



**THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE**



**PERFORMANCE AUDIT REPORT ON THE ALLOCATION AND
DISBURSEMENT OF HIGHER EDUCATION STUDENTS' LOANS**



**CONTROLLER AND AUDITOR GENERAL
FEBRUARY, 2022**



About National Audit Office

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PREFACE



Section 28 of the Public Audit Act Cap 418 (R.E 2021), mandates the Controller and Auditor General to carry out Performance Audit (Value for-Money Audit) for the purposes of establishing the economy, efficiency and effectiveness of any expenditure or use of resources in the Ministries, Departments and Agencies (MDA), Local Government Authorities (LGAs) and Public Authorities and other Bodies. The Performance Audit involves enquiring, examining, investigating and reporting on Government operations and programs.

I have the honour to submit to Her Excellency, Hon. Samia Suluhu Hassan the President of the United Republic of Tanzania, and through her to the Parliament of the United Republic of Tanzania, the Performance Audit Report on the Allocation and Disbursement of Loans to Higher Education Students in Tanzania. The main audited entities are the Higher Education Students' Loans Board and the Ministry of Education, Science and Technology.

The report contains findings of the audit, conclusions and recommendations that focus mainly on improving the allocations and disbursements of loans to higher education students in the country.

The Ministry of Education, Science and Technology and the Higher Education Students' Loans Board were given the opportunity to scrutinize the factual contents and comment on the report. I acknowledge that the discussions with the Ministry of Education, Science and Technology and the Higher Education Students' Loans Board have been very useful and constructive.

My Office intends to carry out a follow-up at the appropriate time regarding actions taken by the audited entities in relation to the recommendations of this report.

The Office subjected this report to the critical reviews of Prof. Joel Mtebe and Dr. Johnson M. Ishengoma, Senior Lecturers both from the University of Dar es Salaam who came up with useful inputs on improving the output of this report.

This report has been prepared by Mr. Frank Nyoni - Team Leader, Mr. Deogratius Shayo and Adam Mniko - Team Members under the supervision

and guidance of Ms. Esnath Henry - Chief External Auditor and Mr. George C. Haule - Ag. Deputy Auditor General.

I would like to thank my staff for their assistance in the preparation of this performance audit report. My thanks should also be extended to the audited entities namely, The Ministry of Education, Science and Technology and the Higher Education Students' Loans Board for the cooperation extended to the Audit Team which facilitated the timely completion of this audit.



Charles E. Kichere
Controller and Auditor General,
The United Republic of Tanzania,
February, 2022.



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LIST OF ACRONYMS AND ABBREVIATIONS

ADLA	- Assistant Director Loan Allocation
ARU	- Ardhi University
CUCOM	- Catholic University College of Mbeya
CUHAS	- Catholic University of Health and Allied Sciences
DiDiS	- Digital Disbursement Solution
DLAD	- Director of Loan Allocation and Disbursement
DUCE	- Dar es Salaam University College of Education
ED	- Executive Director
ESDP	- Education Sector Development Plan
HESLB	- Higher Education Students' Loans Board
HLIs	- Higher Learning Institutions
IFM	- Institute of Finance Management
INTOSAI	- International Organization of Supreme Audit Institutions
ISSAIs	- International Standards of Supreme Audit Institutions
LARC	- Loan Allocation and Repayment Committee
MNMA	- Mwalimu Nyerere Memorial Academy
MoEST	- Ministry of Education, Science and Technology
MoFP	- Ministry of Finance and Planning
MU	- Mzumbe University
MUHAS	- Muhimbili University of Health and Allied Sciences
MUM	- Muslim University of Morogoro
MWECAU	- Mwenge Catholic University
NACTE	- National Council of Technical Education
NIDA	- National Identification Authority
NIT	- National Institute of Transport
OLAMS	- Online Loan Application Management System
RITA	- Registration, Insolvency and Trusteeship Agency
SAUT	- Saint Augustine University of Tanzania
SDGs	- Sustainable Development Goals
SJUT	- Saint Joseph University of Tanzania

SUA	- Sokoine University of Agriculture
TASAF	- Tanzania Social Action Fund
TCU	- Tanzania Commission for Universities
UDOM	- University of Dodoma
UDSM	- University of Dar Es Salaam



EXECUTIVE SUMMARY

Higher Education is one of the important sub-sectors within an education system of any country, since it enables its citizens to acquire critical knowledge and skills for social, economic and technological development. Higher Education equips people with the necessary intellectual skills and ability to think critically and decide rationally¹. For several years, during pre and post-colonial periods, most of developing and developed economies provided full sponsorship for higher education² in an effort to raise the average education level of their citizens. This was done for the purpose of improving the resource utilization as well as developing their economies with the intention of raising the income levels of their citizens. In the 1980s, the Tanzanian Government re-established cost sharing within the higher education policy due to financial constraints that faced the Government by then. As well, this intervention was part of the government's compliance to IMF and World Bank's social and economic policies in the framework of Structural Adjustment Programs Policies for developing countries.

However, the cost sharing policy proved to be inequitable because it denied a significant number of students from poor and rural families an opportunity to access education. This limitation of cost sharing in the higher education policy necessitated the introduction of alternative models of financing higher education in most developing countries through repayable students' loans administered through designated loans boards and schemes.

In response to this, in 2004, the Parliament of the United Republic of Tanzania enacted the Higher Education Students' Loans Board Act No.9 of 2004, which established the Higher Education Students' Loans Board (HESLB) to manage loan scheme for higher education students. However, the performance of the HESLB in providing loans to higher education students has been facing several challenges, particularly on the identification of loan neediness, loans recovery and an amount of loan to be offered to the respective students.

The above challenges compelled the Controller and Auditor General to undertake a performance audit on the allocations and disbursements of students' loans in higher education institutions in order to determine whether the system for managing allocations and disbursements of loans

¹Margaret Branson (2016) "The Role of Civic Education" *A Forthcoming Education Policy Task Force Position Paper from Communitarian Network.*

²Eugene Wandela (2014): *Post-Colonial Education System in Tanzania.*

functions properly, and whether or not loans are efficiently and equitably provided to the needy students.

The main objective of the audit was to assess whether the system for the provision of loans to higher education students by the Ministry of Education, Science and Technology and Higher Education Students' Loans Board (HESLB) functions properly and whether or not loans are efficiently and equitably provided to the needy students.

The audit focused on assessing the effectiveness of the Board in managing loan applications, the functioning of loan allocation systems, the effectiveness in administering appeals, efficiency of the Board in disbursing funds to successful applicants and functioning of the loan oversight system in addressing the observed weaknesses in the provision of loans.

Main Audit Findings

Inadequate Oversight in the Provision of Loans to Higher Education Students



The audit team found out that the Ministry of Education, Science and Technology (MoEST) is not sufficiently implementing its roles in overseeing the higher education financing scheme, and in particular the provision of higher education students' loans. The higher education financing system is currently being guided by the Education and Training Policy, 2014. However, the current policy does not provide sufficient guidance on policy matters for higher education financing. The policy contains only one policy matter, while such matters as guidance on enrolment rate, prioritization, means of allocation and degree classification of the respective student are missing in it. Consequently, the existence of policy gaps has contributed to weak controls on policy matters by MoEST, and therefore negatively affecting access to loans by the needy higher education students.

The review of the current sources of funds for higher education students' loans found that basically there has been no change with regard to addition of new sources of funds to finance the respective students' loans. The financing scheme for higher education students' loans continued to rely solely on government financing with little additional margin through repayments originating from previous loan beneficiaries. As per the financial information during the academic year 2020/21, the government

contributed about 65.21% of the total loanable funds for higher education institutions with the next major source being the individual repayments which stood at 34.79% of the total loanable funds.

The Audit Team found that MoEST is not sufficiently utilizing its oversight role on the management of higher education students' loans. There has been insufficient application of oversight instruments to HESLB and the financing of higher education in general. These included; non-review of means testing system, inadequate review of annual performance reports and absence of performance agreement between HESLB and MoEST. Consequently, weak enforcement of oversight instruments contributed to weak controls over matters regarding the provision of higher education students' loans, and therefore lack of influence on the policy matters on operationalization of students' loans.

Issuance of Loans to New Students

The Audit Team noted that HESLB was not able to finance every eligible student who was identified as a needy student and had secured admission to a higher learning institution. On average, HESLB has managed to allocate loans to only 72.2% of eligible applicants who applied for loans and were admitted into various higher education institutions. As a consequence of inadequate allocation to the needy students, there have been reported cases of student drop-outs from the visited higher learning institutions as a result of financial difficulties. Based on the information collected from the visited institutions, in the past five years, about 492 cases of students were reported to drop out from studies as a result of financial difficulties.

In a positive note, the Audit Team found that HESLB has been hastening the disbursement of loans for the first-year students in recent years. HESLB was able to timely disburse funds to the first batch students within an average of one week earlier before the commencement of the new academic year. This revelation is according to the review done in the period of five years, starting from 2016/17 to 2020/21. The review of the disbursement system at HESLB noted that these improvements were facilitated by the increased automation level of the allocation and disbursement processes.

Ineffective Management of Loan Applications

The Audit Team found out that HESLB did not provide adequate awareness to the potential loan applicants when comparing the number of secondary schools and number of students available in the country for the respective academic year. On average, HESLB managed to conduct outreach programs to only 40% of potential loan applicants while in schools and leaving 60% unreached.

The Audit Team found that the online support was not functioning properly to facilitate the provision of needed support during the application window. The help button on OLAMS was not working during the time of the audit. While the help button in OLAMS did not serve its purpose, likewise the HESLB Social Media accounts namely; [instagram@heslb_tanzania](#), [twitter@HESLBTanzania](#) and [Facebook@HESLB Tanzania](#) were not active in providing feedback to the questions raised by loan applicants or beneficiaries.

Furthermore, the Audit Team found that there is inadequate integration between the OLAMS system at HESLB and other external systems that are necessary for verifying information submitted by loan applicants. HESLB managed to integrate with only one out of eight potential confirmation channels to facilitate and smoothen the application process by loan applicants leaving other seven systems operating in isolation, and therefore resulting in manual verification by applicants which took substantial time during the application process. As a consequence, the absence of integration has continued to make the application exercise tedious especially for applicants who are located in the rural areas compared to those from the urban centers, where it is easier for them to secure verifications.

Ineffective Means - Testing System and Loan Allocation

The Audit Team found that between the academic year 2016/17 and 2017/18, HESLB allocated loans to diploma students. Since these diploma students were not higher education students, they were not eligible and did not qualify for loans from HESLB as per the requirement of the Act. Within a period of two years i.e. from 2016 to 2018, the Board issued TZS 1,768,247,000 to ordinary diploma students contrary to the requirements of the HESLB Act. As a consequence, the decision to use part of HESLB loanable

funds to finance diploma students denied access to loans to approximately about 465 eligible students.

Moreover, the Audit Team found out that in the past five years a total of 756 students, who were pursuing different courses in different universities and were not eligible to receive loans, were allocated with loans contrary to the requirement of HESLB Act. Due to that a total of TZS 2,255,336,448 was allocated to students with negative neediness loans based on the HESLB Loan Allocation and Operational Manual. On the other hand, the maximum allocation of loans to students with negative neediness happened during the academic year 2017/18. In 2017/18 academic year, the amount allocated was TZS 1,143,081,894, and it was allocated to 384 students with negative neediness. Consequently, the allocation of loans to students with negative neediness denied 593 eligible students who deserved to be allocated with loans and proved to be needy ones.

The Audit Team found out that some of the students who deserved to receive loans were not allocated with loans in the first round of allocation. However, the same students did not receive loans again even after completing appeal process. This implied material errors in accuracies of the means testing and allocation system at HESLB. In a period of five years, 192,039 students who were supposed to be allocated with loans of TZS 569,513,745,626 did not receive the deserved allocations.

The Audit Team found that HESLB has not been sufficiently operating in a fair and transparent environment when it comes to collecting data of private sponsored students during applications. The review of means testing system found out that there were only two system inputs to collect information that are used in means testing of sponsored students. Consequently, most of the appellants (33%) were students under sponsorship category and were forced to appeal during the appeal window to be considered for a second chance.

The Audit Team found that the administration of appeals at HESLB was not sufficiently done and was not leading to fair allocation of students' loans. This was caused by two main factors namely; inadequate scrutiny of appeals and unfavourable appeal window. As a result, there has been a mass failure of applicants during the appeal window even for special group of applicants who are given special consideration in means testing and allocation. In the past five years a total of 74,675 applicants appealed for reconsideration,

however, only 5,461 applicants equivalent to 6.76% of appellants succeeded.

Inadequate Administration of Loan Disbursements to Successful Applicants

The Audit Team found out that there has been ineffective management of returns and transfers of funds from Higher Learning Institutions to HESLB. In 2020/21 for instance, funds were disbursed to the University of Dar es Salaam in February, 2021 and the return of unsigned funds was made in July, 2021 more than four months ahead of the 30 days limits established by HESLB.

The review of disbursement monitoring reports indicated that there were delays in the submission of returns from Higher Learning Institutions for funds which were supposed to be returned to HESLB for further actions. Monitoring reports have indicated that, there was a delay in returning a total of TZS 4.7 Billion to HESLB at the time when monitoring was being conducted in the respective institutions. This amount is equivalent to 0.28% of the total amount of funds which was disbursed in the respective years.

The Audit Team further found out that there is inadequate handling of students' complaints with respect to allocation and disbursement of funds. Through the review of HESLB monitoring reports the Audit Team noted recurrence of the same students' complaints over the years. The review of monitoring reports from HESLB indicated that among other things, during the monitoring, HESLB wanted to find out various resentments by students and other challenges in respect to allocations and disbursements. However, issues discovered during the monitoring visits were not regularly addressed and remained to be common and repetitive. Most common complaints include deductions without notice, mismatch of data, delays in getting payments and reluctance in signing check-listing forms for tuition fees.

General Conclusion

The Audit Team concludes that the system for oversight and provision of loans to higher education students is not effectively and efficiently functioning to enable equitable, accurate and inclusive allocations and disbursements of loans to the deserving higher education students. On the other hand, MoEST has not been able to fully oversee the operations of

allocations and disbursement of loans. The oversight role by MoEST is part of the policy objective under the Higher Education Policy and high-level strategic aims in the Education Sector Development Program. Furthermore, the operations of the Board in allocations and disbursements of loans are constrained by systemic weaknesses that have led to ineffective processes in means testing and allocations of loans.

Main Audit Recommendations

Recommendations to the Ministry of Education, Science and Technology (MoEST)

- a) Revise and strengthen its oversight role in the management of allocations and disbursements of higher education students' loans in order to effectively streamline policy issues on the higher education financing;
- b) Conduct timely review of the performance of the HESLB in relation to the delivery of allocating and disbursing higher education students' loans to the needy students;
- c) Strengthen the oversight functions of the Ministry by devising measures that will enhance the enforcement of oversight instruments of the Ministry on the management of higher education students' loans particularly in the allocation and disbursement of loans.

Recommendations to Higher Education Students' Loans Board (HESLB)

- a) Conduct a major review of the Loan Management System for means testing of students' neediness to eliminate all material system errors during the means testing exercise;
- b) Conduct a review of the system for Online Loan Application Management System so as to increase the level of information collected and used in means testing of student applicants;
- c) Devise and institute the quality control that will reduce the level of material errors in means testing and loan allocation processes.

CHAPTER ONE

INTRODUCTION

1.1 Background

Higher Education is one of the crucial sub-sectors within an education system of any country since it enables its citizens to acquire critical skills and knowledge required for the country's social, economic and technological development managed by highly skilled human resources. Higher Education equips people with high intellectual skills and ability to critically think and rationally decide on important issues³. The level of education is one of the determinants of a citizen's welfare and the level of economic development of a particular country. The presence of sustainable financing within an education system is key in order to guarantee the presence of appropriate supporting environment for raising the average education level of a particular society.

For several years (during pre and post-colonial periods) most of developing and developed economies provided full sponsorship for higher education⁴ in an effort to raise the average education level of their citizens and therefore improve utilisation of resources, develop economies and raise citizens incomes. In the 1980s the Tanzanian Government re-established cost sharing policy in higher education due to financial challenges faced by the Government by then, and it was part of the government's compliance to IMF and World Bank's Structural Adjustment Programmes and conditionality for social and economic development in developing countries.

The policy was formally implemented in the 1992/93 academic year in which students had to pay some of the costs including transport from their homes, entry examinations fees, application fees as well as student's union fees. Fees were then added in subsequent years and students had to pay for more items such as food and accommodation (Galabawa, 2004). However, the cost sharing system proved to be inequitable because it denied a significant

³ Margaret Branson, September 2008, "The Role of Civic Education" *A Forthcoming Education Policy Task Force Position Paper from Communitarian Network, Centre for Civic Education*; https://www.civiced.org/papers/articles_role.html

⁴ Eugene Wandela, 2014; "*Tanzania post-colonial educational system and perspectives on secondary science education, pedagogy, and curriculum: a qualitative study.* De Paul University.

number of students from poor and rural families an opportunity to access higher education. This limitation of the policy necessitated the introduction and establishment of an alternative higher education financing modality through students' loans schemes in most of the developing countries including sub Saharan African countries.

In 2004, the Parliament of the United Republic of Tanzania enacted the Higher Education Students' Loan Board Act No.9 of 2004, which established the Higher Education Students' Loan Board (HESLB) to manage loan scheme for higher learning students. The loans scheme primarily aimed at facilitating loans access to higher education by students whose parents could not afford to pay for higher education costs.

The loans are provided to higher Education students as part of the implementation of cost sharing policy in education. The policy has a long history in the country since independence, when students were to pay some of the important education costs at the University while the Government continued to support needy students through Government tied bursaries (Ishengoma, 2004). In 1974, the bursary scheme collapsed and the Government took the responsibility of financing public universities and students accessed higher education without paying direct costs.

Students loans are designed to help students to pay tuition fees for higher education, meals and accommodation charges, books and stationery expenses, special faculty requirements, field practical work expenses and research expenses. Higher Education student loans in Tanzania are funded by the Government to needy students through the students' loans scheme administered by Higher Education Students' Loans Board.

The level of neediness and the amount of funds provided as loans to students are determined through the established system known as Means Testing which uses students' social economic data to determine students' ability to pay. Loan funds are either paid directly to students or to the higher learning institutions and repayments are only made when the former student is earning income to support the repayments of loan taken when acquiring higher education.

1.2 The Motivation for Audit

The initiation of this performance audit was motivated by the following factors:

(i) Inequities in Accessing Higher Education Students' Loans

The Government has been receiving complaints regarding inequities in access to higher education students' loans when measured in terms of income of parents of beneficiary students. There have been complaints that real eligible and needy students who originate from rural and poor families are not receiving the deserved loans as per the Government issued guidelines. These complaints are supported by the research conducted in 2018 on "*Students' Loans Financing in Tanzania: Who Benefits and How?*"⁵ Research findings from this study indicated that more than 72% of the loan's beneficiaries were coming from families with higher income levels and their parents had tertiary education.

Further analysis done by Dachi (2018) indicated that only 14% of the loan beneficiaries were originating from families with lower income levels and the most-needy, leaving more than 86% coming from families with medium low to high income levels. The results of the research have indicated that inequities in accessing higher education students' loans have continued to exist despite efforts by the Higher Education Students' Loans Board to grant loans to the most-needy students who mostly originate from poor families.

(ii) Inconsistencies in Issuing Loans to Needy Students

There has been a public outcry as a result of inconsistencies in the allocation of loans by HESLB particularly with regard to identification of needy students⁶. Students in higher learning institutions complained over disparity in the amount of funds allocated to them as compared to their fellow students with similar social economic statuses. Furthermore, interviews with students, who were recently (2020) allocated with loans from five universities visited by the Audit Team in planning phase, indicated the existence of inconsistencies in issuance of loans to the needy students.

⁵ Hillary A. Dachi (2018) "*Students Loans Financing in Tanzania: Who Benefits and How?*"

⁶ Victoria Makulilo "*Access Denied? Examining Loans Board Facility for Higher Learning Students in Tanzania*".

The disparity in amount of funds allocated to students with similar social economic status raised concerns over the integrity of the whole loan allocation exercise and led to the selection of loan beneficiaries who were not of the intended status. The public has been concerned with the presence of needy students with similar status who were expected to have the same amount of loans, but were found to have been allocated different amount of loans.⁷ Furthermore, other students who were having similar status were allocated different loan items contrary to the indications of the loan guideline as they were expected to have the same amount of loans.

(iii) Faulty Allocation Process

The selection process of needy students has been accompanied by faulty results that do not match with its pre-determined criteria in the guidelines for issuance of higher education students' loans. This in turn has resulted in having a substantial number of students with socioeconomic status that were supposed to be highly prioritised in loan allocation missing loans. For instance, in 2020/21 academic year⁸, HESLB did not allocate any amount of loan to 135 applicants equivalent to 13% of all applicants whose parents were TASAF beneficiaries, which is among the key criteria for students to qualify for loan.

Furthermore, a total of 2,716 applicants equivalent to 19% of all single-parent applicants' orphans received zero allocation despite meeting initial requirements for a loan allocation. The fact that they had high coefficient in determination of neediness, but they ended up with no loan allocated to them.

(iv) Implementation of United Nations Sustainable Development Goals

The 10th United Nations Sustainable Development Goal (SDGs) requires for the presence of reduced inequality within and among countries. The goal reiterates the empowerment and promotion of socio and economic inclusion of all irrespective of disability or economic status.

⁷Nyoni P.W. (2018): "The Impact of Higher Education Loan System among students from Low-Income Background in Tanzania" European Scientific Journal 14(28) DOI:[10.19044/esj.2018.v14n28p39](https://doi.org/10.19044/esj.2018.v14n28p39)

⁸ Higher Education Students' Loans Board; 2021, "Fresher's Loan Allocation Data".

This goal necessitates the presence of equal chances of access to educational financing opportunities for disabled loan applicants and economically poor families who by any chance are vulnerable on income terms. Tanzania, as one among the countries that ratified and agreed to implement Sustainable Development Goals, is responsible in ensuring that there is proper attainment of this development goal.

Therefore, in order to ensure that there is a prioritised allocation of loans to low income loan applicants, the Government is, in one way, reducing inequality between the higher income and low-income families. On the other hand, the Government has to address the SDGs by implementing a prioritised disbursement to disabled applicants who are mostly associated with poor and low-income families.

1.3 Audit Design

1.3.1 Audit Objective

The main objective of the audit was to determine whether the system for provision of loans to higher education students by the Ministry of Education, Science and Technology (MoEST) and Higher Education Students Loans' Board (HESLB) properly functions and that loans are accurately and fairly provided to the needy students.

Specific objectives of the audit were to:

- (a) Assess whether management of loan applications has been effectively and properly performed;
- (b) Determine whether allocation of loans to eligible applicants is effectively done;
- (c) Establish whether there is an efficient system for disbursement of loans to successful applicants; and
- (d) Assess whether the loan oversight system adequately functions and addresses the observed weaknesses within the prescribed time.

1.3.2 Scope of the Audit

The main audited entities were the Ministry of Education, Science and Technology (MoEST) and Higher Education Students' Loans Board (HESLB).

This is because the Ministry of Education, Science and Technology (MoEST) is mandated to oversee the management of higher education students' loans in the country including development of policies and other guiding instruments for administering access to loans and financing mechanism in higher education. The Board is solely responsible for managing the provision of Higher Education Students' Loans and determining the mechanisms to which students can access higher education students' loans. The Board executes all functions that facilitate access to loans by eligible higher education students.

The audit focused on assessing the effectiveness of the Board in managing loan applications, the functioning of loan allocation systems, the effectiveness in administering appeals, efficiency of the Board in disbursing funds to successful applicants and functioning of the loan oversight system in addressing the observed weaknesses in the provision of loans.

With respect to loan applications, the audit focused on assessing the extent of dissemination of information to potential applicants, the technical support and the extent of integration of Online Loan Application Management System (OLAMS) with other external systems involved in navigating through the application portal. With regard to allocation, the audit specifically focused on assessing the adequacy of parameters for determination of neediness, the manner in which determination of allocated amount (means-testing exercise) is conducted and the accuracy of the OLAMS systems in allocating loans to all applicants.

On the disbursement of funds, the audit focused on assessing the timeliness on the disbursement of funds for both direct and indirect deposits, the effectiveness of the Board in managing refund and transfer of funds and the extent of monitoring disbursed funds. Regarding the oversight function of loan application, allocation and disbursement, the Audit Team assessed the effectiveness of the system for review of the operations of the Board in handling applications, allocation and disbursement but also the extent of corrective actions following the weaknesses noted in the oversight roles. The audit covered the entire range of higher education students benefiting from HESLB loans in the Mainland Tanzania and Zanzibar. The audit covered a period of five years from 2016/17 up to 2020/21 for assessing the performance of HESLB in providing loans to higher education students in Tanzania. The selected span of years enabled the Audit Team to sufficiently capture performance of the Ministry and that of the Board in the whole

period before and after migrating into an online and system-based platform for both allocation and disbursement exercises. This enabled the Audit Team to provide an objective, accurate and fair assessment on the performance of the HESLB.

1.4 Assessment Criteria

The criteria for main audit questions and sub-questions were derived from laws, guidelines, manuals, plans, reports and best practises acceptable in the management of higher education students' loans. In general, the following criteria were used to assess the performance of both MoEST and HESLB in overseeing and managing loan allocations and disbursements.

The following are key assessment criteria for each specific audit objective.

a) Management of Loan Applications

Section 5.1.1(i) of the HESLB Act requires it to prepare guidelines and criteria for issuance of students' loans and grants by April every year. In the same context section 5.1.1(ii) of the Client's Service Charter requires HESLB to inform online loan applicants about their applications' status within fourteen (14) working days after closure of the verification exercise.

Section 4.1.3 of the Board's Strategic Plan and Section 2.3 of its Client's Service Charter require HESLB through teamwork to commit and conduct open and honest communication while showing concern and support mostly to its clients.

Furthermore, Section 5.3.2 of the Client's Service Charter requires HESLB to attend user support requests within one (1) day after receiving requests, and within three (3) working days for requests that need further consultation.

Section 4.4 of the Guideline for Allocation and Disbursement of Loans requires the Board to communicate to applicants on the procedures for application, and therefore, the applicants, wishing to apply for students' loans and grants, shall do so within the period set.

b) *Means Testing and Allocation of Loans*

Loan Allocation and Disbursement Manual requires officers to undertake online and/or physical verification for online loan application forms as the case may be. According to the same manual in Section 5.4.2, the degree of neediness shall be established through verified data reviewed from loan application forms from OLAMS.

On the other hand, the Loan Allocation and Disbursement Manual defines a needy applicant as one who is a poor orphan, a student with single parent, a disabled student and a student sponsored by a recognized organization in his/her secondary school/tertiary education. Also, the same manual in Section 5.4.2 provides for the degree of neediness of a loan beneficiary to be maintained through the entire period of study of an individual student until the loan beneficiary graduates, unless there are changes as a result of success approved appeal.

Additionally, Means Testing shall be measured as a difference between applicant's resources (financial stability) and a total cost of programme of study as determined by HESLB from time to time. An appeal will occur when there is an event of appeal which will warrant Re-Means Testing where the Director of Loan Allocation and Disbursement shall authorise Re-Means Testing.

Section 5.4.1 of the Manual pronounces the amount to be allocated as a loan, or grant, to first-time undergraduate student, shall be done by following the degree of neediness allocated to that given student or as directed by HESLB from time to time.

c) *Disbursement of Loans*

Based on the Section 5.1.2 of the Client's Service Charter, HESLB is required to disburse loans for Meals and Accommodation to students within seven (7) working days after approval by the Loans Allocation and Repayment Committee.

Furthermore, the same Client's Service Charter requires the Board to prepare payments for Higher Learning Institutions within fourteen (14) working days after receipt of relevant input documents such as invoices and other requests for payments.

On the other hand, the disbursement of unscheduled payment will be made upon receipt of request or invoice for the same. Tuition fee item shall be disbursed in two equal instalments (semester wise) upon confirmation of retirement of all unclaimed loans previously disbursed.

Moreover, Section 6.4.2 of the Allocation and Disbursement Manual requires the Board to disburse special faculty requirements, field practical training and research cost within 14 days after receipt of request/invoice from the Higher Learning Institution.

d) *Loans Provision Oversight*

Section 3.3.2 of the Functions of the Ministry of Education, Science and Technology requires the Ministry to oversee and promote the development of higher education institutions under it. Furthermore, the second strategy of the Education Sector Development Strategy requires it to build the capacity of HESLB in Loan Management and Recovery. Additionally, the Strategy also requires HESLB to enter into contracts with the MoEST so as to properly manage its performance in managing Higher Education Students' Loans.

1.5 Sampling, Methods for Data Collection and Analysis

The Audit Team applied different sampling, data collection and analysis methods, as explained below, in order to come up with sufficient evidence with regard to the system for allocation and disbursement of students' loans.

1.5.1 Sampling Methods

Based on the audit design, there are four identifiable data collection units, namely: the Ministry of Education, Science and Technology, HESLB Headquarters, HESLB Zonal Offices and Higher Learning Institutions (HLIs). At the higher level of data collection units, sampling was done for HLIs out of the whole number of institutions in the country that are financed by HESLB through its higher education students' loans.

In order to determine the sample size, the Audit Team considered the total number of HLIs serviced by HESLB, which are 68 in the whole country. Out

of them, 57% are owned by the Government and 43% are owned by private institutions. Using the Yamane's⁹ formula for determination of sample size with a population of 68 HLI and applying the 95% confidence interval and 5% precision level¹⁰, the required sample size determined to be 57 HLIs. Applying the optimisation proportion of 30% of the sample size, the final identifiable sample size was found to be 17 HLIs. Based on their proportions in a sample of 17 HLIs, 10 of them were publicly owned HLIs and 7 of them were privately owned HLIs.

A purposive sampling technique was used in the selection of 17 HLIs to be studied among all HLIs financed by HESLB for higher education students' loans. Two sampling frames were established; the first one containing the list of all public HLIs in Tanzania with their total number of beneficiaries financed by HESLB; and second sampling frame containing the list of all private HLIs with their total number of beneficiaries financed by HESLB as well.

In each of the sampling frame the list of HLIs were ranked based on the number of beneficiaries¹¹ with the highest one ranked first up to the last one. Then, from the 1st sampling frame a purposive sampling method was used to obtain a sample of 10 HLIs by selecting the 1st ranked up to the 10th ranked public HLI. In the same manner, a list of 7 HLIs were selected in the second sampling frame by selecting the 1st ranked up to the 7th ranked HLI. The list of all selected HLIs is given in Table 1.1 below.

Table 1.1: List of Selected and Visited Higher Learning Institutions

Institution	Ownership	No. of Beneficiaries	Rank
University of Dodoma	Public	14,320	1
University of Dar es Salaam	Public	10,911	2
Sokoine University of Agriculture	Public	5,913	3
Institute of Finance Management	Public	3,289	4
Dar es Salaam University College of Education	Public	3,117	5
National Institute of Transportation	Public	2,543	6
MNMA	Public	2,321	7

⁹ This formula has been chosen because it is the most recommended formula for computing sample sizes when having a population with proportions: i.e. public and private owned HLIs.

¹⁰ This precision level is chosen because it provides a wider-range of true parameters (valid audit findings) while giving the most optimal sample sizes.

¹¹ The number of beneficiaries was selected as a sampling criterion because it was expected to provide a fair, accurate and a more valid parameter for assessing the performance of HESLB in the provision of loans to higher education students.

Mzumbe University	Public	2,220	8
Adhi University	Public	1,944	9
Muhimbili University Health and Allied Sciences	Public	1,550	10
SAUT - Mwanza	Private	5,020	1
MWECAU	Private	1,851	2
SJUT	Private	1,642	3
CUHAS - Bugando	Private	1,217	4
MUM	Private	1,154	5
CUCOM/SAUTMBEYA	Private	920	6
Tumaini University - MAKUMIRA	Private	884	7

Source: Auditors' Analysis (2021)

Therefore, the Audit Team collected data from 17 HLIs in order to establish the performance of HESLB in the provision of loans to higher education students. In order to capture the varying nature of students' cases related to the management of higher education loans from different zones, the Audit Team collected data from both public and private HLIs.

Parallel with data collection exercise, a total of 9 HLIs which is 53% of the total number of sampled HLIs were purposefully sampled and visited during the execution of the audit for the purpose of verifying matters observed from the assessments that were done at HESLB. Out of 9 HLIs visited, 6 were publicly owned HLIs and 4 were privately owned HLIs based on the weighted proportion of the total number of HLI. The HLIs were selected from 4 HESLB zones which is 57% of the total number of 7 HESLB operational zones in the country.

The zones were selected based on the following factors;

- Number of students/beneficiaries;
- Presence of both publicly and privately owned HLIs from a zone; and
- Diversity in the programmes offered by HLIs in a particular zone.

The following HLIs were visited during the verification exercise by the Audit Team.

Table 1.2: List of Higher Learning Institutions visited during the Verification Exercise

Zone	Region	Higher Learning Institution Visited
Dar es Salaam	Dar es Salaam	University of Dar es Salaam
		Muhimbili University of Health and Allied Sciences
		National Institute of Transport
Dodoma	Morogoro	Sokoine University of Agriculture (SUA)
		Mzumbe University (MU)
	Dodoma	UDOM
Mwanza	Mwanza	CUHAS Bugando
		SAUT - Mwanza
Arusha	Arusha	MAKUMIRA University
	Kilimanjaro	MWECAU

Source: Auditor's Analysis

1.5.2 Methods for Data Collection

During data collection, both qualitative and quantitative data were collected so as to provide strong and convincing evidence on the performance of MoEST and HESLB in the management of provision of loans to higher education students. The Audit Team used different methods to collect information from the audited entities and stakeholders. These methods were *interviews* and *document reviews*, as detailed below.

(a) Interviews

Interviews were held with officials from the Ministry of Education, Science and Technology, HESLB Headquarters and Tanzania Commission for Universities (TCU). Additionally, interviews were held with key officials from both public and private Higher Learning Institutions which were selected for verification exercise. Furthermore, interviews were used to validate information from the reviewed documents. A list of interviewed officials is presented in **Appendix 3** of this report.

(a) Documents Review

The Audit Team reviewed various documents from the Ministry of Education, Science and Technology, HESLB, Selected Higher Learning Institutions and Tanzania Commission of Universities so as to get comprehensive, relevant and reliable information about the performance of HESLB in the allocation and disbursement of students' loans

Reviewed documents and information from the above-mentioned entities were those generated within the period under the audit i.e. from July 2016 to June 2021. Some of the documents that were reviewed included but not limited to Annual and Quarterly Performance Reports, Annual Action Plans, Expenditure Frameworks, Guidelines, Students' Correspondences, Disbursement Reports, Students' Beneficiary Database, Means Testing Reports and Corresponding Spreadsheets, Allocation Reports and Corresponding Spreadsheets, Loan Allocation and Repayments Committee Papers as well as Monitoring and Evaluation Reports.

A comprehensive list of documents that were reviewed is presented in **Appendix 4** of this report.

1.5.3 Methods for Data Analysis

The Audit Team used different techniques to analyse both qualitative and quantitative data collected during the execution of the Audit.

Analysis of Qualitative Data

Content analysis techniques were used to analyse qualitative data by identifying different concepts and facts originating from interviews or document reviews and categorise them based on its assertion. The extracted concepts or facts were either tabulated or presented as they were to explain or establish relationships between different variables originating from the audit questions.

The recurring concepts or facts were quantified depending on the nature of data they portray. The quantified information (concepts/facts) were summed or averaged in spreadsheets to explain or establish the relationship between different variables

Analysis of Quantitative Data

Quantitative information with multiple occurrences were tabulated in spreadsheets to develop point data or time series data and relevant facts extracted from the figures obtained. The tabulated data were summed, averaged or proportionate to extract relevant information and relationships from the figures

The sums, averages or percentages were portrayed using different types of graphs and charts depending on the nature of data to explain facts for point data or establish trends for time series data. Other quantitative information/data with single occurrence may be presented as they are in the reports by explaining the facts it asserts.

1.6 Data Validation Process during the Audit

The Ministry of Education, Science and Technology (MoEST) and Higher Education Students' Loans Board (HESLB) were given the opportunity to go through the draft performance audit report and comment on the figures and information presented. The MoEST and HESLB confirmed the accuracy of the information and figures presented in the report.

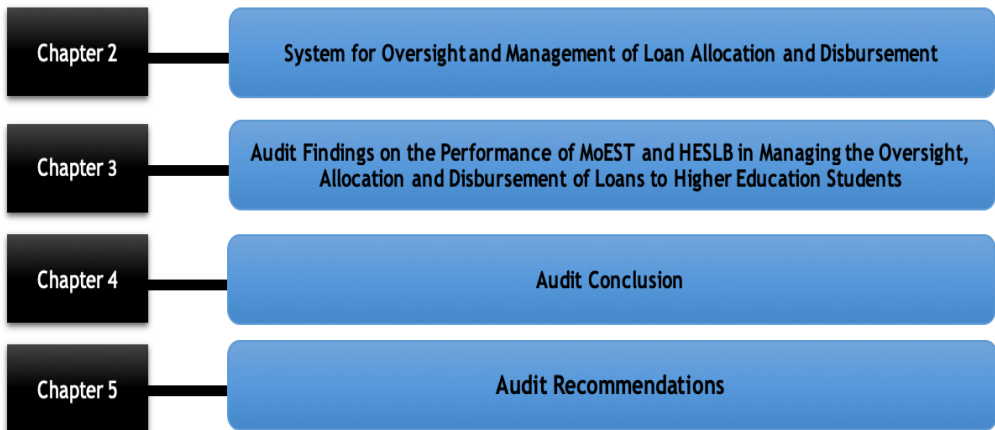
The information was also cross-checked and discussed with experts in the field of Higher Education Financing to obtain their opinions and confirm the validity of the information and facts presented.

1.7 Standards Used for the Audit

The Audit was done in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) on performance audit issued by the International Organization of Supreme Audit Institutions (INTOSAI). These standards require that the Audit is planned and performed in order to obtain sufficient and appropriate audit evidence to provide a reasonable basis for the audit findings and conclusions.

1.8 Structure of the Audit Report

The remaining parts of the audit report covers the following:



CHAPTER TWO

SYSTEM FOR THE MANAGEMENT OF HIGHER EDUCATION STUDENTS' LOANS

2.1 Introduction

This chapter provides the description of the system for the management of higher education students' loans in Tanzania. The chapter highlights policy and legal frameworks governing the management of students' loans, roles and responsibilities of key players involved in the whole process of allocation, disbursement, and repayment of students' loans.

2.2 Policy and Legal Framework

There are Policies, Laws, Regulations and Guidelines which govern the management of student's loans

2.2.1 The Education and Training Policy of 2014

The higher education system in Tanzania is governed by the Education and Training Policy of 2014. The Policy aims to provide the general guideline for the management of education and training in accordance with the National Development Vision 2025, plans and strategies for national development as well as global economic, scientific and technological changes. The rationale is for the nation to be able to attain the goal of having an economy that is directed by education and skill. The expectation is to make it one of the nations with middle-income economy by 2025.

Additionally, the policy recognizes the establishment of Higher Education Students' Loans Board in order to facilitate the availability of funds and loans for high education students in the country.

2.2.2 Higher Education Students' Loan Board Act, 2004

In 2004 the government enacted the HESLB Act which established the Higher Education Students' Loans Board to fulfil the objective of the policy. Its Regulations were then set in 2005. The legislations provide for roles, responsibilities and procedural requirements for the management of higher education students' loans. They, as well, provide for minimum requirements for loans allocation, disbursement, repayment and recovery of higher education students' loans.

2.2.3 Guidelines and Criteria for Issuance of Students' Loans and Grants

This is a document which is prepared every year by the Board to provide guideline to all potential applicants in the respective year of study. The Guideline is prepared before the opening of the application window to provide important guidance for potential applicants. The Guideline provides for the requirements and eligibility of potential loan applicants which shall be observed during the respective application window.

Specifically, the guideline provides details of important information to potential applicants, overview of the Board, Eligibility of Applicants, Current Year Program Clusters, Loan Items, Means Testing and Amounts to be Allocated, Mode of Application and Important Deadlines for all applicants.

2.2.4 Strategies for the Management of Higher Education Students' Loans

HESLB Strategic Plan 2017/18 - 2021/22

The operations of HESLB are guided by the five-year Strategic Plan from 2017/18 to 2021/22. The Strategic plan has a total of twelve strategic objectives which have been further categorised under four strategic perspectives. The strategic plan is operationalized in four directorates and four independent sections.

The Strategic Plan has six objectives which addresses the core functions of the organisation including allocation, disbursement, repayment and recovery of higher education students' loans. The five objectives include increasing access to loans and grants, broadening financial sources,

increasing customer satisfaction, improving data integrity, strengthening management of funds and increasing operational efficiency.

2.3 Roles and Responsibilities of Key Stakeholders

In order to assess the system for management of higher education students' loans in Tanzania, the Audit Team identified two entities as key organisations in ensuring that there is a fair and equitable access to higher education students' loans. The key actors identified were the Ministry of Education, Science and Technology (MoEST) and the Higher Education Students' Loans Board (HESLB).

2.3.1 Ministry of Education, Science and Technology (MoEST)

The Ministry of Education, Science and Technology (MoEST) is the overseer of the education sector in the country. MoEST is responsible for providing oversight over policy issues and guidelines on all matters pertaining to higher education including its financing modes. This function is undertaken on behalf of MoEST by its institutions namely: TCU, NACTE, Universities and Technical Colleges.

Furthermore, MoEST, through its Higher Education Division, supervises the performance of Higher Education Students' Loans. In so doing, it ensures the Board's operations are in accordance with the established policies. MoEST also performs the oversight role through monitoring the performance of HESLB in relation to the funds disbursed to the board for loan allocations, including how the funds are repaid and recovered. Higher Education Students' Loans Board reports quarterly and annually to MoEST on its operations and other directives.

Specifically, MoEST has been issuing policy directives on higher education students' loans each year while at the same time being involved in developing guidelines for the issuance of students' loans annually. The "*Guidelines and Criteria for Issuance of Students' Loans and Grants*" is the main policy instrument by MoEST on higher education students' loans. The guideline is prepared by HESLB annually before loan applications begin, however, it has to be reviewed by MoEST before being used.

2.3.2 Higher Education Students' Loans Board

The Higher Education Students' Loans Board (HESLB) is a Public Organization, currently under the Ministry of Education, Science and Technology (MoEST) as a Parent Ministry. HESLB was established in 2004 by the HESLB Act No. 9 of 2004, and commenced its operations in July, 2005 to support the implementation of both the Education Policy and Cost Sharing Policy.

The main objective for the establishment of the Board is to assist, on a loan basis, the needy students who secure admission in accredited higher education institutions but have no economic capability to fully or partially meet the costs of education either within or outside the country. Therefore, the Board has been mandated to specifically administer, grant, repay and recover higher education students' loans.

Mission

To manage loans and grants for needy Tanzanian students for higher and tertiary education

Under Section 6 of the HESLB Act, the specific functions of the Board with regard to loan allocations and disbursement are to:

- a) Assume responsibility for the control and management of all loanable funds as vested in the Board;
- b) Formulate the mechanism for determining eligible students for payment of loans;
- c) Administer and supervise the whole process of granting loans to students;
- d) Keep the register and other records of students' loan beneficiaries under the Board;
- e) Advise the Minister on matters of policy and of the law concerning provision of loans to students; and
- f) Establish operational links between the Board and Higher Learning Institutions with students' loan beneficiaries for facilitating a smooth, efficient and effective administration of the loan funds.

2.3.3 Students/Beneficiaries

Students forms another category of key stakeholders in the whole system of allocation and disbursement of higher education students' loans. These are the ultimate beneficiaries of the loans issued by HESLB at different levels of education programmes. Students can be categorised into two groups. The first category is made basing on the ownership of the institution under which he/she is undertaking studies. Under this category we have students from Private Higher Learning Institution and those from Public Higher Learning Institutions.

The second category is on the level of education for which the student is seeking. Higher Education Students' Loans Board is financing undergraduate Bachelor Degree programmes and Postgraduate Master Degree programmes. In this category, therefore, we have undergraduate bachelor degree students and Postgraduate Master Degree students. Undergraduate Bachelor Degree students constitute the majority of the students benefiting from HESLB loans.

Further categorisation can also be made considering the location of the HLIs. Regarding this, we have local HLIs and foreign HLIs. However not much is being provided for students undertaking studies in foreign Higher Learning Institutions.

2.3.4 Other Key Stakeholders in the Management of Higher Education Students' Loans

(i) Higher Learning Institutions (HLIs)

The Higher Learning Institutions play a key role in the management of higher education students' loans. These institutions are the primary window for access to higher education loans by students who are pursuing bachelor and other higher degrees from them. The higher learning institutions host the students and coordinate the access of funds through registration and validation of continuing students' eligibility to access of funds. With regard to higher education students' loans, the higher learning institutions have the following roles;

- a) Admit and register students;
- b) Provide higher education leading to the respective academic awards;

-
- c) Process and facilitate acquisition of other HESLB funds including tuition fees; and
 - d) Update information to HESLB regarding the status of continuing students who are beneficiaries of loans.

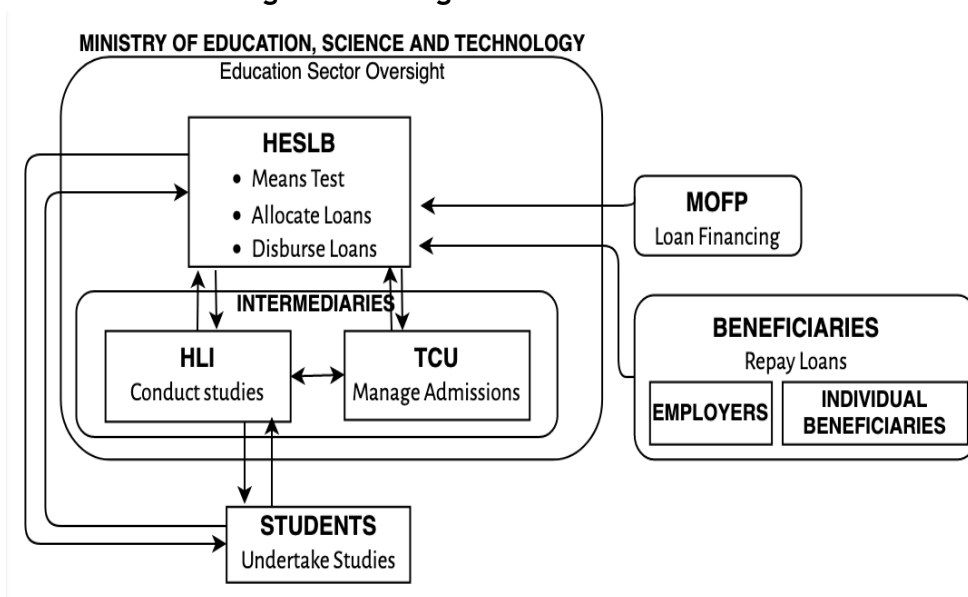
(ii) Tanzania Commission for Universities (TCU)

The Tanzania Commission for Universities plays an intermediary role linking between HESLB and Universities. The main role played by TCU is to validate and provide students' admission information to HESLB to enable access to applied loans. TCU has facilitated this by providing a portal to HESLB which contains all information regarding students' admission information.

Through portal access, HESLB receives all information on admission batches which is extracted and customised into HESLB information systems ready for further processes. Admission batches are sorted to find applicants who applied for loans and have secured admissions so as to be verified. Verified batches are then submitted for means testing and subsequent allocations. In addition to admission batches, TCU also provides information regarding students who have dropped studies or have been discontinued because of any reasons. This allows the information to be processed in order to facilitate disbursement of loans to valid continuing students at any time.

A summary of the relationship between different stakeholders detailed above is presented in Figure 2.1 below.

Figure 2. 1: Relationship between different stakeholders in the management of higher education students' loans



Source: Auditors' Analysis from Reviewed Documents (2021)

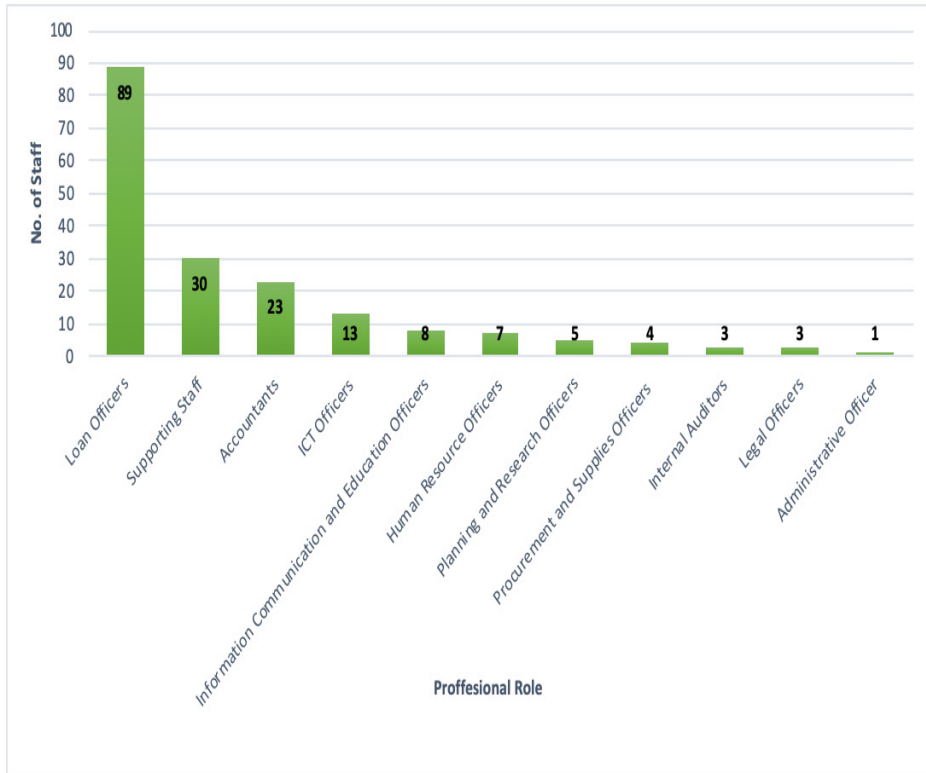
2.4 Resources for Allocation and Disbursement of Students' Loans

2.4.1 Human Resources

The human resources at HESLB constitutes various professions relevant in undertaking operational roles in management of students' loans. The staffing portfolio also includes other relevant professions in support sections responsible for supporting the operations of the Board in undertaking its core functions.

The operations of HESLB are undertaken on two levels of operations being Headquarters and Zonal Offices. According to the Annual Staff Establishment Report of HESLB, the total number of staff at HESLB is 186 distributed throughout the country. The number and category of roles for major professions is provided in Figure 2.2 below.

Figure 2.2: Available Human Resources at HESLB by Roles



Source: Staff List at HESLB as of June 2021

As indicated in **Figure 2.2**, the staffing profile at HESLB consist of different professions, majority of them being loan officers making a total of 89 staff and constituting 48% of the total staff at HESLB. The loan officers are followed by supporting staff (collectively) and accountants with a total of 30 and 23 staff constituting 16% and 12% of the total number of staff at HESLB respectively. Other major professions in the staff list include ICT, Information and Human Resource Officers.

2.4.2 Financial Resources

HESLB is required to secure financial resources with the objective of assisting the needy students on a loan basis who secure admission in accredited Higher Learning Institutions in and outside the country. The Annual Budget of HESLB is financed by funding from three major sources, namely: Government subvention, Own Sources and Grants. These together contribute to the loanable funds. Among the three sources, the major source of funds has been the government subventions which contribute an

average of 90% of the whole sum of loanable funds at HESLB per year as reflected in its annual budget. The details of the annual sum of budget is provided in Table 2.1 below.

Table 2. 1: Comparisons of Approved Budget versus Actual Funds Received for Managing Higher Education Students’ Loans from Financial Year 2016/17-2020/21

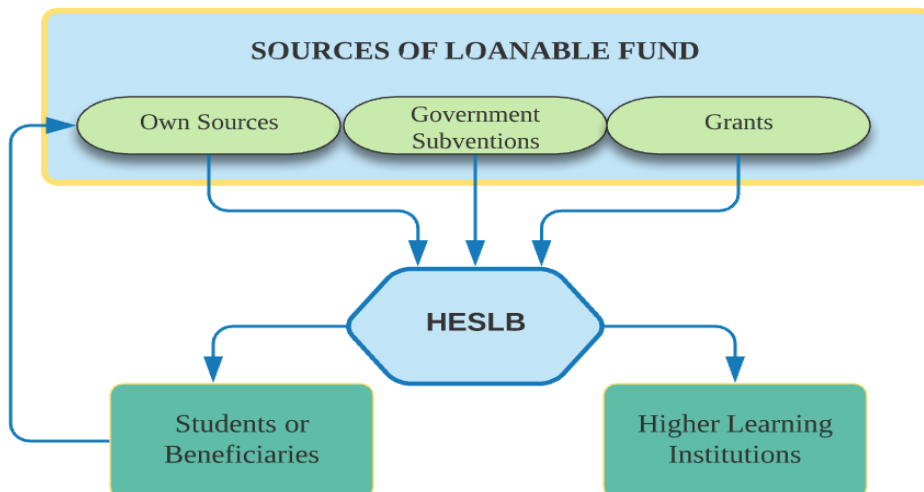
Financial Year	Approved Budget (Billion TZS)	Actual funds received (Bill TZS)	% Received
2020/21	464	452.190	97
2019/20	450	522.094	116
2018/19	427.554	575.596	135
2017/18	427.554	243.591	57
2016/17	427.554	503.969	118
Grand Total	2,196.662	2,297.44	105

Source: HESLB Medium Term- Expenditure Framework for 2106/17 - 2020/21 financial years.

Table 2.1 indicates that with exception of the financial year 2017/18 and 2020/21, whereby HESLB collected only 57 and 97 percent of the approved funds, HESLB has been receiving more than 100 percent of approved loanable funds for the remaining three (3) financial years under review to finance higher education students’ loans. On average, HESLB received 105% of the total approved budget in a period of 5 years under review.

As per the HESLB Performance report of 2019/2020, the margins of contribution were 93.8% as Government Subventions, 3.6% from own sources and 2.6% as grant funds. Subvention comprises funds received from the Treasury to cater for Personal Emoluments (PE) such as employees' salaries and other operational costs. Own source collection is through loans application fees, loan administration fees and loan defaulters’ penalties. Grants comprise funds from the Treasury and World Bank.

Figure 2. 3: The Flow of Loanable Funds at HESLB



Key

→ Transfer of funds

Source: Analysis of HESLB Corporate profile 2021

2.5 Processes in Allocations and Disbursements of Students' Loans

The loan management system involves various stakeholders within and outside the government system. These stakeholders are placed in different subsystems in the whole system of oversight, allocation and disbursement of higher education students' loans. There are three main subsystems in the whole system of the management of loans for higher education students. The three subsystems are:

2.5.1 Loan Application

This is the initial stage of the management of loan applications where there is an interaction between the applicants and the OLAMS system which is processing the application forms. This stage has three main steps as detailed below;

Preparation and Publishing of Guidelines

The loan application process starts with the preparation of guideline. The guideline is updated annually to reflect the government priorities and policy changes that are to be incorporated within a particular application year. The guideline is prepared by HESLB and submitted to the Ministry of Education, Science and Technology for approval. After approval, the guideline is published through the HESLB website so that all potential applicants could access it.

Opening Online Application

The completion and publication of the application window is followed by the opening of the online application window for all applicants. The application window is accessed from the HESLB website on www.heslb.go.tz. The application window is usually open for a period of three months from June to August each year. The Board is considering applications for applicants willing to undertake all undergraduate bachelor degree programmes and postgraduate master degree programmes.

The applicants are supposed to complete the online forms and attach all the required documents in the online application window within the specified time. After completing the application forms in a required manner, the forms are submitted online for further processing. The applicant is supposed to print one hard copy of the application package which will be sent physically to HESLB Offices at Headquarters.

The loans issued by HESLB are open for all Tanzanians who are pursuing higher education in Tanzania and outside Tanzania. Specifically, the loans are available for those who pursue undergraduate bachelor degree programmes and postgraduate master degree programmes. Other general criteria, based on section 17(1) of the HESLB Act and as modified by the Guidelines and Criteria for Issuance of Loans by HESLB include:

- Being a citizen of Tanzania;
- Must have applied for a loan through OLAMS;
- Must have been admitted to an accredited Higher Education Institution on full-time basis;
- Must not have funding from other sources to finance his/her education; and

-
- Must be a continuing student applicant who has passed the examinations necessary to enable him/her to advance to the following year of study.

Verification of Loan Application forms

The completion of online application is followed by the verification of the applications within the system. The forms are verified by Loan Officers under the supervision of respective supervisors for completeness and attestation using the online platform or as it will be directed from time to time.

Based on HESLB Client's Services Charter, the Board is supposed to inform the online loan applicants about their application status within 14 working days after the closure of the verification exercise every academic/financial year. The completion of the verification exercise will produce a register of complete and incomplete loan applications.

2.5.2 Loan Allocation

The loan allocation process starts soon after completion of the verification exercise. The loan allocation process is done by the Loan Allocation Section. The section is staffed with loan officers who are responsible for analysis and appraisal of loans and grants applications. The Loan officers are supervised by Managers who are responsible for checking correctness of eligibility and amount allocated to each applicant.

The Managers are supervised by the Assistant Director who is responsible for checking eligibility and correctness of the compiled information. The Assistant Director is supervised by the Director of Loan Allocation and Disbursement who is responsible for approving loan disbursement batches that are within his/her approval powers.

Means Testing/Determination of Neediness

The key process in allocation of loans at HESLB is the determination of neediness of the verified loan applicants also known as means testing. This process is conducted by the loan officers at the initial stage after receiving the verified loan application forms which follows after the verification exercise has been completed. This is the key stage in loan allocation

because it determines the actual amount that each applicant will receive based on the information that has been submitted.

Determination of neediness is guided by section 3.1 of the guidelines and criteria for issuance of students' loans and grants. The initial stage in determination of neediness is to determine the total program cost in a particular university or higher learning institution. This is the sum of all items charged by the University to enable a student successfully complete his/her university education.

Total Program Cost (FEES) = Meals & Accommodation + Tuition Fee + Books & Stationery + Research Costs + Field Practical Training+ Special Faculty

After determining Total Program Costs, the loan officers determine the ability of the loan applicant to cover the program costs and determine the gap between the applicant's ability and the total program cost. Determination of the ability of the applicant to cover the program costs is based on the Social Economic Status of the applicant. Factors for determination of social economic status vary a great deal and are not determinable in a fixed manner. However, the most common factors of determination have been the following:

- education history of the applicant (whether studied in private or government school);
- whether he/she financed his/her diploma studies;
- job status of parents;
- sponsorship status in previous education; and
- family income level (business etc.).

On this aspect the Board computes the amount of costs that an applicant can afford to pay in a year, and therefore considered to be the Applicant Cost Ability. The HESLB has a database for costs of private schools and diploma colleges to determine the costs payable for a student. If a Diploma course costs X amount of fees per year then an applicant is considered to be able to pay X amount per annum. In case of schools, if a school charges Y amount as its fees per annum, then an applicant is considered to be able to pay Y amount per annum. For those who studied in government schools, the minimum amount considered to be able to pay is TZS 200,000/=.

Applicant's Cost Ability (ABILITY) = *Social Economic Status Variables applied in different status levels (FEES, PARENT STATUS, DISABILITY, FACTOR, RESOURCES)*
+ *Other Factors Affecting Applicant's Income (ADJUSTMENTS).*

After determination of Applicant's Cost Ability, the Board computes the difference between the Total Program Costs obtained previously and the Applicant Ability to pay and then obtains the final difference which is now the HESLB's loanable fund available to an applicant.

Amount of Loan to be Allocate by HESLB (NEEDINESS) = Total Program Cost (COST) – Applicant Ability to Pay (ABILITY)

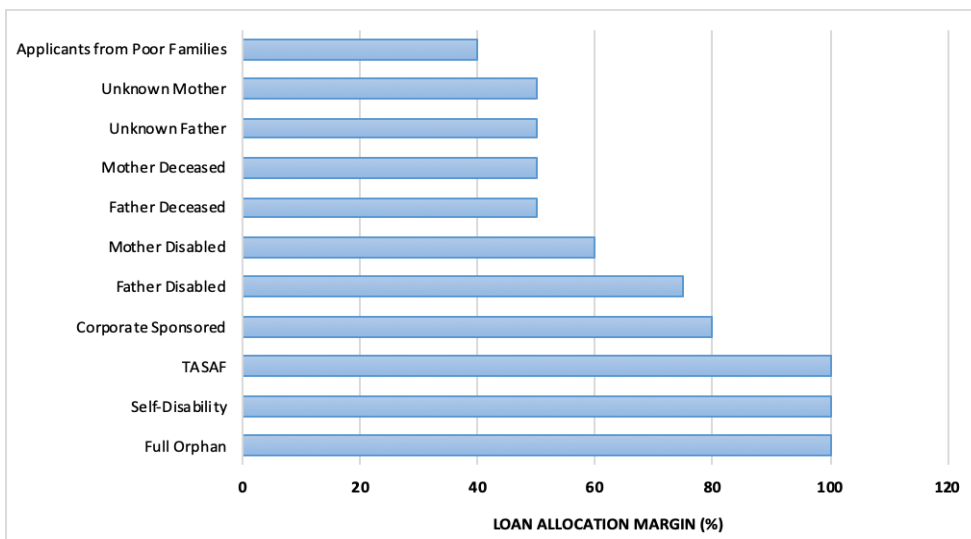
Means Testing for Special Groups

In determination of neediness, a special consideration is given to applicants who have been given high priority in determination of neediness, and therefore their neediness is determined in a different manner. These applicants include:

- (i) Orphanage status (Orphan for Either Single Parent or Both);
- (ii) Divorce Status of parents (Mother or Father Divorced);
- (iii) Disability Status;
- (iv) Applicant's Family benefiting from TASAF; and
- (v) Unknown Parents (Unknown Father or Mother or both).

In computation of the neediness of these special groups, a parameter has been assigned to each of the value (status) within the loan allocation system that automatically computes the value and assigns the amount of loan that will be provided by HESLB. These values have been pre-determined by the HESLB, and therefore rules in determination of neediness. The table below provides a summary of the parameters that provides a value that determines the amount of loan to be provided by HESLB.

Figure 2. 4: Parameters for Determination of Loanable Amount by HESLB



Source: HESLB's Loan Allocation Operational Guideline 2021

The table outlines the category of applicants considered as the most needy, and therefore given high priority in means testing. The row, depicting the percentage loan out of total program costs, indicates the percentage of funds that HESLB will cover out of total program Costs determined initially.

If an applicant falls in any of the categories, then a respective percentage is calculated from the total program costs and serves as the total amount of loan to be offered by HESLB. If an applicant falls in more than one category, the percentage values are added and the sum of the average values is taken to be the percentage of total program costs to be covered. For all disabled, full orphans and TASAF beneficiaries the 100% of the Total Program Costs will be financed by HESLB Loan.

Loan Items

As per the Loan Allocation and Disbursement Manual, there are six loan items which are considered by the loan allocation team. These items are extracted from the Fee Structure of the Universities as indicated in the Almanac or the HLI Prospectus. The basic loan items include:

- (i) Meals and Accommodation;
- (ii) Tuition Fees;
- (iii) Books and Stationery Allowances;

- (iv) Special Faculty Requirements;
- (v) Research Allowances; and
- (vi) Field/Practical Training Allowances.

The unit rates allocated for each item are uniform, however the difference appears when it comes to the amount allocated to each of the applicant depending on the determined neediness. The following table shows the unit amount for each of the item as per the academic year 2021.

Table 2. 2: Amount of Allocation for each Loan Item per Annum

Loan Item	Minimum	Maximum	Remarks
Meals and Accommodation (TZS)	500,000	100%	TZS 10,000/= per day times the number of days indicated in the HLI's Almanac
Tuition Fees (TZS)	200,000	3,100,000	Varies for each of HLI with the maximum of TZS 3,100,000/= per academic year
Books and Stationery Allowances (TZS)	100,000	200,000	Varies per allocation with Maximum of TZS 200,000/=
Special Faculty Requirements (Percentage out of Total Cost)	>= 50%	100%	Varies per allocation with maximum of 100%
Research Allowances (Percentage out of Total Cost)	>= 50%	100%	Varies per allocation with maximum of 100%
Field/Practical Training Allowances (Percentage out of Total Cost)	>= 50%	100%	Varies per allocation with maximum of 100%

Source: Loan Allocation Operational Guideline 2021

Instruments of Loan Allocations

The determination of the amount of funds to be allocated to each of the applicants is based on the instruments that guide the allocation of loans. These instruments are considered while analysing and appraising loan applications. The instruments included are indicated in Figure 2.5 below.

Figure 2.5: HESLB Instruments for Loan Allocation

Almanac by Higher Learning Institution	Providing Opening and Closing Dates for Specific HLI Due Dates for Academic Activities i.e.
Guideline for Grants and Loans	Eligibility and Conditions for Loans and Grants in a Specific Year
Fee Structure	Cost Items for Each Program by HLI Cost Figures/Amount for each of the Program
Admission List	Determining Eligibility for Means Testing and Loan Allocation
Examination Results/ Progress	Loan Eligibility for Continuing Students
Prospectus	Course Category and Other Requirements

Source: Loan Allocation Operational Guideline 2021

2.5.3 Loan Disbursement

The disbursement process starts soon after the approval of the allocated loans and finalisation of loan batches. The Loan Allocation and Repayment Committee (LARC) approves the annual amounts to be disbursed to each student when respective loan items fall due. The Assistant Director of Loan Disbursement will be availed with the copy of the approved batches for immediate disbursement of the approved loans and grants. The disbursement will be made in instalments or lumpsum until the annual approved amount is paid in full. Funds to beneficiaries are disbursed through three (3) main means.

Cheque to HLI for Onward Crediting Students Bank Accounts

This is a disbursement method whereby the HLI issues funds directly to their beneficiary students' accounts on behalf of HESLB. This follows after receiving the payment cheques from HESLB regarding the same payments.

The cheque will be sent with the attached lists of names of payees and amounts payable.

Cheque for Direct Costs to HLIs

This is the type of disbursement that is made to the HLI for direct costs that are payable to the University or the respective Higher Learning Institution. The most common type of payments under this category are the tuition fees for the HLIs.

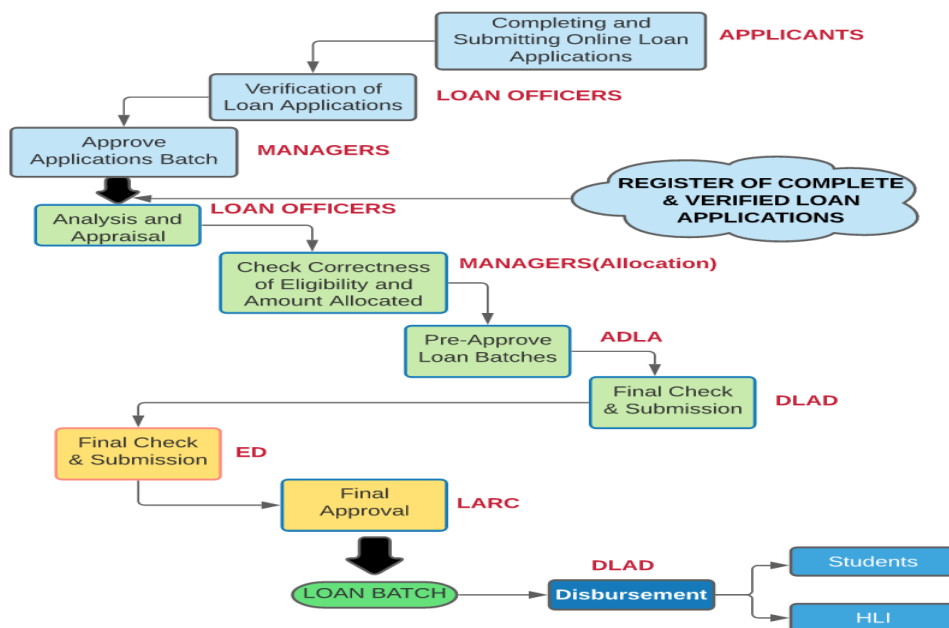
On receipt of the cheque, the HLI will take ownership of the funds to cover tuition fees and Special Faculty Requirements after acknowledgment by respective students through signing pay-out schedules or digitally signing in the DiDiS.

Digital Disbursement Solution (DiDiS)

This is a payment gate-way that involves direct crediting of beneficiary accounts through biometric signatures. The approved payments from disbursement systems are forwarded to the Vote-book Financial Management Systems for transfer to the selected banks. Students or beneficiaries sign by using biometric devices available in their institutions and the funds are directly credited into their bank accounts.

A summary of processes involved in loan application and disbursement is presented in **Figure 2.6**.

Figure 2.6: Summary of Processes in Loan Application, Allocation and Disbursement



***Key**

Abbreviation	Description
ADLA	Assistant Director Loan Allocation
DLAD	Director of Loan Allocation and Disbursement
ED	Executive Director
HLI	Higher Learning Institution
LARC	Loan Allocation and Repayment Committee

Source: HESLB Loan Application and Disbursement Manual (2021)

Loan Oversight Subsystem

This system involves the Government and other Administrative Stakeholders in the Management of Higher Education Students’ Loans. Externally, the oversight functions involve the Ministry of Education, Science and Technology which takes the lead in the development or amendment of HESLB Acts, Guidelines for Higher Education Students’ Loans and relevant policies under the Higher Education Students’ Loans.

According to the Instruments of the Ministry of Education, Science and Technology; MoEST is responsible for monitoring the performance of HESLB

in executing its mandated roles. This subsystem also includes the Ministry of Finance and Planning (MoFP) which approves the injected funds in the loanable funds to subsidize the discrepancy of available funds for allocating to higher education students.

Internally, the oversight functions include the internal audit functions and the Board of Directors of HESLB which is headed by the Chair of the Board. The Internal Audit function is responsible for overseeing the day to day operations of the Board with regard to management of higher education students' loans and ensuring that proper controls are effective in every task performed. The Board of Directors is responsible for overseeing the overall operations of the Board and providing directives when necessary.



CHAPTER THREE

AUDIT FINDINGS

3.1 Introduction

This chapter presents audit findings on the assessment of the system for the provision of the higher education students' loans as being provided by the Higher Education Students' Loans Board (HESLB) for the period under review. The findings cover the extent of timely issuance of loans and at the required amount, management of loan applications, functioning of the systems for loans application, disbursement of loans to successful applicants as per agreement and the oversight systems for HESLB.

The findings address the extent of the problem by deploying the four specific audit objectives described in section 1.3.1 of this Report. Below are the detailed findings for each of the four specific audit objectives.

3.2 Inadequate Oversight on Higher Education Students' Loans

Section 3.3.2 of the Ministry's functions/instruments requires the Ministry to oversee and promote the development of higher education institutions under the Ministry. The function requires the Ministry under Higher Education Development section to oversee the higher education subsector particularly with regard to access to financing schemes. However, the audit has found that the Ministry is not sufficiently implementing its role in overseeing the higher education financing scheme and in particular the provision of higher education students' loans. The audit observed weaknesses which are discussed in the subsequent sub-section.

3.2.1 Inadequate Guidance for Higher Education Financing

Section 3.3 of the Ministry's function requires the Ministry to develop, monitor, evaluate and review the implementation of education policies. Among other things, the Ministry is required to develop and enforce the implementation of higher education policy by providing guidance on higher education financing particularly provision of higher education students' loans.

However, the Audit Team found out that the available guiding instruments at the Ministry do not guarantee effective guidance of higher education financing in the country. The current Education and Training Policy (2014), which was a combination of four¹² different policies, reduced policy matters on higher education financing that are guided by the Ministry. On the other hand, the Education Act 1978 with its amendments did not sufficiently cover the higher education financing at an adequate level. Table 3.1 outlines the coverage of key matters on higher education financing in the existing policy and legal framework.

Table 3. 1: Overview of Coverage of Higher Education Financing Aspects in the Current Policy and Legal Framework

Higher Education Financing Aspect	MoEST				HESLB	
	Ministry's Functions	Policy	Act	Guideline	Act	Guideline
Fund Administration	X	✓	X	X	✓	X
Prioritization	X	X	X	X	X	✓
Means of Allocation	X	X	X	X	✓	✓
Repayment System	X	X	X	X	✓	✓
Access Group	X	X	X	X	X	✓
Sources of Fund	X	X	X	X	✓	X
Oversight Responsibility	✓	X	X	X	✓	X

Source: Auditor Analysis (2021)

Key:

- ✓ Denotes availability of a particular financing aspect in a respective policy or legal document
- X Denotes none availability of a particular financing aspect in a respective policy or legal document

Table 3.1 provides the coverage of key financing aspects on higher education as guided by the Ministry. The overview indicates that the Ministry does not have guidance on several key matters on education financing, and therefore limiting its oversight role on higher education financing.

¹² Education and Training Policy (1995), Vocational Education and Training Policy (1996), National Higher Education Policy (1999) and National ICT Policy for Basic Education (2007).

Referring to MoEST's functions, there is only one aspect with regard to the provision of the oversight responsibility which is vested to the Ministry. Although it is expected that the Education and Training Policy of 2014 would guide and direct most of the issues, this policy covers one aspect on Fund Administration. It only mentions the HESLB as an administrator of higher education loans funds. The Education Act of 1978, on the other hand, does not cover any of the aspects at its level. Therefore, lack of higher-level guidance on higher education or its financing adds another weakness on guidance of higher education financing. On the part of HESLB, the Higher Education Students' Loans Board Act and Guideline provide sufficient guidance at its level to administer matters in its best interest.

Consequently, the existing gaps on guidelines with regard to higher education financing has contributed to weak oversight by the Ministry on the operations of HESLB. Most of the decisions and operations of HESLB are not administratively challengeable by the Ministry due to lack of legal basis, although the powers of the Minister over HESLB still hold and fill the gap in some instances.

3.2.2 Inadequate Mobilization of funds for Students' Loan Scheme

Section 6.2 of the 1999 Higher Education Policy provides for the establishment of an effective financing plan for the future. Such financing plan is expected to accommodate the changing role of the government in the process of financing and managing education. The policy further emphasizes on cost sharing and power sharing with private organizations, individuals, non-governmental organizations and communities. The rationale is to ensure that these actors are encouraged to take an active role in establishing and maintaining institutions of higher learning. Additionally, Section 3.3.1 of the Ministry's instruments requires it to initiate, develop and mobilize resources for higher education in Tanzania.

Based on this policy requirement, the Audit Team had the view that MoEST in collaboration with HESLB would have established a loan financing scheme which had the broader sources of income for the provision of an effective financing plan for higher education. However, the analysis of the current sources of funds has provided very few changes with regard to additional sources of funds to finance higher education. The financing scheme for higher education students' loans has continued to rely solely on government financing with a little additional margin of repayments originating from the previous loan beneficiaries. Further to that, the Audit Team assessed the

extent of contribution of each source of finance to the major loanable fund currently managed by HESLB. Thus, the assessment results are presented in Table 3.2 below.

Table 3. 2: Extent of Margin of Contribution of Funds to Higher Education Students Loans Scheme

Source	Margin of Contribution out of Total Loanable Fund	Extent of Contribution
Government	65.21%	High
Private Sector	Unknown	NA
Owners of Higher Learning Institutions	Unknown	NA
Higher Education Institutions (Public)	Unknown	NA
Individual Students and their Families	Unknown	NA
Beneficiaries (Repayments)	34.79%	Medium/Moderate

Source: Auditors' Analysis (2021)

Table 3.2 indicates that higher education students' loan scheme has continued to rely on two major sources of financing with the Government continuing to be the leading contributor to the loan fund. As per the financial information during the financial year 2020/21, the Government was contributing about 65.21% of the total loanable funds for higher education institutions with the next major source being the individual repayments with 34.79% of the total loanable funds. The scheme has not been able to mobilize or provide information on the contributions by the private sector, owners of higher learning institutions, the higher learning institutions themselves and individuals including families.

Review of Strategic Plans from the Ministry and HESLB revealed that continuous reliance on the same sources of funds has been caused by ineffective plans and absence of follow up mechanisms for the identification of other sources of financing higher education students' loans. The 1999 National Higher Education Policy identified other sources of funding for higher education and recommended the solicitation of such sources of funds to add on the existing loanable funds. On the other hand, the HESLB Strategic Plan has provided for the existence of optimal lending through broadening financial resources, however none of the strategy has been effectively attained.

With regard to other sources of finances, the Management of HESLB pointed out that in the past 5 years the Board did not prioritise acquisition of additional sources of finances but concentrated more on improving the repayments and reducing the ratio of matured non-repaid loans. This was aimed to increase the margin of own sources which would finance the loanable funds.

Consequently, HESLB has continued to rely on the same sources of financing, hence limiting the number of students who are able to access higher education students' loans.

3.2.3 Ineffective oversight instruments for higher education students' loans

For effective oversight of higher education students' loans MoEST was supposed to have an effective system dedicated to overseeing students' loans allocations and disbursements, take measures on the weaknesses observed from the review processes and make follow-ups on the recommendations or directives given to address the observed weaknesses in monitoring of students' loans applications, allocation and disbursements.

MoEST has taken various measures in resolving complaints on higher education students' loans and associated challenges that have continued to persist on provision of higher education students' loans. Some of the complaints which were raised directly by students and higher learning institutions were addressed by MoEST through letters written to the Higher Education Students' Loans Board. Despite the efforts taken by MoEST, the Audit Team noted the following weaknesses related to the oversight functions of MoEST on higher education students' loans:

(a) Non-review of the Means-Testing System at HESLB

The Audit Team noted that MoEST has never conducted a review of the means testing system in order to get assurance that the outputs produced by the systems were accurate and reliable for the five years period under review, starting from 2016/17 to 2020/21. Interviewed senior officials from MoEST stated that the Ministry was not concerned with the outputs/loans allocation resulting from the means testing system due to the fact that many students got allocations compared to those who missed their allocations.

However, the Audit Team noted that non-review of the means testing system by MoEST has resulted into complaints on the resulting loans allocations by some students admitted in the higher learning institutions. This situation was revealed through the review of various referral letters from students and from HLIs addressed to MoEST for the period under audit. Among the complaints noted were; non-honouring of some applications, failure of appeals of the needy students and missing of allocation of some students with single or no parents despite appealing to the Board.

(b) Failure to Take Measures to Rectify Weaknesses in Loans Allocations

The Audit Team noted that MoEST as an overseer of higher education students' loans did not take measures to rectify weaknesses revealed in the established Higher Education Students' Loans Management System (LMS). This is due to the fact that, although various complaints were lodged by the students to both HESLB and MoEST regarding loans allocations, MoEST did not instruct HESLB to rectify the reported anomalies in the whole process of loan allocations to students in the HLIs. This was noted in review of correspondences between MoEST and HESLB in the period under review, where MoEST frequently dealt with the act of resolving the issues that emanated as results of ineffective system for means testing at HESLB rather than addressing the root cause, which is the means testing system itself. The correspondences observed frequent instructions by MoEST to allocate loans to the affected students who lodged their complaints directly to the Ministry.

(c) Ineffective Oversight Functions by MoEST over HESLB Performance

Interviewed senior officials from the Higher Education Division at MoEST stated that the Ministry does not take appropriate actions on the performance of HESLB because the entire function is done by the Office of the Treasury Registrar. The officials added that HESLB also submits its annual performance reports to the Office of the Registrar and is being assessed on annual basis.

The Audit Team further noted that MoEST was responsible for approval of key documents that guided the operations of HESLB. These documents were Education Sector Development Plan, High Education Policy (financing

aspects), Medium Term Expenditure Framework and the Annual Budget for HESLB. The Strategic Operations and Annual Business Plans of HESLB were supposed to rely on identified documents. However, MoEST was unable to establish the extent to which HESLB operated in line with the four (4) strategic documents aforementioned. On the other hand, the annual performance agreement addressed the strategic objectives derived from MTEF and ESDP, however it was monitored by the office of the Treasury Registrar. Since the Office of the Treasury Registrar did not formulate the strategic goals and targets, it was unable to establish whether or not HESLB complied with the requirements of the Policy, ESDP and MTEF.

(d) Absence of Performance Agreement between the Ministry and HESLB

According to Ministry's approved functions, MoEST is required to promote and advocate for access, quality and equity in higher education at the affordable cost. For the effective implementation of this role, MoEST was supposed to have in place the working performance agreement with the institutions that are under its oversight including the Higher Education Students' Loans Board. However, it was noted that, MoEST did not have any form of agreement that was binding the Institutions under Ministry including HESLB. Existence of an agreement was expected to facilitate monitoring function of MoEST in governing such institutions to improve efficiency in the management of higher education students' loans. The interviewed senior officials from MoEST at the Higher Education Division provided that MoEST usually has MoUs with its Institutions for specific issues such as special projects. Absence of MoU between MoEST and its institutions such HESLB has contributed to its inadequate oversight through monitoring of HESLB activities and operations.

(e) Inadequate Guidance for Managing Higher Education Students' Loans

The Ministry of Education Science and Technology, as an oversight institution responsible for developing policies and guidelines for higher education financing, was supposed to establish the higher-level guidelines to be used by HESLB as a tool for managing higher education students' loans. However, the Audit Team noted that MoEST has not prepared its Guidelines to oversee the provision of loans to higher education students. As a result, HESLB was issuing Guidelines and Criteria for Loans allocations every year without conducting any research on the same. This resulted in varying

priorities on loans allocation every year without basing on policy guidance on priorities set each year and used in loan allocations of the given academic year.

3.3 Extent of Issuance of Loans Based on Time and Amount

HESLB is mandated and responsible to issue higher education students' loans as per the HESLB Act, CAP 178. The Board was therefore supposed to make timely and adequate allocations of loans to the needy students especially to new students to cover accommodation, books and stationery expenses. Review of the Higher Learning Institutions loans disbursement reports noted the following:

3.3.1 Timely Disbursement of Funds to Newly Admitted Students in Higher Learning Institutions

Section 5.1.2 (viii) of Client Service charter, requires HESLB to disburse loans for Meals and Accommodation to students within seven (7) working days after approval by the Loans Allocation and Repayment Committee. On that basis, meals and accommodation allowances were expected to be disbursed earlier in order to facilitate students who qualified for loans to be able to meet accommodation, books and stationery expenses after reporting to the respective Higher Learning Institutions at the beginning of the academic year. Therefore, the Audit Team expected HESLB to adhere to the timetable by disbursing students' loans covering meals and accommodation prior to the beginning of the academic year.

Interviewed HESLB senior officials revealed that the Board disbursed loans to the respective Higher Learning Institutions as per its plan at the beginning of academic year as indicated in their college/university almanacs. Reviewed Systems Generated Disbursement Reports for the 17 selected Higher Learning Institutions also indicated that, HESLB has been timely disbursing the first batch loans to all institutions for the period under review as indicated under Table 3.3.

Table 3. 3: Extent of Timely Disbursement of First Batch loans by HESLB from 2016/17 - 2020/21

Academic Year	No of Days Hastened
2020/21	10
2019/20	5
2018/19	8
2017/18	11
2016/17	2
AVERAGE	6

Source: Reviewed System Generated Loans Disbursement Reports and Academic Year Almanac from Higher Learning Institutions from 2016/17-2020/21

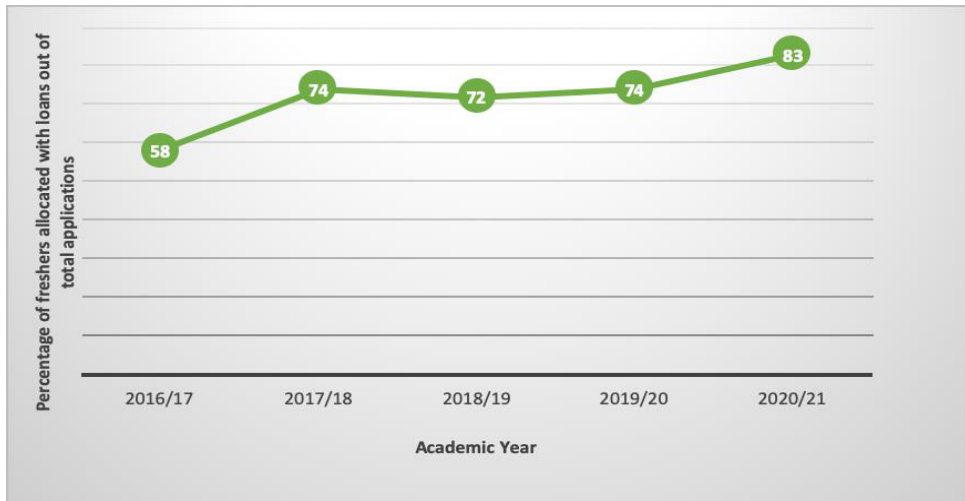
Table 3.3 indicates that HESLB timely disbursed the first batch students' loans for an average of one week earlier, before the beginning of the new academic year for the period of five years starting from 2016/17 to 2020/21. As a result, funds were made available to each loans beneficiary ready for use, hence HESLB managed to reduce complaints of delay in disbursement of funds by first time admitted students in the Higher Learning Institutions.

Based on the discussions with the HESLB staff, the improvements in disbursement timeline has been attributed to changes made in the disbursement procedures, where HESLB has now centralized and minimized the number of disbursement intermediaries. This facilitated the movement of funds to the students since it has shortened the time at which funds should reach the students.

3.3.2 Inadequate Loans Allocated to New students

Section 16(1) of the HESLB Act, CAP 178 requires the Board to provide on loan basis a financial assistance to any eligible student who needs and has applied for such assistance as is required to meet all or any number of the students' welfare costs of Higher Education. Our Review of Loan Allocations and Repayment Committee Meetings proceedings revealed that the Board did not make 100% allocations of loans to all eligible students who were identified as the needy students. The Audit Team analysed the extent to which HESLB managed to allocate loans to eligible first year students for the period under review as indicated in Figure 3.1.

Figure 3. 1: Extent of Students' Loans Allocation to Admitted First Year Students from 2016/17 - 2020/21



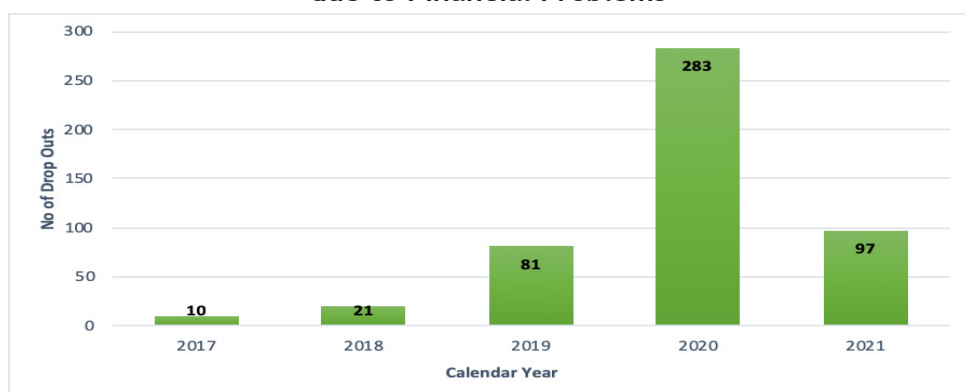
Source: HESLB Meetings Proceedings of the Loans Allocations and Repayments Committee from 2016/17-2020/21

Figure 3.1 indicates that on average the Board managed to allocate loans to the needy students by 72.2 percent between 2016/17 to 2020/21. The maximum allocation was achieved during the academic year 2020/21 when 83% of all applicants were able to secure loans. Interviewed senior officials from HESLB stated that the noted difference between the total number of eligible students and the actual number of those who secured loans was mainly contributed by the fact that the actual needs for loan to a particular student is determined through the Means Test System whereby allocation is done following assessment of his/her capacity to pay factors which include but not limited to; fee paid in secondary education, parents' status and disability factors.

It was further stated that the increase in number of the needy students as compared to the available budget was also a contributing factor for less allocation of loans to them. Despite increase in loanable funds at HESLB in five consecutive years for the period under review, HESLB has not been able to disburse at the level of 100%. The sustained increase in the budget did not match with the increase in the number of the needy students applying for loans, hence remaining with a number of students who were unable to access the loan funds.

As a consequence, inadequate allocation of loans to some of the needy students as per the programme costs resulted into some students terminating studies in colleges/universities due to inability to meet school's expenses such as tuition fees and accommodation costs. The Audit Team conducted a minor tracer study¹³ of the students who applied for loans at HESLB, verified and identified to be needy but unfortunately were not allocated with loans and went on to undertake studies but later on dropped from studies or postponed their studies due to financial difficulties as indicated by TCU database. The results of the tracer study are presented in Figure 3.2.

Figure 3. 2: Extent of Students Dropout from High Learning Institutions due to Financial Problems



Source: Students' Data from HESLB and Tanzania Commission for Universities (TCU), 2021

From Figure 3.2, it can be noted that, there has been existence of students who have been dropping or postponing studies in the Higher Learning Institutions due to financial problems. In the last 5 years, a total of 492 students dropped from studies due to financial problems.

The audit showed that the calendar year 2020 had the highest number of drop-outs and postponements whereby a total of 283 students dropped from their studies due to financial problems. A further analysis revealed that these students initially applied for loans at HESLB and were verified to have submitted proper documents during the application.

A review of means testing results and score also indicated that the students had a positive neediness and therefore deserved to be allocated with respective loans. Unfortunately, the students were not allocated with loans

¹³The tracer study was done using information collected from HESLB's OLAMS and TCU Student's Databases

at HESLB. A further tracing of the list of students at TCU indicated that these students dropped out and postponed their studies due to financial problems. The existence of this category of students was also revealed by students' representatives from the 9 visited Higher Learning Institutions.

3.3.4 Provision of Loans to Ineligible Students to the Tune of TZS 1,768,247,000

Section 16(1) of the HESLB Act of 2008 provides for the eligibility of the loan applicants wishing to apply and benefit from the loan provided by Higher Education Students Loans Board. This section, among other things, provides a limit for access of loans to higher education students only. The same Act provides further both descriptions and definition of higher education. According to this Act, higher education is described as the education provided at the level of degrees and/or advanced diplomas.

However, the review of the loan allocations and disbursements reports of 2016/17 and 2017/18 revealed that HESLB provided loans to diploma students who are not higher education students, and therefore they were not eligible for loans from HESLB as per the requirement of the Act. Between academic years 2016/17 and 2017/18 HESLB issued a total of 1,768,247,000 to 5650 students.

The discussions with various officials from HESLB indicated that the Board of Directors of HESLB reached the decision of issuing loans to diploma students after receiving instructions from the Ministry of Education, Science and Technology (MoEST). The officials added that the decision to finance the diploma students who were categorized as "higher diploma" students was reached in order to address the huge shortage of secondary teachers in the country as a result of the establishment of ward secondary schools in the year 2005.

Consequently, the decision to use part of HESLB loanable funds to finance diploma students denied a number of higher education students the right to access the loans and pursue their higher education studies with HESLB financing. Based on the budgetary estimations of 2017, an average student was expected to be loaned an amount to the tune of 3.8 million. Therefore, the amount of funds spent ineligibly on diploma students denied access to higher education students' loan to an approximate of 465 eligible students.

3.4 Management of Loan Applications

Among other mechanisms, HESLB is required to manage higher education students' loans by means of circulating information through various media, launching the application window, provision of online support, conducting loans awareness campaign and ensuring the Online Loan Application Management System is adequately integrated with other relevant sub-systems to enhance smoothness in the students' loans application processes. The Audit Team assessed those factors and found the results as detailed below:

3.4.1 Adequate media coverage during loans application window

Section 4.4 of the HESLB Guidelines for Allocation and Disbursement of Loans, requires HESLB in each year to communicate to applicants on the procedures for application and therefore applicants wishing to apply for students' loans and grants, shall do so within the period set.

Interviewed senior officials from HESLB stated that the Board usually provides awareness to applicants through various media both prior and during the application window. The officials added that they use those media such as televisions, radio stations, newspapers and social media which are either available in the targeted area or countrywide. Reviewed media reports from the HESLB Information, Education and Communication section also revealed that the Board used various categories of media in briefing of application requirements and procedures as detailed under **Table 3.4.**

Table 3. 4: Extent of media coverage by HESLB before and during the loan application window from 2016/17-2020/21

Identified Media Category	Total Number of Media Used
Radio Stations	24 Radio Stations
TV Stations	11 T.V Stations
Social Media	6 Social Media
News Papers	12 News Papers
Website	1 Website

Source: Reviewed reports from Information, Education and Communication Section on media coverage during the application window from 2016/17 - 2020/21

Table 3.4 indicates that the Board used 24 radio stations, 11 TV stations, 6 social media 12 news-papers and its website in advertising and providing awareness to targeted groups on loan application requirements before and during the application window for the period under review. It was further revealed that most of the media used were radio stations, TV stations, social media and its own website covering the whole country including its zones and world at large. As a result, every potential loan beneficiary received information on the basic requirements on loans application by the Board, for example; opening of the application window, eligibility for loans and the application deadline.

3.4.2 Short Time Set for Application Window

The Loans Allocation and Disbursement Manual, 2019, requires potential applicants wishing to apply for students' loans and grants to do so within the period set by HESLB, which are indicated in the Guidelines and Criteria for Issuance of Loans and Grants, for a given Academic Year, which shall be published by HESLB, before commencement of the Academic Year

Reviewed HESLB Guideline and Criteria for Issuance of Loans and Grants revealed that, HESLB always sets opening and closing dates of the application window in its issued guidelines in the respective academic year. Interviewed HESLB senior officials revealed that the application window always is opened before national results for advanced certificate of secondary education (ACSEE) examinations are out to provide enough time to interested applicants to lodge their applications within the set timeframe. However, further review of HESLB media reports indicates that there was at least one extension to each application cycle from 2017/18 to 2020/21 as indicated under Table 3.5.

Table 3. 5: Timeframe Trend for Loans Application Window

Academic Year	Date advertised	Deadline date	No of Days advertised	Extended Deadline Date	No of extended days
2020/21	9/07/2020	31/08/2021	42	10/09/2020	10
2019/20	1/07/2019	15/08/2019	53	30/08/2019	15
2018/19	10/05/2018	15/07/2018	69	31/07 2018	17
2017/18	6/08/ 2017	30/06/2017	80	11/09/2017	8
2016/17	27/06/2016	31/07/2016	35	None	0

Source: Reviewed HESLB Website and Media Report from 2016/17 - 2020/21

Table 3.5 indicates that HESLB has been extending the application window by an average of 13 days equivalent to 2 weeks for the academic year 2017/18 to 2020/21. Interviewed senior HESLB officials stated that frequent extension of the application window has been contributed by inadequate applications made by the applicants who were enrolled in the National Service Camps. The provision of extension to such applicants was for the purpose of enabling them to make correction of mistakes in their incomplete submitted loans application forms. It was also revealed that, absence of extensive analysis of the sufficient time period for the application window by the Board before launching of the application window was also a contributing factor on the inability to assess sufficient timeframe for the application window.

Consequently, inadequate time set for the application window resulted into incomplete applications by the applicants that also led to extension of time for them to make the required corrections. As a result, eligible students were not allocated with loans due to failure to complete their loans application forms in the given applications window. Table 3.6 analyses the extent of incomplete applications received by the Board from the applicants following after its verification exercise.

Table 3.6: Trends of Incomplete Applications Received by the Board from 2016/17-21

Academic Year	Total Application	Total Incomplete Applications	% of incomplete applications
2020/21	91,445	12,252	13
2019/20	82,043	5,593	7
2018/19	78,833	25,000	32
2017/18	73,907	33,389	45
2016/17	83,255	31,653	38
Overall Average of incomplete application			24

Source: HESLB Annual Performance Reports and LARC Reports from academic year 2016/17 - 2020/21

Table 3.6 indicates the average percentage of incomplete applications submitted by loans' applicants during the period under review was 24 percent. This was the percentage of the applicants who failed to complete their applications by not filling out some of the required parameters such as applicants' signatures, applicants' birth certificates, guarantor photo, guarantor signature and ward executive signature. As a result, their

application forms did not pass the verification process, hence they were not considered for loan allocation.

Interviewed HESLB Officials stated that, the common mistakes committed by applicants during the application window were: mismatch of names of guarantors in applicants' birth certificates and IDs; absence of birth certificate of an applicant; non-certification of birth certificate of an applicant by RITA; missing information pages in the application forms; absence of signature of the applicant or sponsor/guarantor; lack of death certificates of applicant's parents; and non-certification of applicants' certificates.

3.4.3 Inadequate Outreach Programs

In order to address common mistakes committed by most of the applicants during loans application, it was expected that the Board would strengthen its outreach programs on loans application through provision of awareness to the target students' groups in advanced level secondary schools in the country. However, the Audit Team noted that, HESLB did not provide adequate awareness to the potential loans applicants when compared to the number of secondary schools and number of students available in the country for each respective academic year. Table 3.7 compares the number of secondary schools available versus the number of schools visited by HESLB for the provision of outreach programs.

Table 3.7: Extent of Provision of Outreach Programme by HESLB in Secondary Schools from 2016-17- 2020/21

Academic year	Number of Advanced Secondary Schools Available	Number of Advanced Secondary Schools reached	Percentage reached
2020/21	786	0	0
2019/20	753	0	0
2018/19	715	119	9
2017/18	666		
2016/17	581	0	0

Source: Reviewed Annual Reports from HESLB's

Table 3.7 indicates that in the academic year 2016/17 HESLB managed to reach only 9 percent of the registered secondary schools with advanced

level secondary certificate in the country. Further, no information was availed to the Audit Team on the extent of coverage of the outreach programs to students from the Advanced Level Secondary Schools on yearly basis by HESLB.

The Audit Team further analyzed the number of ACSEE students visited by HESLB versus the number of registered ACSEE students in the country from the academic year 2016/17 to 2020/21, in order to assess the extent of the provision of awareness programs to the students while in schools. This is due to the fact that, when the students are still in school it is easier to inform them on the requirements of the application procedures. In so doing there is a high possibility of minimizing the common mistakes during the application window. The extent of coverage of the outreach programs by HESLB to the potential higher education students' loans applicants is as shown in Table 3.8

Table 3.8: Extent of Coverage of Outreach Programs to Form Six Students from 2016/17-2019/20

Academic year	Number of Form Six Students Available	Number of form 6 Students Reached by HESLB	% Reached
2020/21	73,901	32,579	44
2019/20	79,348	0	-
2018/19	76,734	27,913	36
2017/18	62,725	0	-
2016/17	65,276	0	-

Source: Report on Loans' Allocations and Repayments Committee of the Board from 2016/17 - 2020/21

Table 3.8 indicates that, on average HESLB managed to conduct outreach programs to only 40% of potential loans' applicants while in schools, leaving 60 percent unreached. The Table indicates further that in three out of the five years under review HESLB did not manage to reach any of the ACSEE students through its outreach programs. The response from HESLB pointed out that absence of the outreach programs during 2019/20 was a result of COVID-19 Pandemic outbreak. The outbreak and subsequent closure of schools prevented the execution of other outreach programs during the academic year 2020/21.

A further review of the HESLB Action Plans and Progress Reports from the Department of Information, Education and Communication from academic

year 2016/17 to 2020/2021 revealed that HESLB did not include outreach programs for advanced level secondary schools in its plans. Additionally, the review of the annual performance reports indicated that HESLB did not have a strategy in place to execute students' outreach programs. It was noted that outreach activities changed the focus from one year to another depending on the prevailed circumstances.

3.4.4 Inadequate Functioning of Online Support

The Audit Team expected the established HESLB online technical support such as telephone calls, help button in OLAMS and social media to provide support to the applicants before and after the application window was opened. The purpose of the online technical support is to minimize errors to the applicants while filling out the application forms and avoiding submitting incorrect or incomplete information.

Interviewed senior officials from HESLB stated that HESLB provides online technical support through published publications, direct telephone calls, e-mail and help button found on OLAMS. The officials added that, there are stationed desk officers to assist the applicants when need arises.

Inadequate functioning of online support was mainly caused by less efforts applied by HESLB in ensuring the online services are efficiently operating through providing feedback to inquiries from the potential loan beneficiaries from social media, establishing toll-free telephone numbers and activating the help button in OLAMS. Detailed assessment of functioning of online support to applicants is detailed in Table 3.9.

Table 3.9: Assessment of the Presence and Functioning of HESLB Online Support to Loans Applicants

Presence of Online Technical Support	Degree of Efficiency of Online Technical Support
Telephone Calls	Not fully efficient, because it is not free of charge.
Help Button on OLAMS	Working but not providing instant response/solution.
Social Media (Instagram, Facebook, Youtube, Twitter)	Not efficient, because they do not provide responses to users on the questions they ask.
Online Publications	Efficient, because in each academic year Guidelines are provided to lead or guide users.

Source: Auditors' analysis, 2021

Table 3.9 indicates that the help button on OLAMS was not working during the time of the audit. Furthermore, the telephone number available on the website is not toll free hence the applicants are required to have airtime to access the service. Also, the help button in OLAMS does not serve the purpose because it was not functioning while the HESLB social media accounts, namely: Instagram@HESLB Tanzania, Facebook@HESLB Tanzania and Twitter@HESLB Tanzania were not active in providing feedback to the questions raised by loans' applicants or beneficiaries as there were no comments found to indicate the responses by HESLB.

A further review of the HESLB news media indicated that the HESLB's YouTube channel found in You-tube had only 160 subscribers and an average of 6,582 viewers only in its 3 years of establishment since April, 2018. This is an indication that the HESLB TV channel was rarely viewed by the potential users for the period under review from 2016/17 to 2020/21.

3.4.5 Inadequate Integration of Online Loan Application Management System (OLAMS)

Section 4.6 of the HESLB guideline for Allocation and disbursement of Loans 4.6 requires Loans applicants to attach relevant documents supporting/evidencing some key information provided in application forms as directed by HESLB. Supporting documents must be verified by the issuing authorities to establish their authenticity

In order to ensure that HESLB sustains accuracy in verification of loans' applications, the Audit Team expected HESLB to have integrated Online Loans' Application Management Systems (OLAMS) with systems of other key stakeholders such as NECTA, RITA and NIDA. However, interviews with senior officials from HESLB provided that, HESLB has integrated its OLAMS with NECTA system leaving out other stakeholder's systems as indicated in Table 3.10.

Table 3.10: Extent of integration of OLAMS with Other Stakeholders' Systems

Application System/sub system	Integration Status	Solution Provided
NECTA	Available	Form IV Certificate Authenticity Proof
NIDA	Not available	Authentication of National Identification Cards
TCU	Available	Confirmation of Admission Status
RITA	Not available	Birth Certificate Authenticity Proof
TASAF	Not available	Proof of TASAF Beneficiaries
MEDICAL PROOF	Not available	Proof of Genuineness of Medical Information
SPONSORSHIP	Not available	Validation of Sponsorship Status
NACTE	Not available	NACTE Certificates Authenticity Proof
Parents Occupation	Not available	Proof of Parent's Occupation Information

Source: Interviewed HELSB Senior Information Technology Official, 2021

Table 3.10 indicates that OLAMS was fully integrated with only two out of nine potential confirmation channels to facilitate and ease the application process by loan applicants. The two successful integration was the one with NECTA and TCU which assisted HESLB to confirm on the validity of the NECTA's certificates TCU's admission status directly online without requiring a secondary verification process. Seven other systems which are very critical during the application process were not integrated with the OLAMS system, and therefore required a third-party verification process. These systems' owners were NIDA, RITA and TASAF. Other potential systems included systems for sponsorship verification, medical proof as well as parents' occupation.

In response to the matter, the Management of HESLB pointed out that the integration was lagging behind because of lack of proper integration environment including availability of online database and compatibility of database language. Some of the institutions which were to be integrated

with OLAMS did not have the necessary online database while few others that had their online database had incompatible database query language and therefore making it nearly impossible to directly communicate with HESLB without re-configuration of language and query structure.

Absence of the integrated environment for the mentioned systems has continued to make an application process a hustling exercise for the applicants. Due to that, in many times the applicants have been compelled to send documents to issuing institutions. This approach has made the applicants to wait for longer periods for the feedback before proceeding with the application processes. The absence of integration between OLAMS system and other key stakeholders' systems during the application window has continued to make the application exercise tedious especially for the applicants who stay far from the urban centers, where it is easier to undertake verifications.

3.5 Ineffective Systems for Means Testing and Loan Allocation

Section 4.2 of the HESLB Strategic Plan 2017/18 - 2021/22 identifies the key strategic focus areas or themes for which the Board was expected to strive to achieve in the five years of the implementation of the current Strategic Plan. The first strategic theme was identified to be optimal lending and collection. The intended results of this theme included, among others, enabling more needy and eligible students to access loans/grants through effective means testing and verification mechanisms.

However, the assessment done by the Audit Team has indicated that the loan verification, means testing and allocation systems have not been adequately effective as per the intention of the Board. The Audit Team identified several weaknesses in connection with the system for verification, identification of neediness and allocation that has undermined the achievement of the overall strategic theme. These weaknesses are identified as means testing, allocation and identification of eligible loan applicants as discussed hereunder.

3.5.1 Allocation of Tuition Fees Below the Minimum and Above Maximum Allowable Amount

Section 1.2.8 of the Loan Allocation Operational Guideline provides for the guidance on the maximum amount of loan to be allocated to students to cater for tuition fees while section 1.5 of the same guideline provides for the minimum amount for the same item of tuition fee to a student beneficiary. The establishment of the lower limit was made in order to allocate a reasonable amount for tuition fees in order to meet the needs of students on tuition fees. On the other hand, the maximum limit was set in order to provide an opportunity for more students to access the loans rather than few students with expensive study programs to consume a substantial amount of available loanable funds.

However, the Audit Team has found out that HESLB has been allocating loans to some students above the set limit and to some of the students below the minimum set amount of tuition fees. Table 3.11 provides results of the assessment of the allocation data files to ascertain the amount of loan allocation to cover for tuition fees. The Audit Team analyzed the extent of allocating loans below and above the set limit and came out with results as noted in Table 3.11.

Table 3.11: Extent of Loans Allocated for Tuition Fees Below and Above the Limit

Financial Year	Faulty	No. of Students	Excess/(Deficit) Amount (TZS)
2016/17	Below Allowable Amount	389	(50,439,360)
	Above Allowable Amount	1	4,650,000
2017/18	Below Allowable Amount	9	(996,620)
	Above Allowable Amount	0	0
2018/19	Below Allowable Amount	493	(60,348,040)
	Above Allowable Amount	2	7,730,000
2019/20	Below Allowable Amount	5	(583,000)
	Above Allowable Amount	34	161,329,680
2020/21	Below Allowable Amount	0	0
	Above Allowable Amount	0	0

Source: Means Testing and Allocation Data (2016-2021)

Table 3.11 indicates that there has been loans' allocations above and below the maximum allowable amount for tuition fees. The maximum over-allocation on tuition fees was observed during the academic year 2018/2019, where 495 students received allocation of funds above or below

the set limit for tuition fees' allocations. In a period of five financial years a total of 896 students were allocated with tuition fees below the minimum allowable amount for tuition fees. While in the same period a total of 39 students were allocated with tuition fees amount above their allowable amounts as per their means testing.

Therefore, this implies that students were compelled to substitute the deficit amount of funds through utilizing other allowances provided for meals and accommodation, as it was revealed through interviews conducted to the selected number of students during the audit. Some of the students were compelled to pay the whole amount of funds allocated for meals and accommodation in order to top-up the amount of tuition fees payable. In turn, this affected their academic living standards and their ability to study effectively.

3.5.2 Loans' Allocations Different from Neediness

Section 5.1 of the Guideline for Issuance of Students' Loans and Grants provides the basis for allocation of students' loans. Additionally, Section 5.4.7 of the Loan Allocation and Disbursement Manual provides for determination of loan amount which shall be based on loan applicant's neediness. Based on the guideline, the allocation of students' loans shall be determined by the degree of neediness as determined by the means testing score run by HESLB. The loan allocations are expected to form the basis of the total amount of loan that a student is expected to receive during the disbursement.

However, HESLB has not been accurately allocating loans to students as per their neediness. The review of student's means testing scores and loan allocations has found out that some of the students were allocated amounts of loans which were different from their allocations. The analysis of the loan allocations and means testing scores has provided different results as shown in **Table 3.12**.

Table 3.12: Allocation of Funds Above and Below Neediness

Financial Year	Fault	No. of Students	Total Amount (TZS)
2020/21	Allocation Less than Neediness	3,462	(663,424,925)
	Allocation Greater than Neediness	4,839	3,316,018,007
2019/20	Allocation Less than Neediness	3,761	(479,949,378)
	Allocation Greater than Neediness	2,097	4,709,486,767
2018/19	Allocation Less than Neediness	2,852	(1,147,016,452)
	Allocation Greater than Neediness	6,182	5,668,843,406
2017/18	Allocation Less than Neediness	176	(14,860,000)
	Allocation Greater than Neediness	2,669	1,916,437,162
2016/17	Allocation Less than Neediness	39	(56,201,140)
	Allocation Greater than Neediness	411	241,033,948

Source: HESLB Means Testing and Allocation Spread sheets (2016/17-2020/21)

Table 3.12 indicates that students have been allocated loans amount above and below their neediness level which is contrary to the requirements of the operational guideline and allocation manual of the HESLB. The analysis has indicated the academic year 2018/19 as the year with the highest number of beneficiaries and high magnitude of funds for those who were allocated with funds above their neediness. During the year, TZS 5,668,843,406 of funds were allocated to students above their neediness.

Furthermore, results have indicated the same academic year 2018/19 to be the year when there was the highest magnitude of under allocation below neediness level. In the same year 2,852 students were allocated funds below their neediness to the tune of TZS 1,147,016,452. The allocation of loans above and below neediness level has been caused by the system errors and misbehaviours during the means testing and allocation exercises. According to the interviewed officials from HESLB, the allocations errors are being reduced year after year with an improvement of the system.

Consequently, the allocation of funds below and above the neediness has resulted into inequitable allocation of funds to the needy applicants who could have been allocated with the reduced amount or those who missed allocation because they have been allocated to others above their neediness levels. For instance, in the period of five (5) years audited, about TZS 13.7 billion were allocated to students above their neediness level. This amount could have been used to top-up a total of 10,075 students who received less than allocations and remain with TZS 11,403,957,425 billion which could

have been allocated to 3001 students with an average allocation of 3.8 million per the applicant.

3.5.3 Inadequate Inputs for Means Testing of Sponsored Students

Section 4.1.3 of the HESLB Strategic Plan mentions the core values of the Board including the requirement to observe equity during its operations which specifically address the aspects of fairness, transparency, inclusiveness and justice. The Board is expected to be fair and transparent as it executes its operations particularly regarding collection of information leading to determination of neediness.

However, the Audit Team found out that HESLB has not been sufficiently operating in a fair and transparent environment for the case of collecting information of private sponsored students during applications. The Audit Team found out that HESLB is collecting information for only two (2) inputs in the system for privately sponsored category of students. The algorithm that has been set by the Board during the application window does not allow sponsored applicants to submit sufficient information regarding their sponsorship status or what type of sponsorship was secured during their secondary or diploma education. Table 3.13 shows the input values during application windows for privately sponsored students as compared to relevant details which may affect the neediness of respective students.

Table 3.13: Comparison of Input Values for Privately Sponsored Applicants Category

Current Sponsorship Inputs in OLAMS	Relevant Inputs (Details) for Sponsorship
<ul style="list-style-type: none"> ● SEC_SPONSORED LETTER ● AL_SPONSORED LETTER 	<ul style="list-style-type: none"> ● MERIT BASED SPONSORSHIP ● FAITH BASED SPONSORSHIP ● SPONSORED FOR DISABILITY ● POST SPONSORSHIP ECONOMIC STATUS ● POST SPONSORSHIP ORPHANAGE STATUS ● DISABLED PARENTS SPONSORED STUDENTS ● PRIVATE FIRM SPONSORSHIP

Source: Auditor's Analysis from Verified Applicants and Interview Minutes (2021)

Table 3.13 indicates that HESLB was found to have provided a room for only two system inputs to collect information that are used in Means Testing of privately sponsored students. These were Ordinary Level sponsorship letters

and Advanced Level Sponsorship letters. A review of interview minutes with students from 14 Higher Learning Institutions which were visited during the planning and execution of the audit has indicated that this information was not sufficient to fairly assess sponsored students and be able to determine their neediness effectively. The interviewed students indicated seven other relevant inputs that were very key in sponsorship details but were not captured by the HESLB system. These were merit-based sponsorship, faith-based sponsorship, post-sponsorship economic status and others as provided in the Table 3.13 above.

A further review of the verification systems at HESLB indicated that the attached sponsorship letters were not sufficiently analysed to determine further information and additional factors to be considered for respective sponsorship status. This allowed the means testing system to reject most of the sponsored students, and therefore denying them a chance of access to loans.

Consequently, most students under the private sponsorship category were forced to appeal during the appeal window to be considered for a second chance. During the academic year 2020/21 about 2002 students who constitute 13% of the total applicants were sponsored students out of which 652 successfully secured loans equivalent to 33% in this category. The higher success rate of appeals indicated the inaccuracy of the means testing system to identify the neediness of the sponsored students. Consequently, this denied majority of needy from securing loans.

3.5.4 Allocation to Students with Negative Neediness Amounting to TZS 2,255, 336,448

Section 1.2.10 of the Internal Operational Guideline provides guidance on determination of neediness by consideration of the difference between the applicant's ability to pay loan and total program costs. When there is a positive difference then a student is considered to be needy and therefore identified to deserve an allocation. While a negative difference denotes less needy students, and therefore should not be prioritized in loan allocation. The identification of needy and less needy students is done through means testing exercise which produce a final result of students based on their neediness.

However, the Audit Team has found out that some of the students who did not deserve to be allocated with loans have been allocated with loans contrary to the guideline issued by HESLB. Likewise, the HESLB Act requires that a loan is disbursed to a student who has been identified to be needy. The Audit Team assessed the extent to which HESLB allocated loans to students with negative neediness and came up with results as indicated in Table 3.14.

Table 3.14: Extent of Students Allocated Loans while Not Deserving

Academic Year	No. of Students with Negative Neediness	Amount of Funds Allocated to Students with Negative Neediness (TZS)
2020/21	116	334,632,520
2019/20	128	484,787,444
2018/19	384	1,143,081,984
2017/18	113	243,636,500
2016/17	15	49,198,000
TOTAL	756	2,255,336,448

Source: HESLB Means Testing and Allocation Results (2016-2021)

Table 3.14 indicates that the testing and allocation system has been allocating students loans to students with negative neediness as per the loan operational manual. In the past five years a total of 756 students pursuing different courses in different universities who did not deserve to receive loans were allocated loans. A total of TZS 2,255,336,448 was allocated to students who had negative neediness based on the HESLB Loan Allocation and Operational Manual.

A further analysis has indicated that maximum allocation of loans to students with negative neediness happened during the academic year 2017/18 where TZS 1,143,081,894 were allocated to 384 students. The most efficient year with regard to accuracy of the system was 2016/17 where only 15 students with negative neediness were allocated with loans. Interviews with responsible officials indicated that the system misbehaviour was something normal and tolerable for a system like that, and therefore it was not deemed to be 100% accurate.

The allocation of loans to students with negative neediness denied students who deserved to be allocated loans and were proved to be needy. The analysis has indicated that an average student at HESLB receives about TZS 3,800,000 million per annum, and therefore the total amount of funds

allocated to those with negative neediness denied about 593 students with loans to pursue higher education within the period under review.

3.5.5 Deserving Applicants not Allocated with Loans

Section 3.3 of the Guideline for Application of loans provides for the guidance on allocation of loans which requires loans to be allocated according to the established neediness. Additionally, Section 5.4.1 of the Loan Allocation and Disbursement Manual provides for the guidance on the amount of loan to be allocated which shall be done by following the degree of neediness allocated to that student. Based on the Loan Allocation Operational Guideline, a positive difference of proven applicant's ability to pay from total program annual costs indicates that a student is needy and should be allocated with an amount equivalent to the identified degree of neediness.

However, the review of the loan allocation results has indicated that HESLB did not provide loans to students who deserved to be allocated loans as per their degree of neediness as guided. The Audit Team assessed the extent of the number of applicants who were deserving to receive loans but were not able to secure them. The results of the assessment are presented in Table 3.16 below.

Table 3.15: Number of Students who Deserved Loan Allocations but were Not Allocated

Financial Years	No. of Students who Deserved but missed Loans	Total Amount missed (TZS)
2020/21	43,053	124,922,879,942
2019/20	33,030	88,970,797,912
2018/19	16,056	51,955,449,684
2017/18	24,656	72,394,095,082
2016/17	75,244	231,270,523,006
TOTAL	192,039	569,513,745,626

Source: HESLB Means Testing and Allocation Results (2016/17-2020/21)

Table 3.15 indicates that there was a significant number of student applicants who were supposed to be allocated loans but were not allocated loans as per the requirement of the HESLB Manuals and Guidelines. The highest number of beneficiaries who missed loans was noted in the academic year 2016/17, where 75,244 students did not receive loan allocations despite having been identified as needy. A total of TZS 231,270,523,006 was

supposed to be allocated to these students during the respective financial year.

In a period of five (5) years, a total of 192,039 students who were supposed to be allocated loans to the tune of TZS 569,513,745,626 did not receive the deserved allocations. The interviews with responsible officials from HESLB indicated that the loan allocation exercise was dependent upon the availability of enough funds for the Board. However, during the respective years, the amount of funds to be allocated to students was not sufficient, as a result some students did not receive loans as per their allocations.

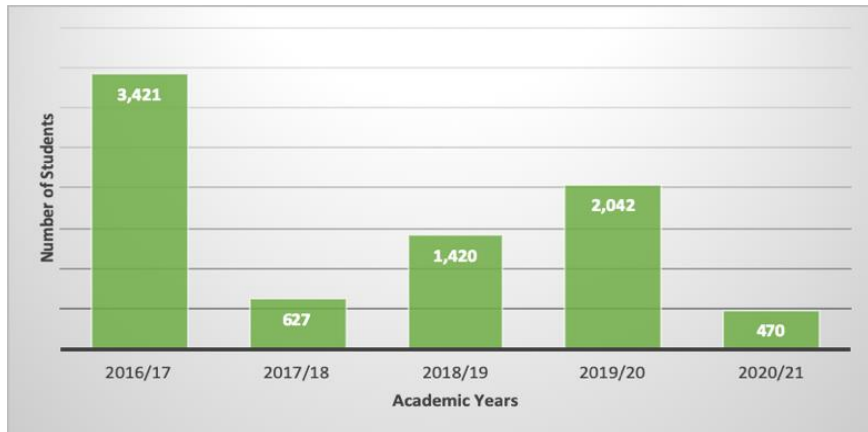
The non-allocation of loans to the respective students poses a risk for the respective needy students (those who are means tested and found to be needy) to complete their studies without facing significant financial constraints. The respective needy students have been compelled to seek other alternative and unreliable sources of financing which have not been sustainable including conducting petty businesses around university premises and surrounding environments. The subsidiary income earning activities has created a riskier environment for these students to successfully complete their studies and graduate in a supportive and convenient environment.

3.5.6 Deserving Students Not Allocated Loans but Appealed and Missed Again

Section 12.0 of the Guidelines and Criteria for Issuance of Students Loans provides a room for applicants who were not satisfied with allocations to appeal by completing relevant online appeal forms. Additionally, section 5.4.8 of the Loan Allocation and Disbursement Manual provides for re-means testing in an event of appeal. The appeal system was expected to be a room for correcting previous errors in allocation from the initial allocation phase and accommodate needy students who were mistakenly denied loans in the first round.

However, the analysis and comparison of the results of initial allocations and appeals has indicated that some of the students who deserved to receive loans and were not allocated with loans in the first round, the same students did not receive loans again even after appealing. This indicated materials errors in the means testing and allocation system at HESLB. The Audit Team assessed the extent to which students who deserved loans and missed loans even after appeal. The findings are summarized in **Figure 3.3**.

Figure 3. 3: Number of Deserving Students who Missed Allocations in the 1st Round and in an Appeal Window



Source: Means Testing, Allocation and Appeals Results

Figure 3.3 indicates that a significant number of students were not allocated loans in the main application window but continued to miss allocations even after the appeal window. Between 2016 and 2021, a total of 7,980 applicants deserved to be allocated loans but did not succeed to receive loans even after appeals. The highest number of applicants deserving but missing loans was observed in academic year 2016/17, where a total of 3,421 applicants were not allocated loans despite qualifying for loans but continued to miss the allocations even after appealing.

Based on the interviews with HESLB officials, the prevalence of students who deserved to receive loans, missing again in appeals was a result of means testing system errors. However, officials downplayed the significance of the number of error means testing and allocations as compared to the total number of applicants.

Non-allocation of loans to deserving students has denied them a right of access to loans but also risks their study progress in higher learning institutions where they have been admitted to pursue their studies.

3.5.7 Students from TASAF Beneficiaries Families not Allocated Loans

Section 2.2 of the HESLB Loan Allocation Operational Guideline provides a guideline on the category of applicants who are the neediest under the loan allocation framework. The guideline mentions the neediest group including those beneficiaries from poor families which are under TASAF Scheme.

Section 1.2.8 (v) of the same guideline provides the allocation priority ranking with TASAF beneficiaries receiving loans as 3rd ranked group before others after poor orphans and disabled applicants. Beneficiaries under this group are expected to be prioritized during loan allocations, and therefore will receive high considerations for loans after having been admitted into higher learning institutions.

The Audit Team has found out that there were students whose families (parents) were under TASAF Scheme but were not allocated loans despite having been admitted into higher learning institutions. The assessment has indicated that these students had passed through the verification window and were considered to be eligible for loans under the most-needy framework. The assessment of the number of students from families which were beneficiaries of TASAF scheme but missed loans allocations between 2016/17 to 2020/21 is provided under **Table 3.16**.

Table 3.16: Number of Students from TASAF Beneficiaries Families who were not Allocated Loans by HESLB, 2016/17 - 2020/2021

Academic Year	No. of TASAF Beneficiaries not Allocated with Loans	Total Amount of Neediness as per Means Testing Results (TZS)
2020/21	21	80,581,700
2019/20	1	3,902,500
2018/19	No Data Available	N/A
2017/18	No Data Available	N/A
2016/17	No Data Available	N/A
TOTAL	22	84,484,200

Source: Loan Verifications, Means Testing and Allocations Data Files

Table 3.16 indicates that in the recent two academic years 2019/20 and 2021, a total of 22 students who were under TASAF Scheme were not allocated with loans despite being in the neediest category. A means testing results indicated that the 22 students deserved to be allocated with a total of TZS 84,484,200. A further analysis indicated that these students were means-tested and had indicated a positive neediness, a result which qualifies an applicant to be eligible for loan allocation.

Table 3.16 further indicates that HESLB was not able to capture data of student applicants under TASAF Scheme in the academic years 2016/17 to 2018/19. Based on the algorithms that were established under means testing and allocation system at HESLB there was a risk that applicants who were under TASAF Scheme in the respective three years did not receive a

deserved allocation under their special consideration as students whose families were TASAF beneficiaries.

3.5.8 Full Orphans Not Allocated Loans

Section 1.2.8(v) and Section 1.5 of the Loan Allocation Operational Guideline provide allocation frameworks by identifying orphans as the 1st ranked priority in allocations during the means testing and allocation exercise. The guideline identifies orphans to be those with both parents (father and mother) deceased. Based on the guidelines, applicants who are full orphans are expected to be allocated loans before any other group.

The analysis of the loan allocations results has indicated that some of the full orphans who were supposed to be allocated loans were not allocated. This was contrary to the loan allocation frameworks and guidelines by HESLB. The Audit Team assessed the extent to which full orphans missed allocations in the five years under the audit and presented the results in **Table 3.17**.

Table 3.17: Number of Full Orphans not Allocated Loans 2016/17-2020/21

Academic Year	No. of Full Orphans Not Allocated Loans	Total Amount of Neediness as per Means Testing Results (TZS)
2020/21	12	50,232,300
2019/20	34	128,604,500
2018/19	21	81,675,300
2017/18	28	105,449,800
2016/17	No Data Available	N/A

Source: Loan Verification Forms, Allocation and Means Testing Results 2016/17-2020/21

Table 3.17 indicates a total of 95 students who were full orphans were not allocated loans during the five years of the audit. The academic year 2019/20 had the highest number of full orphans who missed loans, where a total of 34 students were not allocated loans with neediness to the tune of TZS 128,604,500.

The reason for students who were full orphans missing loans was the errors in means testing and allocations systems. The system configuration did not ensure that full orphans were allocated loans first before any other group.

The non-allocation of loans to full orphans denied them an access to the HESLB funds which they deserved as per the guidelines established by HESLB. Furthermore, based on identified neediness, the non-allocation of loans to full orphan students poses a risk of affecting their study conditions and impacting their college life conditions based on the average economic status of the full orphans which is stated to be low.

3.5.9 Inadequate Administration of Loan Appeals

Section 2.0 of the Guideline and Criteria for Issuance of Students' Loans provides an opportunity for students who were not satisfied by results of the means testing exercise to appeal for re-means testing. Additionally, Section 5.4.8 of the Loan Allocation and Disbursement Manual justifies the presence of re-means testing exercise which shall originate from the appeals from students who are not satisfied with the results of the original allocations.

The Audit Team has found out that the loans' appeals at HESLB are not sufficiently administered. The Audit Team assessed two aspects of the appeals processing; re-means testing for appellants and the timeline at which the appeals are handled and came out with results as discussed hereunder;

(a) Inadequate Scrutiny of Appeals

The Audit Team found out that HESLB is not sufficiently scrutinizing the appeals as they are received from applicants. The analysis of the results of the appeals has indicated that only few categories of appellants are re-means tested and considered for new loan allocations while majority of them are not re-means tested and considered for new or additional allocations.

For instance, the analysis of the appeals results for the financial year 2020/21 has indicated that the percent of students who appealed and succeeded was very minimal despite applicants attaching additional documents. The Audit Team analyzed the results of the category of applicants and the results are as provided in **Table 3.18**.

Table 3.18: Success Rate of Appeals during 2020/21

Category of Appeal	Total Appeals	No. of Successful Applicants	Percentage Success
Student has a Disability	111	0	0.0
Student has no Disability	15,336	60	0.4
Student has a Single Parent	1962	5	0.3
Father/Mother is Disabled	1283	14	1.1
Student is an Orphan	245	7	2.9
Amount Allocated is not Enough	2350	0	0.0
Student is Sponsored	2002	31	1.5
Student is not Sponsored	13445	29	0.2
Other Reasons	10,913	9	0.1

Source: Loan Appeals Spread sheets, Loan Allocation and Means Testing Results (2021)

Table 3.18 above indicates that the rate of success for students who appealed was very minimal and did not indicate if the appeals were sufficiently scrutinized. During the recent appeal window for 2020/21 academic year, a total of 15,447 students appealed for consideration in the second round, only 652 of them succeeded to secure funds in the respective appeal window. In more concerning results, there was no (zero) successful appeal for those students who indicated to be disabled. This was also the case for those who indicated that the amount received was not enough for them. None of the students from these two cases succeeded in the appeal window.

Further analysis indicates that the maximum rate of success was for those students who were orphans, where 7 out of the 245 who applied managed to secure loan allocations. The minimal rates of success were for disabled students. However, for those who claimed to have insufficient allocations, none out of 2,461 who appealed were able to secure new or additional loan allocation.

(b) Unfavourable Appeals Window Period

The Audit Team further assessed the appeal window dates to determine the extent to which it provided a fair and reasonable time for completing and submitting effective appeals. The results indicated that in the past five (5) years, the appeals windows had been very short and did not provide sufficient time for the appellants to complete and submit their applications. The Audit Team compared the appeal opening and closing dates in a period

of five (5) years from 2016/17 - 2020/21, and the results are presented in Table 3.19.

Table 3.19: Assessment of Appeals Opening and Closing dates

Financial Year	Appeals Window Period		No. of Days
	From	To	
2020/21	02.12.2021	09.12.2021	8
2019/20	11.11.2019	22.11.2019	12
2018/19	21.11.2018	27.11.2018	7
2017/18	13.11.2017	19.11.2017	7
2016/17	N/A	N/A	N/A

Source: Loan Allocation and Repayment Committee Papers (2016/17-2020/21)

Table 3.19 indicates that HESLB provided an average of one week or seven days as the time for completing the appeals for all unsuccessful applicants or those who requested additional loan allocations. However, interviews conducted with students and other applicants from nine universities visited during the audit indicated that the appeal window was not sufficient for them to perfectly complete and gather all the required documents and be able to submit back for re-means testing.

The shorter appeal window and other weaknesses in scrutiny of appeals have rendered the appeals window ineffective for many applicants. Most of the applicants have failed to secure loans, and therefore making the success rate for appeal to be very low. The Audit Team analysed the success rate of appeals in the past five years studied and came out with results indicated in Table 3.20.

Table 3.20: The Number and Success Rates of Loans Allocation Appeals

Financial Year	Total No. Appellants	Successful Appeals	Actual Success Rate (%)	Target Success Rate as per Strategic Plan
2020/21	14,028	740	5.3	3
2019/20	14,472	698	4.8	8
2018/19	12,830	1,111	8.7	10
2017/18	12,797	284	2.2	10
2016/17	20,548	2,628	12.8	12
TOTAL	74,675	5,461	6.76	8.6

Source: HESLB Loans Appeals Data (2016-2021)

Table 3.20 indicates that the success rate of appeals had been low as compared to the total number of appellants who were seeking for re-means testing or new allocations. In the past five years, a total of 74,675 applicants appealed for reconsideration. However, only 5,461 applicants succeeded. On average, only 6.76 percent of all applicants were guaranteed to succeed during appeal window.

Further analysis indicates that the success rate has declined in recent years indicating that more and more of the appellants are not succeeding during the appeal window. The comparison with the targeted rate of success as defined in the Strategic Plan of HESLB indicated that the actual success rates at HESLB are slightly lower than those targeted in the strategic plan. While the average success rate was expected to stand at 8.6% by 2020/21, the actual average success rate stood at 6.76%.

3.6 Inadequate Administration of Loan Disbursements

According to HESLB Client's Service Charter 5.1.2 (viii) Disbursement of loans for meals and accommodation to students should be completed within seven (7) working days after approval by the Loans' Allocation and Repayment Committee. Additionally, HESLB Client's Service Charter 5.1.2 (IX) requires that loans to continuing students should be disbursed within fourteen (14) working days after receipt of end of year examination results.

3.6.1 Ineffective Management of the Return and Transfer of Funds

HESLB disbursement manual indicates that after 30 days from the day funds were paid to students or HLI that funds must be returned to HESLB. In addition to that, the manual instructs that on receiving confirmation of transfer from the HLI, the transfer of funds can be effected to a student who had already acquired loan allocation.

Review of disbursement reports showed that there has been non-compliance on the side of HLI to account for the disbursed funds and make the returns in time as per regulations of HESLB. Instead of the established 30 days limits for funds to be returned to HESLB if they are unsigned by students. HLIs used to spend between three (3) to five (5) months to submit the returns to HESLB. In 2020/21 for instance funds were disbursed to University of Dar es Salaam on 26th February 2021 and the return of unsigned funds was made

on 2nd July 2021, more than four months ahead of the 30 days limits provided by HESLB.

Table 3.21: Amount of Unsigned Funds which were not Returned to HESLB after 30 days in Academic year 2020/21 in Selected Higher Learning Institutions.

HLI	Disbursed Amount (in Billion TZS)	Unsigned Amount (in million TZS)
UDSM	8.19	206.72
UDOM	11.54	212.74
IFM	5.59	48.87
MU	2.32	7.97
TIA	1.29	10.66
Total	28.95	486.98

Source: Disbursement Report 2020/21

Table 3.21 indicates that in the academic year 2020/21, five (5) selected Higher Learning Institutions had about TZS 486.98 Million which was not submitted as returns beyond the set limit time of 30 days. Despite the fact that these funds were then collected, they were not collected in time to enable HESLB to allocate them to other needy students.

3.6.2 Ineffective Monitoring of the Disbursement of Loans to Higher Learning Institutions

The analysis of Monitoring reports indicated that HESLB conducts monitoring of activities to ensure that the disbursement of funds is handled effectively. The review is conducted in every academic year. Among other things, monitoring is intended to handle students' queries, measuring lead time as well as assessment of retirement of both due and past -due loans.

Review of Monitoring reports showed that the monitoring is conducted on a sample basis and not for the whole country. The Audit Team found out that, during monitoring activities there were reoccurrence of issues related to disbursement of funds to students which jeopardized the effectiveness and efficiency of the whole exercise. These issues are as follows:

(a) Delays in the Submission of Returns

Review of monitoring reports and interviews with HESLB officials indicated that some Higher Learning Institutions delayed to submit the funds which were unsigned by students after the lapse of the thirty days threshold

provided by HESLB for students to sign and confirm their presence at the Institutions.

Review of disbursement returns' reports indicated that on average HLIs took between 3-5 months to submit their returns to HESLB. As a consequence of this, there were delays to disburse funds to students who were transferred from one institution to another, since this, among other things, was the most important criterion to be met for the transfer to be effected. The fact is that the transferred HLI receives confirmation first from the previous HLI that a particular student has transferred to another university and did not claim the funds allocated to him/her before transfer.

(b) Delay of Return for Unsigned Tuition Fees

According to the HESLB disbursement manual, students have to sign for the disbursed funds within 30 days. After the expiry of thirty days, the disbursed meal and accommodation allowances automatically should be returned to HESLB, while tuition fees have to be retired and returned to HESLB by the respective HLIs.

Review of monitoring reports showed that there was a delay in submission of returns from higher learning institutions for funds which were supposed to be returned to HESLB for further actions. **Table 3.22** shows the amount of returns which was not submitted up to the time of monitoring during the respective years.

Table 3.22: Unreturned amount in the Respective Years from 2016/17-2020/21

Year	Disbursed Amount (Billion TZS)	Unsigned Amount (Million TZS)	Percentage of Unsigned Amount
2020/21	464	289,305,345	0.06
2019/20	449.9	834,766,597	0.18
2018/19	427.5	354,511,920	0.08
2017/18	389.4	3,184,139,060	0.82
2016/17	425.2	-	-
Total	1,692	4,662,722,922	0.28

Source: Monitoring Reports 2016/17-2020/21

Table 3.22 shows that in the five financial years, HESLB disbursed an approximate total of TZS 1.7 Trillion for students' loans to cater for various

students' requirements. Out of these amounts about TZS 4.7 Billion were not returned up to the time of monitoring in the respective years.

On average in a period of five academic years an approximate total of TZS 4.7 billion was not returned during the same period which is 0.28 percent of the total funds released. Interviews with responsible officials from HESLB indicated that delays of returning unsigned tuition fees were caused by inadequate monitoring and follow ups by HESLB. However, the amount of unsigned tuition fees has been declining over the years. This mainly has been due to automatic return function in the current digital disbursement solution.

3.6.3 Inadequate Handling of Student's Complaints on Disbursed Funds

The review of monitoring reports from HESLB indicated that, among other things during monitoring, HESLB does enquire to get to know various resentments by students and other challenges in respect to allocation and disbursement. Related to that, among other reported issues were:

- (i) Untimely disbursement funds. Monitoring reports indicated that students had complaints over delay of funds disbursement;
- (ii) Students are reluctant in signing tuition fees on time, which result into late returns because loan officers are keeping the pay sheets for more than 30 days;
- (iii) Delay in getting payments for few students caused by dormant accounts, mismatch of names, wrong bank name and late registration;
- (iv) Mismatch of data for allocation and disbursement on OLAMS system; and
- (v) Deduction without Prior Notice.

The analysis of disbursement monitoring reports indicated that these four challenges were frequently observed by HESLB and reported but still persisted. **Table 3.23** indicates the frequency of occurrence of major issues related to students' concerns and disbursement at large.

Table 3.23: Frequency of Occurrence of Major Challenges Related to Funds Disbursement

Issues	2016/17	2017/18	2018/19	2019/20	2020/21
Untimely disbursement funds	✓	✓	✓	✓	✓
Reluctant in signing tuition fees on time	✗	✓	✓	✓	✓
Delay in getting payments	✓	✓	✗	✓	✓
Mismatch of data	✗	✗	✗	✗	✓
Deduction without Notice	✗	✗	✓	✓	✓

Source: Analysis of monitoring reports between 2016/17- 2020/21

*Key

- ✓ Denote an occurrence of an issue in a respective year
- ✗ Denote non-occurrence of an issue in a respective year

Table 3.23 shows that for the past five years consecutively there have been key challenges that have been repeatedly observed and reported. For instance, in the last two years i.e. 2019/20 and 2020/21 all five challenges were reported despite the fact that they all had appeared before and recommendations for measures to rectify them were issued.

Interviews with HESLB officials revealed that reasons for recurrence of the problems in every year is attributed to the fact that some of the contributing factors for the said issues are also related to the operations of Higher learning Institutions and students themselves. For instance, delays in disbursement caused by absence of proper admission records or incomplete students bank details.

However, the Audit Team is of the view that HESLB has not established strong mechanisms to ensure timely compliance of the requirements from both HLIs and students, not only that but also HESLB did not put in place a sustainable solution to the reported challenges. In turn complaining students, HESLB and HLIs have been experiencing the same challenges years in and out, such as late sending and receiving returns and late in receiving funds particularly for tuition fees due to reluctance of students to sign them.

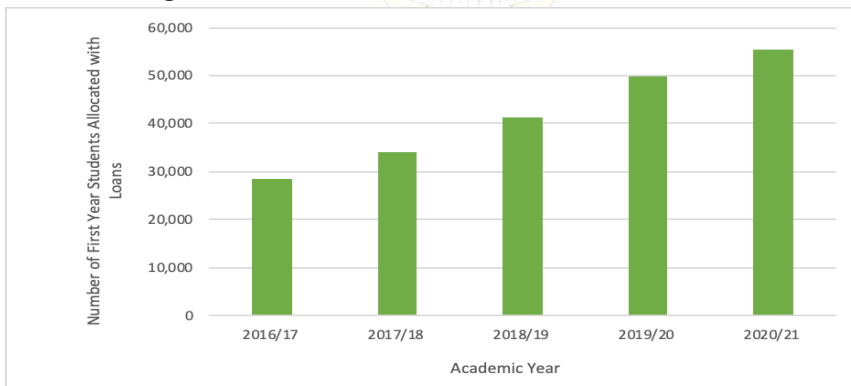
3.7 Major Achievements of the HESLB in the period under review

Despite the challenges in the performance of HESLB discussed above, the audit team found out that HESLB has performed well in various aspects and has realised a positive growth in many aspects of the performance in the period under review. The major areas of performance by HESLB are closely linked with the previous performance audit conducted in 2017/18 on repayments and recovery. The Board has also realised a huge transformation of the internal processes from manual based processes to automated processes in the whole system of managing students' loans. The following are some of the major achievements by HESLB and the respective performance indicators.

(a) Growth of First Year Students' Allocations

In the period under review the performance of the Board in disbursing loans to first year students has grown by 94.9%. In 2016/17 HESLB allocated loans to 28,383 first year students and the number increased to 55,337 students in 2020/21. The trend in growth is indicated in **Figure 3.4**.

Figure 3.4: First Year Students' Allocations



Source: HESLB (2021)

(b) Growth of Annual Loan Collections

In the period under review the annual collection from loans that were due have grown by 57%. Loan collections was TZS 117 Billion per annum in 2016/17 and grew to TZS 184 Billion per annum in 2020/21. The increment in the amount of loan collections was mainly attributed to changes in the legal framework governing the repayments and the rate of repayment that

is statutory from beneficiaries with formal employment. The trend in growth is indicated in **Figure 3.5**.

Figure 3.5: Trend in the Annual Loan Collections



Source: HESLB (2021)

(c) Improved Automation of Internal Operational Procedures

The Audit Team noted that there have been improvements on the internal processes that are associated with the operations of the core functions of the Board. Major processes in allocations and disbursements of students' loans have been automated and time taken to conduct respective activities has been significantly reduced. Additionally, there were notable changes on automation systems on repayment and recovery of loans whereby there was an online access to loan repayments information; generation of bill and repayments through employer's portal, integration of iLMS and HCMIS systems which have enabled real-time reconciliation of beneficiary data.

Moreover, HESLB embarked on Digital Disbursement Solution (DiDiS) thus making students to acknowledge receipt of loans disbursed biometrically instead of the traditional inefficient practice of queuing to append manual signatures in the disbursement schedules sent to Higher Learning Institutions.

CHAPTER FOUR

AUDIT CONCLUSION

4.1 Introduction

This chapter provides a conclusion of the audit. The basis for drawing the conclusions are the overall and specific audit objectives as presented in chapter one of this report. The general and specific conclusions are given below.

4.2 General Conclusion

The audit concludes that the provision of higher education students' loans has generally witnessed substantial improvements in the period of 5 years under review. The improvements have been notable specifically in the growth of the number of student beneficiaries, the growth in the collection of repayments and the automation of operations leading to provision of higher education students' loans. However, despite the noted improvements, the systems for loan allocations and disbursements are still encompassed with weaknesses that have contributed to recurring challenges affecting the performance of the government in provision of higher education students' loans.

The assessment of the systems for oversight and provision of loans to higher education students concludes that the system is not effectively functioning to enable fair, accurate and inclusive allocation and disbursement of loans to higher education students. However, the government through MoEST and HESLB has made concerted efforts to improve the management of higher education students' loans. Among the efforts done by HESLB is timely disbursement of funds specifically to first year students, at least one week prior to reporting of students during the commencement of the new academic year. This situation facilitated the admitted students' timely access to their allocated funds following being registered in their respective Higher Learning Institutions.

However, higher education students' loans were not adequately allocated, not given adequate application time and non-provision of adequate awareness on loans applications to potential applicants while in schools. For

instance, HESLB managed to allocate loans to 72.2% of eligible applicants while leaving out 27.8% unallocated. Similarly, HESLB has not established an adequate application window sufficient for all applicants to accurately complete and submit their applications within the prescribed timeframe. As a result, by average 24% of all applications were found to be incomplete in such a way that they did not meet all the criteria for loan allocation.

Similarly, MoEST has not been able to fully oversee the operations of allocations and disbursement of loans which is part of the policy objectives under the higher education policy and high-level strategic aims in the Education Sector Development Program. Specifically, MoEST did not strengthen its oversight function on HESLB's performance because of lacking sufficient oversight instruments in managing higher education financing.

4.3 Specific Audit Conclusions

The following are specific audit conclusion:

4.3.1 HESLB Does Not Allocate Adequate Loans to First Year Students

The allocation of loans to new students admitted to accredited higher learning institutions in the country is inadequate. This is because HESLB is unable to allocate 100% of loans to all eligible students who were successfully identified as needy students. This condition is mainly attributed to the increased number of needy students from 48,502 to 57,045 which is equivalent to 17.6% between the academic year 2016/17 to 2020/21 while the increase of approved budget in each academic year remained relatively the same percentage.

The Board has not been able to find alternative means of financing the higher education students' loans and at the moment continues to depend on the Government budget. As a result, some of the students with the ambition to acquire university education decided to drop-out from the college/university due to financial difficulties. A total of 1,621 students drop-out from studies due to financial difficulties between 2016 and 2021.

4.3.2 HESLB Did Not Effectively Manage Higher Education Students' Loans Applications

The Higher Education Students' Loans Board was expected to effectively manage the loans by ensuring all potential applicants are given adequate time to complete their applications, provide adequate awareness to the applicants and ensure that the online support tools/systems are properly functioning. However, HESLB has not adequately researched the suitable time frame of the application window that could have been sufficient for all potential applicants to file applications to the Board. At least 24% of the submitted applications for the period of four years were incomplete in such a way that essential information was not attached or incorrectly submitted. For example, some of the applications lacked applicants' signatures while some were submitted with missing information. This was mainly due to insufficient application window set by the Board since it did not give enough time to sufficiently gather and complete all required details.

Ineffective management of higher education students' loans has been contributed by inadequacy of awareness provided to the in-schools potential loans applicants by HESLB. This is because, for the last five academic years under review, the Board managed to conduct awareness programs/sessions through visits to only 9% of registered secondary schools in the country leaving 91% uncovered. Only 44% of in-school potential loans applicants were visited by the Board. This was contributed by lack of strategies on the outreach programs for the potential loan applicants in advanced secondary schools. As noted, this condition was mainly due to the absence of outreach programmes intended to visit secondary schools. It was also noted that there is no budget set aside in the annual activity plan to enhance awareness programmes in secondary schools.

4.3.3 MoEST Inadequately Oversees the System for the Provision of Education Students' Loans

The Audit Team noted efforts of the Ministry of Education, Science and Technology (MoEST) in providing various solutions to identified challenges in the management of higher education students' loans. Some include ensuring that the Government sets aside a budget for financing students' loans in each academic year and directly resolving beneficiaries' challenges from allocation to disbursement of loans. However, as noted, MoEST has not monitored HESLB through the review of higher education students' loan

allocation system (the means testing system) for the last four years. Non-review of the loan allocation system has been attributed to the absence of a monitoring plan for monitoring HESLB's activities and a claim by MoEST's officials that HESLB was supposed to be monitored by the Office of Treasury Registrar.

The Ministry of Education, Science and Technology has not prepared guidelines to enhance proper management of higher education students' loans. In each academic year HESLB was coming with new guidelines while setting criteria for the allocation of higher education students' loans. Having new criteria in each academic year is a good thing but presence of stable guidelines could have identified detailed requirements in the overall management of higher education students' loans by all actors including the responsibilities of applicants and on-going students.

4.3.4 Ineffective Loan Means Testing and Allocation System

The loan means testing and allocation system has not been effective in providing the intended objectives at the accuracy level without material errors and hence providing fair and accurate results. The system is constrained by material system errors which have been contributing to inaccurate means testing and allocation exercise. The system has been granting loans to students in a manner that does not guarantee fair and accurate results so that a sufficient number of needy Tanzanians who apply for loans receive the required loans.

Furthermore, the loan allocation and disbursement system has been allocating loans to applicants with negative neediness, and therefore affecting the extent to which other needy students would have benefited. Additionally, the system has been allocating loans to students below and above their neediness as determined by the system algorithms. This is contrary to the primary objective of the established system which is to provide loans to the needy students as per the degree of their neediness.

CHAPTER FIVE

AUDIT RECOMMENDATIONS

5.1 Introduction

The audit findings and conclusions pointed-out weaknesses in the oversight, allocation and disbursement of higher education students' loans by the Ministry of Education, Science and Technology (MoEST) and Higher Education Students' Loans Board (HESLB). Areas for further improvements have been identified in the management of loan applications, verification, means testing, allocation as well as disbursement of loans and oversight role by MoEST over the provision of higher education students' loans in Tanzania.

In order to improve on the identified weaknesses in oversight, allocation and disbursement of loans by HESLB and MoEST, the Audit Team generally recommends improvements on how the identification and determination of needy students is conducted by HESLB.

The recommendations are specifically addressed to MoEST and HESLB in order to improve the accuracy, validity, access, fairness and inclusiveness in provision of loans to needy and deserving higher education students in Tanzania.

5.2 Specific Recommendations

5.2.1 Recommendations to the Ministry of Education Science and Technology (MoEST)

The Ministry of Education, Science and Technology (MoEST) should:

- a) Revise and strengthen its oversight role in the management of allocations and disbursement of Higher Education Students' Loans in order to effectively streamline policy issues on high education financing;
- b) Conduct timely review of the performance of the HESLB's operations in relation to the delivery of allocating and disbursing higher education students' loans to needy students; and

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- c) Strengthen the oversight function of the Ministry by devising measures that will enhance the enforcement of oversight instruments of the Ministry on the management of Higher Education Students' Loans, particularly in the allocation and disbursement of loans.

5.2.2 Recommendations to the Higher Education Students' Loans Board (HESLB)

The Higher Education Student's Loans Board (HESLB) should:

- a) Develop and implement strategies to ensure adequate and relevant application window is set to enhance all potential loan applicants to lodge complete and accurate applications;
- b) Develop strategies to ensure that adequate awareness is provided to in-school advanced secondary students in order to impart knowledge to students on the application criteria for the loans;
- c) Institute appropriate mechanisms to ensure online support systems are properly functioning to enhance efficiency and effectiveness on the application to higher education students' loan applicants;
- d) Conduct a major review of the Loan Management System for means testing of students' neediness to eliminate all material system errors during the means testing exercise;
- e) Establish effective strategies to acquire alternative sources of financing for higher education students' loans so as to increase the number of students who can access the higher education students' loans;
- f) Conduct a review of the system for the Online Loan Application Management System (OLAMS) so as to increase the level of information collected and used in means testing of student applicants;
- g) Devise and institute the quality control system that will reduce the level of material errors in means testing and loan allocation processes; and

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- h) Strengthen the internal disbursement gateway so as to increase the accuracy and reliability of the database storing allocations and disbursement data.



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APPENDICES



Appendix 1: Responses from the Audited Entities

This part provides details on the recommendations issued to the two audited entities and their responses for comments, action to be taken and implementation timeline for each of the issued recommendations.

Appendix 1(a): Responses from the Ministry of Education, Science and Technology (MoEST)

Specific Responses on the issued Audit Recommendations

SN	Recommendations	Comment(S)	Actions to be Taken	Timeline
1	Revise and strengthen its oversight role in the management of allocations and disbursement of Higher Education Students' Loans in order to effectively streamline policy issues on high education financing.	Noted: For a quite long time HESLB operations has presented multiple challenges ranging from unfair loans allocations and disbursement among applicants, untimely allocation of loans to students, many students missing loans despite their vulnerability and having in place inefficient IT loans system management.	MoEST has planned to critically review forms and functions of HESLB through budgetary and project (HEET) funds. Activities (i) Establishing a systematic monitoring to supervise HESLB activities. (ii) Reviewing Educational and Training Policy 2014 to emphasize on increased budget, and improved allocation and disbursement of	(i) Dec, 2022 (ii) June 2023

SN	Recommendations	Comment(S)	Actions to be Taken	Timeline
			higher education student loans.	
2	Conduct timely review of the performance of the HESLB operations in relation to the delivery of allocating and disbursing higher education students' loans to needy students.	Noted: Till to date HESLB uses loans management systems which do not communicate to another resulting into perpetuated complaints from stakeholders including students, parents, Politicians etc. Applicants do not timely get loans timely and full despite they are serious need of loans. Loans management of transfer students has become a serious challenges and other discrepancies.	MoEST will use findings of the comprehensive review of functions of HESLB (No. 1 Above) to direct a new digital communication system that will by and large reduce current shortcomings that exist especially to instantly link higher learning institutions, beneficiary students and HESLB to timely track transfer students etc	Dec, 2022
3	Strengthen the oversight function of the Ministry by devising measures that will enhance the enforcement of oversight instruments of the Ministry on the management of Higher Education Students' Loans particularly in the allocation and disbursement of loans.	Noted: HESLB does not provide PS MoEST charge/power to oversee the functioning of HESLB.	Currently MoEST is not represented in HESLB Board, but recommendations will be made so that by the end of 2021/22 either Director for Higher Education or Director of Technical	July, 2022

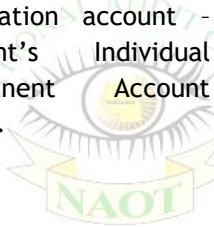
SN	Recommendations	Comment(S)	Actions to be Taken	Timeline
			Education will be appointed to form HESLB Governing a Board as stted by the HESLB ACT. However currently the Hon Minister is being represented by PS	



Appendix 1(b): Responses from Higher Education Students' Loans Board (HESLB)

Specific Responses on the issued Audit Recommendations

SN	Recommendations	Comment(S)	Actions to be Taken	Timeline
1	Develop and implement strategies to ensure adequate and relevant application window is set to enhance all potential loan applicants to lodge complete and accurate applications.	Noted. Further, lessons from management of loans applications in the past five years indicate that delays in timely completion of online applications results from three main areas: First, delays in certification of birth and death certificates at RITA; Second, delays in Award Verification Number (AVN) issued by NACTE for diploma graduates; and third, timings for National Service Programs (JKT).	Consultations with RITA, NACTE, National Service Office will be done to agree and harmonise timings for loans applications starting 2022/2023	June 2023
2	Develop strategies to ensure that adequate awareness is provided to in-school advanced secondary students in order to impart knowledge to students on the application criteria for the loans.	Noted. In-school awareness programmes on loans application were initiated by HESLB in 2017/2018. However, lessons from the year suggested that 'Combined Approach' in undertaking outreach programmes was more effective. Therefore, from 2019/2020, outreach programmes were undertaken in schools, National Service Camps,	New strategies to be deployed, including engaging Tanzania Heads of Secondary Schools Association (TAHOSSA) and President's Office (RALG) to enhance awareness on	June 2023

SN	Recommendations	Comment(S)	Actions to be Taken	Timeline
		organised clinics and through usage of mainstream and social media and participation in annual Higher Education and Technology exhibitions as guided by the HESLB IEC Strategy.	loans application.	
3	Institute appropriate mechanisms to ensure online support systems are properly functioning to enhance efficiency and effectiveness on the application to higher education students' loan applicants.	Noted. Currently, from 2020, every registered loan applicant gets feedback from online personal loan application - Student's Individual Permanent Account (SIPA). 	Strengthening customer relationship management by improving Customer Centre with Call Management facility to be introduced.	June 2023
4	Conduct a major review of the Loan Management System for means testing of students' neediness to eliminate all material system errors during the means testing exercise.	Noted. Management through the Higher Education for Economic Transformation (HEET) project under the World Bank is embarking on major review of the Higher Education Students financing. The Review aims at accelerating the scheme's transformation for sustainability through the following	Comprehensive review of the loan management system and assessment including identification on ability to pay and neediness that will inform the new means testing mechanism and tools	June 2023

SN	Recommendations	Comment(S)	Actions to be Taken	Timeline
		<p>1) Assessing the gap and propose way forward on the current Loan Management Structure with specific focus on:</p> <ul style="list-style-type: none"> a. <i>Application process in general</i> b. <i>Identification of neediness for effective assessment of loan applicants and operation efficiency in loans issuance</i> c. <i>Payment of loans to students</i> d. <i>Assess the current Repayment process and linkages to formal and informal sectors</i> e. <i>Assessing the number and type of products offered such as loans and grants and loan products</i> <p>2) Assessing sustainability of the current structure in terms of financing mechanisms and opportunities for alternative funds generation</p> <p>3) Assessing involvement and</p>		

SN	Recommendations	Comment(S)	Actions to be Taken	Timeline
		willingness of the private sector and individuals to finance higher education in Tanzania 4) Identifying mechanisms that will balance equity and labour market demand financing.		
5	Establish effective strategies to acquire alternative sources of financing for higher education students' loans so as to increase the number of students who can access the higher education students' loans.	Noted. Management in collaboration with the Ministry developed a concept paper that resulted into a soft loan from the World Bank. During the current strategic plan, HESLB intended to develop 2 proposals/concepts which was expected to secure two additional sources of financing.	Developing a new Strategic Plan with strategies for alternative financing and review the mode and alternative source of financing for higher education students in Tanzania	June 2022
6	Conduct a review of the system for Online Loan Application Management System so as to increase the level of information collected and used in means testing of student applicants.	Recommendation is noted. The Management through the Higher Education for Economic Transformation (HEET) project under the World Bank is embarking on major review of the Higher Education Students financing. The project among others will undertake a study that	To review and develop a detailed and well-structured needs assessments and requirements that will be used during the HEET project to address	June, 2022

SN	Recommendations	Comment(S)	Actions to be Taken	Timeline
		will inform major reviews in the loan management systems including on areas recommended by the auditors.	OLAMs possible enhancements.	
7	Devise and institute the quality control system that will reduce the level of material errors in means testing and loan allocation processes.	Noted. Management through the Higher Education for Economic Transformation (HEET) project under the World Bank is embarking on major review of the Higher Education Students financing. The project among others will address issues relating to Means Testing.	Comprehensive review of the loan management system and assessment of the means testing tool in identification of needy loan applicants to be conducted Ensure all quality controls are considered when reviewing the MT system	June 2023
8	Strengthen the internal disbursement gateway so as to increase the accuracy and reliability of the database storing allocations and disbursement data.	Noted. The Management through the Higher Education for Economic Transformation (HEET) project under the World Bank is embarking on major review of the Higher Education Students financing. The project among others will address issues relating to Loans	The integrated Loan Management System is currently being re-configured for efficiency, accuracy, and reliability. DiDiS enhanced	June 2023 June 2024

SN	Recommendations	Comment(S)	Actions to be Taken	Timeline
		disbursements where a focus will be on the strengthening of the existing Digital Disbursement Solution (DIDIS). Currently the solution is partnered with CRDB Bank (to expire June, 2022), the vision is to have a solution that will be internally developed, maintained and owned.		



Appendix 2: Audit Questions and Sub-questions

Audit Question 1	<i>To what extent does HESLB issue loans on time and at the required amount to Higher Education Students?</i>
<i>Sub-Audit Question 1.1</i>	<i>Does HESLB disburse loans before commencement of the academic year?</i>
<i>Sub-Audit Question 1.2</i>	<i>Are the funds set aside for higher education students sufficient to cover all important aspects of academic studies?</i>
Audit Question 2	<i>Does HESLB effectively and properly manage loan application?</i>
<i>Sub-Audit Question 2.1</i>	<i>Does HESLB comprehensively and timely disseminate information about application procedures and requirements to be met?</i>
<i>Sub-Audit Question 2.2</i>	<i>Does HESLB provide adequate technical support to applicants to ensure correctness and accuracy in the completion and submission of loan applications?</i>
<i>Sub-Audit Question 2.3</i>	<i>Is there a sufficient review (correctness and completeness) of the loan application particulars in OLAMS before the establishment of degree of neediness?</i>
<i>Sub-Audit Question 2.4</i>	<i>Is the system for application of loans well integrated to other subsystems required to support accurate and timely completion of applications?</i>
<i>Sub-Audit Question 2.5</i>	<i>Is the OLAMS system for processing loan applications effectively available and accessible to enable smooth loan applications?</i>
<i>Sub-Audit Question 2.6</i>	<i>Does HESLB allows applications at the best possible time for all applicants to complete the application?</i>
Audit Question 3	<i>Is the system for loan allocation to eligible applicants properly functioning to enable accurate and fair allocation of loans?</i>
<i>Sub-Audit Question 3.1</i>	<i>Does the verification system and procedures ensure that all applications are well scrutinized to determine maximum correctness and accuracy of the information?</i>
<i>Sub-Audit Question 3.2</i>	<i>Are the parameters for assessing neediness and ability to pay well executed?</i>

<i>Sub-Audit Question 3.3</i>	<i>Are means testing conducted in a manner that provide fair results to needy students?</i>
<i>Sub-Audit Question 3.4</i>	<i>Does HESLB properly administer loan appeals by unsuccessful applicants and other beneficiaries?</i>
<i>Sub-Audit Question 3.5</i>	<i>Does OLAMS system properly execute loan allocations and disbursement with accuracy and free of errors?</i>
Audit Question 4	Does HELSB efficiently disburse loans to successful applicants as per agreements?
<i>Sub-Audit Question 4.1</i>	<i>Is the system for disbursement of funds to students effectively and timely operating?</i>
<i>Sub-Audit Question 4.2</i>	<i>Does HESLB effectively manage the refund and transfer of funds to ensure respective beneficiary students receive the funds on time?</i>
<i>Sub-Audit Question 4.3</i>	<i>Does HESLB effectively monitor the disbursement of Loans to Higher Learning Institution?</i>
<i>Sub-Audit Question 4.4</i>	<i>Does HESLB effectively handle students' complaints to ensure smooth and timely provision of solutions?</i>
Audit Question 5	Is the oversight system for higher education students' loans functioning adequately?
<i>Sub-Audit Question 5.1</i>	<i>Does the review functions properly operate to determine weaknesses in the whole process from allocation to disbursement?</i>
<i>Sub-Audit Question 5.2</i>	<i>Are measures taken to amend faults observed in loan application, allocation and disbursement effectively?</i>
<i>Sub-Audit Question 5.3</i>	<i>Is there an effective follow up of the recommendations and directives given to amend weaknesses in loan applications, allocation and disbursements?</i>

Appendix 3: List of Persons who were Interviewed and Reasons for Being Interviewed

Entity	Person to be Interviewed	Reason(s) for the Interview
Ministry of Education, Science and Technology	Director for Higher Education Director of Policy and Planning Managers and other Relevant Officials	<ul style="list-style-type: none"> To assess the oversight functions done by the Ministry of Education over the functions of HESLB. To provide clarifications on weaknesses observed in the process of issuing loans
TCU	Executive Secretary Students Admission Officers	<ul style="list-style-type: none"> To assess the extent at which TCU facilitates smooth issuance of loans to higher education students To assess timing of admission to students and effectiveness in the linkage between TCU and HESLB <ul style="list-style-type: none"> To identify extent of student's drop-out and reasons for drop-out
(HESLB)	Executive Director	<ul style="list-style-type: none"> To assess the overall performance of the Board in relation to allocation and disbursement of loans
	Director, Allocation and Disbursement	<ul style="list-style-type: none"> To assess various quality control mechanisms employed to ensure processes for application and allocation are effectively conducted To assess the extent to which means testing is fairly conducted based on the objectivity of the established parameters To assess effectiveness in the disbursement of loans to students
	Manager Allocation	<ul style="list-style-type: none"> To assess the extent to which supervision is done to ensure students receive adequate technical support during the application procedures To determine the effectiveness of control enforcement to ensure

Entity	Person to be Interviewed	Reason(s) for the Interview
		that verification of application documents is done accurately.
	Manager Disbursement	<ul style="list-style-type: none"> To assess the extent to which loans are effectively disbursed to To determine the effectiveness of monitoring activity in relation to disbursement of loans which determine how well the disbursed funds reach the intended users at the right time
	Loan Allocation Officers	<ul style="list-style-type: none"> To determine the effectiveness of the application and verification processes
	Loan Disbursement Officers	<ul style="list-style-type: none"> To determine effectiveness and efficiency of the disbursement system. To as to determine if procedures are timely and effectively conducted
Higher Learning Institutions	HLI' Loan Officers	<ul style="list-style-type: none"> To assess the effectiveness in the disbursement of loans to students To determine efficiency of the whole procedures for students to have better access to loan funds To assess mechanisms used by loan officers to support students in resolving various emerging challenges related to loan allocation and disbursement
	Student's Minister for Loans	<ul style="list-style-type: none"> To assess the effectiveness of the loan disbursement process to higher education students' loans Assess the implications of loan verifications, means testing and allocation systems to students in higher education institutions.

Source: Auditors' Analysis, 2021

Appendix 4: List of Documents Which Were Reviewed and Reasons for Review

Category of Documents	Title of Documents Reviewed	Reasons for Review
Planning Documents	Strategic Plan	Assess the extent to which the performance of HESLB and MoEST aligns with the strategies and performance indicators as outlined in the Strategic Plan
	Annual Work / Operational Plan	Assess the extent at which MoEST and HESLB undertake its activities in alignment with the annual action plans aimed at improving the allocation and disbursement of student's loans
Implementation Reports	Policies and Guidelines	Benchmarking the performance of MoEST and HESLB against the way allocation and disbursement activities are performed
	Verification Reports and Spreadsheets	Establish the accuracy of HELSB in verifying applications from loan applicants Compare and contrast the loan beneficiary against their social economic profiles
	Means Testing Reports Means Testing Spreadsheets	Assess the extent at which HELSB fairly and accurately conducts means testing of higher education student's applicants
	Allocation reports Loan Allocation Spreadsheets	Assess the extent at which HELSB fairly and accurately allocate loans to higher education students
	LARC Committee papers	Assess the extent at which HELSB fairly and accurately allocate loans to higher education students
	Disbursement reports HLIs Bank Statements	Assess the extent to which funds were disbursed to needy students, time reached to students, pay out to institution for those funds which are directly paid to Institutions

Category of Documents	Title of Documents Reviewed	Reasons for Review
Correspondence Files/Documents	Students Correspondences MoEST Correspondences Treasury Registrar Correspondences	Establish the extent at which MoEST, HELSB and HLIs effectively manage loan allocation and disbursements How issues arising from loan allocation and disbursement are resolved at all levels
Monitoring Reports	Annual Monitoring/Progress Reports	To assess the extent to which monitoring activities are done to the disbursed funds to HLIs

Source: Auditors' Analysis (2021)

