

**MEETING THE FINANCIAL NEEDS OF TERTIARY STUDENTS: THE ROLE OF STUDENTS LOAN TRUST FUND
(SLTF).**

THE CASE STUDY OF NEW JUABEN MUNICIPALITY

by

Adu-Boahen Acheampong (B.Ed. Foundations), (Hons.)

A Thesis submitted to the Institute of Distance Learning, Kwame Nkrumah University of Science and Technology (KNUST) in partial
fulfillment of the requirements for the degree of

**COMMONWEALTH EXECUTIVE MASTERS OF BUSINESS
ADMINISTRATION**

Institute of Distance Learning, KNUST

June 2010

DECLARATION

I, Acheampong Adu-Boahen, author of the thesis hereby declare that except for references to other people's work which have been duly acknowledged, the work submitted was done by me as a student of the Institute of Distance Learning (IDL) of the Kwame Nkrumah University of Science and Technology-KNUST, Kumasi under the supervision of Dr. Smile Dzisi. This work has never been submitted in whole or in part for any degree in the Institute.

Acheampong Adu-Boahen (PG 2018708)

Student's Name & ID

Signature

Date

Certified by:

Dr. Smile Dzisi

.....

Supervisor's Name

Signature

Date

Certified by:

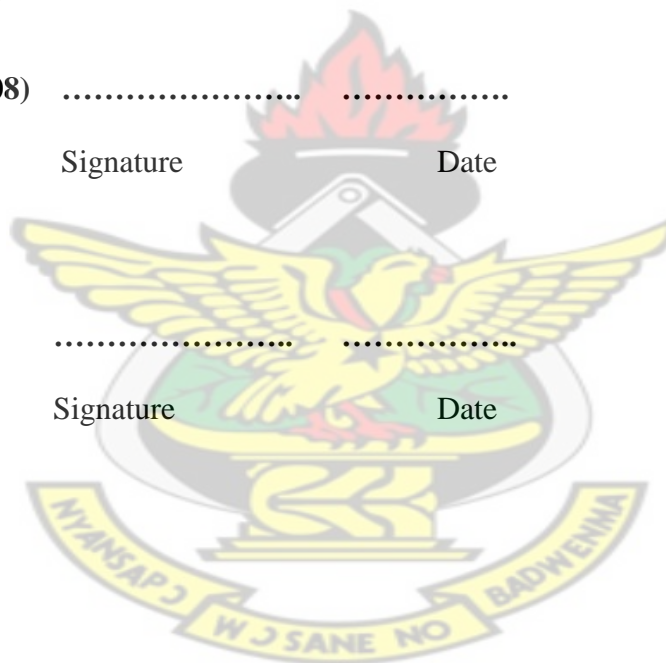
Prof. I. K. Dontwi (Dean, Institute of

.....

Distance Learning)

Signature

Date



ACKNOWLEDGEMENTS

How does a person say ‘thank you’ when there are so many people to thank? Obviously my first and foremost thanks go to my Dad and Mum who have been with me when my educational journey began and who taught me love and kindness. Of course my parents support wouldn’t have come in the first place if God had not blessed them to me.

However, the person most directly responsible for my thesis becoming a reality is my supervisor Dr. Smile Dzisi who provided all the guidance and direction I needed to complete this work. I cannot leave out two most influential personalities who assisted in numerous ways to guide my work. They are Messrs. Isaac Sarfo Acheampong, Edwin Okoampa Boadu -all of Koforidua Polytechnic and Francis N. Miezah of Students Loan Trust Fund-(SLTF) respectively.

Two other people worth thanking are Daniel Kodua Afriyie and Veronica Serwa Ofosu who provided both emotional and financial support in ensuring I have achieved this feat. I thank my siblings Adwoa and Adjei for their support all these years.

I also wish to express my sincere indebtedness to my spiritual father Mr. Ofosu Gyeabour for his inspiration, instructions, tutelage and spiritual covering to nurture my spiritual growth and development.

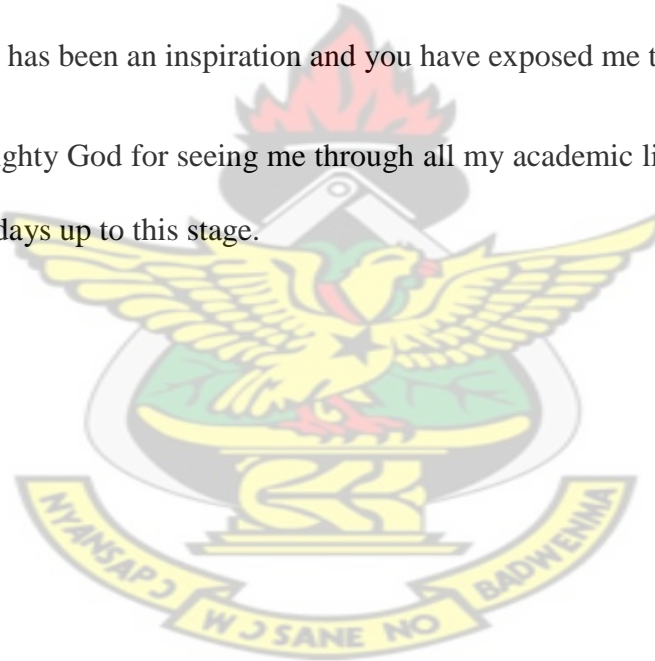
Lastly, I have come this far but for the support received from my dear wife Edna and my lovely daughter Abena Pokua and son Nana Adjei Acheampong.

Lastly, God bless all those who in diverse ways helped complete my work.

DEDICATION

I dedicate this work to Mrs. Comfort Asante- Antwi who sown a seed of encouragement which ignite in me the spirit that has brought me this far. In no terms would I forget the invaluable support given me by sweet heart Edna and Abena Pokua Acheampong, my lovely daughter. Your presence in my life has been an inspiration and you have exposed me to new opportunities.

Above all I dedicate this work to the almighty God for seeing me through all my academic life. I am most thankful to his unseen hand that guided me through all my schooling days up to this stage.



ABSTRACT

Access to tertiary education has been expanded in the last ten years but not with its accompanied challenges. Financing higher education in Ghana has become a major challenge not only to the providers of higher education but to parents/guardians and individuals who pay for their wards tertiary education. This research examines the current trend of fees paid and living expenditure as well as other related educational cost incurred in both Public and Private tertiary institutions as against the prevailing Students Loan amount disbursed to beneficiaries.

A non probability sampling method using convenience and purposive sampling techniques was adopted to select one hundred and twenty (120) and Eighty (80) students from Koforidua Polytechnic and All Nations University College respectively for the study.

The study revealed that forty-three percent of the respondents did not rely solely on the loan facility as the current loan amount is not enough to take them through a semester work. The study also shows that even though a little above 50% of respondent access the loan, the inadequacy of it made them rely on banks family members, part-time jobs, Churches and Philanthropist for extra funds to complete their tertiary programmes.

The research therefore questions the relevance of the Students Loan scheme to meet the financial needs of students and suggested alternative ways of funding as well as some realistic loan amount that can cushion beneficiaries against the rising cost of tertiary education. Some suggestions discussed were to guide policy formulation and implementation toward sourcing, as well as providing alternative avenues of raising funds to meet the rising cost of tertiary education.

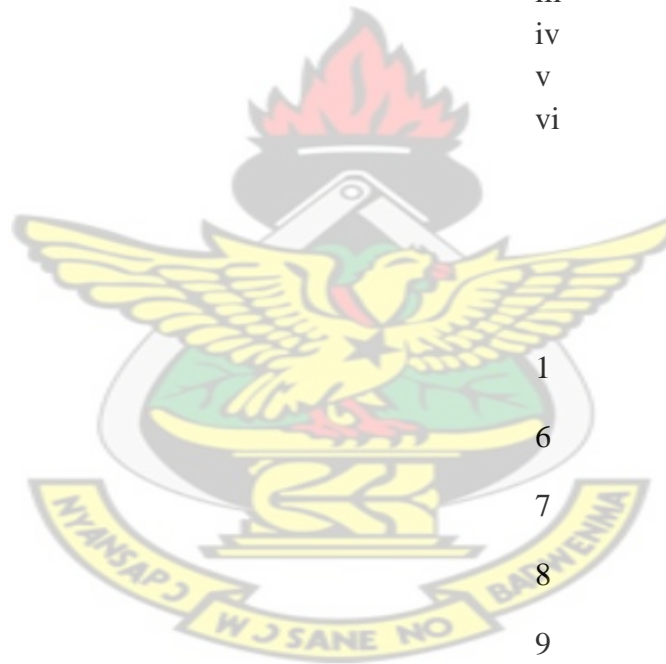
TABLE OF CONTENTS

	PAGE
Declaration	ii
Acknowledgement	iii
Dedication	iv
Abstract	v
Table of content	vi

CHAPTER ONE

1.1	Background to the Study	1
1.2	Statement of the Problem	6
1.3	Significance of the Study	7
1.4	Research Objectives	8
1.5	Scope of the Study	9
1.5	Limitations of the Study	9

CHAPTER TWO



LITERATURE REVIEW

2.0	Introduction	10
2.1	Financing Higher Education	11
2.2	Student Loans	12
2.2.1	The Students Loan Trust Fund	13
2.2.1.1	Students Loan Performances	15
2.2.1.2	A Brief Description of the Ghanaian Higher Education Sector	17
2.2.1.3	The Concept of Cost Sharing in Public Tertiary Education	18
2.2.1.4	Government Budgetary Allocation to Tertiary Education	20
2.2.1.5	Government Budgetary Allocation to the Students Loan Trust	21
2.2.1.6	Current Expenditure Levels of Tertiary Education Students	22
2.2.1.7	Private Tertiary Education	24
2.2.1.8	Processes of Accessing the Students Loan Scheme	24

CHAPTER THREE

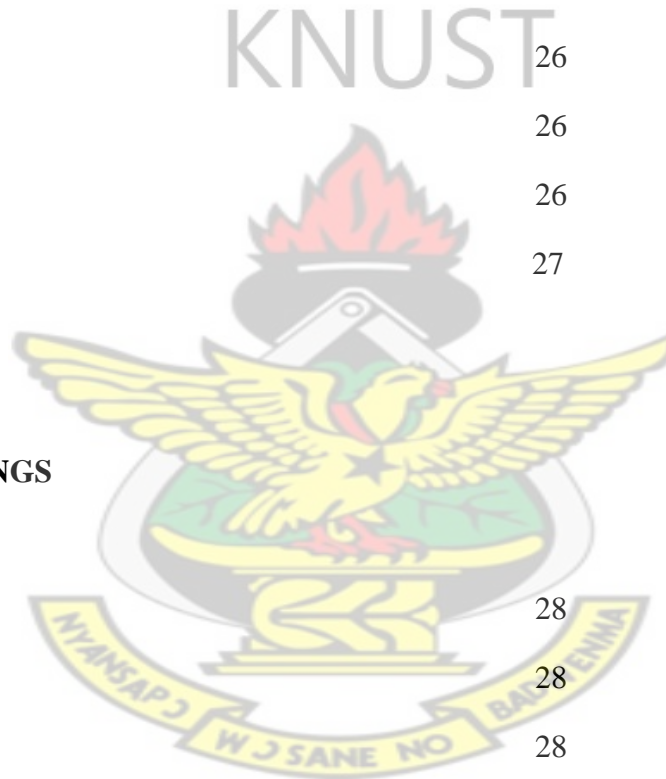
METHODOLOGY

3.0	Introduction	25
3.1	Population of the Study	25
3.2	Sample Size	25
3.3	Questionnaire Response Rate	26
3.4	Sampling Technique	26
3.5	Research Design	26
3.6	Data Processing and Analysis	27

CHAPTER FOUR

RESULTS, ANALYSIS AND FINDINGS

4.0	Introduction	28
4.1	Results, Analysis and Findings	28
4.1	Age of Respondent	28
4.2	Gender of Respondents	29
4.3	Current Level in the Institution	30
4.4	Course of Study	32



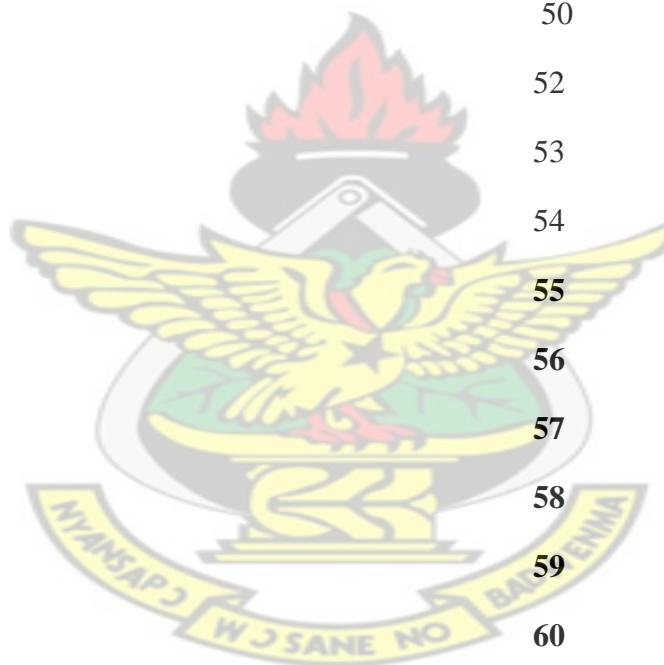
4.5.0	Analysis of Responses by objectives	33
4.5.1	Do you receive Students Loan	33
4.6	Programme of Study (University)	34
4.7	Programme of Study (Polytechnic)	35
4.8	Reason for not Taking Loan	36
4.9	Have the Students Loan Help you Academically	37
4.10	Do you rely on the Students Loan solely to finance your Education	38
4.11	Other Sources of funding	39
4.12	How reliable is any of these Source available to you	40
4.13	Is the Students Loan enough to take care of your academic year's expenditure	41
4.14	How much do you think would be enough to take care of your academic year's expenditure	42
4.15	Which Body is responsible for the administration of Students Loan in Ghana now	43

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0	Summary of Findings	45
5.1.1	Recommendations	48
	References	50
	Appendix A	52
	Appendix B	53
	Appendix C	54
	Appendix D	55
	Appendix E	56
	Appendix F	57
	Appendix G	58
	Appendix H	59
	Appendix I	60

KNUST



LIST OF TABLES

Table 4.1	Age Distribution of Respondents	28
Table 4.2	Gender of Respondents	29
Table 4.3	Current Level in the Institution	30
Table 4.4	Course of Study	32
Table 4.5	Do you receive Students Loan	33
Table 4.6	Programme of Study (University)	34
Table 4.7	Programme of Study (Polytechnic)	35
Table 4.8	Reasons for not taking Students Loan	36
Table 4.9	Have the Students Loan help you academically or otherwise	37
Table 4.10	Do you rely on the Students Loan solely to finance your Education	38
Table 4.11	Other Sources of funding	39
Table 4.12	How reliable is any of these Sources available to you	40
Table 4.13	Is the Students Loan enough to take care of your academic expenditure	41
Table 4.14	How much do you think would be enough to take care of your academic year's expenditure.	42

Table 4.15 Which body is responsible for the administration of Students

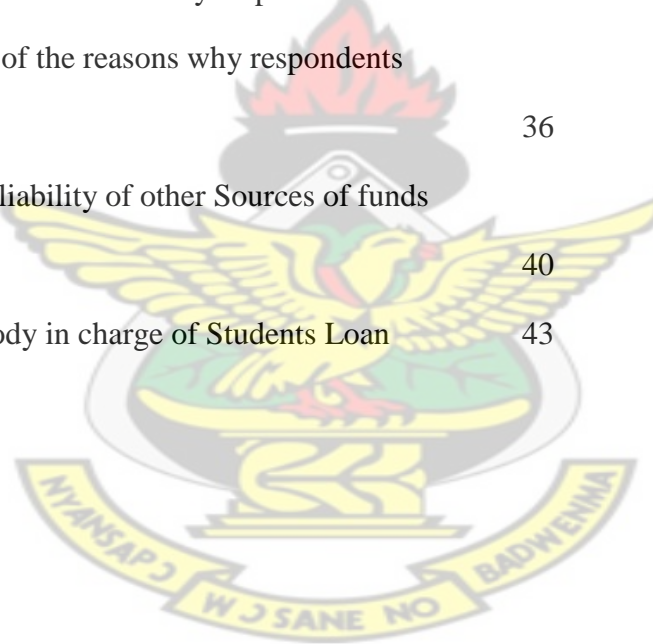
Loan in Ghana now

43



LIST OF FIGURES

Table 4.1.1	A bar chart showing the Age Distribution of the Respondents	29
Table 4.2.1	A pie chart showing the Gender Percentage of Respondents	30
Table 4.3.1	A bar chart showing the Institutional Level	31
Table 4.4.1	A bar chart showing the courses studied by respondents	32
Table 4.8.1	A bar chart showing some of the reasons why respondents would not take the Loan	36
Table 4.12.1	A bar chart showing the reliability of other Sources of funds by respondents	40
Table 4.15.1	A bar chart showing the body in charge of Students Loan	43



CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND TO THE STUDY

The Wall Street Journal did a story on Michelle Bisutti, a 41-year-old family practitioner in Columbus, Ohio, who finished medical school in 2003 owing roughly \$250,000 in student loan debt. However, since then, her student loan debt has ballooned to \$555,000. The writer of the Article too borrowed \$65,000.00 to fund his law school education back in 1993. Seventeen years later, he now owes approximately \$125,000. Yes, almost double of what he actually borrowed (The Wall Street Journal-February, 2010).

Access to funds to pursue higher education is possible in the European and United States of America countries in spite of its expensive nature as can be narrated above; the story is different in Africa especially sub-Saharan Africa. Governments of various West African Countries have come up with several financial interventions to support the poor and marginalized in society to develop their intellectual capability by having access to higher education. Students in the tertiary education are confronted with huge expenditure before completing their respective courses. This is due to the inadequate nature of the students loans which is suppose to provide the needed financial support for beneficiaries to complete their programmes of study.

Currently the Students Loan Trust Fund disburses loan based on programme of study with the sciences receiving more than those offering humanities (Refer to appendix C Table B showing the various loans amount paid to beneficiaries). The era where access to

education was a privilege is gradually resurfacing as students, parents and other sponsors of education are saddled with astronomical fees and other educational related expense to settle. Given the generally low economic conditions in Ghana only a few can afford tertiary education. Only a few can pay for even the mainstream admitted students' fee let alone fee-paying in the Public and Private University. Ms Alberta Owusu, student's representative on the SLTF Board, called for a review of the loans scheme to reflect the current economic conditions in the country and also appealed to the government to disburse loans on time (GNA, Feb.2010).

Reviewing the current fees structure of some Private and Public tertiary education as against the present loan facilities dispense by the Students Loan scheme, one can conclude that it is sufficiently far inadequate to meeting the financial needs of beneficiaries. The situation is even worse in the Private tertiary institution (Refer to Appendix C Table C and A showing the fee structure of Koforidua Polytechnic and All Nations University College which is a public and private institution respectively).

Methods of funding education have never been uniformed all over the world. Every country, either developed or developing finances her educational system considering so many factors. Some of these factors that countries take into consideration before drawing up policies on funding education are principally the nature of the economy, the ideological perception of the country, the philosophy behind the educational system and the values that a particular society attaches to education vis-à-vis national development.

Governments have acknowledged the role of university education and the acquisition of critical skills such as teaching, Engineering, Medicine, and Accounting among others needed for socio-economic development, 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.

It is against this backdrop that attempts have been made by past governments through the institution of Students Loan scheme to offer support to students financially so that they can go through Tertiary Education without much problem. The loan however offered is far from adequate given the persistent rise in the cost of higher education.

The inception of the Students Loan scheme had not only succeeded in offering partially the needed financial backbone necessary for training the skilled manpower but have extended opportunities to the less privileged in society without which they would see access to higher education as a mirage. Hitherto, access to higher education is becoming the preserve of the elite in our society considering the growing demand for tertiary education as against the limited enrolment levels available to qualified students in our traditional Universities. Recognition must be given to the role being played by Private Tertiary institution in absorbing the differences but affordability comes to fore as students pay for full cost of education which is very expensive.

Inadequate governments' budgetary allocation to the scheme coupled with other operational lapses[such as claims by some of beneficiaries whose accounts show they were still owing even though payment have been made] by the scheme operators has posed serious challenge to the sustainability of the Students Loan schemes over the years.

The Student Loan Scheme was first introduced in Ghana in 1971, but the scheme was abandoned the following year, due to a change of government. A revised scheme was introduced in 1975, but faced problems of high rates of default. Attempts to improve recovery

since 1986 have had some success, but in 1989 the government of Ghana introduced a new Student Loan Scheme, which was administrated by the Social Security and National Insurance Trust (SSNIT) – (Kotey, N.1992).

The aim of the Students Loan scheme is to provide financial resources for the benefit of students and to promote and facilitate the ideals as enshrined in Article 28/38 of the 1992 constitution.

The Social Security and National Insurance Trust operated for a while but not without difficulties. Issues of poor recovery rate, coupled with some administrative lapses on the part of the scheme operators affected the core business of the Social Security and National Insurance Trust which is the investment of pension funds.

The recovery rate of student loans under the administration of the SSNIT was low. The government in 2001 owed the trust \$23.9 million, which represented part of the interest it had agreed to subsidize on Students' Loans [Rossouw, 2001]. Again, over 500 billion old Ghana cedis in outstanding debts had accrued under the SSNIT, putting enormous pressure on the operations of the Trust and threatening the sustainability of the scheme. In their efforts to create global awareness, educate and sensitize beneficiaries of the SSNIT student loan scheme, the Social Security and National Insurance Trust [SSNIT], launched the loan repayment program at the Embassy of Ghana in Washington DC on Wednesday [SSNIT August, 2004]. The initiative is to recover about 25 million dollars outstanding debt due for repayment by beneficiaries of the SSNIT Loan Scheme, an educational funding program initiated by the Ghana Government since 1988 to help fund tertiary education.

It was as a result of these operational conflicts mentioned above that informed government upon an agreement with SSNIT to detach the Students Loan scheme from SSNIT in 2004/2005 academic year. The outcome of the agreement between government and SSNIT led to the proposal that a new entity be formed to take charge of the management and administration of the Student Loan Scheme.

The Student Loan Trust Fund was therefore established in December 2005 under the Trustee Incorporation Act 1962, Act 106 to replace the SSNIT Students Loan Scheme. The scheme is to confine providing financial resources for the benefit of students and to promote and facilitate the ideals as enshrined in Article 28/38 of the 1992 constitution. Among other functions of the students Loan Trust Fund [SLTF] is the management of Students Loans for tertiary level students pursuing tertiary accredited programs at tertiary accredited institutions.

- This was to be done through lending money to qualified students on application
- Recover loans which are due for repayment and the
- Management of loanable funds

The SLTF commenced loan operations effective 2006/2007 academic year but have collaborated with SSNIT in these areas.

- Assist in authenticating guarantors (SSNIT Contributors)
- Assist applicants and guarantors to thumbprint.

1.2 Statement of the problem

The huge cost of tertiary education has been a source of worry to all in recent times. The average Ghanaian lives on less than 2 dollars a day, the introduction of cost sharing in higher institutions in Ghana is putting a lot of financial burden on low income families.

A huge cut in a government budgetary support for public tertiary education gave the administration of these institutions no options than to push costs on students.

The concept of cost- sharing, which became an issue in the country have been unwillingly accepted and students are being charged academic facility user fees to complement government budget. Internally generated funds (IGF) became alternative source to generate funds internally by Public tertiary institutions to meet its recurrent administrative cost.

Public tertiary education enrolments have seen some decreases in recent times; its limited facilities have denied qualified students opportunities to receive higher education. The total cost incurred plus other maintenance costs have soared beyond acceptable measure thereby denying many qualified students access to higher education.

Research questions:

- The question that arises is, has the institution of the Students Loan scheme enabled qualified students to access tertiary education?
- Has the Students Loan scheme provided the kind of financial support for which it was instituted?

- Does the Student Loan scheme create a positive image in the minds of potential students who would like to depend on the loan as a major source of financing their tertiary education?
- Find out students knowledge about the Institution in charge of the administration of Students Loan Scheme in the Country presently.

KNUST

1.3 Significance of the study

The upward review of academic facility user fee and soaring cost of higher education in Ghana have been the source of worry to families, institution, guardians and individuals. Some students in the Public and Private Tertiary institutions deferred their courses because they could not raise the needed outstanding fees due to delay in the release of the Students loan. 'It is reported that over three hundred (300) students deferred their various programs in the University of Ghana, Legon during the beginning of the 2008/2009 academic year, due to their inability to pay and finish the payment of their school fees (University of Ghana, 2009-www.modernghana.com Dec 22,2009).The story may be the same in the other institutions'. It is however crucial to know that many more students may find themselves outside higher education if the cost of schooling at that level continues to soar in the face of limited access to adequate self financing.

The situation from the Private Tertiary institutions may be worse as students who gain access to learn in those schools pay for the full cost of education (Refer to Appendix C Table A) gives a fair idea of how much students in the Private tertiary institutions are paying per year as against the loan amount (Refer to Appendix C Table B) disbursed per year.

The significance of the study is to;

1. Create awareness among policy makers of the continuous increase in expenditure incurred at the tertiary education in order to shape government policy toward assisting higher educational students.
2. Enable government incorporate into its budget the needed financial resources to train the preferred manpower critical for national development.
3. Explore the alternative sources available to supplement the current loan given to tertiary students. Invoke debate to involve the private sector in an effort to providing adequate funding to tertiary students through the institution of private financial aid schemes.
4. Enable sponsor agencies like district assemblies, organizations and individuals project within acceptable ranges the cost of financing students under sponsorship at the tertiary levels.

1.4 Objectives of the study

The following objectives guide this study;

1. Examination of the trend of fees charge by institutions and other related cost involve in studying at the tertiary level;
2. Assessment of the extent to which the present loan cover the expenditure levels of tertiary students during the period of study;
3. Examine the processes involved in accessing the loan and determine the timeliness of the release of the loan;
4. Find out the satisfaction levels students derive as a result of subscribing to the loan scheme;

5. Suggestions as to the best ways of improving the Students Loan Scheme to the benefit of beneficiaries.

1.5 Scope of the study

The study focused on Koforidua Polytechnic and All Nations University all located within New Juaben Municipality Koforidua in the Eastern Region of Ghana.

1.6 Limitations of the study

Due to financial constraints the study could be done within Koforidua Municipality where the two Tertiary institutions are situated. The researcher adopted the desk and internet search to assemble most data as he had to combine full time job and the project work. Few trips to institutions concerned could yield little results as most information needed to enrich the content of the work was not readily available. Institutions were also on recess at the time of administering the questionnaires and so those students yet to go home and were available were made to complete the forms. There was also the problem of time constraints to complete this project within stipulated time.

CHAPTER TWO

LITERATURE REVIEW

KNUST

2.0 INTRODUCTION

Higher education and its development worldwide at the turn of the century has witnessed drastic challenges ranging from affordability and accessibility, financial austerity, faculty recruitment and retention, and how to fund for the improvement of physical facilities. While these challenges pose a serious threat to the development of higher education, there is no other challenge that affects the core of institutions than that posed by financial stringency (Johnstone, 1998). In this regard, government and policy makers, as well as educators have developed pragmatic policies to address problems faced by higher educational institutions. The seriousness of this problem is addressed in a report issued by the WorldBank/UNESCO (2000), which posits, “The lack of sustainable financing therefore continues to limit enrollment growth and to skew higher education toward low-cost, low-quality programs” (p. 55). The cost of educating oneself at the tertiary level has hit a record high. Public Tertiary education has become very expensive considering the low economic conditions. The situation is even worrying at the Private Tertiary education as students pay for the full cost of studies. The Student Loan which was instituted to provide financial cushion to student have failed to meet students’ financial needs even half way due to the inadequacy of the loan facility.

The rising cost of education at the tertiary level is likely to continue as the central government continues to push further the cost and reduce all subsidy to the benefit of students.

Education continues to be a major problem for this country, with experts wondering how to solve the hydra-headed problems confronting us in that sector. The vexed issue of funding tertiary education in the country has become a contentious one. The government's funding of tertiary education started in 1948 when, the University College of Gold Coast, now University of Ghana was established to produce the manpower requirements of the country. During that era, university students were pampered and were provided with almost everything, including pocket money by the government, just to ensure that the needed psychological and physiological comfort was obtained for smooth scholarly work.

2.1 Financing Higher Education

Higher education was traditionally free of charge in Ghanaian universities. Qualified students were also entitled to free boarding, and free lodging. Funding is the most serious challenge faced by higher education in Ghana today. In order to solve the financial crisis in higher education, and as part of the second phase of its Economic Recovery Program (1987-89), the government considered several steps towards adjusting the financial structure of higher education. These adjustments included: increasing the role of private higher education institutions; increasing the number of public universities, and introducing cost sharing.

Before the inception of the Economic Recovery Program (1987-89) however, 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.[World Bank report, 2008 edition]

Nevertheless, almost thirty years after the birth of Busia's committee on funding tertiary education in the country, the issue is still as controversial as before.

2.2 Student Loans

The student loan scheme was introduced in Ghana in January 1988, prior to the introduction of cost sharing. The main purpose of the student loan was to supplement the student's private resources, especially parental support for food, lodging, transportation costs, and other expenses that were difficult for many families because of the very high poverty rate in the country. (At the outset, the student loan program as an element of *cost-sharing*—in which the recovery would be important—did not seem to be of great importance.)

The student loan scheme was a financial arrangement under which all Ghanaian students who are enrolled and pursuing approved courses in an approved public tertiary institution were eligible to receive a loan regardless of their real financial needs. The loan was available to full time students, but part-time students could also receive a loan with the approval of the Minister of Education. (In October 2002, the government began including students in the emerging private universities in the student loan scheme under the Ghana Educational Trust Fund.) The Social Security and National Insurance Trust (SSNIT) was assigned to provide the loans, which were repayable at a fixed, and substantially subsidized, interest rate: originally 3 percent but increasing to 6 percent in the mid 90s. Student borrowers who were employed could elect to repay via a diversion of both their own employee contributions and their employers' matching contributions to the Social Security and National Insurance Trust.

2.2.1 The Student Loan Trust Fund

The recovery rate of student loans under the administration of the SSNIT was low. The

government in 2001 owed the trust \$23.9 million, which represented part of the interest it had agreed to subsidize on Students' Loans (Rossouw, 2001). The SSNIT was unable to turn to the guarantor's pension unless he or she is retired—which postpones any loan recovery at least for 15 more years. In addition, there were allegations of administrative ineffectiveness, with some students who paid but records show they are still owing a balance on the SSNIT, and others wanting to repay up front, but discovering that the Trust did not have a formula for bulk repayments. As a result, over 500 billion cedis in outstanding debts had accrued under the SSNIT, putting enormous pressure on the operations of the Trust Fund and threatening the sustainability of the SSNIT scheme.

Presumably due to these and other problems, legislation was introduced in the spring of December 2005 under the Trustee Incorporation Act 1962, Act 106 to replace the SSNIT with the Student Loan Trust (SLTF) means-tested loan and to immediately increase the volume of student loans by ₵1 million to ₵3.5 million (Old Ghana Cedis) through the Ghana Education Trust Fund. This increase represents forty percent upward adjustment in the loan for students and provided considerable real financial relief. Under the SLTF both public and private sector students are able to access the loans without the three guarantors required under the SSNIT. Instead, the student bears full credit risk for the loan with his/her parents acting as primary guarantors provided they contribute to the SSNIT Pension Fund. If the parents do not contribute to SSNIT, another SSNIT contributor must be found to serve as a secondary guarantor. The Students Loan Trust Fund has varied its guarantorship base giving applicants the opportunity of using non-SSNIT guarantors to provide guarantee. For instance Recognised religious institutions, Corporate Institutions belonging to Ghana Club 100 or

enlist on the Ghana Stock Exchange and Metropolitan, Municipal and District assemblies can provide guarantee for students to access the students loan facility. This takes effect from 2010/2011 academic year. (Students Loan Trust Fund, 2010). The loan amounts are means-tested and differentiated according to program of study. Science students receive GH¢ 4.2m per year, while humanities students receive GH¢3.8m in the Universities. The Loan amount ranges between GH¢ 330 for students offering engineering and GH¢ 280 for business programmes per year respectively for students in the Polytechnics. The loans carry an interest rate equal to the prevailing 182 day government of Ghana Treasury bill during the students' period of study in school and one year grace period and an interest rate equal to the prevailing 182 day government of Ghana Treasury bill plus 2 percent during the repayment period. Interest is compounded annually during the in-school years and the grace period and semi-annually during the 15 year repayment period for applicants on a four year programme (Refer to Appendix C Table H showing the schedule for loan repayment). Loans may be repaid through monthly deductions from the beneficiary' salary by his/her employers, through direct periodic payments to the Student Loan Trust Fund by the beneficiary if he or she is self-employed or by outright payment of the total, any financial instruments or any mode of payment as may be prescribe by the Trust. (Sawyerr, A. 2001).

2.2.1.1 STUDENTS LOAN PERFORMANCES

Students Loan scheme have evolved as a results of the attempt by governments to assist students in meeting the cost of higher education. These loan schemes cover educational tuition or students living expenses or both. Beneficiaries normally repay the loan from earnings after successful graduation and gainful employment. Immediate repayment are demanded from beneficiaries who fail to complete school and on the demise of a beneficiary the loss is covered by the Students Loan Protection Scheme which was instituted to mitigate losses emanating from permanent incapacitation or death.

According to the World Bank report in 1994, cost sharing cannot be implemented equitably without a functionary student's loan program to make funds available to all students who wish to borrow for their education. The existence of the students loan system has enabled Austra- Europe, for instance, to introduce cost sharing in public higher education and achieve about 40% expansion in enrollment without a significant increase in public subsidies. Similarly, Winkler (1990) has observed that loan to cover private University tuition helped to rapidly expand demand for and enrolment in private institutions in Latin America. Student loan scheme, therefore, seem to be quite beneficial to three main stakeholders namely the students, society and governments. Loan granted to students' are meant to be recovered to enable the students Loan scheme to be self financing.

According to Wood Hall (1983) solutions adopted by many countries in the granting of loans was to defer payment for higher education until students graduate, enter the job market and earn a living.

According to the World Bank (1987) experience date with loan scheme in some industrial and developing countries has been disappointing. The World Bank report that because of heavily subsidized interest rates, high default rates and high administrative cost,

the repayment proportions to the loan recovery ratio has not been very significant. It notes further that, in some cases the financial performance of loans schemes has been so unsatisfactory that would be cheaper to substitute loan with outright grant. The bank observed that even those loan scheme that have functioned reasonably well are quit small in scale covering less than ten percent (10%) of the student population and that it is wondering whether substantially. For example the Bank(1987) drawing on the experience of the federal student loan in the united state, acknowledges that students loan programmes whiles offering important benefits at the same time possess internal risk in the way risks can increase as programme coverage is extended to a more diverse pool of beneficiaries.

Wrinkle (1990) however suggest that students loan programme can eventually become self-financing through repayment of students loan but this has not occurred for example in Latin America as s result of high growth in the programme, repayment defaults and failure to index repayment to inflation which in some cases have effectively converted the loans into grants.

Wrinkle further reports that the Colombian Loan scheme which is the oldest and the most successful in Latin America generated only 20% of loanable funds in 1979 in part due to growth in the size of total loan. Although in Ghana the Students Loan interest rate has been index to Bank of Ghana (BoG) 182day treasury bill rate , students are made to pay 12 % and the difference borne by the government when the rate is more than tag rate.

In Brazil, Wrinkle notes, high annual rates of Inflation combined with a default rate in excess of 50% led to discontinuation, in 1980, of the educative programme initiated in 1976. In Kenya, indicated that non-payment of loans was as high as 81 percent so that even with strict repayment terms, little revenue returned to the lender.

2.2.1.2 A Brief Description of the Ghanaian Higher Education Sector

The public tertiary education sector in Ghana is composed of eight universities, ten polytechnic institutions and several professional institutes. Between 1990 and 2004, enrollment in the public tertiary institutions increased by 550 percent from 13,415 to 87,929 students. Much of this growth was due to dramatic increases in enrollments at the Polytechnics.

A number of private universities and higher education institutions have been established since 2002, although they account for only 5 percent of total tertiary enrollments. As of 2009, there were more than 45 private tertiary institutions accredited by the National Accreditation Board (Ghana National Accreditation Board website). Despite such growth in both tertiary education sectors, the gross enrollment ratio for the 18-22 year old age cohort in tertiary education stands at only 5 percent (UNESCO Institute for Statistics estimate for 2006).

2.2.1.3 THE CONCEPT OF COST-SHARING IN PUBLIC TERTIARY EDUCATION

How to pay for Higher education has been a politically sensitive issue in Ghana, especially at the universities and Polytechnics where students are well-organized and are accustomed to free tuition. In late 1999 students briefly went on strike to protest rising "user fees," the charges that university administrations levy on students for accommodations, meals and use of laboratories and libraries.

Cost sharing was initially introduced in 1997 through the adoption of the Akosombo Accord that divided responsibility for university funding between the government (responsible for 70 percent of total funding) and three sources (30 percent) including university internal revenue- generation, private donations and students tuition fees. Student academic and residential facility user fees were introduced in 1998. Students who are living in university housing pay both, while students off campus pay the non-residential academic facility user fee and a small non-residential facility user fee. Academic fees were imposed ranging (depending on course area) at present (2009) from GHC93 (US\$39) to GHC 300 (US\$92) per year for continuing undergraduate residents (Kwame Nkrumah University of Science and Technology website). Residential students were charged residential facility user fee of GH¢218(US\$92) plus hall dues of GH¢40(US\$17), while non residential students pay a small non-residential facility user fee GH¢24(US\$10). Universities may also admit fee-paying students who do not meet the competitive departmental requirements and cut off points but satisfy the minimum entry requirements (Kwame Nkrumah University of Science and Technology website). (National currency converted to US\$ by 2007 purchasing power parity estimate US\$1=GH¢0.42. Private Universities started the year 2002.)

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 (CVCs) through an advertised statement in the daily newspapers (Daily Graphic and Ghanaian Times quoted *Ghanaweb.com*-March 2005) 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 to the

tertiary sector. Despite 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.

Frustrations of Authorities of tertiary education have also over the years bitterly complained about the dwindling budgetary allocation to the tertiary institutions, yet the government has indicated its inability to single-handedly bear the cost of tertiary education at the expense of equally important sectors of the economy.

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.

Although, the development budget of education increased about seven fold from ₦ 2.024 million in 1993 to ₦ 15,600 million in 1996, the rapid development and heavy expenditure are still not adequate to cater for the problem of funding tertiary education especially, higher education

2.2.1.4 GOVERNMENT BUDGETARY ALLOCATION TO TERTIARY EDUCATION

Table xx above indicated that, the past decades have seen a relative rise in government's recurrent expenditure on education from 17% in 1981 to 36% and 41% in 1992 and 1994 respectively (Report on National Forum on Funding Tertiary Education, Akosombo, January 27-28 1997), the trend did not continue as the government, bent on promoting cost sharing decreased its expenditure on

tertiary education. Thus, in 1996 the government, leading to a short fall of 26.3% or 16 billion cedis, provided only 73.7 % of the total amount needed to fund tertiary education.

In 1997, the amount provided was 61.5% of the total amount required resulting in a deficit of 38.5%. The deficit however, rose to 40% in 1999. These figures amply testified to the government's commitment in reducing expenditure on tertiary education, perhaps in fulfilment of the International Monetary Fund (IMF) and the World Bank's sponsored adjustment programme with its emphasis on drastic cuts on public expenditure including that on education.

In 1998, the government decided that it could no longer continue with periodical subventions and grants to cover the payment of students' residential and academic user fees because of budgetary constraints and therefore asked students to pay the fees in respect of the usage of residential and academic facilities. This prompted some serious reactions from university students not only through the exchange of broadsides and trading of accusations but also through street demonstrations and other forms of protestations.

An amount of ₵582 billion old Ghana cedis had been proposed to parliament for tertiary education and if the amount is approved, ₵28 billion out of it would be set aside for research by the tertiary institutions, announced the Administrator of Getfund- Mr. Banahene.

On his part, the Principal of the school, Prof Samuel Adjeipong, said that private tertiary institutions were making a significant contribution to the development of human capital for the country, and therefore urged government to accelerate the process of reviewing the Ghana Education Trust Fund (GETFund) law, to make it possible for accredited private tertiary education institutions to

access competitively funds for research and staff. According to him, it would be a logical, equitable and effective way of supporting private tertiary institutions as worthy and credible partners.

2.2.1.5 GOVERNMENT BUDGETARY ALLOCATION TO THE STUDENTS LOAN TRUST IN THE LAST FOUR YEARS

The government of Ghana through the GETfund have release an amount of GH¢37.90 to Students Loan Trust since its inception for onward disbursements to tertiary students. Below are the yearly breakdown.

TABLE 2.2.1.6A Budgetary Allocations from the Government to the Students Loan Trust.

Year	Amount (GH¢)
2006	8.80
2007	3.00
2008	11.00
2009	15.10

Source, (Students Loan Trust Fund, 2010)

2.2.1.6 CURRENT EXPENDITURE LEVELS OF TERTAIRY EDUCATION STUDENTS

Table 2.B shows Ghana-Higher Education Expenses Borne by Parents and Students First Degree, Academic Year 2006-2007. The survey was carried out in and around the Cape Coast University.

KNUST



PUBLIC SECTOR				
	Low	High	Ghanaian fee	
	Public	Public	paying	Private

Tuition			\$2,500	\$4,950
Other Fees	¢1,718,974 (\$951)	¢3,457,000 (\$1,913)	¢847,000 (\$469)	Inc. in tuition
Books & Other Educational Expenses	¢244,386 (\$133)	¢244,386 (\$133)	¢244,386 (\$133)	¢249,535 (\$135)
Subtotal Expenses of Instruction	¢1,963,360 (\$1,086)	¢3,701,385 (\$2,048)	¢244,386 (\$3,102)	¢249,535 (\$5,085)
Lodging	¢20,000 (\$11)	¢900,000 (\$498)	¢20,000 (\$11)	\$990
Food	¢246,898 (\$134)	¢273,304 (\$148.3)	¢246,898 (\$134)	\$1,600
Transportation	(\$30)	(\$32)	(\$30)	\$40
Other Personal Expenses	¢119,455 (\$65)	¢135,256 (\$73)	¢119,455 (\$66)	(\$200)
Subtotal Expenses of student Living	¢440,930 (\$243)	¢1,366,664 (\$756)	¢440,930 (\$243)	(2,830)
Total Cost to Parent & Student	¢2,404,290	¢5,068,050		

Source: Field Data, 2010

Low Public: Lowest program tuition and fees, living at home

High Public: High program tuition, living in dormitory

Fee Paying: Medium program tuition, living at home

High Private: High private, living in campus housing

* Freshmen must pay an additional one-time only fees of ₵335,000 to 500,000.

* Academic facility User fees

2.2.1.7 PRIVATE TERTIARY INSTITUTION

There have been calls by Private Tertiary Education to the Government to increase loan amount given to its students. This was reiterated by Prof Samuel Adjeipong, who suggested that a much higher loans level be accessed by students in private tertiary institutions, so that they could pay for their tuition fees and accommodation (Refer to Appendix A Table A showing the fee structure of All Nations University College, one of the Accredited Private Universities in Ghana).

2.2.1.8 PROCESSES OF ACCESSING THE STUDENTS LOAN SCHEME

The application processes involved in accessing the SLTF loan have gone through some transformation since its inception. As part of efforts to improve its operations, the Trust have adopted cutting edge Information technology to speed up the processes involved in the applications of students loan to deserving students. Currently interested applicants have to register online on our website (www.sltf-

ghana.org) to access the loan application forms. A student needs a guarantor who has contributed for not less than 60 months to provide guarantee for only two people. Parents are at liberty to guarantee for all children even if they are ten. Successful applicants who meet all subsequent requirements are likely to receive the loan amount in his or her bank account or E-zwich account after 28days of application after SSNIT have approved and validated persons who have provided the guarantee cover for these students.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter talks about the research design and the methods used during the research work. It specifically describes the methods used in collecting data, the population of the study, the sample size and sampling techniques. It also details the instruments and the data collection procedures. It as well considers the statistical tools that were used to analyze the data.

3.1 Population of the study

The two tertiary institutions Koforidua Polytechnic and All Nations University have a student population of about 4200 and students of about 1200 respectively. Koforidua Polytechnic which is a public tertiary institution has a staff base of about 500 comprising teaching and non teaching staff. These comprise Management staff, senior staff and junior staff. All Nations University which is also a

Private University has a staff population of about 200. The composition of the staff is categorised into Management, Senior and Junior Staff.

3.2 Sample size

A sample size of one hundred and twenty (120) students was used for the study. Eighty (80) students were selected from Koforidua Polytechnic and the remaining forty (40) came from All Nations University College. Students were selected across board irrespective of the programme of study offered. Simple random sampling method was used to select the one hundred and twenty students.

3.3 Questionnaire response rate

Out of the one hundred and twenty (120) questionnaires administered, ninety – six (96) respondents completed and submitted constituting eighty percent (80%).

3.4 Sampling Technique

The study involves desk and internet research using materials from Social Security and National Insurance Trust (SSNIT), Students Loan Trust Fund (SLTF) and other publications on cost of accessing higher education in Ghana to determine the impact of the Students Loan scheme. Convenient sampling technique was used to distribute questionnaires and collate data for analysis. Students were given questionnaires to answer as and when they visited the Students Loan offices for enquiries. The researcher visited most halls of residents and lecture hall to administer some of the questionnaires.

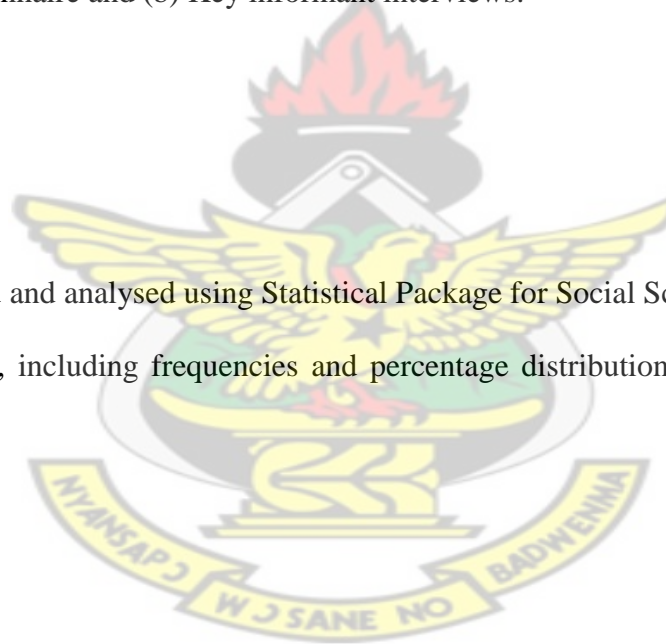
3.5 Research Design

A research design is the strategy for answering the questions or testing the research questions that stimulated the research in the first place. A cross sectional descriptive study which employs both qualitative and quantitative methods of data collection was used and this enabled the researcher to adequately tackle the issues at hand with reliable factual data.

The methods employed were (a) Questionnaire and (b) Key informant interviews.

3.6 Data Processing and Analyses

The quantitative data was entered, coded and analysed using Statistical Package for Social Sciences (SPSS) version 17.2 software. The analysis employed descriptive statistics, including frequencies and percentage distribution and other relevant tests to establish the findings of the research.



KNUST



CHAPTER FOUR

DATA, ANALYSIS AND DISCUSSION OF RESULTS

4.0 Introduction

This chapter deals with presentation, analysis and interpretation of the data obtained in the course of the research, questionnaires which were administered to obtain the extent to which the Students Loan meets the financial needs of tertiary students.

4.1 RESULTS, ANALYSIS AND FINDINGS

Table 4.1: Age of Respondents

Age	Frequency	Percent	Cumulative Percent
18 – 27	146	83.9	83.9
28 – 37	27	15.5	99.4
38 – 54	1	0.6	100
Total	174	100	

Source: Field Data, 2010

KNUST

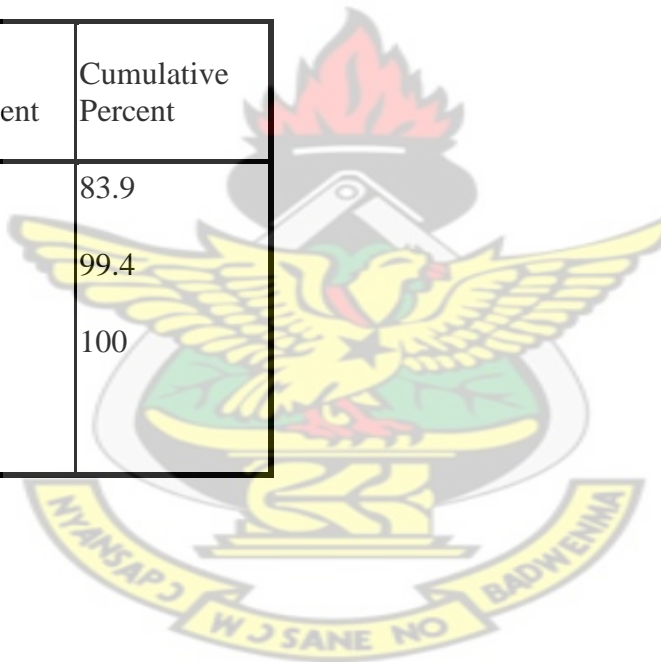
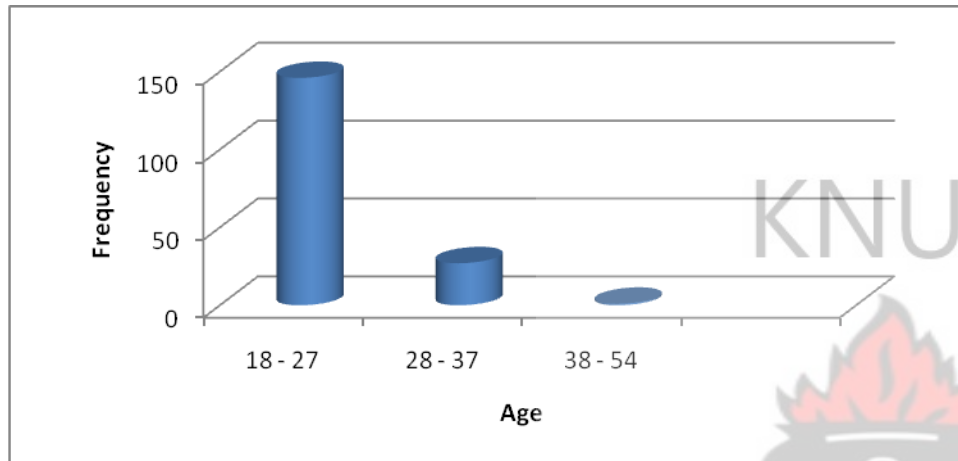


Figure 4.1.1: A Bar Chart Showing the Age Distribution of the Respondents



Source: Field Data, 2010

The above Table 4.1 and Figure 4.1.1 shows the age distribution of respondents. It reports that one hundred and forty – six (146) of the respondents were in the (18 – 27) age groups, twenty – seven (27) were in the (28 – 37) age group. Only one person was in the (38 – 54) age groups. It can therefore be concluded that majority of the students are relatively young.

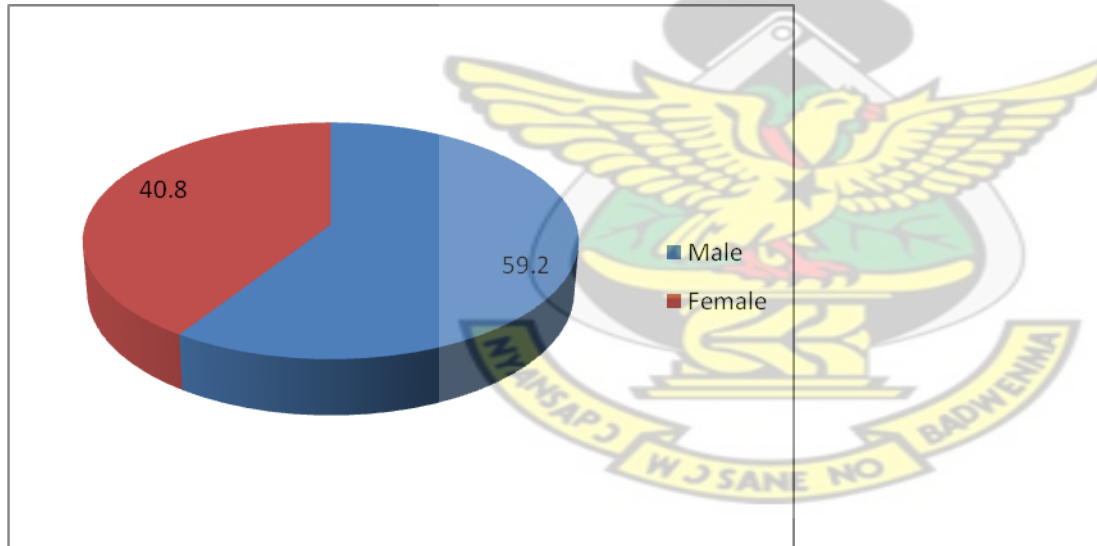
TABLE 4.2: Gender of Respondents

Gender	Frequency	Percent	Cumulative Percent

Male	103	59.2	59.2
Female	71	40.8	100
Total	174	100	

Source: Field Data, 2010

Figure 4.2.1: A Pie Chart Showing the Gender Percentage of Respondent



Source: Field Data, 2010

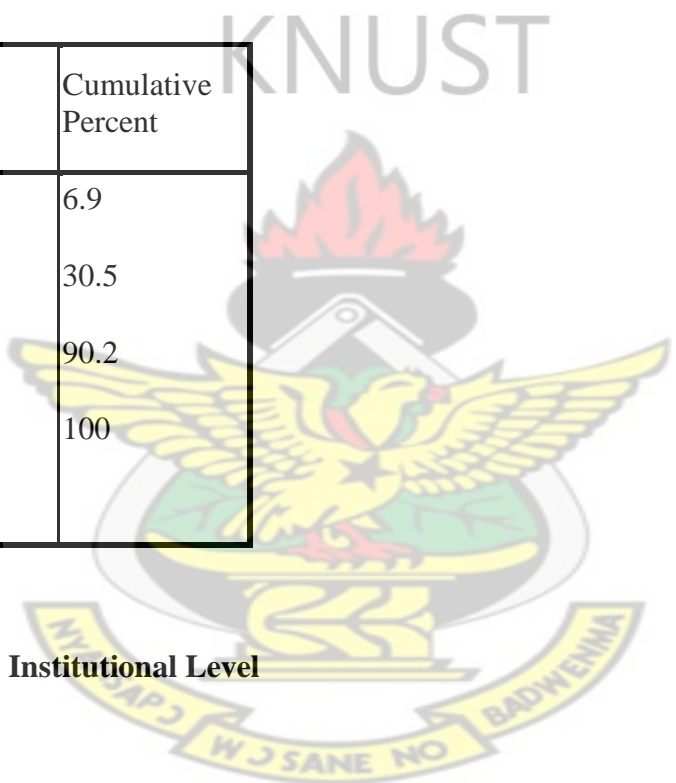
The Table 4.2 and Figure 4.2.1 above reports that one hundred and three (103) of the respondents were Males with the remaining seventy – one (71) being Females. This clearly shows that the researcher came into contact with more males than females.

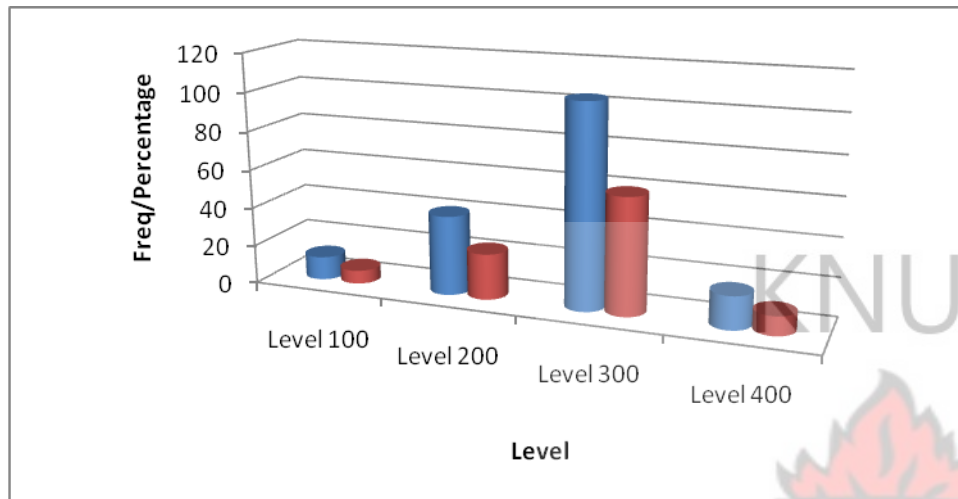
Table 4.3 Current Levels in the Institution

Level	Frequency	Percent	Cumulative Percent
Level 100	12	6.9	6.9
Level 200	41	23.6	30.5
Level 300	104	59.8	90.2
Level 400	17	9.8	100
Total	174	100	

Source: Field Data, 2010

Figure 4.3.1: A bar Chart Showing the Institutional Level





Source: Field Data

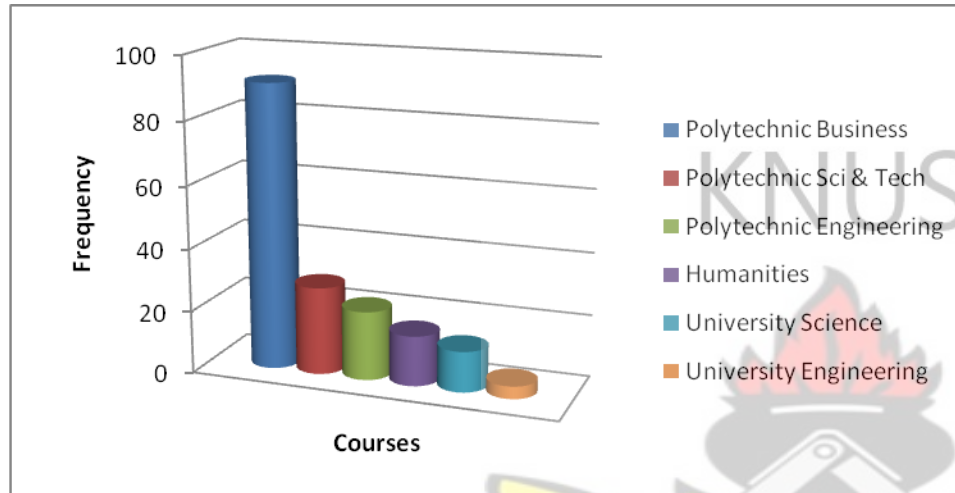
The Table 4.3 and Figure 4.3.1 above indicates that twelve (12) and forty – one (41) respondents respectively said they are in level 100 and level 200. One hundred and four (104) of them said they are/were in level 300 with the remaining seventeen (17) being in level 400. This means quite a number of the people sampled were either in their final year at the Polytechnic or are in the third year at the University.

Table 4.4 Course of study

Courses	Frequency	Percent	Cumulative Percent
Polytechnic Business	91	52.3	52.3
Polytechnic Sci & Tech	28	16.1	68.4
Polytechnic Engineering	22	12.6	81.0
Humanities	16	9.2	90.2
University Science	13	7.5	97.7
University Engineering	4	2.3	100
Total	174	100	

Source : Field Data, 2010

Figure 4.4.1: A Bar Chart Showing the Courses Studied by Respondent



Source: Field Data

The Table 4.4 and Figure 4.4.1 above shows the distribution of the course of study of the respondents. It reports that ninety – one (91) were offering Polytechnic Business (that is Purchasing and Supply, Accounting, Marketing etc). This is followed by Polytechnic Science and Technology (that is Statistics, Hospitality and Catering Management and Computer Science and Computer Networking). Following closely is Polytechnic Engineering (that is Automotive Engineering, Electronic/Electrical Engineering and Building and Technology).

4.5.0 Analysis of Responses by Objectives

Table 4.5.1 Do you receive Student Loan

Option	Frequency	Percent	Cumulative Percent
Yes	96	55.2	55.2
No	78	44.8	100
Total	174	100	

Source: Field Data, 2010

Table 4.5.1 shows that ninety – six (96) of the respondents said they receive the student loan with the remaining seventy – eight (78) saying no. It can therefore be said that just slightly above the 50% mark do receive the loan.

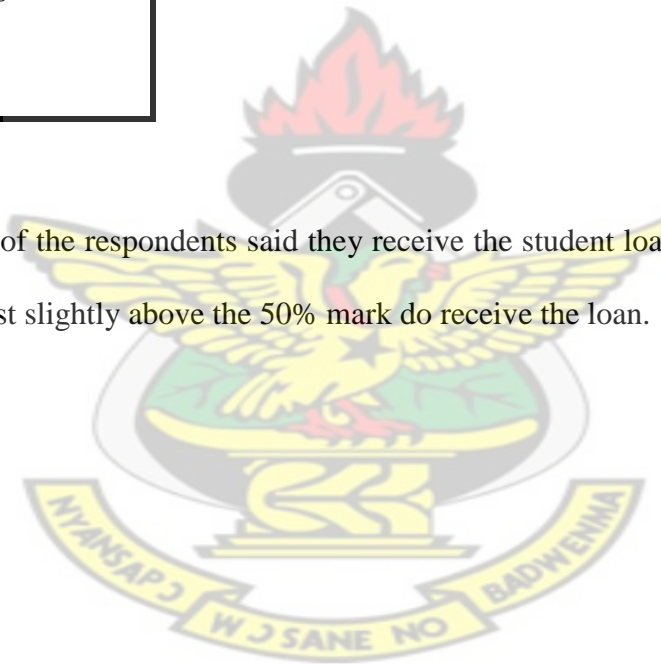


Table 4.6: Programme of Study (University)

Courses	Frequency	Percent	Cumulative Percent
Science	2	1.1	6.7
Engineering	1	0.6	10.0
Education	1	0.6	13.3
Humanities	4	2.3	26.7
Applied Science	2	1.1	33.3
N/A	20	11.5	100
Total	30	17.2	
Others	144	82.8	
Total	174	100	

Source: Field Data, 2010

The Table 4.6 above shows the distribution of students who are enjoying or have enjoyed the loan by the courses they are offering. The table reports that out of the thirty (30) University students who participated in the research work it is only ten (10) of them who have decided to take the loan or are privileged to be taking the loan. The bulk of them are those offering humanities.

Table 4.7 Programme of Study (Polytechnic)

Courses	Frequency	Percent	Valid Percent	Cumulative Percent
Applied Science	5	3.4	4.2	4.2
Engineering	19	10.9	13.2	17.4
Business	52	29.9	36.1	53.5
Catering	8	4.6	5.6	59.0
Statistics	2	1.1	1.4	60.4
N/A	58	32.8	39.6	100
Total	144	82.8	100	
Other	30	17.2		
Total	174	100		

Source: Field Data, 2010

The Table 4.7 above also shows the distribution of students who are enjoying or have enjoyed the loan by the courses they are offering or have offered. It shows that majority of them are/were business students, this is followed by nineteen (19) engineering students and then by eight (8) hospitality management (catering) students. The least recorded number of students was two (2) statistics students.

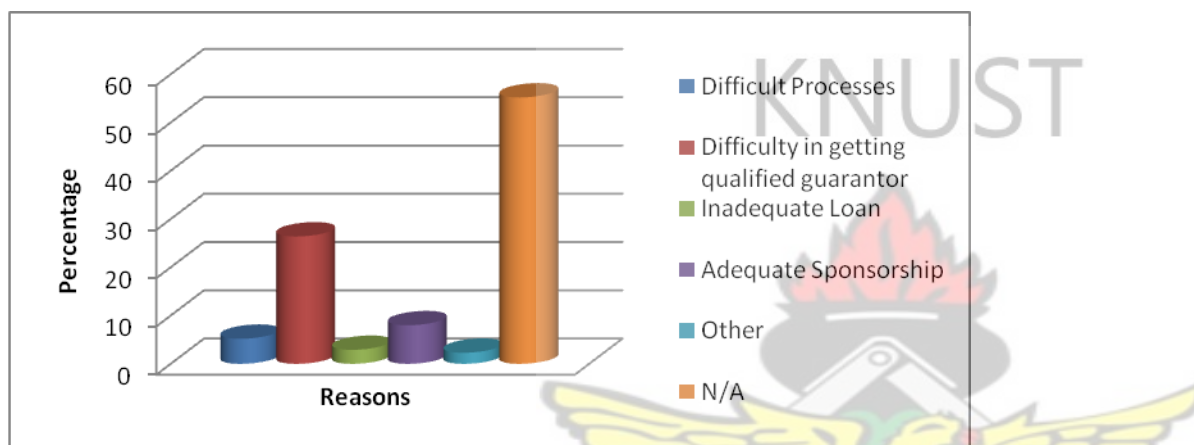
KNUST

Table 4.8 Reasons for not taking Loan

Reasons	Frequency	Percent	Cumulative Percent
Difficult Processes	9	5.2	5.2
Difficulty in getting qualified guarantor	46	26.4	31.6
Inadequate Loan	5	2.9	34.5
Adequate Sponsorship	14	8.0	42.5
Other	4	2.3	44.8
N/A	96	55.2	100.0
Total	174	100.0	

Source: Field Data, 2010

Figure 4.8.1: A Bar Chart Showing Some of the Reasons Why Respondents would not take the loan



Source: Field Data, 2010

The Table 4.8 above shows the various reasons given by the students for not taking the students loan. The highest reason given by the students is difficulty in getting qualified guarantors. This is shown by the forty – six (46) people out of the seventy – eight (78) who said they do not receive the students’ loan. This is followed closely by adequate sponsorship. This is to say that fourteen (14) of them said they can or are able to sponsor themselves at school and therefore do not need the loan for their survival in their respective institutions.

Table 4.9 Have the Student loan help you academically or otherwise

	Frequency	Percent	Cumulative Percent
Yes	75	43.1	43.1
No	21	12.1	55.2
N/A	78	44.8	100
Total	174	100	

Source: Field Data, 2010

The above Table 4.9 shows the response given by students as to whether the students loan has really help them academically of otherwise. The table shows that seventy – five (75) of them said yes, twenty – one (21) of them said no. The remaining seventy – eight (78) are those who responded that they do not take the students loan.

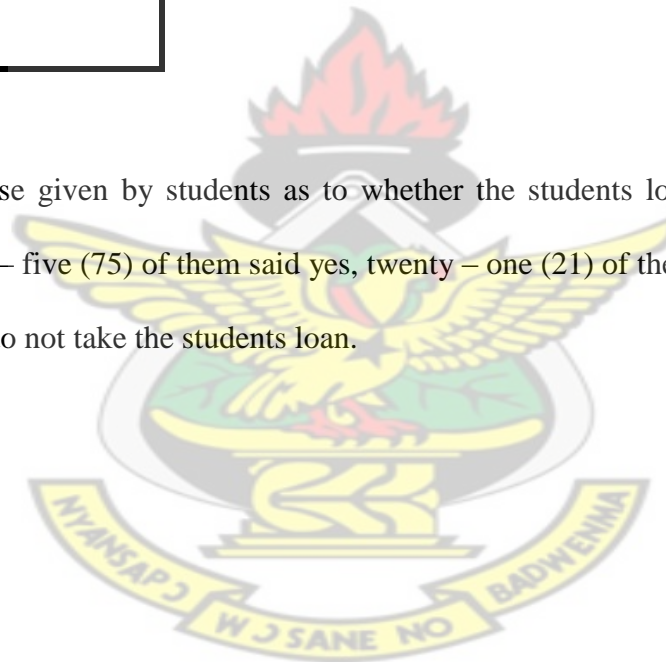


Table 4.10: Do you rely on the Student Loan solely to finance your Education

Option	Frequency	Percent	Cumulative Percent
Yes	20	11.5	11.5
No	76	43.7	55.2
N/A	78	44.8	100
Total	174	100	

Source: Field Data, 2010

The above Table 4.10 indicates that twenty (20) of the respondents said they rely solely on the students loan with the remaining seventy – six (76) saying no. This shows that most of the students who receive the loan do not solely depend or rely on the loan for their existence in their institutions.

KNUST

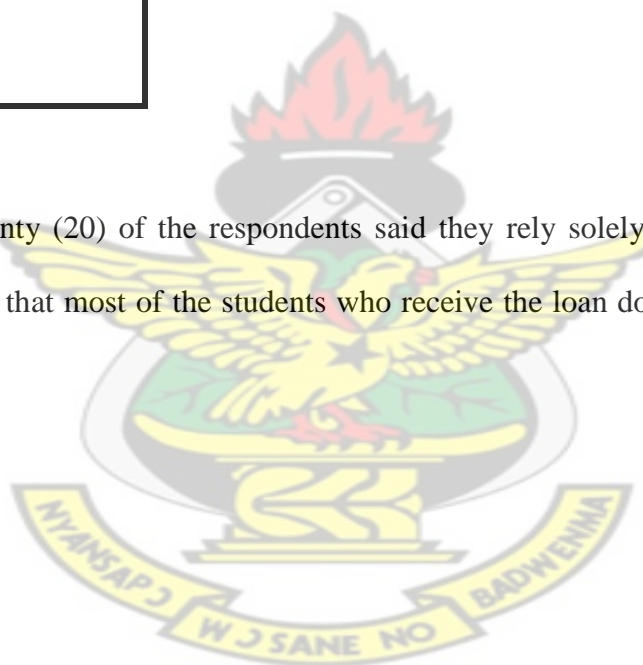


Table 4.11 Other sources of funding

Alternative Sources of funding	Frequency	Percent	Cumulative Percent
Borrow from the bank	5	2.9	2.9
Family assistance	38	21.8	24.7
Friends assistance	6	3.4	28.2
Part - time job	18	10.3	38.5
Churches	1	1.1	39.7
Philanthropist	8	4.6	44.3
N/A	98	55.7	100
Total	174	100	

Source: Field data, 2010

The Table 4.11 above shows the areas given by the students who responded by saying that aside the loan they receive other assistance. The highest assistance came from family members. This is followed by those who said they undertake part – time jobs to supplement the loan. Eight (8) and five (5) people respectively said they get some other monies from philanthropist and the bank. It is clear from the above that most of the students get their assistance from their family members. This can also mean that in the view of most parents or family members the amount of money being given out is woefully inadequate.

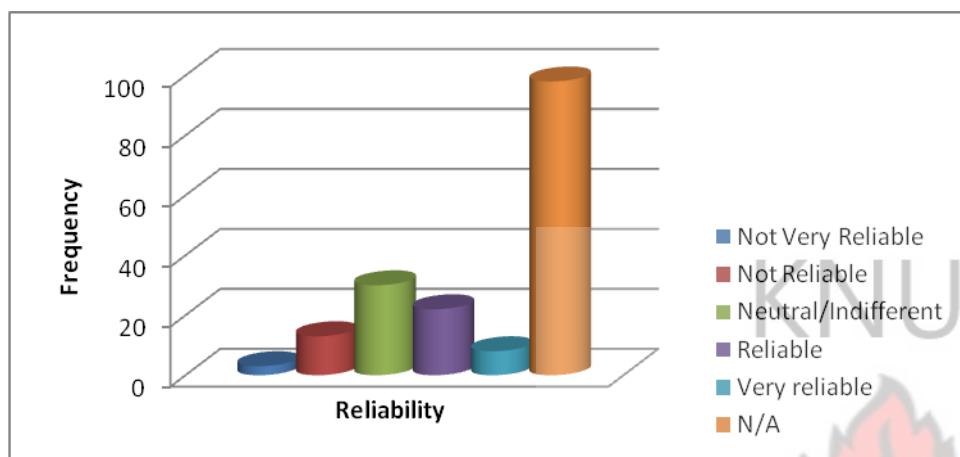
Table 4.12 How reliable is any of these Sources available to you

Reliability	Frequency	Percent	Cumulative Percent
Not Very Reliable	3	1.7	1.7
Not Reliable	13	7.5	9.2
Neutral/Indifferent	30	17.2	26.4
Reliable	22	12.6	39.1
Very reliable	8	4.6	43.7
N/A	98	56.3	100

Reliability	Frequency	Percent	Cumulative Percent
Not Very Reliable	3	1.7	1.7
Not Reliable	13	7.5	9.2
Neutral/Indifferent	30	17.2	26.4
Reliable	22	12.6	39.1
Very reliable	8	4.6	43.7
N/A	98	56.3	100
Total	174	100	

Source: Field Data, 2010

Figure 4.12.1: A Bar Chart Showing the Reliability of Other Sources of Funds by Respondents



Source: Field Data, 2010

The Table 4.12 and Figure 4.12.1 above shows the distribution of how reliable the sources of finance are to those who said they do not depend solely on the loan. The table reports that thirty (30) said they are indifferent about how reliable their sources are. This is followed by twenty – two (22) and thirteen (13) students who respectively said their sources are reliable and not reliable. Eight (8) and three (3) people respectively said their sources are very reliable and not very reliable.

Table 4.13: Is the Student Loan enough to take care of your academic year’s expenditure?

Option	Frequency	Percent	Cumulative Percent

No	20	12.1	12.1
N/A	154	87.9	100
Total	174	100	

Source: Field Data,2010

KNUST

The Table 4.13 indicates that all the students who said they rely solely on the students loan for their survival in their institution said the money currently been disbursed is not adequate to see them through their semester's work. The students proposed some amounts which in their estimation will suffice. Table 4.14 below shows the various amounts proposed.

Table 4.14: How much do you think would be enough to take care of your academic year's expenditure.

	Frequency	Percent	Cumulative Percent
N/A	154	87.9	87.9
350	1	1.1	89.1
400	1	0.6	89.7

450	1	0.6	90.2
500	4	2.3	92.5
600	2	1.1	93.7
750	1	0.6	94.3
800	5	2.9	97.1
850	1	0.6	97.7
890	1	0.6	98.3
1000	3	1.7	100
Total	174	100	

Loan Given Body	Frequency	Percent	Cumulative Percent
-----------------	-----------	---------	--------------------

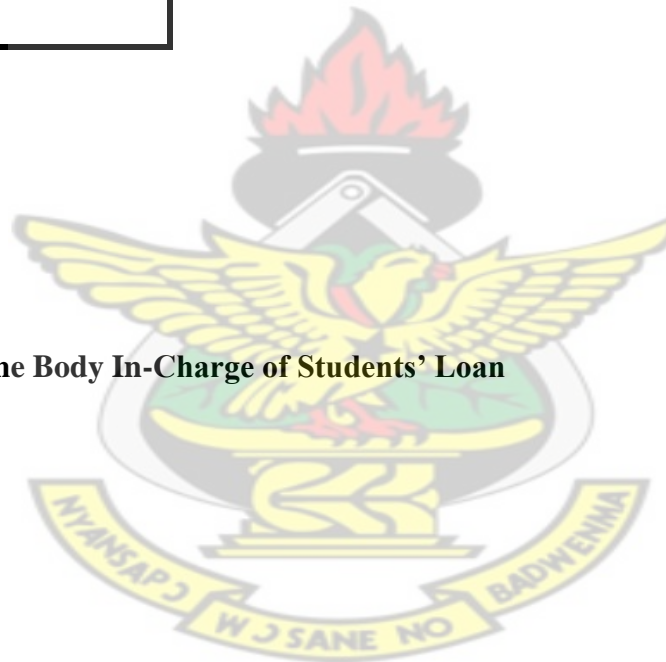
Source: Field Data,2010

It can clearly be seen from the table above that of the twenty (20) students who said the money was not enough five (5) of them representing 25% said GH¢ 800 will be alright. This is followed closely by four (4) and three (3) students who respectively said GH¢ 500 and GH¢ 1000 will suffice. Two (2) of students said they will prefer GH¢ 600 with a person each mentioning the following amounts GH¢ (350, 400, 450, 750, 850, 890). Looking at the data collected it can be inferred that a range of GH ¢400 - GH¢1000 will help sustain the students to go through the years academic activities partially.

TABLE 4.15.which body is responsible for the administration of Students Loan in Ghana now?

SSNIT	45	25.9	25.9
SIC	1	0.6	26.4
SLTF	119	68.4	94.8
Don't know	9	5.2	100
Total	174	100	

KNUST



Source: Field Data, 2010

Figure 4.15.1: A Bar Chart Showing the Body In-Charge of Students' Loan

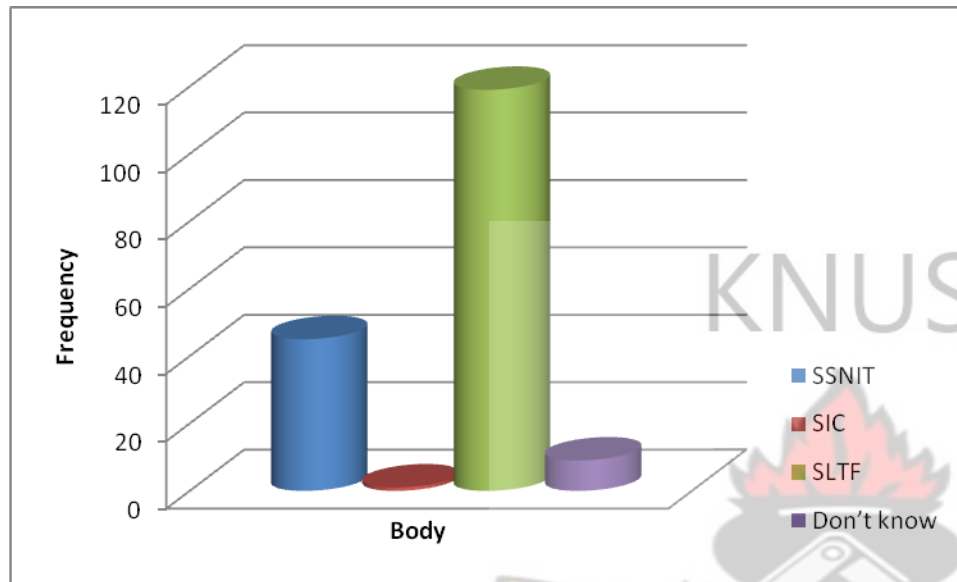


Table 4.15 and Figure 4.15.1 above shows that one hundred and nineteen (119) of the respondents representing 68.8% said it is the Students loan Trust Fund (SLTF) which is currently responsible for the administration and disbursement of Students' Loan in Ghana. This is followed by Social Security and National Insurance Trust (SSNIT) with forty – five students. Nine (9) of the students do not know the body responsible for the disbursement of the student loan. The researcher is tempted to believe that this nine (9) people will probably be level 100 students. It can be seen from the table above that even those who do not take the loan know the body responsible for the administration of the student loan.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

This chapter reviews the objectives of the study, draws conclusion to the findings and highlights some recommendations that could help deal with some of the problems confronting Students accessing adequate Loan facility in Ghana.

5.0 SUMMARY OF FINDINGS

The objectives of this study was to:

- Examine the trend of fees charged by institutions specifically, Koforidua Polytechnic and All Nations University all in Koforidua Municipality and other cost involved in studying at the Tertiary Level.
- To ascertain the extent to which the present loan cover the expenditure levels of tertiary students during the period of study;
- Examining the processes involved in accessing the loan and determine the timeliness of the release of the loan;
- Find out the satisfactory levels derived as a result of subscribing to the loan scheme.
- Looking at the best ways of improving the student Loan Scheme to benefits the beneficiaries.

The findings therefore were:

- A huge cut in government budgetary support for public tertiary Education, with references to appendix C Table D & E (Dollar cost per students) and appendix C Table B indicates that loan amount given to students have remained unchanged for the past

four years. This has contributed in a huge dropout in the tertiary institutions with the common complaint as financial difficulties i.e. inability to pay user fees and other academic expenses.

During the 2008/2009 academic year, one hundred and fifty students of Koforidua Polytechnic requested for financial aid from the institution to settle their outstanding fees or face possible dropout [Koforidua Polytechnic Financial aid report, 2009].

- From the findings (Student Records Department, Koforidua Polytechnic). The year across, the students intake though increases, the detail of it is that due to limited academic facilities the numbers of qualified students are all not given admission.
- To answer the question posed by the statement of the problem; Does the Student Loan scheme create a positive image in the minds of potential students who would like to depend on the lone as a major source of financing their tertiary education?

From the findings, Ninety six (96) students respondents constituting about fifty five (55) percent responded and affirmed that they take the loan, further to this, twenty (20) of the respondents depended solely on the Student Loan and seventy – six (76) of them seek the support of relatives, others resort to taken part-time jobs and some of them seek support from philanthropists.

It was also clear from the findings that the Students' Loan was woefully inadequate and the alternative from the family & relatives and others are quite reliable.

- From the findings to the question of whether the Student Loan scheme provided the kind of financial support for which it was instituted?,

Out of the ninety-six (96) respondents who access the loan facility, seventy-six (76) do not rely on the loan constituting about

73.6%. It could be said that, looking at the academic user fees and how much it takes to train a student in the tertiary level it can be seen that, the loan is not enough to support the academic expenditure.

- From the findings most students who responded are aware of the loaning Body. This is confirmed by the Table 4.15.1 above showing one hundred and nineteen (119) of the respondents representing 68.8% said it is the Students Loan Trust fund (SLTF) which is currently responsible for the administration and disbursement of Students' Loan in Ghana.

In summary, due to Government Budgetary cut a good number of students have been denied admission, students who seek for support in the form of loan from students' Loan Trust Fund (SLTF) are not given enough to adequately support their academic expenditure, therefore they are forced to depend on relatives for alternative source. There is particularly a link to the number of students drop out to the inadequacy of financial support as it takes a quite a substantial amount of money to train/educate a student in the tertiary level.

5.1.1 RECOMMENDATIONS

1. The Students' Loan should be quite lucrative to reflect the current expenditure level in the tertiary institutions to encourage a bigger section of students to access.
2. The inclusion of Non- Social Security and National Insurance Trust (SSNIT) members will relieve the difficulty of students hunting for *qualified* Guarantors.

3. There should be an alternative funding from cooperate institutions, district assemblies, private companies, Non Governmental Organizations (NGOs), setup of private financial aid schemes etc. to support Government effort to fund public Tertiary Education.
4. There should be a non-commercial rate or interest free loan facility to erase the stigma surrounding the accrued compound interest paid on accessed loan to encourage more potential student applicants to subscribe. This would help increase the number of people who will like to access tertiary education but have limited financial resources. Again, it would fulfill the provision that is made in the 1992 constitution which is -(c) Higher education shall be made equally accessible to all, on the basis of capacity, by every appropriate means, and in particular, by progressive introduction of free education;
5. To reduce the rate of default Student loans, beneficiaries who default should be made to pay their loans from their social security Fund and there must be a legislative instrument to back it.
6. To ensure effective utilization of the loan facility, the Trust in consultation with Higher Institutions and students should agree that disbursement should be channeled toward the payment of academic facility user fees or the loan should be restricted to purchase students educational materials. A product could be designed, tailored to suit the educational needs of tertiary students to implement this suggestion.
7. The Trust should intensify its sensitization drive to inform the general Public of its presence and what it does as only 68.8% of the respondents were aware of the loaning body in Ghana after nearly five years of its existence.

Finally, the scheme should have it tastes of technological dynamism so that students can access their balance, in all the zonal offices, internet outlets, electronic application (e – applications) and also given enough time for repayment of the accessed loan.

KNUST



REFERENCES

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*.

Damtew, T. and Knight, J. (2008). *Higher Education in Africa: The International Dimension*. Published by Sense Publishers, Rotterdam the Netherlands.

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.

Finance Department of Koforidua Polytechnic, June 2010.(Academic Facility User fees).

Finance Department of All Nations University, June 2010.(Academic Facility user fees).

Harsch E, Africa Recovery United Nations Publication

Johnstone, D. B. (forthcoming 1998) "Financing Higher Education; Who Should Pay and Other Issues in "Pphlips G. Altbach Rober D. Berdahl and Patricia J. Gumport, Eds *American Higher Education in the 21st Century: Social, Political and Economic Challenges*. Baltimore: the Johns Hopkins University Press.

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

National Council for Tertiary Education, NCTE.(1996-2000). *Expenditure and Revenue Analysis of Tertiary Education Institutions in Ghana (1996-2000)*.

Penrose, P. (1998). *Cost Sharing in Education - Public Finance, School and Household*

Perspectives. London: DFID. Retrieved from:
<http://www.dfid.gov.uk/AboutDFID/Education/Research/Library/contents/dep27e/ch05.htm>

National Council for Tertiary Education, NCTE.(1998) Evaluation of the Policy Objectives of the Reforms to the Tertiary Education System: Technical Report Series No.2, ISSN 0855-4978.

Republic of Ghana. (2008). Education Sector Performance Report 2008: Ministry of Education, Science And Sports.

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

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

Selby, H. (December 2008). Private Tertiary Institution cry for support. Ghana News Agency, 2008. (Article)

Shen H. and Ziderman, A. (2008) Student loans repayment and recovery: International Comparisons, Pages 315-333.extracted from www.springlink.com

Students Loan Trust Fund (SLTF), Launch of Students Loan Protection scheme. website –www.sltf-ghana.org.

The Wall Street Journal.(February 2010). The \$555,000 Student-Loan Burden *by Mary Pilon*

Winkler, K. 1990. Researchers Examination of Californians Poor Latino Population Prompt Debate over the Traditional Definitions of the Under Class, *The Chronicle of Higher Education*, October10: A5-A8

Wood, H. 1983, Students Loan Funds. World Bank (Washington D. C., USA)

World Bank/UNESCO (2000). *Higher Education In Developing Countries: Peril and promise*. Washington, D.C: The World Bank. Retrieved on November 10, 2005 from <http://www.tfhe.net/report/downloads/report/whole.pdf>.

APPENDIX A

Table A.

The following table shows the fees structure of All Nations University College

Business Administration & Computer Science

Electronic & Communication Eng

FEES

FEES

Jan-May	¢440.00	2005	Nil
Aug-Dec	¢440.00		Nil
Jan-May	¢440.00	2006	Nil
Aug-Dec	¢440.00		Nil
Jan-May	¢640.00	2007	¢760.00
Aug-Dec	¢640.00		¢760.00
Jan-May	¢700.00	2008	¢760.00
Aug-Dec	¢700.00		¢800.00
Jan-May	¢700.00	2009	¢800.00
Aug-Dec	¢700.00		¢800.00

SOURCE: All Nations University College Accounts Unit, 2010.

According to records, the lowest tuition fee a private university charges is about GH¢650, and the highest about GH¢1,065, which makes it quite impossible for the student coming from a poor and average home to afford. (Helina Selby, 2008)

APPENDIX B

Table B Loan Amount given to students on application

	LOAN AMOUNT (GH¢)	
	UNDERGRADUATE STUDENTS	POSTGRADUATE STUDENTS
Programme of Study	PUBLIC UNIVERSITIES	
Science	420.00	500.00
Engineering	420.00	500.00
Medicine	420.00	500.00
Pharmacy	420.00	500.00
Education	380.00	380.00
Humanities	380.00	400.00
Applied Science	420.00	500.00
Programme of Study	POLYTECHNICS	
Applied Science	290.00	NA
Engineering	330.00	NA
Business	280.00	NA
Catering	300.00	NA
Statistics	300.00	NA
Secretaryship	280.00	NA
Programme of Study	PRIVATE UNIVERSITIES AND PROFESSIONAL INSTITUTIONS	
Science	420.00	500.00
Humanities	380.00	380.00

SOURCE: (*Students Loan Trust Fund, 2007/2008 ACADEMIC YEAR*).

APPENDIX C

Table C Koforidua Polytechnic Academic user fees per year

ACADEMIC YEARS	2007/2008			2008/2009			2009/2010		
	FRESH STUDENTS GH¢	CONTINUING STUDENTS GH¢		FRESH STUDENTS GH¢	CONTINUING STUDENTS GH¢		FRESH STUDENTS GH¢	CONTINUING STUDENTS GH¢	
		Yr1	Yr2		Yr3	Yr1		Yr2	Yr3
ACCOUNTANCY	246.06	182.76	174.26	319.00	239.00	224.00	347.80	259.80	249.80
MARKETING	246.06	182.76	174.26	319.00	239.00	224.00	347.80	259.80	249.80
PURCHASING & SUPPLY	246.06	182.76	174.26	319.00	239.00	224.00	347.80	259.80	249.80
STATISTIC	256.89	193.59	185.09	331.00	259.00	251.00	361.00	273.00	263.00
COMPUTER SCIENCE & Networking mgt	361.50	298.20	289.70	432.99	355.99	340.99	466.50	378.50	368.50
AUTOMOTIVE ENG.	361.52	-	-	436.00	361.00	-	471.50	388.50	378.50
MECHANICAL ENG.	-	-	-	433.00	-	-	471.50	388.50	378.50
ELECTRICAL & ELECTRONIC ENG.	-	-	-	433.00	-	-	471.50	388.50	378.50

Source: Koforidua Polytechnic Finance Department, 2010.

APPENDIX D

Academic years	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98
Funding ¢ million	12,235	12,451	16,986	23,567	45,352	53,346	56,842
Enrolment	11,857	14,278	15,183	18,000	-	23,126	26,684
Cost per student ¢ '000	1,031.8	872.0	1,118.7	1,309.2	-	2,306.7	2,130.2
Average Exchange Rate to dollar	437.09	716.67	964.55	1,210.76	1,637.24	2,070.49	2,318.96
Dollar cost per student \$	2,360.61	1,216.73	1,159.81	1,081.13	-	1,114.08	918.60

Table D University Funding Levels: 1991/92-1997/98

Source: National Council for Tertiary Education (NCTE)

- **Figures quoted in Old Ghana Cedis**

APPENDIX E

KNUST

Table E Polytechnic Tertiary Funding Levels: 1993/94-1997/98

Academic Years	1993/94	1994/95	1995/96	1996/97	1997/98
Funding ¢ million	1,320	1,539	3,628	4,906	5,310
Enrolment(Tertiary)	1,689	3,634	5,918	7,316	9,942
Cost per student ¢'000	781	423	613	670.6	534
Dollar cost per student \$	810.58	349.89	374.53	323.87	230.31

Source: National Council for Tertiary Education (NCTE)

- **Figures quoted in Old Ghana Cedis**



APPENDIX F

Table F Total Polytechnics Funding Levels: 1993/94-1997/98

Academic years	1993/94	1994/95	1995/96	1997/97	1997/1998
Enrolment (All students)	11,407	11,902	12,313	12,079	13,456
Cost per student ¢ 000.00	115	129	294	406	394
Dollar Equivalent \$	120.02	196.83	180.01	196.19	170.17

Source: National Council for Tertiary Education (NCTE), November 1998

- **Figures quoted in Old Ghana Cedis**
- According to the NCTE report under review, Government funding for tertiary education has declined significantly in real terms (See table above). Cost per student has not kept up with the rate of inflation. From the table cost per student doubled in the Universities between 1991/92 and 1997/98 which is much lower than the change in prices over the same period. In the case of the Polytechnics, nominal cost per student in cedis actually declined indicating a dramatic decline in real terms. For the Universities, the average cost per student was \$ 2,360 in 1991/1992, \$1,081 in 1994/95 and had declined to \$ 918 for 1997/98. For the Polytechnics, the average cost per student was \$ 810 for 1993/94, \$349 for 1994/95, and finally declined to \$230 for 1997/98.

APPENDIX G

Table G NCTE Standard Costs per Student by Discipline

YEAR	HUMANITIES	SCIENCE/TECH	MEDICINE	ENGINEERING	BUSINESS
1996 University	1,640,213	2,772,573	4,627,555	2,772,573	-
1996 Polytechnic	-	-	-	-	-
1997 University	2,194,727	3,962,529	6,477,127	4,245,567	-
1997 Polytechnic	-	-	-	-	-
1998 University	2,536,544	4,579,771	7,686,324	5,066,898	-
1998 Polytechnic	-	-	-	-	-
1999 University	2,890,358	5,236,696	8,623,282	5,610,747	-
1999 Polytechnic	-	2,083,204	-	2,604,004	1,153,693
2000 University	3,250,583	5,887,529	9,626,957	6,308,065	-
2000 Polytechnic	-	2,395,685	-	2,994,605	1,326,747

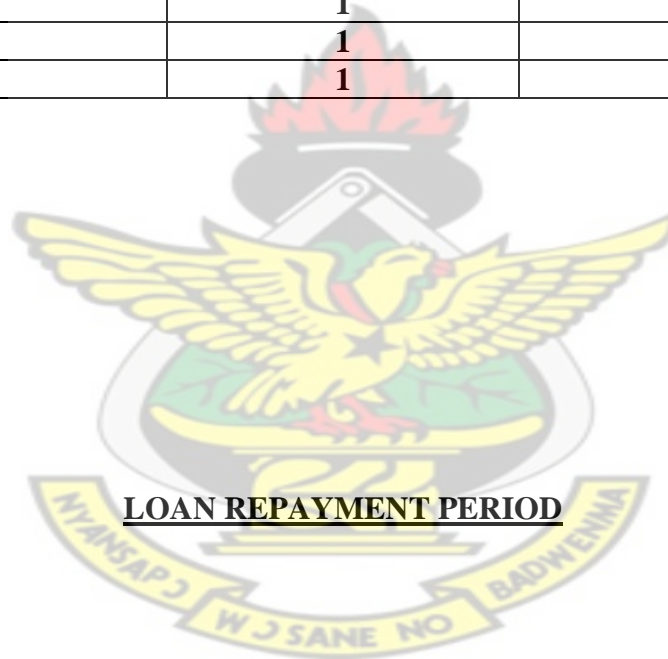
NCTE, Expenditure and Revenue Analysis of Tertiary Education Institutions in Ghana (1996-2000)

- Figures quoted in Old Ghana Cedis

Duration of programme	National Service Period (Yrs)	Grace Period (Yrs)	Repayment Period (Yrs)	Total Loan Period (Yrs)
1		1	3	5
2	1	1	5	9
3	1	1	7	12
4	1	1	9	15

APPENDIX H

Table H



LOAN REPAYMENT PERIOD

5	1	1	10	17
6	1	N/A	10	17
7	1	N/A	10	18

KNUST

