

**THE EFFECTIVENESS OF STUDENTS LOAN TRUST FUND IN FINANCING
HIGHER EDUCATION IN GHANA**

KNUST
BY

TONYI, MICHAEL YAO

(PG 4146810)

**A THESIS SUBMITTED TO THE INSTITUTE OF DISTANCE LEARNING,
KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY IN
PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF**

COMMONWEALTH EXECUTIVE MASTERS IN BUSINESS ADMINISTRATION

JULY, 2012

DECLARATION

I hereby declare that this submission is my own work towards the Executive Masters of Business Administration and that, to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

Michael Yao Tonyi (PG4146810)
Students Name and ID Signature Date

Certified by:

Mr. K. Adjei Seffah
Supervisor(s) Name Signature Date

Certified by:

..... Head of Dept.
Name Signature Date

ABSTRACT

Students Loan programmes has greatly improved the financing of high education in Ghana from its inception in the 1970s to its current state where it is being handled by an institution that has a sole mandate to award and recover the loans. This has come about as a result of criticisms of the previous schemes for poor administration, high cost, and very low recovery rates. Besides, the introduction of Students Loan Trust Fund in 2005 whereby loans are awarded based on means-based support, it has widened the scope of coverage. The objective of this study is to assess the effectiveness of SLTF so far in its role of financing higher education in Ghana. Guided by the interpretative theory, this study used both qualitative and quantitative techniques. Majority of the respondents indicated that the activities of SLTF had gone a long way in providing access to tertiary education. They asserted that the loan amount awarded is usually inadequate in financing all their educational needs. It was found that SLTF depended on only one source of funding that is GETFund, limiting its financial base even though its enabling Act offers it a number of sources from which it can seek funding. The study also revealed that the first batch of borrowers who are to repay their loan has just began to do so and SLTF has put in place a number of innovative mechanisms to facilitate this process. In addition, the issue of guarantorship that deprived a lot more students from accessing the loan has been tackled with the reduction of SSNIT guarantors from three (3) to one (1), and the diversification of guarantors to include religious bodies, corporate bodies and MMDA's. The study has made a number of recommendations including the fact that the means testing mechanism currently adopted in disbursing loans should be further strengthened to provide a more robust system where students could not easily forge their information to manipulate the

system and that continuous efforts should be made in finding new ways of encouraging borrowers to repay their loans as the Fund is a revolving one.



DEDICATION

KNUST

This Work is dedicated to the ever-loving memory of my father (deceased) who did not live to see the fruit of his labor and to my mother Ernestina Amudzi who valued the importance of education for the success of a young man and to my sister and girlfriend for the love, support and inspiration that saw me through my studies.



KNUST

ACKNOWLEDGEMENT

I am most grateful to the Almighty God whose favour, providence, abundant mercies and faithful guidance enabled me to reach this height of the academic ladder to produce this work. A scholar once said that if he was able to see far, it was because he stood on the shoulders of others. My sincere gratitude goes to the following individuals who have enabled me to produce the paper in its final form.

First and foremost, many thanks go to my family especially my mother and sister whose prayers and support has seen me this far in the journey of life. My sincere gratitude also goes to Theodora Fiamegu who sometimes sacrificed her sleep to ensure that I wake up to study. I say may God richly bless you. It is worthy of note to recognize the encouragement given to by my colleges at work.

I acknowledge the assistance given to me by Jupiter Nyamadi a college at work in analyzing the field data with SPSS. Furthermore, the author owns a debt of gratitude to Akweley Lartey for her invaluable support and assistance throughout the writing of this work.

My deepest gratitude also go to my supervisor, Mr K. Adjei Seffah for his guidance and valuable advice in coming out with this work. I also say thank you to the facilitators on the CEMBA programme for their time and guidance throughout my study. I am also greatly indebted to all the participants of the survey. This work could not be completed without the support and encouragement from my group members on the CEMBA programme. I am

profoundly grateful to you all and God richly bless you all.

KNUST



TABLE OF CONTENTS

	Page
TITLE PAGE	i
DECLARATION	ii
ABSTRACT	iii
DEDICATION	v
ACKNOWLEDGEMENT	vi
TABLE OF CONTENTS	vii
LIST OF TABLES	x
 CHAPTER ONE	
INTRODUCTION	1
1.1 Background of the study	1
1.2 Statement of the problem	4
1.3 Objectives of the study	6
1.4 Research questions	6
1.5 Significance of the study	6
1.6 Scope of study	7
1.7 Limitations of the study	8
1.8 Organization of the study	8
 CHAPTER TWO	
LITERATURE REVIEW	9
2.0 Introduction	9
2.1 Funding Tertiary Education in Ghana – An Overview	11
2.2 Cost Sharing in Tertiary Educational Finance	15
2.2.1 Challenges to Cost Sharing	16

2.3 Why Students Loans	17
2.4 Students Loans in International Perspective	19
2.4.1 Overview of Student Loan Programmes Available	21
2.4.2 Improving Efficiency and Effectiveness	22
2.5 Students Loan in Ghana	24
2.6 Students Loan Trust Fund	25
2.6.1 Sources of Money for the Trust Fund	26
2.6.2 Eligibility	27
2.6.3 Provision of Guarantor by Borrowers	27
2.6.4 Loan Protection	28
2.6.5 Interest on the Loan	28
2.6.6 Loan Recovery	29
2.6.7 Employers' Obligations	31
CHAPTER THREE	
RESEARCH METHODOLOGY	32
3.1 Introduction	32
3.2 Research Design	32
3.3 Study Population	33
3.4 Sampling Techniques	34
3.5 Sample Size	35
3.6 Data Collection Sources	35
3.7 Data Collection Procedure	36
3.7.1 Interviews	36
3.7.2 Questionnaires	37
3.8 Analysis of Data	38
3.9 Ethical Concerns	39

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS	40
4.1 Introduction	40
4.2 Personal Data of Respondents	41
4.3 Access to Finance for Tertiary Education	44
4.4 Loan Application Process	45
4.5 Benefits and Challenges of the Loan Scheme	51
4.6 Interviews	52

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS	59
5.1 Introduction	59
5.2 Findings	59
5.3 Conclusions	61
5.4 Recommendation	62

REFERENCES

APPENDIX

Questionnaire	70
Interview Guide	75
OF TABLES	LIST
Table 2.1: Interest on SLTF loans	29
Table 4.1: Sex and Age distribution of respondents	41
Table 4.2: Distribution of respondents by Institution and current level	42
Table 4.3: Programme of study	43

Table 4.4: Institution and source of financial assistance	44
Table 4.5: Institution of funding	45
Table 4.6: Period of joining SLTF	46
Table 4.7: Easiness of application and Adequacy of loan amount	47
Table 4.8: Easiness of application and loan paid on time	47
Table 4.9: Satisfaction with amount received and ability to pay fees	48
Table 4.10: Ability to pay fees and satisfaction with loan amount received	49
Table 4.11: Sources of funding when loans delay	49
Table 4.12: Ability to pay ones fees and provision of access to tertiary education by SLTF	50
Table 4.13: Satisfaction of loan amount received and interest charges	51
Table 4.14: Loan repayment periods	56



CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Higher education in Africa and elsewhere has become increasingly important not only to individuals, for the sake of enriching their lives and enhance their status but also to the larger society for the sake of economic prosperity, and advancement of good governance. The essence is that countries have universally acknowledged that they could only develop if the needs, competencies and efficiencies of human resource in the various sectors of the economies are enhanced.

However, in spite of this universally recognized importance and its heavy capital demand on public wealth everywhere, higher education in most developed and developing countries, is suffering from increasing austerity. This has manifested itself in areas such as overcrowding, capacity limitations, declining faculty-students ratios, deteriorating facilities, and soaring tuition fees and/or student debts, restive student bodies, and increasingly demoralized faculty and staff (Johnstone, 2006). The underlying higher educational cost projection in most countries is very sharp upward.

To begin with, higher education cost are rising at rates above the costs of living generally of ordinary people and accelerated in most countries by rapidly rising higher educational participation rates. In the light of this, countries have codified in their constitution, educational provisions to ensure their fair delivery and protection. The constitution of the Republic of

Ghana makes room for equal opportunity and access to education irrespective of one's religion, ethnicity, or social background.

To Ajayi et al., (1996) funding tertiary education all over the world is a crucial challenge for governments, policymakers, and university administrators. In developing countries like Ghana, while governments provide some resources to finance higher education, there has always been the need for university administrators to find extra resources to supplement what governments provide as there is always a financing gap.

There has been a gradual shift from the provision of free higher education consequently to a system of cost sharing where students contribute towards their education. It is unfortunate to note that the introduction of cost sharing seem to have generated inequalities between the rich and the poor, making higher education the preserve of the more affluent segments of society as the poor cannot meet its obligations.

Like many other developing countries, financing of higher education in Ghana had hitherto been the sole responsibility of governments and attempts to introduce cost sharing, whereby students were required to pay part of the cost of their education until recently had been met with strikes, demonstrations, and subsequent disruptions of the academic calendar due to university closures (Atuahene, 2007). Clearly the ability to address the financial problems of higher educational institutions in Ghana demands the continued effort of the public, tertiary administrators, and government.

Indeed the future of higher education in Ghana depends on the government's ability to develop efficient and effective mechanisms to generate financial resources to support institutions and students alike.

According to Sawyerr, (2001) the first student loans scheme was introduced in Ghana in 1971 but was suspended in less than a year of coming into being owing to students opposition and a military coup d'état that toppled the government out of power only to be reintroduced in 1975 with some modifications. Thus irrespective of one's financial status, the loans were made available to all tertiary full time students in the public universities. The first loan scheme was managed initially by the Ghana Commercial Bank, however due to low funding and challenges faced in recovery and the continuous call from the student body for the loan amounts to be increased, an amended law was needed to address the challenges of the time. In January 1989, the new student loan was officially established under the Provisional National Defense Council (PNDC) Law 276. This scheme was financed with funds provided by the Social Security and National Insurance Trust (SSNIT). The purpose of the SSNIT loan scheme was to provide students with financial resources to defray personal expenses including the cost of board and lodging, books, equipment and for such other purposes as may be necessary for his course of studies“ (SSNIT Law, Section 8.1). Unlike the previous scheme, the SSNIT policy was designed to cover all public tertiary institutions. The major setbacks of the SSNIT loan scheme were the high rate of defaulters irrespective of all the favourable repayment schedules. The low recovery rate led to high indebtedness of the scheme to the Trust (Effah, 2003; Sawyerr, 2001). Coupled with this, there was the perennial disbursement problem that resulted in students' agitations.

Additionally, complaints about SSNIT pensioners not getting their retirement benefits because borrowers do not repay their loans after graduation was a big threat to the sustainability of the retirement scheme (Atuahene, 2007). To salvage this situation, in

December 2005, the Government of Ghana through the Ghana Education Trust Fund (GETFund) completely took over the administration and management of the Student Loan Scheme. Out of these arrangements, the Student Loan Trust Fund (SLTF) was established. Student Loan Trust Fund (SLTF), which replaced the SSNIT loans scheme became operational in the 2006/2007 academic year, under the auspices of the GETFund was under the trusteeship incorporation Act 1962, Act 106. However in 2011, the Students Loan Trust Fund Act 2011, Act 820 was passed to give the organization its full powers. The objective of the scheme...is to provide financial resources for the sound management of the Trust for the benefit of students and to help promote and facilitate the national ideals enshrined in

Articles 28and 38 of the 1992 Constitution“ (Students Loan Trust Fund Act 2011, Act 820).





1.2 STATEMENT OF THE PROBLEM

In most countries all over the world, including Ghana, higher education is faced with critical challenges such as affordability, accessibility and increasing demand for higher education due to the ever increasing gross students' enrollments at both private and public tertiary institutions.

Unfortunately, there has been a decline in government expenditure on higher education in most developing countries including Ghana in recent times. (Atuahene, 2007; Marcucci & Johnstone, 2010). In response, many countries are trying to introduce elements of cost sharing such as students' loans, tuition fees, books allowances, scholarship and grants in order to protect or even increase the quality of higher education.

In Ghana, Government is obliged to provide access to basic social amenities such as access to health and education, apart from the physical infrastructure and equipments for teaching and learning in public learning institutions. For instance, in a 2009 report by the Institute for

Statistics of UNESCO, 24% of total Government expenditure goes to education whiles 21 % of that public expenditure on education goes into funding tertiary education. Besides, the government is expected to provide support for education at all levels and most especially higher education to provide access and equity as enshrined in Article 28 and 38 of the 1992 Constitution of Ghana. Data obtained from the National Council on Tertiary Education, indicates that, there had been increasing numbers in students' population both at the public and private Universities and Polytechnics since 2000 but the funding has not increased that much.

The Students Loan Trust Fund has been in operation for over five years, supporting the financial needs of students in order to give them access to higher education in Ghana. However, there is no empirical evidence regarding the extent to which students had gained access to higher education through students loans, neither has there been a study on the impact of such initiative in Ghana. Little is also known of how effective Students Loan Trust Fund has been with regard to financing higher education in Ghana. The research is geared towards finding out the effectiveness of the Students Loan Trust Fund in Ghana.

1.3 OBJECTIVES OF THE STUDY

The main objective of this study is to assess the role of Students Loan Trust Fund and how effectively it is playing the role of financing higher education in Ghana.

Specific objectives are to:

1. Examine how well SLTF has played its role in financing tertiary education in Ghana.
2. Examine the challenges and prospects of SLTF in Ghana.
3. Identify the impact of the role of SLTF since its establishment.
4. Recommend ways for effective loans disbursement and recovery in SLTF.

1.4 RESEARCH QUESTIONS

1. What is the role of SLTF and how well has it played this role?
2. What are the challenges and contributions of SLTF in financing tertiary education in Ghana?
3. In what way has the role of SLTF impacted the lives of tertiary students?
4. What are the processes in students' loan disbursements and recovery at SLTF in Ghana and how can this be improved?

1.5 SIGNIFICANCE OF THE STUDY

Generally, there have been numerous studies on education financing and challenges in Ghana. Though several researches have been undertaken concerning higher education in

Ghana such as the study of 'Student Loans in Ghana', there is more to be done in the area of examining the effectiveness of the role of Ghana's Students Loan Trust Fund in creating access to tertiary education through students loans.

This study, primarily seeks to examine the role of the Students Loan Trust Fund (SLTF) in financing access to tertiary education in Ghana, while looking at some of the challenges and prospects which may influence the disbursement and recovery of students loans by the SLTF.

This study would assist the Trust Fund to garner relevant information to enhance its operations, particularly, on the disbursement of fund to beneficiaries in a timely manner in order to fulfil its core mandate. It can facilitate the preparation of a policy framework for the improvement of efficiency in terms of administration, management and sustainability of the Trust Fund. It will also add to the literature on funding higher education in developing countries in Sub-Saharan Africa, with particular emphasis on Ghana.

Findings from the study may also serve as the basis of finding alternative means of higher education financing and contribute to knowledge on best practices in student's loans management and lend efforts in solving the challenges in higher education financing in Ghana. Also, education planning consultants, educationists and policy makers, may find useful lessons in the study. This would help to reform effective education financing policies towards making tertiary education more easily accessible and affordable to most Ghanaians.

1.6 SCOPE OF STUDY

To make the research manageable and due to time constraints, the scope of the study was restricted to the students' loans, using the Students Loan Trust Fund as a case study. The unit of analysis is limited to personnel drawn from the SLTF, Ministry of Education and students who are being served on the SLTF loan scheme. However we are of the view that the sample that was used was representative enough and will not affect the generalization of results of the study.

1.7 LIMITATIONS OF THE STUDY

The study was limited to randomly selected students from five (5) tertiary institutions, representatives from the Students Loan Trust Fund (SLTF) and Ministry of Education. Though this may be a subjective selection of respondents for the key informant interviews and questionnaire administration, the results from the study would not in any way influence the generalization of the study. Time and resources were also major limitations to the study.

1.8 ORGANIZATION OF THE STUDY

The study has been structured into five separate chapters. The first chapter is made up of an overview of the study. This chapter also consists of background of the study, statement of the problem, objectives of the study, research questions, significance of the study, limitation of the study and the organisation of chapters for the study. Chapter two is a review of the related and relevant literature on financing higher education in Ghana. The third chapter explains the methodological framework upon which the study was conducted. The interpretive theory of social constructive approach of doing qualitative and quantitative research was adapted to

explain this chapter. The rationale for choosing this methodology will be discussed in this chapter. Chapter four is made up of the interpretation and discussion of the major findings of the research. The final chapter, chapter five consists of the summary of findings, conclusion and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

Over the years it is of prime interest of government to facilitate access to higher education. This has become necessary in view of the rapid expansion that has continued to take place in the primary and secondary school enrolment. Higher education plays a key role in training qualified individuals who will be capable of implementing new technologies and using innovative methods to establish more efficient enterprises and institutions and thus allocate resources more effectively. However, in order for Sub-Saharan Africa to reap the benefits of this investment in human capital, higher education institutions and students must have financing to provide quality training and sound professional prospects to their students. Today, financing higher education has increasingly become more complex even for many developing countries. While there are many challenges in financing higher education in developing countries, there is no challenge that is more catastrophic than financial stringency of institutions.

According to Atuahene (2006), traditionally, the state plays a central role in the financing of higher education for almost all developing countries. Though low and middle level income

countries experienced rapid student enrolment growth from the 1990s, real public expenditures on higher education fell significantly implying that the resource gap had to be filled by other sources. A study by United Nations Education, Science and Cultural Organisation (UNESCO, 2000) revealed that the allocation to tertiary level has decreased, but the unit cost has not decreased by as much showing that there is some form of inefficiency in costing, yet the need to replenish the supply of graduates has been the mainstay of all the African countries strategy. The 1980s and 90s were the turning point for a number of countries both developed as well as developing countries with regards to education and education reforms. Owino (2003) reiterated that the reason for the rethinking of the role and cost of tertiary education was as a result of a combination of external costs to the global economy – increases in oil prices and consequent increase in raw materials, as well as the political shift from demand side macroeconomic to market-oriented liberal policies. In Africa, the situation had an even larger impact because of the balance of payments imbalances and the consequent structural adjustment plans to alleviate the debt problems.

In most countries, public funds are channeled to universities directly from Ministries of Finance and/or Education, while in other countries; this is done through an accredited government agency (such as the Ghana Education Trust Fund in Ghana and Students Loan Trust Fund). The formula for funding takes one of three basic forms (Johnstone et. al., 1998). One form involves the transfer of resources to institutions based mainly on their teaching costs. A second form is based on actual average cost per student of differentiated types and levels of education or training. A third form allocates funds on the basis of normative unit costs reflecting what the government's contribution to the costs for various fields should be. The supplementation of government financing of higher education by non-governmental means—

primarily students and family—has been viewed by the World Bank and most other development experts as one important alternative mode of finance for the increasingly underfunded and overcrowded universities in the developing world (Woodhall 2001; World Bank 1984; Johnstone et. al., 1998). These alternative sources were seen as a major step towards reducing dependence on governments in funding universities.

The central role of the government in university financing and provision according to Owino (2003) has over the past years been a subject of debate among economists, government policy makers and educationists alike in Ghana. Against the backdrop of declining sources of revenue and more pressing social priorities, alternative financing options have been adopted by some developing countries to augment government funds that are allocated for higher education, most important of which is the student loan scheme.

2.1 FUNDING TERTIARY EDUCATION IN GHANA – AN OVERVIEW

Successive governments after independence have recognized the importance of education as a tool for socio-economic development. Thus governments have devoted significant resources to the education sector, providing all facilities and paying salaries and allowances of teachers, administrators and workers through the Ministry of Education's annual budget.

In an article published by a columnist in the Gye nyame Concord in 2005, the writer Appiah Kubi mentioned that, the issue of funding tertiary education in the country has become a contentious one. The government's funding of tertiary education could be traced back to the establishment of University College of Gold Coast, now University of Ghana to produce the

manpower requirements of the country. During this period, university students were treated as first-born babies and were provided with almost everything. However, this did not last as the issue of government as the sole financier of tertiary education came under the microscope of Dr. Busia's government in 1970 when a committee was set up to advise the government on the future policy direction of the government's financial support to the universities. Although, the government acknowledged the role of university education and the acquisition of critical skills, it has clearly stated its inability to act as the sole financier of tertiary education due to economic constraints coupled with the fact that, there are equally important sectors of the economy that need to be catered for, hence the need for cost sharing by all stakeholders.

Since government allocation to higher education is not enough for the running of universities, students have been made to contribute partly toward their education. Beginning 1998/99 academic year students were charged to pay between ₦100,000 to ₦240,000 per year as fees for accommodation (Effah & Adu, 1998). This was considered as part of student maintenance fee. However, tuitions remain the sole responsibility of the government. Institutions are also required to adjust the cost of maintenance periodically. Against the background of rising cost of tertiary education with its attendant problem of rising enrolment, the problem of funding tertiary education, reached its elastic limit during the beginning of 2000/2001 academic year when the Committee of Principals and Vice Chancellors (CVCPs) through an advertised statement in the daily newspapers (Daily Graphic and Ghanaian Times) threatened to close down the universities or cut down their admission intake till a solution is found to the chronic under-funding of the universities and other tertiary institutions as a result of starvation of budgetary allocations. Irrespective of the fact that, the 1992 constitution makes it mandatory for the government to fund education from the basic level to the tertiary level, it has become

clear that the government is not ready to fund it alone. Another area that has been of concern to tertiary education authorities has been the increase in demand for tertiary education over the last few years as against the limited entry opportunities at the tertiary level.

Tertiary institutions in the country have over the years been starved of both adequate development and recurrent expenditure making it impossible for them to operate at full and efficient capacity. In a study entitled —The Impact of Structural Adjustment Program on Access to and Quality of Tertiary Education¹ the researchers found that there was a decline in government spending on higher education on Full Time Equivalent (FTE) (SAPRI, 2001). However, in the midst of this decline there was a drastic increase in enrollment of eighty percent (80%) and the number of polytechnics increased from six to eight as a result of the reform agenda. However, instead of boosting higher education with subsidies and loans, the students' loan scheme rather suffered a deficit of US\$ 16 million (SAPRI, 2001). He went further to say that the 1985 governmental education budget declined to the tune of one-third of its 1976 size. The percentage of Gross Domestic Product (GDP) allocated to education declined from 6.4 percent in 1976 to 1.0 percent in 1983 and somewhat went up to 1.7 in 1985 (SAPRI, 2001). Addressing the seventh matriculation ceremony of the Accra Polytechnic in January 2000, Dr. Baah Boakye, Principal of the Polytechnic also complained that inadequate government subvention, irregular disbursement of the subventions and the disproportionate contribution by direct beneficiaries as well as the industrial and private sector, have all contributed to make the sustained and viable funding of tertiary institutions very difficult and noted that funding remains one of the greatest obstacles and constraint to capacity building of the nation. This perhaps, sums up the frustration of chief executives of tertiary institutions in the country over the inadequate tertiary education funding.

According to a World Bank report (2000), tertiary Education in the 21st century finds itself in a paradoxical situation. On one hand, it is witnessing an unprecedented growth. Enrolments are on the increase and so are the expectations placed on it by society. On the other hand, higher education is in a state of crisis in practically all countries of the world under the pressure of serious financial constraints. It has to compete for public fund with many other sectors and very often, it is among the first to undergo severe cuts. It is estimated that the governmental discretionary budget on education is over 40 percent. The tertiary education share of the recurrent budget is only 12 percent (Effah, 2003). At the same time, the government is not able to meet the entire projected budget that institutions have presented. In 1998, the government met only 50 percent of the approved budget for universities. To improve the share of stagnant rare public education expenditures to tertiary education and in order to stem the setbacks that threaten the ability of most African institutions of higher learning to contribute to development, the World Bank chronicled recommendations such as fee-paying in universities, elimination of allowances, rationalization of programmes and faculties, assigning to non-public sources the full cost of housing and other welfare sources provided to students and staff, reduction of non-teaching staff amongst others in order to save the universities from total collapse.

Realizing the importance of higher education to national development and taking note of its own challenges in financing education as well as contributions from the students body looking at the difficulties faced with the introduction of cost sharing, Atuahene (2006) noted that the Government of Ghana through Parliament passed a bill that established the Ghana Education Trust Fund (GETFund Act 581) in 2000, which levies a 2.5% Value Added Tax

(VAT) on goods and services to supplement government budgetary allocations to education. The purpose is to provide financial resources to support all educational institutions and offer financial assistance to genuinely needy and academically talented students. In the findings of Atuahene (2006), it was revealed that there is a tremendous contribution of the GETFund towards higher education development in Ghana in the areas of academic and residential infrastructural development, provision of scholarships and financial assistance to needy students, contributions to faculty research and development and the establishment of a student loans scheme.

2.2 COST SHARING IN TERTIARY EDUCATIONAL FINANCE

Several methods have been proposed to raise funds for the tertiary education sub-sector in Ghana as arguments over government alone sponsoring or subsidizing education is no longer feasible. The basic principle underpinning the concept of human capital theories which was adapted into education finance in the 1960s was the public rate of returns to education and its effect on higher education investment and funding. Friedman and Friedman (1980) hypothesized that, there is no proof that advance education benefit society more than the individual. According to them, higher education can even cause political instability and social strife. Irrespective of this, current studies have also revealed that, investment into higher education has greater benefits not only to the individual but society. Psacharopoulos (1981) study on the rate of returns on education, found that, higher rate of return is correlated with higher income earnings. As noted by Atuahene (2007), in similar studies by Kenkel (1990) and Grossman 1976, who argued that, there is some monetary evidence associated with higher education for other variables such as family income. In these studies, Kenkel (1990) and

Grossman (1976) discovered that, higher education could improve individuals' life style, better health knowledge and status. In a nut shell, the principal causes or rationale for cost sharing are hinged on the arguments that, cost sharing would bring equity and efficiency. According to Johnstone (2006), cost sharing is the system whereby stakeholders of education pay a portion of the cost. Education has several stakeholders and these include government, students and their parents and private sector and this group is expected to provide part of the funds for tertiary education. In justifying cost sharing, Johnstone (2006) clearly testify that the growth in the demand of tertiary education has far outpaced the infrastructure to supply this good. Although this has not gone down well with the student population amidst agitations, there is little that can be done if the sector is to be saved. Thus over reliance on government alone will not only prevent access but also affect quality negatively. It is thus imperative to think that an additional funding source is required and hence the idea of cost sharing.

2.2.1 CHALLENGES TO COST SHARING

The first challenge to cost sharing in Ghana is with reference to Article 15 of the 1992 constitution, which states that 'higher education shall be made equally accessible to all on the basis of capacity by every appropriate means, and in particular, by the progressive introduction of free education'. On this basis, since tertiary education benefits everyone, the government bears the responsibility to support the sector. This is rather an entrenched position; Ghanaians will admit that the duty of providing finance for tertiary education is far beyond only government. Other groups are also of the view that cost sharing is unfair to the current generation given that earlier generations had free tertiary education. Those who hold this

opinion according to Johnstone (2006) must realize that globalization warrants what people pay for what benefits them and so both the state and the individual must pay for tertiary education.

Also, knowing the ordinary Ghanaian to be poor, the question is how do he /she pay fees if charged? On this ground Johnston (2006), argue that cost sharing only deprives the poor of access to tertiary education. One of the methods commonly employed according to him to help the poor is —Means-Based-Support|. Thus a critical analysis is made of the individual's ability to pay the fees or otherwise and government augments the individual's efforts. The means-based-support came about as a result of the realization that students came from different socio-economic backgrounds and as such their financial needs differ. The meansbased-support is a system in which borrowers are accessed based on their different socioeconomic background which allows needy students to be identified and need based loans are subsequently awarded.

2.3 WHY STUDENTS LOANS?

Cost-sharing in many countries cannot be implemented equitably without adequate student support mechanisms for academically qualified but needy students. As higher education in Ghana continues to face the challenge of meeting the increasing demands for participation and the rising unit cost per student, students' loan have evolved to become a means of financing higher education (Marcucci & Johnstone, 2010; Atuahene, 2007). Thus student loans are a prudent means by which recurrent costs in higher education can be met. It is widely accepted by economists (Jimenez, 1986; Hauptman, 1999; World Bank, 1988; Albrecht, 1992, Albrecht and Ziderman, 1995; Woodhall, 1988) that loans enable students finance their current studies against future incomes. Student loans according to Johnstone (1996) involves spreading the

cost of financing higher education among the four major stakeholders—students, parents, government and institution—including other donors and philanthropic organizations. Student loans provides an alternative solution to the financial constraints facing students, thus creating an avenue to improve access to students from low socio-economic background who would have been denied access to higher education because of their inability to pay (Woodhall, 2004). It also serves as a ‘third leg’ to cost-sharing and makes students more responsible and value higher education. In Ghana, the introduction of a student loans scheme has had mixed results in terms of its administration, loan disbursement and loan repayments.

Student loans have been found to provide performance incentives to students at the university and helps ease the financial burden of students from poor families (Albrecht, 1992; World Bank, 1983; 1993; 1984). The same studies however found that loan programs in most cases have not been used to support cost recovery for higher education, but as support mechanisms for the maintenance of students. Again, the guaranteeing of student loans by the government in many countries (Albrecht; 1992) eliminates risk to the lender and lowers the interest rate charged for borrowing funds to attend college. By reducing the private direct cost of college education, such loans indirectly guarantee increased college enrolment. Similarly, the state of the economy has been found to influence college enrolments through its effects on the indirect costs or opportunity cost of attending college.

Studies have shown that while most governments may be well versed in raising funds through debt financing, they are typically far less familiar with and efficiencies in the processing of loans (Albrecht, 1992; Woodhall, 2000). A great number of institutions and countries have introduced loan schemes which are repaid from subsequent earnings after graduation. Although there is a great variety of lending schemes from an organizational viewpoint, the basic

principles remain the same. Students receive loans to cover the direct cost of education (tuition fees, education supplies, including computers) and in some cases, living expenses until they finish their studies then they are required to repay the loan.

2.4 STUDENTS LOANS AN INTERNATIONAL PERSPECTIVE

Public resources are proving increasingly insufficient to finance tertiary education in a growing number of countries. In Ghana, cost-sharing between government and the students is becoming the norm. But cost-sharing cannot be implemented equitably without adequate student support mechanisms for academically qualified but needy students (Johnstone 2006). There are therefore two ways of offering financial support according to Salmi (1999): through targeted scholarship schemes and through student loan programs that make funds available to all students who wish to borrow for their education. He went on to say that a great number of institutions and countries have introduced loan schemes which are repaid from subsequent earnings after graduation.

In most countries, student loan institutions have traditionally been run by public agencies and Ghana is no exception. Woodhall (2001) maintains that student loans can only help facilitate recovery and improve quality only if they are efficient and well-designed. She went further to say that though many student loan programs in Africa may have been well-designed, they generally lack efficiency. She provides certain criteria that student loan programs should meet while trying to promote equity and efficient cost recovery. These are: efficient institutional management; effective financial management; effective criteria used in determining eligibility; provision of information on terms and conditions of loans; adequate legal frameworks and effective loan collection.

A 1992 review of international experience with student loan schemes in both industrialized and developing countries by the World Bank (2000), found that because of heavily subsidized interest rates, high default rates, and high administrative costs, the repayment proportion of loans has not been very significant in most cases. Loan programs have traditionally been heavily subsidized to minimize the burden to the students, but this has meant that the student loan agencies have been losing part of their assets as long as they have given out subsidized loans. The second difficulty encountered by student loan institutions has been the high level of default due to a combination of external factors such as unemployment and internal factors like poor management of the loan recovery function. The third element which contributes to the lack of financial viability of student loan programs is the low level of managerial efficiency, especially in public agencies, which results in high administrative costs. Whereas in industrialized countries the most efficient institutions have operating expenditures representing no more than one percent (1%) of their portfolio, the average administrative cost in developing countries like Ghana student loan institutions ranged from 10 to 25 percent in the 1990s. The World Bank (2000) noted that the net effect of these factors on the overall financial performance of loan schemes has been so detrimental that, it would have been cheaper to substitute loans with outright grants or scholarships.

2.4.1 OVERVIEW OF STUDENT LOAN PROGRAMMES AVAILABLE

In developing loan programmes, each country looks at its own situation and selects a programme that best meets their needs. According to Albrecht and Ziderman (1992 and 1995), student loan programmes have been developed in various forms in over fifty countries throughout the world. In general, student loan programmes in developing countries have been used to assist with the living expenses of students and covering a big percentage of the total

student population. Owino (2003) maintain that most loan programmes offer credit in the form of a mortgage loan, where repayment is made over a specified period, usually with fixed monthly repayments, interest rates and maximum length of repayment (typically used to calculate the fixed periodic payments). The second form of repayment is the graduated nominal payments, where borrowers pay equal rather than nominal amounts, thus ensuring that the first payments are not necessarily large in real terms in relation to others (Owino, 2003). The third type of repayment mechanism as noted by Albrecht and Ziderman (1995) is the income contingent loan, where loans are repaid as a proportion of a graduate's income each year.

There have been a number of student loan programmes running in Africa. In Ghana, Kenya, Malawi, Tanzania, Nigeria and South Africa, the loan schemes have been of mortgage type where borrowers are required to repay on monthly bases until they pay off the loan. Programmes in Nigeria and Tanzania have since been abandoned (Albrecht and Ziderman, 1995). Similar programmes are run in Australia (income contingent), Sweden (income contingent), Morocco (mortgage), Sri Lanka (mortgage), Philippines (mortgage) and the UK (mortgage).

In South Africa, the government established the National Student Financial Aid Scheme (NSFAS) in 1996 to ensure that academically able students without financial resources can attend higher education through borrowing. Higher education was free in the Soviet Union, but since the break up of the Union, private institutions have opened and state institutions have been allowed to charge fees of students who fall below acceptable scores on entrance examinations but are willing to pay to study. In some countries like Singapore students loans are interest free. But the marketability of the program of study is a crucial prerequisite for the award. In this case, the repayment schedule should be completed by three years, starting six

months after graduation. Other programs have interest free loans that are administered by the universities (World Bank, 1983).

It is worth note that the students' loan programmes the world over and Ghana not being an exception has gone through different modes of operating and management to its current state. Just like in Ghana where the students' loan programme has run as a departmental function under GCB and SSNIT with little attention being paid to disbursement and recovery, to its current state where it has clearly stated roles and goals as an institution, the situation is no different from what pertains in other countries. In Kenya, the situation has been no different leading to the establishment of the Higher Education Loans Board in 1995 with clear cut roles and goals of managing the students' loan programme.

2.4.2 IMPROVING EFFICIENCY AND EFFECTIVENESS

Effectiveness: For the purpose of this study, effectiveness has been defined as the degrees to which objectives are achieved.

The World Bank (2000) outlined some success approaches in improving the efficiency and financial viability of existing student loan programs while broadening their coverage is a major challenge. Despite the poor performance of many of the existing schemes, the recent experience of the World Bank in support of student loan schemes reveals that it is possible to design and administer financially sustainable programs if a number of basic conditions are respected. The following features according to the World Bank have been identified as critical:

- a good information and marketing strategy to promote the student loan program and ensure widespread awareness among eligible students and institutions;
- transparent eligibility criteria to ensure that any subsidy element be targeted to the most deserving students (academically and socially);
- a close supervision of the academic performance of the student loan beneficiaries;
- a carefully designed interest rate and subsidy policy to protect the long term financial viability of the scheme;
- efficient collection mechanisms, including an appropriate legal framework to minimize default;
- efficient institutional management of all key processes (evaluation and selection of beneficiaries, academic monitoring, loan collection, financial management), based on an adequate computerized management information system; and
- a stable management team

Woodhall (2001) maintains that student loans can improve in quality only if they are efficient and well-designed. Though many student loan programs in Africa may have been welldesigned, they generally lack efficiency. However, in recent times a number of them have adopted the above mention criteria which are working well for them in the effort to be efficient and effective.

2.5 STUDENTS LOAN IN GHANA

With the government's desire to maintain quality education and ensure that brilliant but needy students have access to tertiary education, there was a need for other sources of funding hence the introduction of the students' loan scheme (Report on students' loan scheme 1995). The

first student loans scheme was introduced in Ghana in 1971 according to Atuahene (2007), but was suspended in less than a year due to political instability and subsequently reintroduced in 1975 with some modifications. This loan scheme was however initially managed by the Ghana Commercial Bank (GCB), however due to low funding and challenges faced, an amended law was passed to address the challenges. Another student loan scheme was officially established in January 1989 under the Provisional National Defense Council (PNDC) Law 276. Atuahene (2007) noted that this scheme was financed with funds provided by the Social Security and National Insurance Trust (SSNIT). Unlike the previous scheme, the SSNIT policy was designed to cover all tertiary institutions, a departure from the previous arrangements which was design to cater for only public university students in fulltime approved programs (SSNIT corporate document, 2010).

Irrespective of all the favourable repayment arrangements put in place under the SSNIT Loan Law in section 5, 6.1 and 6.2, Effah (2003) and Sawyer (2001) noted that the major setbacks of the SSNIT loan scheme were the high rate of defaulters as a result of the low recovery rate and the indebtedness of the scheme to the Trust. Coupled with this, there was a perennial disbursement problem with the continuous delay of the inflow of loans during the school years. Additionally, complains about SSNIT pensioners not getting their retirement benefits because borrowers do not repay their loans back after graduation was a big threat to the sustainability of the retirement scheme (Atuahene, 2007). To salvage this situation, the Government of Ghana in December 2005, through GETFund took over the administration and management of the Student Loan Scheme with the establishment of the Student Loan Trust Fund (SLTF).

2.6 STUDENTS LOAN TRUST FUND

The Student Loan Trust Fund (SLTF), which replaced the SSNIT loans scheme was established in December 2005 by the Government of Ghana and became operational in the 2006/2007 academic year, under the Trustee Incorporation Act 1962, Act 106 referred to as the Trust Deed. However, in June 2011 the Student Loan Trust Fund Act 2011, Act 820 was passed by parliament to replace the Trust Deed. The main objective of the scheme:

...is to provide financial resources and the sound management of the Fund for the benefit of students of accredited tertiary institutions pursuing accredited tertiary programmes and to promote and facilitate the national ideals enshrined in articles 25 and 38 of the 1992 Constitution“ (Students Loan Trust Fund Act 2011, Act 820).|| For the purpose of achieving the objectives of the Trust Fund, monies from the Trust Fund shall be applied to the relevant activities that the Trustees of the Fund may determine, including, in particular:

1. The provision of facilities to enhance the tertiary education to support students.
2. The provision of moneys to support any other activities and programmes for the promotion of relevant courses as determined by the Trustees, in consultation with the Minister.

The Trust Fund is governed by a 13-member Board of Trustees who comprise of distinguished individuals of various backgrounds relevant for the business of SLTF. The members of the board are appointed by the President of the Republic of Ghana. The day - to - day administration of the SLTF is headed by a CEO, assisted by a team of dedicated professionals.

2.6.1 SOURCES OF MONEY FOR THE TRUST FUND

The main sources of money for the Fund according to the Students Loan Trust Fund Act 2011, Act 820 among others are:

- Money paid into the Fund representing up to ten per cent of the inflows into the Ghana Education Trust Fund
- Voluntary contributions which are tax deductible,
- Mobilisation of resources from local and international partners interested in the advancement of tertiary education
- Loans from the Social Security and National Insurance Trust upon terms and conditions as shall be agreed upon
- Donations, gifts, bequest and other moneys from any Ghanaian or individual foreigner, local or foreign entity
- Money that the Minister may determine, with the approval of Parliament,
- Loan repayments, fees and other money earned by the Fund in the performance of its functions
- Money that accrues to the Fund from investments made by the Board,
- One percent of moneys taken from the communications service tax revenue among others

2.6.2 ELIGIBILITY

Due to financial constraints, the Trust Fund awards loans to needy Ghanaian students admitted to attend and pursue accredited tertiary programmes in accredited tertiary institutions in Ghana. The Trust Fund used to advance loans to postgraduate students but due to the same financial constraints the focus has now shifted only to undergraduate students. Unlike previous loan

schemes that focused only on students in public institutions, SLTF gives loans to students in both public and private tertiary institutions

2.6.3 PROVISION OF GUARANTOR BY BORROWERS

A borrower shall be required to provide at least one guarantor acceptable to the Board prior to the disbursement of the loan. Since the establishment of the Fund, there has been only one form of guarantor required to guarantee the loan that is a SSNIT guarantor. However, as a result of challenges students faced in obtaining a SSNIT contributor as guarantor, the Board in consultation with stakeholders expanded the base of the acceptable guarantors to include recognized Religious bodies, Metropolitan, Municipal and District Assemblies and Corporate Bodies.

2.6.4 LOAN PROTECTION

Under the Students Loan Trust Fund Act 2011, Act 820 every borrower of the Fund shall subscribe to a Students' Loan Protection Scheme (SLPS) that shall indemnify the borrower against payment of outstanding debt to the Fund as a result of death or permanent disability. This is necessary because guarantors or the families of borrowers are required to bear the burden of repaying the loan balance in the event of death or permanent disability of the borrower. Thus the SLPS was instituted to absorb such financial burdens from these individuals. The Loan Protection Scheme covers the duration of the loan till the time when full repayment is done. Every borrower who qualifies for the loan is deemed to be automatically eligible for SLPS. As such a required contribution of 0.5% of the loan amount granted every year is deducted at source and contributed to the fund. Claims to the protection scheme can be made upon prompt reporting of incidence of death or incapacitation to SLTF.

2.6.5 INTEREST ON THE LOAN

The loans given out by the Fund attracts interest at a highly subsidized rate and this interest rate is determined by the Board. This is to maintain the value of the money given out to students and preserve the Fund for posterity. The interest charged takes into consideration inflation over the period of the loan and is charged annually. However, at the repayment stage the interest is compounded semi-annually plus a 2 percent charge. The following is the schedule of interest rate charged on the loan:

Table 2.1 Interest on SLTF loan

		MORATORIUM		REPAYMENT PERIOD
	Study period	National Service Period	1 Year Grace Period	Repayment Period
Interest rate on loan	*GOG 182 day T-bill rate	GOG 182 day T-bill rate	GOG 182 day T-bill rate	GOG 182 day T-bill rate + 2%
Frequency of compounding	Annual	Annual	Annual	Semi-Annual

Source: SLTF brochure (2011)

GOG – Government of Ghana

Maximum rate applied will be 12% until reviewed. In effect where the T-bill rate goes beyond 12% SLTF shall fix the rate at 12%.

2.6.6 LOAN RECOVERY

Students Loan Trust Fund needs to ensure that the loans given out by the Trust Fund are recovered to ensure the sustainability of the fund. For this reason there is in place a recovery department whose job it is to ensure that the loans are recovered although to a large extent every single staff of SLTF is responsible for recovery. Unlike other African countries like Kenya and South Africa where successive institutions take on the loan liabilities of their predecessors, the situation in Ghana seems totally different. In Ghana institutions that were mandated to give out students' loan at any point in time are still responsible for their recovery long after this function has been taken away from them. According to Otieno (2004), loan recoveries has been improving over the years as a result of aggressive public education, the enactment of legal instrument binding borrowers and employers to ensure repayment, and streamlined record keeping, among other factors.

As the facilities given out by SLTF are loans, beneficiaries are also required to repay after completion of their programme of study. Depending on the length of study, the anticipated years for repayment range between five (5) and eighteen (18) year. These years include the periods in school as well as a two (2) year grace period just like the case in Kenya (Otieno, 2004) for national service and the search for a job with the only difference being the total repayment period. According to Atuahene (2007), there is no guarantee that graduates who secured job after school would earn enough income to defray their loans within the stipulated scheduled period. However this arrangement does not deter student from borrowing because

their choices are highly limited. Shen and Zideman (2008) also mentioned that because the loans are government sponsored, students receive subsidies in that they are charged below the market interest and inflation rates. This notwithstanding, when the loan repayment is due, the borrower has three (3) options to consider (SLTF brochure):

- a. Monthly deduction from borrowers salary by his employer paid to SLTF
- b. Direct periodic payment to SLTF by borrower
- c. Outright payment of total amount due

It must be mentioned here that although loan recovery is very important in any loan scheme, the mere recovery of loans should not be taken to mean that the program is performing well (Otieno, 2004). No loan program can so far claim to have achieved a 100% repayment rate, not even the much-vaunted success stories of Australia and New Zealand (Johnstone, 2001).

Factors such as the length of repayment, interest rates, costs of administration, etc., make full cost recovery impossible. This notwithstanding, there are efforts to try and attain this goal of full recovery.

2.6.7 EMPLOYERS' OBLIGATIONS

The provisions of the Act put a legal obligation on all employers who have beneficiaries of the loan scheme in their employment. Upon employment of any borrower, employers are required to inform the Board writing within thirty days after receipt of the information. Where an employee has not fully repaid the loan, the employer is then legally bound to deduct from the wages of the employee on monthly bases the amount of any loan in accordance with the agreed monthly repayments between the Fund and the borrower and shall pay the deduction into the Fund within fifteen days after the deduction.



3.1 INTRODUCTION

This study aimed at investigating the effectiveness of Students Loan Trust Fund in financing higher education. This chapter focuses on research methodology and presents the research design and data analysis procedures. In every research, there are processes the researcher follows to meet the research objectives. These processes are methods the researcher adopts to solve topical problems. Research methods according to Neuman, (2006) are a sets of specific techniques for selecting cases, measuring and observing aspects of social life, gathering and refining data, analyzing the data and reporting on results. The methodology is dictated by the nature of data and the problem of the study. This chapter include the following in the

methodology; research design, population, sample technique, sample size, sources of data, data collection instruments and data analysis.

3.2 RESEARCH DESIGN

Kothari (2004) mentioned that, decision regarding what, where, when, how much, by what means, concerning an inquiry or a research study constitutes a research design. Choosing a study design requires understanding the philosophical foundation underlying the type of research, taking stock of whether there is a good match between the types of research. The case study method was used for the study. Kumar (2005) defines a case study as —an approach to studying a social phenomenon through analysis of an individual case.|| He further stated that a case study allows for the extensive analysis of many specific details often overlooked by other methods. Cooper et al., (2001) assert that —case study place more emphasis on a full contextual analysis of fewer events or conditions and their interrelations||.

The study adopted this design because of the advantage it has over the other methods. Kumekpor (2002) sees the case study method as a careful and critical enquiry or investigation and examination, seeking the facts of a case, a problem, issue and a community, and following events or occurrences from the beginning to the end. To Sparta (2003), case study involves the in-depth investigation of an individual, family or institution. The case study method was chosen to enable the researcher acquire greater insight and gain enough evidence for the study. Besides, both the quantitative and qualitative research methods were employed for the study.

3.3 STUDY POPULATION

According to Ngulube (2005), one of the major steps in research design is the definition of the population. The population constitutes an important part in the research objectives. The population in this study refers to the aggregation of people for which the researcher wishes to investigate. The population for this study comprises representatives from selected institutions such as the SLTF and Ministry of Education. These institutions were selected because they include officials involved in one way or the other in policy making and planning of higher education thus could better enlighten the researcher about the effectiveness of the institution. The population also includes selected students from private and public tertiary institutions being served by the Students Loan Trust Fund. The students were involved in the research because they were regarded as the ultimate beneficiaries of the service being offered by SLTF. As such, the extent to which the organisation is meeting the need of financing education can best be articulated by them.

3.4 SAMPLING TECHNIQUES

Well-developed sampling decisions are crucial for the stability of any study. Making logical judgments and presenting a rationale for these decisions goes a long way in building the overall case for a proposed study. Decisions about sampling people develop alongside with decisions about the specific data collection methods to be used and should be thought through in advance. Sampling therefore is a process of selecting the portion the researcher wants to study from a population. Literature on research method identified two primary methods of selecting a sample from a population. These are probability sampling and nonprobability sampling. Each

of these has different techniques for selecting its participants. Examples of probability sampling technique are: simple random sampling, stratified sampling, systematic sampling and cluster sampling. However, some examples of the non- probability sampling are: convenience or haphazard or accidental sampling, purposive sampling, quota sampling, snowball sampling (Neuman, 2006).

The purposive sampling technique was used in selecting the various representatives of SLTF and Ministry of Education. This is because they are especially informed and can provide the necessary information to assist the researcher in this area of study. Kumar (2005) asserts that, —the primary consideration in purposive sampling is the judgment of the researcher as to who can provide the best information to achieve the study|. Aina (2001) indicates that, a major advantage of purposive sampling is that, it is a way to assure that we get at least some information from respondents who are critical to the study. The purposive sampling technique therefore tries to get all possible cases that fit particular criteria, using various methods.

3.5 SAMPLE SIZE

A sample size is the number of sampling units selected from the study population. From the population, 106 participants were selected to participate in the study. One hundred (100) students from 5 randomly selected public and private universities in Ghana (University of Ghana, Institute of Professional Studies, Wisconsin University College, Accra Polytechnic and Koforidua Polytechnic) and three (3) officials each from SLTF and Ministry of Education constituted the sample size for the study. The justification for choosing this number of

participants was based on a number of constraints including financial, time and strategies of collecting data.

3.6 DATA COLLECTION SOURCES

Both primary and secondary data were used to accomplish the purpose of this study.

Primary data was obtained through interviews with the selected officials of SLTF and Ministry of Education. Questionnaires were also administered to randomly selected students at both private and public Universities selected for the study.

The secondary data was obtained from documents such as text books, reports, journals, electronic articles, dissertations and theses (Ghauri and Gronhaugh, 2005). The information which was gleaned from some of the above mentioned secondary sources was used to support the study.

3.7 DATA COLLECTION PROCEDURE

The study used both structured interviews and questionnaires as its main data collection instruments. A structured interview schedule was used to interview the selected officials while both open and close-ended questions were set and administer to students. The interview and the questionnaire were designed based on the objectives and research questions of the study.

3.7.1 INTERVIEWS

According to Neuman (2006), interview is —a short-term, secondary social interaction between two strangers with the explicit purpose of one person obtaining specific information from the other¹¹. To Tagoe (2009), face-to-face interview is usually conducted using the structured and standardized interview schedule. He further stated that, this method allows the researcher to read out the questions to the respondents as he or she records the answers. A face-to –face interview was used in soliciting in-depth information from the selected officials. The discussions have been well documented.

The interview schedule contained a number of questions, which will be divided into 2 sections. Section 1 entailed questions on criteria and disbursement of students‘ loan and section 2 sought answers to the effect and role of students‘ loan on students at the universities. All the questions were open-ended, thereby offering respondents the opportunity to offer their opinions without any restraints. This also enabled the researcher to clarify some of the question which the respondent found not to be clear enough and difficult to understand.

3.7.2 QUESTIONNAIRES

Questionnaires were also used in this study because they are appropriate for literate respondents and facilitate the collection of large amounts of data in a relatively short period. Also it is easier to quantify and treat statistically. Again, anonymity is guaranteed and therefore it enables participants to provide frank and unambiguous answers (Kumar 2005).

According to Kumekpor (1999), the use of questionnaire as a choice of research instrument for data collection has a special advantage over other methods of data collection especially in quantitative studies. Questionnaire however has the disadvantage of precluding personal contact with respondents and most often there is the difficulty of verification of the accuracy of responses. Above all, response rate could be very discouraging.

For the purpose of this study, a combination of structured and unstructured questionnaires was used. That is to say some of the questions had multiple answers provided and the respondents were expected to pick one or more applicable answers relevant to the questions.

3.8 ANALYSIS OF DATA

Fraenkel and Wallen (2000) stated that, analysing data in a qualitative study essentially involves synthesizing the information obtained from various sources (for example: observations and interviews) into a coherent description of what the researcher has discovered or observed. Data analysis involves examining the assembled relevant data to determine how respondents answered the research question(s). Yin (1994) indicates that data analysis consists of examining, categorizing, tabulating, or otherwise recombining the evidence to address the initial proposition of the study.

The analysis was based on the stated research questions. The taped interviews were transcribed, some of them after each interview. Since the participants interviewed had done some written interviews prior to the taping, the transcriptions were cross-checked with the responses of

written interviews to ensure that all questions were at least covered. This was necessary because in the written interviews, some of the respondents left some of the questions unanswered. The main strategy used in analyzing the interviews was by sorting the information into categories. These categories were developed from the written questions and these represented themes implied from the interviews. This in addition to the questionnaires was coded and analyzed using the content analysis procedure and Statistical Package for the Social Sciences (SPSS) to generate tables for frequencies and percentages for easy interpretation. Inferences were drawn from this study to determine how effective SLTF is playing the role of financing higher education in Ghana.

3.9 ETHICAL CONCERN

According to Ghauri and Gronhaug (2005) the moral principles and values influencing the conduct of research by a researcher or group of researchers are referred to as ethics. Furthermore, they stress the fact that the researchers have to be honest with the way they conducted their work. Also, they outline eight ethical issues in the researcher – respondents' relationship which are;

- a. Preserving the identity of the respondents
- b. Being careful not to expose respondents to mental stress
- c. Taking care of questions detrimental to their self interest
- d. Not involving respondents in research without their knowledge
- e. Not using dangerous equipment for data collection
- f. Not being deceptive

- g. Not using force to get information
- h. Not depriving respondents of their rights.

The researcher took the above ethical issues into consideration when formulating the questionnaire and interview schedule for the data collection for this study.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 INTRODUCTION

This chapter discusses the analysis of data that was gathered from the study. A total of one hundred (100) questionnaires were distributed out of which eighty-seven (87) were successfully completed and returned to the researcher. The data collected were edited in order to help identify omissions and to correct errors where necessary. The questionnaires were coded, after which the variables were given sequential numbers and were categorised such that, items and responses measuring the same concept were grouped together. Frequency counts of each category was done and presented in tabular forms showing frequency and percentage distributions of the trend of responses through the use of Statistical Package for Social Sciences (SPSS). Interpretation and discussion of the data was done per the factors that constituted the

framework for the research. Considering the audience and users of the report, frequency tables were used for the presentation of the survey results.



PART I

4.2 PERSONAL DATA OF RESPONDENTS

Table 4.1: Sex and Age distribution of respondents

Sex	Age					
	18 - 19	20 - 24	25 - 30	31 - 35	45 - 50	Total
Male	7	30	19		3	59
Female	4	10	12	1	1	28
Total	11	40	31	1	4	87

Source: Field Survey Data, July 2012

Table 4.1 above shows the sex and age distribution of respondents. Out of 100 questionnaires distributed, 87 of them respondent completed and returned the questionnaire to the research of

which 59 were males and 28 females. The majority of the respondents fell within the age grouping of 20 – 24 years.

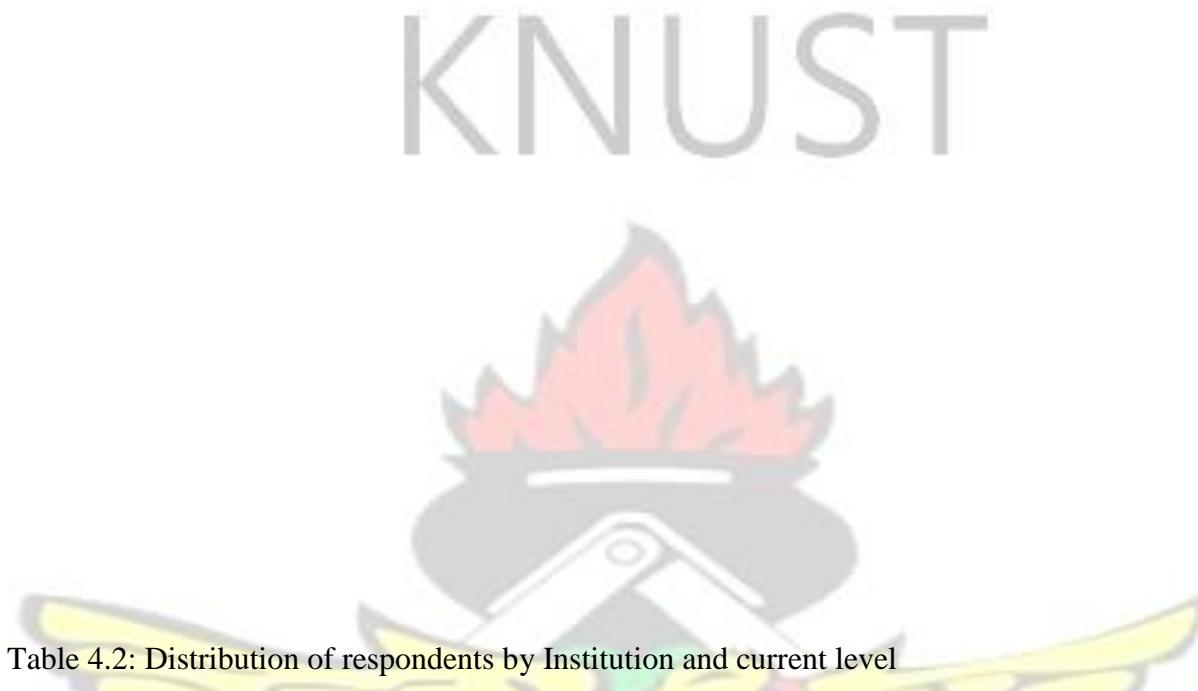


Table 4.2: Distribution of respondents by Institution and current level

Current Level	Institution Name					Total
	Accra Polytechnic	University of Ghana	Koforidua Polytechnic	Institute of Professional Studies	Wisconsin University	
100	6	9	8	4	3	30
200	2	3	3	8	3	19
300	8	9	5	4	8	34

400		1		2	1	4
Total	16	22	16	18	15	87

Source: Field Survey Data, July 2012

Table 4.2 clearly shows that the highest number of response of 22 was received from University of Ghana. This notwithstanding, 30 of the respondent were in their first year, 19 in their second year, 34 in their third year and only 4 in their final year.

Table 4.3: Programme of study

	Frequency	Percent
Science	5	5.7
Arts	17	19.5
Agriculture	8	9.2
Business	30	34.5
HND Programmes	24	27.6
DBS/ Diploma	3	3.4
Total	87	100.0

Source: Field Survey Data, July 2012

It is clear from Table 4.3 above that response to the survey came from a varied number of students offering different programmes. Majority of the respondent who made up 34.5% were business student while the least were DBS / Diploma students.

4.3 ACCESS TO FINANCE FOR TERTIARY EDUCATION

Table 4.4: Institution and source of financial assistance

Institution Name	Accra Polytechnic	Education Financier				Total
		Myself	Both Parents	Mother alone / Father Alone	Sponsor/Benefactor	
		6	7	2	1	16

University of Ghana	6	9	5	2	22
Koforidua Polytechnic	2	4	6	4	16
Institute of Professional Studies	3	7	4	4	18
Wisconsin University	1	11	2	1	15
Total	18	38	19	12	87

Source: Field Survey Data, July 2012

The above table shows that majority of the students are supported by both parents in financing their education. However it was revealed that Wisconsin University, a private tertiary institution had the highest number of students being supported by their parents. This notwithstanding, University of Ghana had 4 respondents who claimed to finance themselves at school. The least form of educational financier sought by 12 respondents was from sponsors and benefactors.

Table 4.5: Institution of funding

	Frequency	Percent

SLTF	79	90.8
Bank	8	9.2
Total	87	100.0

Source: Field Survey Data, July 2012

From the survey it was revealed that majority of the respondents sourced for financial assistance in pursuing their education. Table 4.5 shows that 90.8% of respondents were on the SLTF loan scheme while the remaining 9.2% went to the banks for this assistance.

4.4 LOAN APPLICATION PROCESS

Using a period of four (4) academic years from 2008 – 2012 as shown in Table 4.6 below, majority of the respondents that is 47.1% applied for the loan in the 2001/12 academic year. 26.4% applied in the 2008/09 academic year, 16.1% in the 2010/11 academic year with the least being 10.3% who applied in the 2009/10 academic year.

Table 4.6: Period of joining SLTF

	Frequency	Percent
2008/09	23	26.4
2009/10	9	10.3
2010/11	14	16.1

2011/12	41	47.1
Total	87	100.0

Source: Field Survey Data, July 2012

It was revealed that respondents had different views on whether the application process was easy and whether the amount provided was adequate in financing their education. Table 4.7 below shows that while 54 of the respondents maintained that the application process was easy, 33 of them indicated otherwise. Irrespective of this, 61 of the respondents indicated that the loan amounts received at the end of the day was not adequate to finance their education. From the table it can be deduced that although the application process at SLTF was easy, the amount received by the students was not enough to take care of them in school.

Table 4.7: Easiness of application and Adequacy of loan amount

Easiness of	Yes	Amount received adequate		Total
		Yes	No	
		22	32	54

application	No	4	29	33
Total		26	61	87

Source: Field Survey Data, July 2012

Notwithstanding what Table 4.7 revealed, Table 4.8 shows that as the application process at SLTF was easy, 46 of the respondents maintained that the loan was time paid on time though 41 of the respondents said otherwise.

Table 4.8: Easiness of application and loan paid on time

Easiness of application	Loan Paid on Time		Total
	Yes	No	
Yes	30	24	54
	16	17	33
Total	46	41	87

Source: Field Survey Data, July 2012

Table 4.9: Satisfaction with amount received and ability to pay fees

	Ability to pay fees
--	---------------------

Satisfaction with amount received	Disagree	Agree	Total
Very Satisfied	11	8	19
Satisfied	16	11	27
Not Satisfied	25	9	34
Very Dissatisfied	4	3	7
Total	56	31	87

Source: Field Survey Data, July 2012

In Table 4.10 below, 56 of the respondents mentioned that they were unable to pay for their own fees without assistance while the remaining 31 said with the support of relations and benefactors they were able to foot their bills. A further probe revealed that 34 of the respondents were not satisfied with the amount awarded by SLTF as loans whiles 27 said they were satisfied. An investigation at SLTF to ascertain this slight contrast in views revealed that as a result of the means-based-support approach adopted by SLTF in arriving at loan amounts, needy students were to some extent adequately taken care of.

Table 4.10: Ability to pay fees and satisfaction with loan amount received

	Ability to pay fees

Satisfaction with amount received	Disagree	Agree	Total
Very Satisfied	11	8	19
Satisfied	16	11	27
Not Satisfied	25	9	34
Very Dissatisfied	4	3	7
Total	56	31	87

Source: Field Survey Data, July 2012

Table 4.11: Sources of funding when loans delay

	Frequency	Percent
Parents	34	39.1
Relatives	11	12.6
Friends	41	47.1
Salary	1	1.1
Total	87	100.0

Source: Field Survey Data, July 2012

Table 4.11 shows that in the event of delay in loan disbursement, 47.1% of the respondents relied on friends to finance their activities in school. A further 39.1% said they rely on their parents' support whiles 12.6% relied on relatives for funding. From the study, it was revealed that 1.1% of the respondent relied on their salary by virtue of the fact that they are working and schooling at the same time.

Table 4.12: Ability to pay ones fees and provision of access to tertiary education by SLTF

Is	SLTF	providing	
----	------	-----------	--

		access to tertiary education		Total
		Yes	No	
Ability to pay own fees	Disagree	42	14	56
	Agree	22	9	31
Total		64	23	87

Source: Field Survey Data, July 2012

Overall, it can be observed from Table 4.12 above that because most students could not pay for the fees on their own, 42 of the respondents maintained that SLTF was providing access to tertiary education. The 22 respondents who said they could pay their own fees also emphasized the importance of SLTF. However, the reason of the minority who said SLTF was not providing access to tertiary education was that the loan amount was too small to finance their educational needs and the delays sometimes in the disbursement of loans left a lot of hardship on the part of students.

Table 4.13: Satisfaction of loan amount received and interest charges

	Interest Charges			Total	
	High	Ok	Indifferent		
Satisfaction of amount received	Very Satisfied	12	7	0	19
	Satisfied	12	15	0	27
	Not Satisfied	32	0	2	34
	Very Dissatisfied	4	3	0	7
Total		60	25	2	87

Source: Field Survey Data, July 2012

In Table 4.13, 32 of the respondents revealed that they were not satisfied with the loan amount received and that the interest charged on these amounts was high. 15 of the respondents also maintained that they were satisfied with amount they received and the interest charge was okay as compared to the market rates. However 2 of the respondents were indifferent to the interest charged.

4.5 BENEFITS AND CHALLENGES OF THE LOAN SCHEME

On the question of the benefits borrowers derive by being on the SLTF loan scheme, respondents gave a number of benefits which are outlined below:

- Applicants are not required to repay their loans before they graduate and are also given 2 years grace period after graduation before repayment starts. An investigation revealed that this grace period did not mean that interest is not charged on the loan but related to the time frame given for repayment.
- The loan is given at a highly subsidized rate and not the going market rate
- Helps students concentrate on their study rather than worry about their finances
- The introduction of the Students Loan Protection Scheme aid to alleviate the burden on student and guarantors in the event of permanent incapacitation or death
- The reduction of the guarantors to one and the diversification of the guarantorship from only SSNIT contributors to include corporate bodies, Religious bodies and Municipal and District Assemblies.

On the question of the challenges or problems faced in applying the loan and ways to mitigate them, the respondents revealed that the current application processes of applying the loan online should be relooked at as most needy students lack the access to internet facilities. Thus an alternative to use paper application can be reintroduced. Also, the SLTF website should be regularly updated and modified to allow students to view the loan statuses online instead of always having to visit the SLTF offices. Finally a robust call center should be in place to regularly deal with the complaints of students.

PART II:

4.6 INTERVIEWS

The researcher also conducted interviews with management of SLTF as well as representatives of the Ministry of Education in charge of tertiary education. From the interviews it was revealed that the main purpose or objective for establishing the SLTF was to —provide financial resources for the sound management of the Fund for the benefit of students of accredited tertiary institutions pursuing accredited tertiary programmes¹¹ as stated in the SLTF Act, 2011, Act 820. According to the respondents it is believed that once this is effectively executed, tertiary student will gain equal access.

On the question of mobilization of funds for the loan scheme, it was revealed that currently the scheme depended solely on Ghana Education Trust Fund for its funding. A further probe revealed that this sole source of funding was inadequate to meet all the needs of borrowers resulting in the dissatisfaction on the part of students in the amounts awarded. Respondents revealed that to be seen to be very effective in this area, SLTF with the approval of the sector ministry, Ministry of Education should start exploring some of the other sources of funding as enshrined in its act. This will offer it sufficient funds to be able to now award realistic loans to better meet the needs of borrowers. However it was cautioned that care should be taken in taking this approach in other not burden the Fund with high interest rates on the commercial market.

From the interview with the Head of Operation at SLTF, it was revealed that the criteria for accessing the loan have over the years gone through several changes. From the onset of the scheme, the application process had been on paper bases where students completed paper applications and submitted them for processing. However to be efficient, the Fund has now resulted to online application where students had to complete the entire application online and

only submit a summary sheet and supporting documents for validation. To reduce the burden of students going round to look for three (3) guarantors as was the case in the SSNIT loan scheme, the Fund only required students to have only one (1) guarantor. This notwithstanding, the realisation that most student who were really in need did not have any one who contributed to SSNIT to guarantee their loans meant that a whole lot of needy students were left out of benefiting from the loan. To cater for this group the Fund has now diversified its guarantorship base to include religious bodies, corporate bodies and Municipal and District assemblies. Another criterion was that all borrowers must be on the school list provided by their various institutions to qualify to access the loan. In addition, because of the absence of a fully-fledged national identification, the only way SLTF could uniquely identify its borrowers was to obtain a SSNIT number from SSNIT which would later in the future be used by the student to pay his / her pension contribution. And finally all applicants must be Ghanaians and they must show evidence of that.

On the average it came to light that the SLTF disburses loans to 9,000 fresh applicants every year. This figure they hope to increase as there are plans to add more institutions to the scheme. In other to attain this, it came to light during the interview section that the Fund is trying to streamline its processes to reduce the delays in loan disbursement. Currently the loan amounts being offered by SLTF range between 300 Ghana cedis to 1,200 Ghana cedis a year. According to the officials of SLTF and Ministry of Education, it is hoped that this amount could be increased in the future once the various funding options are pursued. In addition, to better serve the needs of its target group, loans to postgraduate students have been suspended so as to focus more attention on the undergraduate once.

The interview brought to light that currently the loan disbursement mechanism adopted by SLTF is the means-based-support or the means testing approach in which substantial information on the socio-economic factors of borrowers are obtained and upon that an amount is allocated to meet their needs. This approach it was believed helps to focus more on the needy students who totally rely on the loans for their education. It was also revealed that currently SLTF advances loans to sixty (60) tertiary institutions in the country which includes public and private universities and colleges, polytechnics, institutions and nursing training colleges. It was also revealed that to better serve their customers; SLTF has established campus offices in all the tertiary institutions currently on the scheme. This they hope to use in serving their clients better. According to the officials, plans are far advanced to enroll teacher training colleges onto the scheme.

Luckily for SLTF, they did not inherit the liabilities of its predecessor SSNIT. As such SLTF had a clean slate to start its operations. Since its inception in 2006, the first batch of borrowers ready for repayment was in 2011. To avoid the high default rate characterized in previous schemes, SLTF has ensured regular contact with its borrowers reminding them of their obligations to the Fund. Also through proper records keeping and collaboration with other agencies of state like SSNIT and the Accountant Generals Department, borrowers in the formal sector are easily located. In addition, it is enshrined in the Act establishing SLTF of the obligation of employers in loan recovery. According to the Act, employers were mandated to enquire of employees whether they enjoyed the loan from SLTF and subsequently made monthly deductions to SLTF which were tax exempted. Again from the interview it was revealed that in collaboration with a number of banking institution that has nationwide coverage, recovery accounts have been created to facilitate the repayment process. Finally the

proactive way in which activities at SLTF are conducted will ensure that the default rate in loan repayment will be reduced to the barest minimum as repayment is also a source of funding for the Trust Fund.

In the opinion of officials interviewed, although there are a few challenges, the loan facility given by SLTF has significantly been beneficial to students in pursuing their education. This is because students are unable to go to the commercial market to source for the financial assistance due to obvious reason and not to speak of the short repayment period and high interest rate. Thus SLTF provides them with the necessary funding in the pursuit of higher education at highly subsidized interest rates and long repayment periods.

Table 4.14: Loan repayment periods

Number of loans taken (years)	National service period (years)	Grace period (years)	Repayment period (years)	Total loan period (years)
1	1	1	2	5
2	1	1	4	8
3	1	1	6	11
4	1	1	8	14
5	1	1	10	17
6	1	N/A	10	17
7	1	N/A	10	18

Source: SLTF brochure 2011/2012

On the issue of challenges facing SLTF, the interview revealed that raising enough revenue to fully satisfy the demand for loans as well as award realistic amounts was a major challenge. As already shown, though all students admitted in public and private universities are eligible for the loans, only a small fraction eventually benefit from them. Even students who do benefit often complain that their loan constitutes a paltry proportion of the expenses they have to meet. Consequently, some students have resorted to various coping mechanisms including doing menial jobs within the universities to the detriment of their studies. Another challenge is the fact that currently processing fees are not been charged on the loans given out thus resulting in the high administrative cost of the Trust Fund. It was suggested that if administrative charges were placed as a percentage of the loans, it will go a long way in reducing the high cost of running its operations.

The means-based-support approach adopted by SLTF is not rigorous enough as students can easily lie about the information they provide. The processes are being reviewed to find a better way of validating the evidence provided by the borrowers. Also the small staff strength of the tracing, recovery and repayment unit means that a lot of work need to be done to achieve the recovery targets put in place. Officials wished this could change but the tight budget in place makes it a big challenge. The tracing of borrowers in the informal sector of the economy is also a major challenge facing SLTF. The interview showed that though a lot of effort has been spent like contacting the students before they complete their education and writing to the guarantors to remind them of their obligations, a lot more need to be done if SLTF wants to make at least 40% recovery a year. Again it was revealed that the current social media available was also being used to locate borrowers who could not be located using the formal sector of employment. Currently, it is believed that about 20% of the loans are being recovered annually

which is not an impressive figure. Thus a lot more effort needs to be put in place if SLTF is to fulfill fully its mandate of giving out loans and recovering it. Added to this, to further strengthen the recovery process it was revealed that there are plans to send the names of students on the scheme to the credit referencing bureaus in the country to help find them as a blacklisted person may not be able to access any loan until the previous one has been settled.

Finally, on the issue of interest rate charged on the loans, SLTF ties the loan to the 182 day Government of Ghana (GOG) T-bill rate to maintain the value of the funds given out at any point in time. However, per negotiations with the National Union of Ghana Students (NUGS), Ministry of Education and SLTF, the maximum interest that could be charged on the loans given out was 12%. Thus in the event the GOG T-bill rate moved beyond 12%, the government had to absolve the difference. However this is not forthcoming resulting in SLTF loosing huge sums of money.

CHAPTER FIVE



SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter deals with the summary of findings, conclusions and recommendations of the study

5.2 FINDINGS

The main findings of the study conducted were that:

Students Loan Trust Fund is a huge improvement on the previous scheme run by SSNIT. SLTF has made relentless effort towards making education more accessible especially to the majority of students including those from the disadvantaged socio-economic background. The need based assessment and the means testing mechanism used to provide loans to students is far more advanced than any other used by any scheme ever in Ghana.

Though SLTF was providing the financial resources required of it, it was over depending on only one source of funding to feed its operations. This sometimes led to delay in the disbursement of loans due to financial difficulties.

With respect to the processing of applications, the study revealed that the process was easy and stress free. In addition SLTF has been able to increase and diversify the guarantor types to include other forms of guarantors.

There is the inclusion of a clause in the SLTF Act making it an obligation for employers to make mandatory enquiry of loan status of employees for subsequent deduction to the Fund to repay the loan. This has improved loan recovery.

Irrespective of the mechanisms put in place to facilitate the loan recovery process, SLTF lacked adequate personnel to perform this function.

Even though interest paid by students was pegged to the prevailing Treasury bill (T-bill) rate, the law has set the maximum interest rate for the loan at 12% irrespective of the fact that the rate is most of the time higher than 12%. This is aimed at reducing the burden on students after completing school.

The loan scheme has been the only source of funds for most students who access tertiary education therefore any delay in the loan disbursement leads to agitation.

Irrespective of the impact it has on the lives of students, SLTF has a number of challenges i.e. delays, default etc. for which the organization is working effortlessly to overcome.

5.3 CONCLUSIONS

From the findings of the research, it can be concluded that the Ghanaian loan programme has come a long way from its initial status in the 70's. The loan schemes has moved from a departmental activity in a number of organizations to its current state of having a full-fledged institution with its mandate to award loans and recover the loans they gave out. Like most loan programs all over the world, it must overcome a number of obstacles in its daily activities in its quest to provide access to higher education.

In as much as the country experiences macroeconomic instabilities such as high unemployment rate, inflation, and the current interest rate, repayment will be a huge problem. The absence of reliable national data may also impinge on the Trust Fund's ability to determine who is needy and how much money each student needs to complete a degree program. This notwithstanding, the project is so important to the national development that every effort should be made to ensure its success.

Currently the activities being undertaken by SLTF can be said to be geared towards the achievement of its mandate. Therefore those responsible for monitoring the SLTF's activities must not relent on their effort until success has been achieved.

5.4 RECOMMENDATION

In view of the findings, the following recommendations have been proposed:

The means-based-support approach adopted by the SLTF in disbursing loans should be further improved to make it more robust. This will ensure that the loans scheme serve the purpose for which it was established and have a wider coverage.

Though SLTF has in its Act the provision to source for funding where ever possible, it has only depended on GETFund as its source of funding since its inception. This singular source of funding has meant that the amount of funds available for disburse will always limited as such borrowers do not receive enough to fully finance their education. SLTF should expand its sources of finance with a view to providing a wider resource base in order to meet the needs of its borrowers. This can be done by appealing to corporate bodies and international donor agencies. This will enable SLTF award adequate loans to its target group to enable them satisfy their needs.

The issue of diversified guarantorship as a means of allowing more students access to higher education is highly commendable and should be advocated a lot more. This is aimed at enabling students who may not be able to secure SSNIT guarantors to also have access to the loan to pursue their education.

The obligation of employers included in the SLTF Act is highly commended. This should be pursued vigorously through sensitization and encouragement as it will assist SLTF in recovery

the loans. In addition, a hybrid of the income contingency where loans are repaid based on the income of people and the mortgage type can be adopted by SLTF in recovering its loan.



As loan recovery is a very important part of the mandate of SLTF, the staff strength must be improved and they should be well trained to undertake this activity. In addition SLTF can liaise with debt recovery agencies to assist in recovering the loans although this may come as an additional administrative cost.

Although students always complain of the high interest rate, the current interest rate charged by SLTF of 12% per annum should be maintained in order not to put much hardship on students after completing school.

For timeliness, SLTF should liaise with the various institutions on its scheme to include a process whereby application into a tertiary institution and that for the loan will be done simultaneously. Thus as soon as a student is confirmed by the school to be a registered student, the loan processing and disbursement would begin. Again, adequate funding should be made available at the beginning of the academic year and disbursements should be timely to reduce students' hardships.

Inspite of the amount of efforts SLTF is making to overcome its challenges, i.e. late disbursement, limited sources of funding, inadequate staffing etc., the SLTF should be more serious in its approach to reduce students hardships.

REFERENCES

- Albrecht, B. (1992). Deferred cost recovery for higher education: Student loan programmes in developing countries. World Bank Discussion, p. 137.
- Atuahene, F. (2006). A policy analysis of the financing of tertiary education Institutions in Ghana: an assessment of the objectives and the impact of the Ghana Education Trust Fund, from <http://etd.ohiolink.edu/send-pdf.cgi/Atuahene%20Francis.pdf?ohiou1160006095>, retrieved on January 12, 2012,
- Atuahene, F. (2007). The Challenge of Financing Higher Education and the Role of Student Loans Scheme: An Analysis of the Student Loan Trust Fund (SLTF) in Ghana. *Higher Education*: Published online: Springer
- Adofo, A. C. R. (2009). Records Management at the Secretariat of the Anglican Diocese of Accra. (Unpublished MA Dissertation presented to the Department of Information Studies), p. 53.
- Aina, L.O. (2002). Research in Information Science: An African Perspective. Ibadan: Stirling-Horden Publishes (Nigeria) Ltd., p. 23.
- Ajayi, J. F. A., Goma, L. K. H. & Johnson, G. A. (1996). The African experience with higher education, Accra: Association of African Universities.
- Alema, A.A. (1996). An overview of the Library and information Research Scene in West Africa. *The New Review of information and Library Research*, p. 57.
- Cooper, D.R. and Schindler, P.S. (2001). Business Research Methods. 7th ed., New York:

McGraw-Hill, pp. 137, 163.

Effah, P. (2003). Ghana. In D. Teffera & P. G. Altbach, (Eds.), African higher education: An international reference handbook (pp. 338- 349). Bloomington, IN: Indiana University Press.

Fraenkel, J.K. and Wallen, N.E. (2000). How to Design and Evaluate Research in Education: 4th ed., New York: McGraw-Hill, p.505.

Ghauri, P. and Gronhaug, K. (2005). Research Method in Business Studies. A Practical Guide.3rd ed. United Kingdom: Prentice Hall/Financial Time, p. 56.

Grossman, M. (1976). The correlation between health and schooling. In: Terleckyj, Nelson (Ed.), Household production and consumption. NBER and Columbia University Press: New York

Hauptman A. M. (1999). —Ideas on Higher Education Funding: Internal Financing of Student Loans|| in International Higher Education, Summer

Jimenez E. (1986). —Public Subsidization of Education and Health in Developing Countries: A Review of Equity and Efficiency|| World Bank Research Observer 1

Johnston, B. D. (1996). Student loans in the Russian federation: Policy options. from http://www.gse.buffalo.edu/org/inthigheredfinance/Publications/publications_loan_Russia_student_loan.pdf, Retrieved on May 15, 2007

Johnstone, D. B., Arora. A. and Experton, W. (1998). —The Financing and Management of Higher Education: A Status Report on Worldwide Reform|| Washington, DC: The World Bank. [Prepared in conjunction with the October 1998 UNESCO World Conference on Higher Education, Paris, October 5-8, 1998.]

Johnstone, B. D. (2006). Financing Higher education: cost –sharing in international perspective. New York, Vol. 3

Johnstone, D.B. and Marcucci, P (2010). Financing Higher Education Worldwide: Who Pays? Who should pay? Baltimore: John Hopkins University press.

Kenkel, D. S. (1990). Consumer health information and the demand for medical care. Review of Economicsand Statistics, 72, 587–595.

Kothari, C. (2004), Research Methodology: Methods and Techniques. 2nded. New Delhi: New Age International (P) Limited pp. 3,156.

Kotey, N. (1992). Students Loan in Ghana Higher Education, 23(4), 451-459.

Kubi, A. (2005). —Funding Tertiary Education in Ghana, Ghanaweb Home Page. <http://www.ghanaweb.com/GhanaHomePage/features/artikel.php?ID=77639>, retrieved on March 15, 2012

Kumar, R. (2005), Research Methodology: A step-to-step Guide for Beginners. 2nd ed. London: Sage publications pp. 113 & 119.

Kumekpor, T.K.B., (1999), Research Methods and Techniques of Social Research, Accra Ghana: SonLife Press & Services

Kumekpor, T. K. B. (2002), Research Methods and Techniques in Social Research. Accra: Son Life Press and Services, p.99.

Neuman, W. L. (2006), Social Research Methods; Qualitative and Quantitative Approaches. 6thed. New York: Pearson Education, Inc., p.312.

Ngulube, P. (2005), Research Procedures used by Master of information studies at the university of Nortel in the period 1952-2002, with special Reference to their Sampling

Techniques and Survey Responses rate and Methodology Discourse. *The International Information and Library Review*, p.127.

Otieno, W (2004), Student Loans in Kenya: Past Experiences, Current Hurdles, and Opportunities for the Future, Boston, from <http://www.ku.ac.ke/images/stories/docs/publications/archive/Student%20Loans%20in%20Kenya.pdf>, retrieved on April 15, 2012

Owino, E. (2003), Financing Higher education in Kenya: The case of student loans, unpublished work, retrieved on December 12, 2011 from etd.aau.edu.et/dspace/bitstream/.../1039/1/Elizabeth%20Owino.pdf

Psacharopoulos, G. (1981), Returns to education: An updated international comparison. Comparative Education, 17, 321–341.

Rossouw, H. (2001). Bad Loans Burden Ghana's Student Aid. The Chronicle of Higher Education, November 2. A63

Salmi, J. (1999), Student Loans in an International Perspective: The World Bank Experience (http://siteresources.worldbank.org/INTLL/Resources/student_loans.pdf), retrieved on January 25, 2012

Sanyal, C. B. (1998), Diversification of sources and the role of privatization in financing of higher education in the Arab States Region, (Working document series. No. 30). UNESCO, Paris, International Institute for Educational Planning.

SAPRI, Ghana (2001), The impact of SAP on access to and quality of tertiary education in Ghana., from http://www.saprin.org/ghana/research/gha_education.pdf, Retrieved on April 11, 2012

Saunders, M., Lewis, P. and Thornhill, A. (2007), Research Methods for Business Students 4th ed. Harlow: Prentice Hall/Financial Time, p. 34.

SSNIT corporate document, 2010 from www.ssnit.com, retrieved on January 25, 2012 Sparta, A.V. (2003), Research Method: Science and Diversity. New York: John Wiley and Sons, p. 225.

Sawyerr, A. (2001), The student loans scheme: Two decades of experience in Ghana. National Council for Tertiary Education. Tertiary Education Series 1(3), 1–12.

Shen H. and Ziderman A (2008), Student Loans Repayment and Recovery: International Compaism. Discussion paper No. 3588, Germany

SSNIT Students loan Law from SSNIT Corporate Website www.ssnit.com, retrieved on April 16, 2006

The Student Loan Trust Fund (SLTF) Act, 2011 Act 820: from <http://www.sltf-ghana.org>, retrieved on 12 May 2012

Tagoe, M. (2009). A Handbook for Writing Research Proposals. Accra: Ghana Universities Press, p. 37.

UNESCO (2000). —World Education Indicators.||

Woodhall M. (1988). —Designing a student loan programme for a developing country: The relevance of international experience,|| Economics of Education Review, Vol. 7, No. 1:153-161.

Woodhall M. (2001). Financing Higher Education; The Potential Contribution of Fees and Student Loans. .International Higher Education

Woodhall, M. (2004), Student loans: Potential, problems, and lessons from international experience. JHEA/RESA 2(2), 37–51.

World Bank, (1983), —Student Loans as a Means of Financing Higher Education: Lessons from International Experience,|| by M. Woodhall, Staff Working Paper No. 599, Washington DC.

World Bank, (1984), —Educational Costing and Financing in Developing Countries: Focus on Sub-Saharan Africa,|| by J. C. Eicher, Staff Working Paper No. 655. Washington D.C.

World Bank, (1984c), —Case Study on Financing Higher Education in Tanzania,|| by S. Berger. Washington DC.

World Bank, (1993), Returns to Investment in Education,|| Policy Research Papers No. 1067.

World Bank/UNESCO (2000). Higher education in developing countries: Peril and promise. Washington, D.C: The World Bank, retrieved on November 10, 2011 from <http://www.tfhe.net/report/downloads/report/whole.pdf>

Yin, R. K (1994). *Case study research: Design and methods* (2nd Ed.). Thousand Oaks, CA: SAGE Publications.

Ziderman, A. and Albrecht, D. (1995). *Financing Universities in Developing Countries*, Stanford Series on Education and Public Policy. London: Falmer Press.

APPENDIX 1

QUESTIONNAIRE FOR TERTIARY STUDENTS

TOPIC:

The Effectiveness of Students Loan Trust Fund in Financing Higher Education in Ghana

Please be assured that information given is purely for academic purposes and will be held in utmost confidence and your identity treated as anonymous. Kindly tick / provide the needed response where applicable.

SECTION A: IDENTIFICATION

Serial No:

Date:

SECTION B: BACKGROUND CHARACTERISTICS

1) How old are you (in completed years)? Age { }

2) Gender

a) Male { }

b) Female { }

3) What is your marital Status?

a) Single/ Unmarried { } b) Married { } c) Separated { } d) Divorced { } e)

Widowed { }

4) What is the Name of Institution?

a) Accra Poly { } b) University of Ghana { } c) Koforidua Poly { }

d) Institute of Professional Studies { } e) Wisconsin University College { }

5) What is your current level of study?

- a) Level 100{ } b) Level 200{ } c) Level 300{ } d) Level 400{ } 6)

What is your programme of study?

- a) Sciences { } b) Arts { } c) Agric { } d) Businesses { }

- e) HND Programmes { } f) DBS/Diploma { }

g) Other (Specify).....

SECTION C: ACCESS TO FINANCE FOR TERTIARY EDUCATION

7) Who pays for your education at your current level of study?

- a) Myself { } b) Both Parents { } c) Friends/ Relatives { }

- d) Mother Alone/ Father Alone { } e) Sponsor/ Benefactor { }

Other (specify).....

8) Have you ever sourced for any financial assistance for your education from anywhere?

- a) Yes { } b) No { }

9) If yes to question 8, from which bank, or institution?

- a) Teachers Fund { } b) SLTF { } c) Educational Trust { }

- d) Bank { } e) Financial Assistance from School/ Scholarship { }

Other (Specify).....

10) If no to question 9 above, please state why you did not apply for the at SLTF loan?

.....

SECTION: LOAN APPLICATION PROCESS AT SLTF

11) If you are on the Students Loan Scheme, when did you join?

- a) 2008/09 academic year { } b) 2009/10 academic year { }

c) 2010/11 academic year { } d) 2011/12 academic year { }

e) Other, (specify).....

12) Is the loan application process at SLTF easy?

a) Yes { } b) No { } Pease

explain your response to question 12 above.....

.....

.....

13) If your loan application was successful, was the loan paid to you on time?

a) Yes { } b) No { }

14) Did the loan amount received from the SLTF, meet your educational needs?

a) Yes { } b) No { }

15) How satisfied are you with the amount you receive from SLTF?

a) Very satisfied { } b) Satisfied { } c) Not satisfied { }

d) Indifferent { } e) Very dissatisfied { } f) Not Applicable { } 16)

I feel that I can always pay for all the components of my fees when asked to do so.

a) Strongly disagree { } b) Disagree { } c) Agree { }

d) Strongly agree { } e) Not at all { }

17) If you do not receive the loan you apply for, what other source of funding do you seek for your education, (please specify).....

.....

18) In your opinion, do you think, the Students Loan Trust Fund is providing access to tertiary education?

a) Yes { } b) No { }

19) If no to question 18 above, why do you say so? (Please specify)

.....

20) Would you say that, overall provision of loans by SLTF is important if a student wants to gain access to higher education?

a) Strongly agree { } b) Agree { } c) Disagree { } d) Strongly disagree { } e)

Not at all { }

21) What do you think about the interest charged on the loan?

.....

.....

.....

SECTION F: BENEFITS AND CHALLENGES DERIVED FROM THE LOAN SCHEME

22) If you are on the SLTF loan scheme what are some of the benefits you derived by being on the loan scheme?

.....

.....

23) If you are on the SLTF loan scheme, what are some of the problems you face when you applied for the students loan?

.....

.....

.....

24) In your opinion, what do you think can be done by SLTF to mitigate some of the problems you mentioned above?

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

25) Are you aware of the repayment processes of the loan at SLTF?

a) Yes { } b) No { }

Please explain your response in question 25 above

.....
.....

26) What suggestions can you give for improving the service delivery of SLTF?

.....
.....

INTERVIEW GUIDE

PART 1

1. What are the purposes or objectives for the students loan?
2. What are your roles and responsibilities as an organization?
3. How do you mobilize funds to operate the students loan scheme?

4. What are the criteria for accessing loans by tertiary students?
5. On the average, how many students do you give loan to per academic year?
6. How do you disburse the loans to the students?
7. What is the lowest and highest amount you give out to students as loans?
8. Do you use a particular mechanism in disbursing the loans to loan applicants? Please explain.

PART 2

9. In what ways do you monitor the loans given to students to avoid defaults in loan repayments?
10. In your opinion, do you think the loan facility benefited tertiary students or had any significant impact on access to higher education? Please explain
11. What problems do you face as an organization in the operations of the loan scheme?
12. What are some of the challenges limiting your operations in promoting access to higher education?
13. What suggestions will you give to improve your role in providing access to higher education in Ghana?