The role of the Higher Education Loans Board in pro-poor management approaches to enhancing access to university education in Kenya

Enos H. N. Njeru
Paul Odundo

Discussion Paper No. 036/2003

IPAR Discussion Paper Series

Abstract

The Republic of Kenya, through the Ministry of Education, Science and Technology (MoES&T) has, since independence in 1963, been committed to providing quality and relevant education to its citizens at all levels. With increasing population, adverse macroeconomic performance, and increasing cost of education against increasing demand, the government introduced cost-sharing in education at all levels. As such, payment of fees by those pursuing degree programmes was introduced as part of the efforts by government to transfer the cost of financing university education to the beneficiaries. To cushion the income-poor against adverse financial difficulties, and to ensure that no eligible students dropped out of university due to inability to finance their education, the loan and bursary schemes were introduced to benefit all university students who could not fully finance their education. In essence, the government established the Higher Education Loans Board (HELB) in July 1995 to improve both loans' disbursement and recovery.

The financial arrangements and processes in question have given rise to a number of key questions and issues, including the need for efficiency in the management of the scheme; extent to which the loan and bursary schemes effectively cushion the vulnerable against dropping out of university; eligibility criteria; alternative sources of financing university education; other factors against participation; pertinent information handling; quality of governance in the disbursement of loans; loan recovery and loan beneficiary tracer efforts; commitment to loan repaying on the part of the beneficiaries; legal empowerment to enable the board to deliver on its mandates through legislative status with regard to both loan recovery and alternative sourcing of funds to supplement its regular budgetary allocations; nature and levels of networking with employers of university graduates and other institutions; quality of information content in loan application forms to control cheating; parallel bursary schemes managed by HELB and MoES&T, and equity issues as some needy students fail to benefit while some less needy do benefit; nature and levels of funding co-ordination between HELB and other bursary/scholarship/grant awarding and sponsor organizations. Other important issues concern the high default rates, low visibility of HELB's activities, and underdeveloped loans repayment monitoring structures.

Recommendations include revitalizing HELB into a revolving fund with minimal budgetary allocation; strengthening and reforming attendant administrative and efficiency monitoring structures where these exist, and creation of the same where they do not exist.

Institute of Policy Analysis and Research

The Institute of Policy Analysis and Research (IPAR) is an indigenous private organization established in Kenya in 1994. It is mandated to conduct social science policy research and provide a forum for objective, data-based policy discourse to enhance Kenya's capacity for policy analysis and utilize such capacity in formulating public policy. Institutional finance has been provided mainly through key grants by the African Capacity Building Foundation (ACBF – http://www.acbf-pact.org) and the United States Agency for International Development (USAID – http://www.usaid.gov).

For more information, please contact:

Institute of Policy Analysis and Research
Norfolk Towers, Harry Thuku Road/Kijabe Street Junction,
P.O. Box 45843-00100 GPO,
Nairobi, Kenya.
Tel. (+) 254 20 251179/252885/331786
Fax: (+) 254 20 251162
Email: info@ipar.or.ke
Website: http://www.ipar.or.ke

ISBN 9966-948-15-5