



SIERRA LEONE STUDENTS' LOAN SCHEME (SLOAN-SL)
MILTON MARGAI TECHNICAL UNIVERSITY
BROOKFIELDS CAMPUS, JOMO KENYATTA ROAD
FREETOWN, SIERRA LEONE



SIERRA LEONE STUDENTS LOAN SCHEME CONCEPT NOTE

A very high percentage of young people in Sierra Leone are unable to access higher education and continue their schooling beyond the secondary school level because of the high cost of tuition and other related expenses. This situation has significantly reduced the number of skilled professionals available in various sectors and adversely affected the human and socio-economic development of the country.

Successive Governments have, over the years, attempted to improve access to tertiary education by providing grant-in-aid to poor and deserving students as well as tuition fees subsidies to the entire tertiary student body. However, apart from the fact that the coverage of the grant-in-aid is very limited and its distribution inefficient, this form of support and the fee subsidies pose significant challenges on Government's budget and are neither affordable nor sustainable. **At the same time, public institutions of higher learning are unable to generate resources by increasing fees because any such increases will correlate negatively with Government's obligations to these institutions.** The resulting effect of such inadequate resources to tertiary institutions is perennial strike actions by staff members who are agitating for better conditions of service and delivery to students.

It was against this background and the need to secure sustainability in the financing of higher education, that His Excellency the President Brigadier (Rtd) Julius Maada Bio, during his inaugural speech on 12th May 2018 and the State opening of the fifth Parliament made a pronouncement to introduce a Student Loan Scheme in Sierra Leone. This scheme is expected to enhance access to quality tertiary education and also allows higher learning institutions to charge realistic/economic fees to improve the conditions of service for staff members and create a more conducive teaching and learning environment.



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To actualize His Excellency's pronouncement, a Steering Committee was established, comprising members from the Ministry of Finance, Ministry of Technical and Higher Education, University of Sierra Leone representing the Universities, Bank of Sierra Leone (BSL), National Social Security and Insurance Trust (NASSIT), Tertiary Education Commission (TEC) and National Youth Commission. Within this Steering Committee, a Student Loan Scheme Technical Committee was constituted and charged with the main responsibility of developing a framework as well as put in place processes and systems leading to the speedy establishment of the scheme.

Strategic relevance and urgency:

One of Government's priorities is improving education across all levels, in order to develop a professional and capable work force for sustainable socio-economic development. A nation's most important resource is its human capital and all the socio-economic priorities emphasised by His Excellency the President in his State Opening of Parliament Address in 2018 are reliant on having a well-trained and qualified group of men and women to implement them; **the student loan scheme supports the outcomes of the free quality education program for primary and secondary schools, by accommodating the resultant increase in enrolment for higher education.** The absence of an affordable option for financing higher education will demotivate parents and students to continue secondary school education and result in drop-outs at this critical level;

The Student Loan Scheme model will ensure equitable access to higher education in Sierra Leone by increasing access for students from poor households and rural or underserved communities all over the country, who would otherwise not be able to gain such access due to prohibitive costs, poor infrastructure, limited information, etc.;

It will reduce pressure on scholarship programmes including the grant-in-aid, which would now be primarily targeted to support truly indigent students pursuing studies in Science, Technology, Engineering, Agriculture and Math; (STEAM). Female,



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disabled, and other vulnerable students will now be potential beneficiaries of the Sierra Leone Grants in Aid. (SLG).

Evidence that proposed intervention is needed and will work

The current student population at the Tertiary level in Sierra Leone is approximately 35,000 and current enrolment into the first year in tertiary institutions stands at 11,000. In the 2018/19 academic year for instance, a total of 19,500 students applied for the Government Grant-in-Aid, of which only 2,000 benefited from scholarships, potentially depriving over 9,000 students and their families from access to higher education, unless they are able to cover tuition and other related fees. It also deprives the country of the much-needed professional workforce across all sectors;

The student loan scheme will invest through the disbursement of loans to students and repayment with minimal interest rate after the student graduates from the institutions. A maximum of two years grace period to allow the students to search for jobs or create their own businesses and settle in their new life will be part of the proposed scheme. Such flexibility will enhance compliance especially when repayment duration is expected to be also flexible. Punishment including jail term for deliberate refusal to repay loan is part of the Sierra Leone Student Loan Scheme Act of 2021.

The operationalization of the student loan scheme will lead to both organisational and behavioural change. At the institutional level, it is expected that the loan scheme as an agency will work in strong collaboration with NASSIT to ensure that recovery becomes easier. For students to be qualified for the loan scheme, guarantor requirements include a NASSIT contributor with a consistent contribution to the NASSIT scheme of not less than five years minimum. NASSIT at this point will now implicitly with less pain increase its contributors base since the private sector workers including business people will now be interested in contributing to the NASSIT scheme in order to qualify to be guarantors for their



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loved ones who would at a point in time want to apply for the student loan.

Also, when once the student loan scheme is established, qualified students for the loan are automatically given a NASSIT number with a biometric data taken to ensure easy compliance in terms of recovery of loan before disbursement. **A Proposed integrated system linked with NASSIT must be implemented to track all would be benefactors of the loan within and outside Sierra Leone when once loan maturity date gets closer.** All these interventions have been included in the Student Loan Act.

Because of its flexibility, it is expected that recovery of loan and compliance level will be high to allow other students to benefit from the scheme. On the other hand, where beneficiaries refused to comply or beat the established system, the NASSIT guarantor will be held responsible for the repayment of loan. This could be deducted from his/her contribution to NASSIT.

The above notwithstanding, a proposed Early Childhood Savings Scheme (ECSH) is expected to be introduced as a component of the Student Loan Scheme. This will provide an opportunity for parents to start savings for their children while in primary school in preparation to meeting the cost of tertiary education. To also mitigate default, the scheme could introduce repayment waiver for a period (usually the final year of payment) especially for parents or guarantors who prove to be worthy based on consistency in the repayment of loan. All these are mechanisms that would help to ensure that the scheme is sustainable and benefit Sierra Leoneans.

Consultation across government:

The Ministry of Finance, National Social Security and Insurance Trust (NASSIT), Ministry of Labour and Social Security, National Youth Commission, Ministry of Youth were all consulted, and concurrences were obtained.



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Financial implications:

Financial implications for the establishment and implementation of the loan scheme are huge but not beyond reach. Government has committed to starting on a low key and gradually increase spending depending on the revenue base of government. Interestingly, the Ministry of Finance has already included into the current budget funds for the operationalization of the pilot phase of the scheme. Though small, this can be used to start putting in place organisational structures including the ICT needs which is very key for the setting up of the loan scheme. **In all countries where student loan scheme has been a success, ICT has been a backbone to the establishment and success.**

External consultation and communication:

The study tours to Ghana, Tanzania and Malawi provided an opportunity for extensive consultations and learning from successful implementations of Student Loan Schemes. Informal discussions with student loan institutions in Ghana and Tanzania indicate possibilities for technical support to Sierra Leone in terms of both staff and equipment;

Consultations within Sierra Leone are ongoing and representatives from student loan scheme boards and commissions across Africa in an annual conference held in Malawi were part of the external consultations. Further consultations and engagements with other various groups will continue to get practical advice on implementation as well as for information purposes. Given the importance of this activity, a dynamic communication strategy will be used in collaboration with technical experts including the Ministry of Information and Communications; activities will include town hall and community meetings as well as print and electronic media to inform the target beneficiaries and the general public. One of the tools for the Scheme is the interactive website through which applications are



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made and applicants engage with the scheme administrators, and provide feedback on service delivery.

Piloting the Project:

The Student Loan Scheme intends to Pilot its first phase of loan roll out with 300 Masters, 35 PhDs, 500 Undergraduates, 500 Technical Vocational and Educational Training (TVET) Candidates for the 2022/23 academic year. The scheme will target employed candidates pursuing Masters or PhD degrees and are willing to start repayment instantly.

To start well is to end well. The Students Data to enhance monitoring and also provide a platform that enhances sharing of information by Key Partners is very key to the Pilot. The Scheme views DSTI as credible Partner in this venture and therefore will reach out to provide the foundation for a major roll-out but also for future research.

Implementation risks and monitoring:

The Ministry of Technical and Higher education is fully aware of the risks associated with the introduction of the student loan scheme. Pivotal to the implementation are the Universities, Teacher Training colleges, students, agencies and ministries associated with activities leading to the establishment and operationalisation of the scheme.

The student loan scheme website will be established with application portal managed directly from the student loan secretariat. An inbuilt system that makes use of "Mean Testing" model will be used to determine the eligibility of the student for the loan scheme. This system poses some questions that require response from the student and scores submitted to another portal only visible to the loan manager, recovery officer and the ICT specialist who manages the system. The



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mean testing model score usually indicates that the higher the score, the less eligible the student is to be given the loan. This model has proved to be efficient in Ghana, Tanzania and other countries where student loan scheme is been implemented.

Loan recovery is a major risk associated with the operations of the student loan scheme. This is not new as it is common among loan schemes across Africa and globally. The involvement of key institutions including NASSIT will help to minimise risk associated with the recovery of loans.