# STUDENTS' LOAN SCHEME AND ACCESS TO HIGHER EDUCATION AT MAKERERE UNIVERSITY, UGANDA

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**ABSTRACT**

The main purpose of the study was to examine the contribution of the student loan scheme towards access to higher education at Makerere University with a view to improve efficiency of the loan scheme and benefit more students who are nationals. To achieve this, the researcher adopted a cross-sectional research design. From a study population of the 246 respondents who the researcher targeted, a sample of 157 respondents was selected, including students of Makerere University, officials from Higher Education Students Financing Board management, Ministry of Education-Uganda Through Self- administered questionnaires and interviews, quantitative and qualitative data was collected and analysed. The findings revealed that there are positive relationships between, Student Loan Coverage, Loan Repayment, Loan Targeting and the Access to Higher Education. The conclusion was that elements of student loan coverage such as eligibility and objectives of the scheme are upheld to increase number of students accessing the loans. It was also concluded that the elimination of loan scheme award loans to students pursuing post-graduate studies affects access higher education; and that in Uganda, the loan scheme is quite novel and therefore the repayment by students need to be clearly observed. The study recommended that the loan granting body namely the Higher Education Student Financing Board should step up measures to ensure that the students acquire and maintain a positive attitude towards the repayment of the student loan; that fairness should be promoted in the selection of students who are granted the loan scheme; and that the loan scheme should cover all the academic and non-academic expenses required by the student such as accommodation, books, stationery and feeding.

**Keywords**: Student Loan Scheme, Higher Education, Human Capital Investment, Makerere University

## 1. INTRODUCTION

Student Loan Schemes in Higher Education operates in more than 70 countries around the world and at least thirteen (13) Loan Schemes in Africa in 2009 (Johnstone & Marcucci, 2010). The number of loan schemes is seemingly increasing every year. Various reasons have been given for the renewed interest in Student Loans particularly in developing countries. In the view of Woodhall (1992), the renewed interest in student loan schemes is due to financial pressures on public budgets, governments giving higher priorities to primary and secondary education and trying to increase cost-sharing in higher education. Other reasons advanced by Woodhall (1992) are: attempts to improve the efficiency of higher education, and believing that loans would result in a more equitable sharing of the costs of higher education.

In most African countries, the system of higher education inherited at independence, and continued for three decades, had at its apex a single national university catering to a relatively small number of students whose tuition and accommodation were fully covered by the state. Access was based on examination performance, admission related to the requirements of the civil service, and the overwhelmingly youthful and male student body pursued full-time degree courses within a rigid term structure, with progress measured and achievement conferred by annual and all-determining examinations.

Management at the university was centralised and hierarchical, resources for research and learning were abundant largely elitist. Students contributed little by way of service, and had their study and leisure supported by attendant staff, more numerous than the academic faculty. Universities, except in South Africa, had no tradition of fees or student loans (Coleman & Court 1993). In direct and indirect ways, universities were subordinated to the state in matters of internal governance, as well as policy, finance and student intake and distribution (Eisemon & Salmi, 1993). Students' loans particularly in low and middle-income countries of Africa support the above requirements. In Africa there are a number of countries that have introduced student loan schemes. These include Kenya, Rwanda, South Africa, Ghana, Botswana, Nigeria, Tanzania, Zimbabwe and Uganda that introduced the scheme in 2014, among others. In East Africa, it is only Burundi that does not have a student loan scheme. Many countries in Africa, including Zambia, Rwanda and Zimbabwe, are reforming the existing programmes of the student loan schemes.

Makerere, the oldest university in East Africa, was established in 1922, and offered free University education. The government covered all costs and controlled all policy. An attempt to introduce cost-sharing in 1990 was opposed with demonstrations, a boycott of classes, the death of two students and the closure of the University for the First Time in its history.

When it re-opened the following year, a "needy students" scheme, based on the principle that poorer students could contribute to the cost of their education through service to the university, foundered on student resistance and the difficulty of identifying who were the truly needy. Since then there have been several attempts to support students in cost-sharing in order to increase access to higher education.

In 2014, the efforts of supporting higher education students by the government through the loan scheme were considered as solution to increase access to education in Uganda.

The purpose of the study was to examine the contribution of the student loan scheme towards access of higher education at Makerere University in Uganda. Conducting of this study was seen as having a potential for: (a) augmenting the existing knowledge on the contribution of the student loan scheme towards access of higher education at Makerere University; (b) revealing empirical information to the higher education institutions universities to enable them improve financing strategies; and, (c) setting a ground for enhancing further research in the area of education loan policy.

Specifically, the study aimed at examining the relationship between student loan coverage and access of higher education in Uganda; investigating the relationship between student loan targeting and access of higher education in Uganda; and examining the student Loan Repayment Conditions and access of higher education in Uganda. Focusing on the contribution of the student loan scheme towards access of higher education at Makerere University-Uganda, the study involved core stakeholders including students from various colleges of Makerere University; but because of their stakeholders' role in higher education financing, other respondents were also drawn from the Ministry of Education, Science and Technology and Sports, and the Higher Education Students Financing Board. The time period considered to be covered by this study was the Academic Year 2014/15, being the first time that loans of this kind have been awarded to Ugandan students.

## 2. HUMAN CAPITAL THEORY AND STUDENTS' LOANS

Barr (2009) argues that according to Human Capital Theory, expenditure on education is treated as an investment and not as a consumer item. An individual acquires this human capital in schooling and post-school investment and on-the-job training. Efforts are made in Uganda to encourage cost-sharing and loan scheme in order to increase number of educated people because it is believed that highly trained and skilled manpower is the pivotal element for real development (Ishengoma, 2004).

Schultz (1962) supports the theory by saying that "… *Increase investment in human capital increases individual productivity and income, and concurrently lays the technical base for the type of labor force necessary for economic growth in modern industrialized society*".

Research by Snooks (2008) supports the view that there has been increasing awareness that human capital, when combined with other factors of production, can be an important factor in economic development. This study also agrees on human capital theory because of the belief that people constitute the most important resource in any organization.

## 3. HIGHER EDUCATION SYSTEM AND THE FUNDING GAPS IN UGANDA

The higher education subsector in Uganda is composed of two tiers, (a) degree awarding universities, and (b) other tertiary institutions, commonly referred to as the technical subsector, which offer diplomas and certificates. Institutions in both categories are further categorized into public and private. Public or state-funded institutions are established by an act of parliament; and, the private institutions are chartered, licensed or unlicensed. Of the 33 institutions, five public and 28 private universities (NCHE, 2014). There are three main avenues for entering the university system in Uganda.

In the first, secondary school graduates with two principal passes in the Uganda Advanced Certificate of Education Examination (A-levels), can be admitted directly into the university. In the second avenue, holders of diplomas (from the vocational education system) are "considered" for entry and may be admitted depending on the "quality" of their performance/pass at their previous institutions. Third, is the "mature entry scheme" for lifelong learners and adults who missed the opportunity for direct entry through the formal school system? The government reserves 4 000 positions annually for students admitted into the five public universities for whom the government provides scholarships. The system is merit-based. Students with the highest grades are admitted with scholarships based on the individual requirements of the institutions and the faculties where the students are to be based. The 4 000 students represent less than 10% of the students who qualify for university entry (Ministry of Education and Sports, 2012).

The funding of higher education has for long been a problem as universities receive less funds than it costs them to produce a graduate (NCHE, 2014). In the face of serious financial resource constraints for higher education, the Ministry of Education has responded mainly in two ways. First, there has been a clear shift toward some form of cost-sharing of tuition fees. Such cost-sharing has taken the form of a dual-track system where a fee-paying system coexists with a free, government-sponsored scheme for some students. Second, the government has permitted the introduction and subsequent expansion of the private education sector. All these have not greatly increased access to university education.

During the 1990s and early 2000s, the Government of Uganda undertook public sector reforms that changed the landscape of higher education. There was enactment of the *Universities and other Tertiary Institutions Act 2001,* which is an umbrella law governing all public universities and tertiary institutions in the country. As a result of these reforms, a number of private universities and other tertiary institutions have sprung up and this has had a positive multiplier effect to demand for higher education. Currently, in Uganda there are 33 licensed public and private universities (5 public and 28 private universities) and 181 other tertiary institutions. Tertiary institutions have grown from 148 in 2006 to 181, with 130 (72%) being private and 51 (28%) being public institutions. The total enrolment in higher education institutions stands at 179 000 students. This is still low as the gross enrolment ratio is now 6.8% (NCHE, 2014).

Governmental funding for tertiary education has been declining over the years largely due to the financial constraints brought about by the unprecedented growth at the lower levels of education (Universal Primary Education and Universal Secondary Education schemes). This adversely affected the levels of access to these institutions especially for students from low income backgrounds. In 2005–2006, the government of Uganda introduced a new system, primarily to redress enrolment imbalance between the sciences and the humanities.

In the new system, 75% of the 4 000 government-sponsored students are admitted on the basis of merit but must be studying subjects deemed crucial to national development – science and technology, law, the performing arts, and economics. The rest (25%) of the 4 000 are reserved to address equity gaps. A quota system was introduced for the best students in each district, persons with disabilities, and athletes of both sexes who meet the minimum requirements of specific institutions and programmes. Students who do not qualify for government sponsorship pay their own fees at public institutions (if they are admitted), enter private universities, or enter other tertiary institutions. The competition for state scholarships is therefore very keen and mainly favors children from the higher socio-economic strata whose families can afford good secondary schools. Government-sponsored students receive "free" university education including tuition, housing, and meals. Additionally, because of the merit-based entry mechanisms, these students are admitted on a preferred basis to professional courses such as law and medicine. This preference further contributes to the divide between the urban rich and the rural poor. Currently, less than 10% of the more than 70, 000 students in public universities are government-supported.

The existing records indicate for instance that out of 15 989 students admitted in Makerere in 2010-2011, only 2 015 (12%) were government-supported and that in Kyambogo University reports that only 2 485 (18%) of the 13 000 students enrolled in the 2010-2011 academic year were government-sponsored. It is noted that in the 2012/2013 academic year out of 43 000 students admitted to universities, only 4 000 (9%) were sponsored by government, implying that 91% had to go for self-sponsorship. In 2014, a total of 45 000 students were admitted at both public and private universities. Out of these, 4 000 were given government scholarships and 1 200 were given student loans and the remaining 39 800 students who did not benefit from either scheme, had to fund their own university education (Higher Education Students Financing Board, 2014).

Against this background, government introduced the students' loan scheme though its coverage is still quite low in spite of the publicity by government using the mass media to communicate the opportunity that students could have using the student loan scheme. What is observed is that improving the efficiency and viability of existing student loan programs while broadening their coverage consistently remains a major challenge for Uganda as most of the developing countries. Despite the poor performance of many systems, the positive experience of the loan scheme in countries like Columbia and the Dominican Republic, Kenya, Ghana, South Africa, shows that it is possible to design and administer financially sustainable loans if effective collection programs, appropriate interest rates, and income-contingent schemes can be made operational.

## 4. HIGHER EDUCATION LOAN FUNDING

Higher Education loan scheme and funding in general are supported by theoretical arguments that Higher education is a profitable private investment, offering graduates high returns in the form of better job opportunities and higher lifetime earnings. As such, a *Human Capital Theory* was adopted for this study. Schultz (1962) supports the human capital theory by arguing that Increase investment in human capital increases individual productivity and income, and concurrently lays the technical base for the type of labor force necessary for economic growth in modern industrialized society. Similarly, Snooks (2008) holds the view that there has been increasing awareness that human capital, when combined with other factors of production, can be an important factor in economic development. According to Barr (2009), Human Capital theory, expenditure on education is treated as an investment and not as a consumer item. An individual acquires this human capital in schooling and post-school investment and on-the-job training. Robbins (2009) also argues that organizations can survive without other resources, but they cannot survive without people and that organisations to achieve good end result, much of the investment must be directed on human beings. These arguments explain the current efforts that Uganda puts to encourage cost-sharing and loan scheme in order to increase number of educated people because as Ishengoma (2004) argues, it is believed that highly trained and skilled manpower is the pivotal element for real development.

### 4.1 Students Loan Scheme and Access to Higher Education

Student loan programmes have been developed in various forms in over fifty countries throughout the world (Albrecht & Ziderman, 1992). Whereas many student loan schemes are not working well and critics question whether they are feasible in developing countries, they have been widely advocated as a way of financing the private costs of investing in higher education. Many countries have loan schemes that enable students to borrow from the government agencies or commercial banks in order to finance their tuition fees or living expenses, and to repay the loans after graduation. According to Woodhall (1992), most loan schemes offer government guarantees and some form of interest subsidy, and in many countries students receive financial support through a combination of loans, grants, scholarships and bursaries. Woodhall (1992) observes that while introducing loans dates far way back in the first half of the 20th century, a significant scale is seen in the 1950s and 1960s in many developed countries like Canada, Denmark, Sweden and the USA (Woodhall, 1992). He notes that currently, more than thirteen countries in Africa operating the student loan schemes that offer loans to students pursuing undergraduate or post-graduate studies.

In general, developing countries' student loan programmes have been used to assist with student tuition fees and living expenses and typically cover a big percentage of the total student population. According to Kasozi (2009), to increase access to higher education for children from poor homes, a loan scheme is one of the panacea to their problems of rising fees for higher education. Kasozi's (2009) emphasis is that students' loans should be given to eligible students to pursue higher education in higher learning institutions while targeting the poor and needy students.

Identifying the underlying objective of a particular loan scheme is therefore important because this will have implications for many central aspects of the scheme. Ziderman (2013) these aspects may include: whether loans are offered for tuition, living expenses or both; the appropriate level of loan subsidy (if any); the need for targeting (confining eligibility to particular student categories); and, loan allocation and rationing procedures where loan funding is limited.  However, the objective of a given scheme, and how this effects the operation of a scheme, will also have strong implications for the effect of the loans on access. Ziderman looks at access in four different perspectives and how the availability of government loans may positively impinge on access. The four aspects of access are: broadening access; deepening access; retention and successful completion; and, maintaining enrolment ratios. Improving the efficiency and broadening the coverage of the student loan coverage is a recipe for the success of any loan scheme.

On the aspect of loan targeting, Ziderman holds that financial constraints largely play a role on the low enrolment in countries that are operating student loan schemes. He argues that therefore consensus on the need to offer financial incentives to the poor potential students not only to overcome the burden of the fee payment and living expenses, but also to offset both parental resistance to reductions in family income and fear that the benefits of the educational process may not be sizeable. He recognizes though that the provision of the financial aid may be regarded as a necessary, though not sufficient condition for achieving greater participation of the poor (Ziderman, 2013).

Ziderman's (2013) arguments in favour of repayable loans are based on both efficiency and equity. Efficiency arguments for loans rather than grants are that loans will reduce demands on the government budget and on the taxpayers; provide additional resources to finance the expansion of higher education to widen access and increase students' motivation by making them aware of the costs of higher education and requiring them to evaluate both costs and benefits in the light of the obligation to repay the loans. The equity arguments also focus on costs and benefits, concluding that since most university graduates can look forward to substantially higher lifetime incomes as a result of their education, those who benefit from higher lifetime income than average earnings should not be subsidized by taxpayers with average or below average earnings.

Studies have also shown that student loans are educational investments. Psacharopoulos (1996) argues that if returns to education increase demand for higher education, then as a result, the flow of private resources into education through tuition charges increases. He also argues that loans improve resource allocation for developmental courses in an economy. His argument, however, does not account for cases where the student is admitted to courses that they did not opt for, especially in developing countries where the facilities are limited. Further, with selective scholarships Psacharopoulos added, loans improve student selection and equity since poor students compete for places in higher education. This study therefore, as a first of its kind, has identified the weaknesses in the selection of students for the loan scholarship and goes ahead to raise strategies for combating these weaknesses.

### 4.2 Higher Education Loan Schemes Challenges

Despite the positive arguments justifying student loans as outlined above, lending to students still has imminent shortcomings. Johnstone & Marcucci (2007) point out that the major problem with lending to students, especially to needy students in poor countries, is the absence of either credit-worthiness or collateral. The need for collateral from the government or parents is therefore fundamental if students are to have access to such loans. The experience with most developing countries in the event of default is that it is extremely rare that the government recovers its loan value through taking over family assets. The loans are mostly written off (World Bank, 2008).

Woodhall (2001) maintains that student loans can only help facilitate recovery and improve quality if they are efficient and well-designed. Though many student loan programmes in Africa may have been well designed, they generally lack efficiency. Woodhall (2001) provides certain criteria that student loan programmes 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. While student loans are a prudent means by which recurrent costs in higher education can be met, and whereas most governments may be well versed in raising funds through debt financing, to Woodhall (2001), some governments are typically far less familiar with and efficient in the processing of loans and that indeed, most government-administered programmes have notoriously high default rates (Woodhall, 2004). This argument is supportive to Ziderman (1992) earlier report that average rates of loan recovery were as high as 67% in Sweden and Barbados, but as low as 10% in Kenya and Venezuela. Kenya has, however, since introduced significant reforms to boost loan recovery though higher education is still largely publicly financed, with the Higher Education Loan Board (HELB) receiving about 50% of its funds from the Ministry of Finance (*HELB Review*, August 2002).

The World Bank particularly stresses that cost-sharing cannot be implemented adequately without a functioning student loan programme, where students borrow to finance their education (World Bank, 2008). Also, in order to minimize subsidy levels, government-financed student loan programs should typically charge interest sufficient to cover the government's cost of borrowing as well as administrative costs (Hauptman, 1999).

Detailed financial analysis for selected countries shows that the present value of repayment collected by loan programmes in developing countries constitutes a small percentage of loan value disbursed plus costs of administering. Hence, loan programmes have not significantly reduced the governments' fiscal burden for higher education (Albrecht & Ziderman, 1992).

Although student loans are found in increasing numbers of countries they are not all equally effective in shifting costs from government (or taxpayers) to the student. The effective recovery on student loans depends on the rate of interest, the repayment period, the rate of recovery (that is, the prevalence of non-payment, or defaults), and the cost of servicing accounts. Loan systems that are "generally available" without requirement of co-signatories (thus frequently incurring significant default rates), and that carry low rates of interest and long repayment periods, are able to recover only very small portions of the original amounts lent.

Such systems are largely ineffective in shifting significant higher educational cost burden from governments, or taxpayers, to students. Challenges of the education loan schemes recovery have led to conclusive suggestions such as the shifting student loan repayment terms and access of Higher Education of cost burden from taxpayers to parents, through appropriate measure of family "need" or "means", which unfortunately is not easy for most developing nations. An alternative to recovering expenses from parents, even with means testing, is to recover them from the student when such student becomes employable and productive.

## 5. METHODOLOGY

This study adopted a cross-sectional research in which quantitative and qualitative data was collected. 157 respondents were drawn from Higher Education Students Financing Board

(HESFB), Ministry of Education, Science, Technology and Sports and Makerere University.

The study employed simple random sampling to select and gather data from the students while purposive sampling was used to select respondents from the staff of the Ministry of Education, Science, Technology and Sports and the Higher Education Students Financing Board due to their knowledge on the loan policy implementation. Quantitative data was collected through close-ended questionnaires while interviews were used to solicit opinions for purposes of triangulating with the quantitative data to increase the levels of reliability. Data quality control was ascertained by pre-testing of the research instruments and also through calculation of content validity index. The ratios of 0.750 for Student Loan Coverage, 0.833 for Student Loan Terms, 0.778 for Loan repayments, and 0.800 for Access to Higher Education were obtained. This is consistent with the commonly acceptable values of 0.600 – 0.800 in social research.

To ensure data reliability the study assessed the internal consistency of the research instrument items for each variable using the Cronbach Alpha Coefficient and Cronbach‟s alpha values were found to be a =0.62 for-Student Loan Coverage, a =0.71 for-Student Loan targeting, α =0.71 Loan repayments and a =0.74 forAccess to Higher Education. Since a reliability coefficient of 0.70 or higher is considered "acceptable" in most social science research situations, the Values of items under Student Loan Coverage which falls below this coefficient were refined accordingly.

A total of 140 questionnaires were distributed to the student loan beneficiaries and out of these, 124 were returned constituting a response rate of 88.6%. For Key informant interviews, out of the 12 staff of Higher Education Student Financing Board management sampled 8 responded constituting a response rate of 66.6%, and out of 5 sampled Ministry of Education officials, 3 responded constituting a response rate of 60.0%. The overall response rate for this study was 71.7%.

The quantitative data from the research questionnaire was captured using the Statistical Package for the Social Sciences (SPSS). Descriptive statistics in form of means and standard deviations were calculated so as to gain a deeper understanding of the concepts that were later tested for the relationships that exist among themselves and the correlations and regression analysis were also done to help in understanding the nature of relationships between the various study variables. The data from interviews was used to collaborate the quantitative information. The responses from the interview were sorted according to themes relevant to the research study objectives, and the findings were collaborated to respective the findings of the quantitative data.

## 6. FINDINGS

The purpose of the study was to examine the contribution of the student loan scheme towards access of higher education at Makerere University. Conducting this study was seen as having a potential for: (a) augmenting the existing knowledge on the contribution of the student loan scheme towards access of higher education at Makerere University; (b) revealing empirical information to the higher education institutions universities to enable them improve financing strategies; and, (c) setting a ground for enhancing further research in the area of education loan policy.

### 6.1 Students Loan Scheme

**Loan Coverage:** Loan coverage was measured using seven items and their percentages are presented below.

**Table 1:** Measuring Loan Coverage

| | | Disagree | Agree | Mean | SD |
|---|---|---|---|---|---|
| 1 | The loan scheme is meant to help students from all the districts in Uganda | 27.0 | 73.0 | 3.04 | 1.22 |
| 2 | The loan covers all expenses required to enable the student complete higher education | 75.8 | 24.2 | 1.97 | 0.88 |
| 3 | The administrators of the loan scheme favour students on some other criteria other than on their academic Potential | 64.8 | 35.2 | 2.33 | 0.98 |
| 4 | The student loan scheme is available for students who are pursuing both arts and science courses | 83.5 | 16.5 | 1.77 | 0.94 |
| 5 | The student loan scheme covers all the fees requirements of the university. | 31.7 | 68.3 | 3.00 | 1.18 |
| 6 | The student loan scheme is available for all students irrespective of their nationalities as long as they study in Uganda | 92.4 | 7.6 | 1.43 | 0.73 |
| 7 | There are measures to ensure that students from all regions in Uganda benefit from the loan scheme. | 34.2 | 65.8 | 2.79 | 1.01 |

Though a greater percentage of the respondents agreed that the loan scheme is meant to help students from all the districts in Uganda (73.0%), it was noted that this loan does not cover all expenses required to enable the student complete higher education (as reported by 75.8% of the study respondents).

In addition, overwhelming percentages revealed that student loan scheme is not available for students who are pursuing both arts and science courses (83.5%) and reported that the student loan scheme is not available for all students irrespective of their nationalities even when they study in Uganda (92.4%). In the above findings, quantitative data results revealed that the student loan granting scheme does not have special privileges for those students who are pursuing arts or sciences.

However, qualitative research findings revealed that students, who are pursing courses that are applicable to the job market in Ugandan industries, should be prioritized over those that are not. This can be substantiated by the qualitative comment from a senior officer of the ministry of education stated that "*that courses that are relevant and applicable to the Ugandan job market should be prioritised*", suggesting that the students pursuing the applicable programmes should be prioritized.

**Loan Targeting:** The loan targeting was assessed using percentages from the data that was gathered for this study variable.

| Loan Targeting | Disagree | Agree | Mean | SD |
|---|---|---|---|---|
| 1 Students pursuing all kinds of Post-secondary programs are sponsored by the loan scheme e.g. bachelors, Masters degrees and PhDs | 74.6 | 25.4 | 1.92 | 0.96 |
| 2 Students are given priority for the loan scheme depending on their performance at both Ordinary and Advanced Level | 35.3 | 64.7 | 2.76 | 0.94 |
| 3 In selection of the students to grant the loan scheme at University, there is proper dissemination of information about the scheme. | 33.9 | 66.1 | 2.75 | 0.83 |
| 4 The loan scheme is granted to students who illustrate the commitment to finalise their studies within a specific period of time | 24.3 | 75.7 | 2.93 | 0.81 |
| 5 The student loan targeting process is fair for all the students from the different regions of Uganda. | 34.2 | 65.8 | 2.86 | 0.96 |
| 6 I believe the loan targeting process is free and fair | 29.6 | 70.4 | 2.83 | 0.98 |

From the table above, it is noted that there was a general disagreement as to whether students pursuing all kinds of post-secondary programmes are sponsored by the loan scheme, e.g. Bachelors, Masters degrees and PhDs (74.6%), much as it was agreed by some 64.7% of the respondents that students are given priority for the loan scheme depending on their performance at both Ordinary and Advanced Level. This implies that for one to qualify for the loan scheme, the performance of the student should be commendable given the competitive nature of the scheme for which many across the country are desirous. In spite of the efforts above to reach out to students who are underprivileged and help them further their education, the qualitative results revealed that there have been some challenges. For instance, senior Ministry of education officer stated that "*the demand for higher education is so high but government has not increased funding and therefore the scheme may not succeed*". This assertion implies that the government has not been very committed towards seeing to it that the loan scheme is effective.

**Loan Repayment Conditions:** The conditions regarding loan repayment are presented as shown in the table below.

**Table 3:** Loan Repayment Conditions

| | | Disagree | Agree | Mean | SD |
|---|---|---|---|---|---|
| 1 | The repayment helps other students benefit from the loan schemes | 6.0 | 94.0 | 3.43 | 0.66 |
| 2 | I believe that the repayment of the student loan is my obligation as a student | 7.8 | 92.2 | 3.36 | 0.68 |
| 3 | It is very essential for the student to pay back the student loan money after his or studies | 6.4 | 93.6 | 3.46 | 0.62 |
| 4 | It is a priority for me to make repayments for the student loan scheme | 14.0 | 86.0 | 3.25 | 0.83 |
| 5 | Students shall be easy to trace in case they deliberately refuse to pay | 23.7 | 76.3 | 3.04 | 0.87 |
| 6 | There are great penalties for students who deliberately refuse to pay | 20.4 | 79.6 | 3.09 | 1.01 |
| 7 | Loan repayment affects my personal development plans | 27.4 | 72.6 | 2.97 | 0.96 |
| 8 | Information about the student loan repayment is easily accessible to all beneficiaries. | 30.7 | 69.3 | 2.93 | 0.95 |
| 9 | The interest to be charged for the student loan is well known to all the loan beneficiaries | 42.7 | 57.3 | 2.61 | 1.16 |

Regarding repayment, it was generally agreed by the students that it is quite essential for the students to pay back the student loan money after their study period (93.6%) and the majority consider the repayment a priority (86.0%). Most students are aware that there are great penalties for students who deliberately refuse to pay (79.6%). This is an encouraging note for the student loan scheme and gives a ray of hope that it will not be very hard to sustain unless its recipients generally change their attitudes relative to what the findings on repayment show.

**Relationship between loan coverage, targeting, repayment and access to higher education:** The correlation of loan coverage to access in education was found to be significantly and positively related to Access to Higher Education (r =0.530**, p<.01). This implies that when aspects of loan coverage such as favoritism are minimized, but issues like professionalism encouraged, then there will be increased number of students from the marginalized socio-economic groups accessing the loan.

The students loan targeting was also noted to be positively and significantly related to the access of higher education were (r =0.538**, p<.01). The results are an indication that when loan targeting efforts such as promotion of transparency and fairness in the student selection process are increased, then there will be more students that can be assisted in accessing higher education at the universities through the loan scheme (Adjusted R Square =0.283). However, the descriptive analysis indicated that there is a general disagreement as to whether the students pursuing all kinds of Post-secondary programmes are sponsored by the loan scheme.

Student Loan repayment and access of Higher Education in Uganda are also positively and significantly related (r =0.538**, p<.01). The observation in this case reveals that proper loan repayment conditions will enable students to repay back the loans that will enhance the access to higher education by other intending loan applicants. The students should have access to information on repayment modalities such as interest rates charged on loans.

**Table 4:** Regression

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | | |
| (Constant) | .802 | .178 | | 4.510 | .000 |
| Loan Coverage | .212 | .072 | .237 | 2.958 | .004 |
| Loan Targeting | .280 | .064 | .343 | 4.380 | .000 |
| Loan Repayment | .201 | .048 | .313 | 4.189 | .000 |
| Dependent Variable: **Access To Higher Education** | | | | | |
| R | .703 | | | | |
| R Square | .494 | | | | |
| Adjusted R Square | .480 | | | | |
| Std. Error of the Estimate | .316 | | | | |
| R Square Change | .494 | | | | |
| F Statistic | 37.039 | | | | |
| Sig. | .000 | | | | |

The results show that loan coverage, loan targeting and loan repayment has the potential to explain 48% of access to Higher education (adjusted R square=.480). This regression model was statistically significant (sig.<.01) showing that indeed, if Loan Coverage was prioritized, it would reliably and positively influence Access to Higher Education; that if loans are targeted, they will positively influence access to higher education, if loan repayment was well conducted, it would reliably and positively influence access to higher education.

## 7. DISCUSSION

This study revealed that student loan scheme greatly contributes towards access of higher education at Makerere University in Uganda. This finding can be established by the fact that the findings indicate loan coverage as being a significant predictor of access to higher education; that the student loan targeting is positively related to the access of higher education and that loan repayment conditions are positively related to the Access to Higher Education as revealed in the study. Increase in higher education will generally improve the living standards of the average Ugandan citizen in so many ways, validating what is widely believed that improved access to higher education improves the prospects of success in one's life as argued by Stone et al. (2012). Elements of loan targeting such as assigning priority to students for the loan scheme depending on their performance, using a fair system to select students from all the parts of Uganda without partiality or giving unfair consideration to some regions, will give some more students from different ethnic and social backgrounds a chance to access higher education.

However, there is no guarantee that after acquiring the student loan all students are always able to find a good job and thus repay the loan while meeting their other life demands as indicated in ASA (2012). Also considering the works of Gale (2014) with an increasing student debt, there is likely to be more limited access of higher education by other students because funds are held up by the students who have not repaid their loans.

In addition, it has been argued that the access to higher education may not necessarily enhance the standard of living of an individual as many of these students with high student debt may end up being stressed and less productive at the places where they have secured employment and all this because of the student debt (Cooke et al. 2004). It is therefore very important that the student loan recipients' and the loan granting body take into account all these the implications in the process of loan scheme management.

## 8. CONCLUSION AND RECOMMENDATIONS

From the findings and discussions, the paper arrives at the following conclusions:

- Since student loan coverage was positively related to access of higher education in the loan scheme that has just been initiated by the government of Uganda, it implied that if the elements of student loan coverage such as eligibility and objectives of the scheme are upheld, there is a great possibility that the number of students accessing the loans will increase overtime.

- Loan targeting had a slightly stronger relationship with access to higher education than the other two measured on loan coverage and loan repayment. This suggested that if the loan scheme was extended to students pursuing both undergraduate and post-graduate studies, access to higher education would increase.

- Loan repayment is noted to be a significant predictor of the access to higher education. The results clearly suggest that repayment shall ultimately lead to access to higher education. However, since in Uganda, the loan scheme is quite novel the repayment by students is yet to be observed.

The article makes the following recommendations which, if implemented, would hopefully improve access to higher education through the loan scheme:

- The loan body should award loans to both undergraduate and graduate students; and should cover all the academic and non-academic expenses and required by the student such as accommodation, books, stationery and feeding. These can be achieved through setting up a Board Committee responsible for awarding loans.
- The loan selection process should continuously be assessed or contrasted with that of the countries especially in the western world and other African countries where the loan schemes have been used for quite some time.
- The Student Loan Board should put in place measures to ensure that loan scheme processes if fair and transparent. The criteria used in the selection of the students should be made known to the general public after each selection process. The information regarding the loan process should be through popular media in all regions of the country.
- The loan-granting body should step up measures to ensure that the students repay the loans. Such measures may include helping students maintain a positive attitude towards the repayment of the loans through clear and regular communication in the form of reminders for payment schedules and amounts due.

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