.2 above.

4.3.2 Bachelor of Education with Science, Bachelor of Science with Education and Bachelor of Education (Mathematics).

#### **4.4 Candidates admitted into Education Non- Science and Non Mathematics Education Programmes.**

Candidates admitted into education programmes which are non-science and non mathematics education programme shall be eligible for Means Tested loans of not less than fifty (50%) per cent.

## **4.5 Applicable Tuition Fee Rates**

In view of the revised modalities for Issuance of loans, all first time applicants with effect from 2011/2012 academic year, shall have their payable tuition fee rates pegged to the equivalency tuition fees paid in Public Higher Education Institution.

## **4.6 Continuing students who are loan beneficiaries**

All other loan beneficiaries who are continuing with studies shall receive their loans as per their previous Means Test grades and as per the following criteria:-

### **4.6.1 Tuition Fee**

The Board may provide tuition fee loans of **between 10% and 100%** based on the comparable rates charged by public and private institution and also depending **on the types of the programme offered by the comparable institutions.**

The **ceiling of Tzs 2.6 million** that was imposed on medical related programmes over the past three academic years shall continue to be in force during 2011/2012. Also, given increased demand for loans, and limited budget available, HESLB shall, unless directed otherwise by the Government, continue to use fee structure of 2008/2009 academic year, during 2011/2012 academic year **for both new and continuing students**, for all programmes of study.

Tuition fee funds shall be paid directly to the higher learning institutions but the student borrower shall have to acknowledge receipt of the funds by signing on a copy of the payment list issued by the Board. It will be the responsibility of the Higher Education Institutions to obtain the signatures of the students on the Tuition Payment lists and submit the same to the Board within one month after receipt of the funds.

### **4.6.2 Field Practical/Teaching Practical Work expenses**

The Board may provide loans at the rate of Tzs **10,000 per day** up to a maximum of **56 days** in a year.

Means testing of field practical work expenses which was practised in the past shall not apply to first time loan applicants of 2011/2012.

However, continuing loan beneficiaries shall continue to receive their Field Practical/Teaching Practice loans as per their previous year means test grades.

The Board may provide such loans **for those programmes that require Field Practical Training (FPT)** as recommended by the respective Higher Education Institutions and approved by the Tanzania Commission for Universities (TCU).

#### **4.6.3 Special Faculty Requirements**

Subject to Means Testing results, the Board may provide Special Faculty Requirement (SFR) loans of **between 10% and 100%** but only **for study programmes that require special faculty requirement** items and only for specified items as approved by TCU based on the rates comparable to public institutions.

Funds for special faculty requirements shall be paid directly to the Higher Learning Institutions but respective student borrowers shall have to acknowledge receipt of the funds by signing on a copy of the payment list issued by the Board.

Within the amount allocated for Special Faculty Requirements, eligible and needy **disabled students** may be provided with loans to cover special academic material requirements as may be determined by the Board.

#### **4.6.4 Meals and Accommodation**

The Board may provide loans for Meals and Accommodation at the rate of Tzs **7,500 per day of theoretical instruction** in the academic year.

#### **4.6.5 Books and Stationery expenses**

A maximum of **Tzs 200,000.00 per annum** for Books and Stationery may be granted to eligible and needy students. However, loan beneficiaries from Open University of Tanzania (OUT) may be granted books and

stationery loans **for 3 to 4 academic years only** (depending on the programme of study) and not every year.

#### **4.6.6 Research expenses**

The Board may provide loans of 100% of the Research expenses in selected fields only, based on the rates applicable at public institutions and as may be endorsed by either TCU or NACTE. These fields include:-

- Health Science (which includes Human/Veterinary Medicine, Dental Surgery, Pharmacy and Nursing)
- Engineering
- Architecture
- Agriculture

### **5.0 OTHER CONDITIONS ON ISSUANCE OF LOANS**

#### **5.1 Interest of Loan Issued**

For the purpose of retaining the value of loans issued as well as making the loan scheme sustainable, all loans issued beginning 2011/2012 shall bear **Interest rate equal to 6% (six percent, per annum)**.

#### **5.2 Number of Students to be issued loans**

Notwithstanding the number of students eligible for Loans, Loans will be issued to a limited number of students as per HESLB annual approved budget prioritized on need basis.

#### **5.3 Students with multiple admissions**

Over the years, HESLB has encountered the problem of multiple admissions which has adversely affected performance and efficiency of the Board. Arising from this problem are students' complaints about delayed loan allocation and disbursement.

As a strategy to counter this problem, **the Board shall not disburse loan to any eligible candidate admitted into more than one Higher Education Institution**. Loan applicants and Higher Education Institutions are hereby advised to ensure that a candidate is admitted into only one Institution. The Board shall not be responsible for delayed or non- disbursement of a loan arising from a problem of multiple admission.



#### **5.4 Students Shifting from one Institution to other Institutions**

The Board has also been encountering problems arising from students who after being admitted/registered at one institution later decide to shift to other institutions hence causing mis-direction of loan funds. The Board shall not raise duplicated payments to such students. Instead, they will have to wait until the Board receives back the mis- directed funds and then re-direct the loan funds to the institutions where they have shifted to.

#### **5.5 List of Candidates admitted into Higher Education Institutions**

To ensure compliance and enforcement of quality issues in higher education, only candidate in the official admission lists approved by the Tanzania Commission for Universities (TCU) or National Council for Technical Education (NACTE) shall be considered for loans. Higher Education Institutions are advised to strictly submit lists of admitted students through either TCU or NACTE. Admission lists submitted directly to the Board by Higher Education Institutions shall not be considered.

#### **5.6 Mode of Disbursement of Approved Loans**

In order to expedite disbursement of approved loans and minimize the possibility of wastage arising from disbursing loans from the Board directly to the students bank accounts, all loans shall now be paid through Higher Education Institutions. The Higher Education Institutions upon being satisfied that the student loan beneficiary has passed all the necessary examinations allowing him/her to advance to the next level of study (for continuing students) or has reported and Registered (for 1<sup>st</sup> year students) shall remit to the student bank account the amount of loan so far received from the Board.

### **6.0 PUBLICATION OF SUCCESSFUL CANDIDATES**

A list of Candidates and awarded amounts for eligible loan applicants shall be posted on the Board's website [www.heslb.go.tz](http://www.heslb.go.tz) as and when the process of means testing is completed.

## **7.0 APPEALS AGAINST MEANS TEST RESULTS**

Applicants who are not satisfied with the Awarded Means Test grades may appeal to the Board as stipulated in the HESLB Regulations of 2008 and as clarified below:-

7.1 All appellants must complete the relevant Online Appeal Forms, make a printout of the same and attach thereto the necessary supporting documents. The online Loan Application System is available at <http://olas.heslb.go.tz>.

### **7.2 Appeal Fee (Tzs. 5,000 per appeal)**

All appeals will attract a non-refundable fee of Tzs, 5,000 per appeal which should be paid using Tigo Pesa, M- Pesa or Zap and the Transaction ID generated should be input into the Online System prior to printing the completed appeal form, otherwise the appeal will not be considered.

### **7.3 Routing of Appeals through Deans of Students**

Appeals must be routed through the Loan Officers at the respective Higher Education Institution who will collect **all** appeals from his/her respective institution and submit them **under a** covering letter to the Board. The Board will not accept any appeal that will be submitted directly by students to the Board.

Issued by:-

**THE EXECUTIVE DIRECTOR  
HIGHER EDUCATION STUDENTS' LOANS BOARD**