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THE NATIONAL ASSEMBLY

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TWELFTH PARLIAMENT - THIRD SESSION - 2019

DEPARTMENTAL COMMITTEE ON EDUCATION AND RESEARCH

REPORT ON THE ASSOCIATION OF AFRICAN HIGHER
EDUCATION FINANCING AGENCIES (AAHEFA) HELD IN
LILONGWE, MALAWI, FROM 24 - 26, SEPTEMBER, 2018

*Approved for tabling
7/8/19
M.A.
DS/NA*

Directorate of Committee Services
Clerk's Chambers
Parliament Buildings
NAIROBI

AUGUST, 2019

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1.0 Preface

The Departmental Committee on Education and Research is established under the National Assembly Standing Order 216.

1.1 Mandate of the Committee

The Committee is mandated, among others, to: -

- i) investigate, inquire into, and report on all matters relating to the mandate, management, activities, administration, operations and estimates of the assigned Ministries and departments;
- ii) study the programmes and policy objectives of Ministries and departments and the effectiveness of the implementation;
- iii) study and review all legislation referred to it;
- iv) study, assess and analyze the relative success of the Ministries and Departments as measured by the results obtained as compared with their stated objectives;
- v) investigate and inquire into all matters relating to the assigned Ministries and departments as they may deem necessary, and as may be referred to them by the House;
- vi) vet and report on all appointments where the Constitution or any law requires the National Assembly to approve, except those under Standing Order 204 (*Committee on Appointments*);
- vii) examine treaties, agreements and conventions;
- viii) make reports and recommendations to the House as often as possible, including recommendation of proposed legislation;
- ix) consider reports of Commissions and Independent Offices submitted to the House pursuant to the provisions of Article 254 of the Constitution; and
- x) examine any questions raised by Members on a matter within its mandate.

1.2 Subjects

The Committee, according to Schedule II of the Standing Orders, examines the following subjects:

- i) Education;
- ii) Training; and,
- iii) Research.

The Committee oversees the following Ministries and Departments:

- i) The Ministry of Education;
State Departments:
 - Early Learning and Basic Education;
 - University Education;
 - Vocational and Technical Training;
 - Post Training and Skills Development; and,
- ii) The Teachers Service Commission.

1.3 Committee Membership

The Committee comprises the following Members:-

<u>Name</u>	<u>Party</u>	<u>Constituency/County</u>
1. Hon. Julius Melly, MP - Chairperson	JP	Tinderet
2. Hon. Amos Kimunya, EGH, MP - Vice-Chairperson	JP	Kipipiri
3. Hon. Moses Malulu Injendi, MP	JP	Malava
4. Hon. Geoffrey Makokha Odanga, MP	ODM	Matayos
5. Hon. (Dr.) Pamela Ochieng, MP	ODM	Migori
6. Hon. (Eng.) Nzambia Thuddeus Kithua, MP	WDM-K	Kilome
7. Hon. (Prof.) Zadoc Abel Ogutu, MP	IND	Bomachonge Borabu
8. Hon. Catherine Wambilyanga, MP	Ford-K	Bungoma
9. Hon. Eric Muchangi Njiru, MP	JP	Runyenjes
10. Hon. Eve Obara, MBS, MP	ODM	Kabondo Kasipul
11. Hon. Jackson Lekumontare, MP	KANU	Samburu East
12. Hon. Jerusha Mongina Momanyi, MP	JP	Nyamira
13. Hon. John Oroo Oyioka, MP	PDP	Bonchari
14. Hon. Joseph Kipkosgei Tonui, MP	JP	Kuresoi South
15. Hon. Lilian Cheptoo Tomitom, MP	JP	West Pokot
16. Hon. Omboko Milemba, MP	ANC	Emuhaya
17. Hon. Peter Lochakapong, MP	JP	West Pokot
18. Hon. Wilson Sossion, MP	ODM	Nominated
19. Hon. Wilson Kipng'etich Kogo, MP	JP	Chesumei

Abbreviations and Acronyms – Political Parties

ANC	-	Amani National Congress
Ford-K	-	Ford Kenya
IND	-	Independent
JP	-	Jubilee Party
KANU	-	Kenya National African Union
ODM	-	Orange Democratic Party
PDP	-	Peoples Democratic Party
WDMK	-	Wiper Democratic Party of Kenya

1.4 Participation in the AAHEFA Conference in Lilongwe, Malawi

The International Conference on Higher Education Financing whose theme was *Innovatively Financing Higher Education for the jobs of tomorrow* was a dynamic international conference intended to bring ideas and solutions aimed at improving higher education financing sector in Africa.

The Conference brought together policy makers across Africa, professionals, educational administrators and fund Managers from various international universities, government departments of the education, banking sector, telecommunication sector, entrepreneurs, IT sector, international organizations and representatives of

students across Africa and beyond. Collectively the conference intended to discuss innovative approaches to financing higher education in Africa.

The Conference was attended by a delegation of three Members of the Committee and one staff namely:-

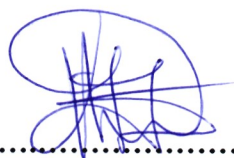
1. **Hon. Julius Melly, MP – Committee Chairperson and Leader of the delegation**
2. Hon. Jerusha Mongina Momanyi, MP
3. Hon. Peter Lochakapong, MP
4. Mr. Daniel Mutunga – Principal Clerk Assistant/Delegation Secretary.

1.5 Acknowledgement

The Delegation, on behalf of the Committee, thanks the Offices of the Speaker and the Clerk of the National Assembly for the technical, logistical and financial support offered to enable the Members to travel to Lilongwe, Malawi, to attend the AAHEFA Conference on funding of Higher Education.

On behalf of the Members of the Departmental Committee on Education and Research, it is my pleasant duty and pleasure to table the Report of the AAHEFA Conference, pursuant to Standing Order 199(6).

Sign.....Date.....



05/08/2019

Hon. Julius Kipbiwot Melly, MP
Chairperson
Committee on Education and Research

2.0 Introduction

The International Conference on Higher Education Financing whose main focus was “*Innovatively Financing Higher Education for the jobs of tomorrow*” was a dynamic international conference intended to bring ideas and solutions aimed at improving higher education financing sector in Africa.

It brought together policy makers across Africa, professionals, educational administrators and fund Managers from various international universities, government departments of the education, banking sector, telecommunication sector, entrepreneurs, IT sector, international organizations and representatives of students across Africa and beyond. Collectively the conference intended to discuss innovative approaches to financing higher education in Africa.

Sustainable development in Africa is contingent to deliberate efforts engineered by the African states in fostering stronger and competitive economies. One way of doing so is through training capable human capital that can transform the status quo with innovativeness and creativity geared towards sustainable economy.

Higher education financing in Africa has taken different shapes and trail over the years in Africa. Various dynamics have shaped higher education financing including; population growth, GDP, changes in policies, financial sector reforms, technology advancement, increased demand in higher education and change in the make-up of universities land scape from formerly only public owned universities to mushrooms of private owned universities.

The structure of higher education financing need to reflect and echo the continuing changing operating environment to be abreast of overwhelming need for higher education amidst constrained resources.

Higher education stands as the corner stone through which well trained and qualified individuals can manifest their potential by discovering new technologies, innovations and implementing them for the growth of African states. Through higher education new enterprises, establishments and effective institutions are created.

The international conference was held in Lilongwe, Malawi. It underscored the future of higher education financing with relevant innovative approaches to financing higher education in Africa. The thrust was; Higher Education Financing Agencies, governments, universities and colleges and students are faced with multiple challenges that require collective and varied solutions. Understandably; higher education system is the most costly level of education yet underfunded and deprived of the resources. The conference was an excellent forum for researchers, policy makers, entrepreneurs, innovators, students, financing agencies and practitioners who exchanged ideas, experiences, opinions and research results relating to the funding of higher education.

2.1 Topics covered during the conference included;

- African Governments Support for Higher Education – Contextualising AU Agenda 2063;
- AU Agenda 2063 - The Africa we want on Education Transformation;
- Pitching for Exchequer to Increase Funding to Higher Education;
- Higher Education Funding Agencies: Funding Quality Tertiary Education -The Bitter Pill African Leaders Must Swallow;
- 4th Industrial Revolution Disruption to the Labor Market-How Can Education of Today Respond?
- World Bank Technical/Financial Assistance to create sustainable Higher Education Funding Agencies - Case of Malawi;
- Working with Development Partners to support Higher Education Financing -The Kenya Case of *Afya Elimu* Fund by USAID;
- Reimagining Funding Technical and Vocational Education (TVET) Students in the new economy;
- Capital Markets Funding of Higher Education -*The Malaysia Model Fund Revolvability*;
- Legislative Agenda to support Higher Education Financing - *How Higher Education Funding Agencies Engage Parliament*; and,
- Creating a Block chain for Higher Education Funding Agencies to Globalize Loan Recoveries.

2.2 Objectives of the Conference

The objectives of the conference were centered on the following parameters;

- The conference sought to continue efforts to develop and implement sustainable solutions meant to improve student financial aid system across Africa.
- The conference aimed at sharing experience and innovative approaches meant to expand alternative funding for higher education loan agencies and universities.
- The conference focused on how to share best practices in the management, disbursement and recovery of student loans.
- The conference strove to bring together wide array of decision and policy makers to discuss the challenges of higher education financing in Africa.
- The conference aimed at bringing together managers of higher learning institutions, business sector, individuals, higher education loans agencies, development partners, Non-Government organisations, UN agencies, AU, EAC, SADC, ECOWAS amongst others, to discuss innovative ways to strengthen partnerships, collaborations and strategic alliances in addressing challenges facing higher education financing.

2.3 Conference outcome

By the end of the conference participants were expected to:

- Develop and deliberate on innovative approaches to higher education financing.

- Share experience, technology and expertise on effective management of the higher education financing.
- Develop sustainable solutions to alternative funding.
- Tackle Higher education financing challenges with proper solutions.
- Institute policies that explicitly link funding to quality.
- Strengthen autonomous institutions as they collectively pursue their respective countries' objectives and improve overall higher education financing.

2.4 Target Audience

- Policy makers;
- University Vice Chancellors, Presidents and Heads of African Universities and Research Institutions;
- Ministers for Higher Education of respective countries;
- The Banking Sector;
- Telecommunication Sector;
- Higher Education Desk Representative EAC, AU, SADC, UNESCO, IUCEA, DFID;
- Deans and Heads of Departments of HLIs;
- Senior staff members of the Ministry of Finance;
- CEOs of Higher Education Financing Agencies, Departmental heads and staff of Student loan Boards;
- Senior staff of Ministry of Finance;
- The Private Sector;
- Bursary officers/Administrators;
- Chairs of Parliamentary Committees on Higher Education;
- Permanent Secretaries of Ministry of Higher Education;
- Development Partners; and,
- Members of African Parliaments responsible for Higher Education.

2.5 Attendance

This high level conference attracted delegates from across Africa, mainly Southern, Central and West Africa including Asia. The countries included Malawi (the host nation), RSA, Lesotho, Botswana, Zimbabwe, Zambia, Tanzania, Kenya, Uganda, Rwanda, Ghana, Sierra Leone and Malaysia. It also included the participation of sponsors and development partners like Intel. East Africa, World Bank, CPA and PTPTN.

2.5 Opening Remarks

In his opening remarks the Executive Director, HESLGB-Malawi Mr. Chris Chisoni welcomed the guest of honour, Minister of Education, Science and Technology, honourable Bright Msaka SC and delegates from different countries. He said HESLGB-Malawi was proud to host this AAHEFA high level conference ever in Malawi after its 4 years of existence as the journey began in 2015.

Over this period Malawi learnt a lot from other countries like Kenya, Rwanda and Uganda, amongst others. He undertook to ask Malawian authorities to strive to be proactive and intrusive in its operations of funding higher education institutions. He then thanked the political will and support from His Excellency Prof. Arthur Peter Mutharika the Head of State and his leadership for increasing funding to HESLGB budgetary allocation in the year and for supporting to finance the conference too.

Second to speak was the President of AAHEFA & CEO, HELB-Kenya CPA Charles Ringera. He first thanked the guest of honour for gracing the occasion. He said the sole reason for the conference was to discuss the plight of students and its part of elements enshrined in the SDGs Agenda 2020 on the World we-Want. He spelt out a number of factors why the meeting was vital; similar challenges being experienced (e.g. inadequate funding and recovery hurdles); African solutions for African problems – domestication; Common voice for African governments; Need for common knowledge for common markets; need to assess ones' progress etc. He also talked of 17 key areas of focus, among them;

- Share experience
- Solicit Funds- Capacity funding
- Members Capacity Building
- Exchange of skills and experiences
- Collaboration with banks and International Agencies
- Negotiate with new partners like in Lesotho, Namibia, and RSA etc.
- Cooperation with external agencies and Technical Associations
- Public Private Partnerships
- Assets acquisition
- Training facilities
- Treasury independence (self-reliant)
- Mobility Africans (globalise loan recoveries)
- Legal Framework (e.g. MOUs and Common seals)

The AAHEFA President also highlighted on the Organisational Structure including the good governance systems in place where there is the General Council, the Executive Council and the Secretariat manning day to day affairs of the organisation. Other sections included technical, legal, audit and governance, membership drive and analysis.

He highlighted on the challenges the body and its affiliates normally face like political interference (e.g. dissolution of Board in RSA, threats in Uganda and non-presence of Namibia at this conference), inadequate funding, loan management and recovery. He called for long lasting solutions for timely interventions. In summary he also talked on the topics slated and expected to be tackled.

The Guest of Honour's Remarks - Minister of Education

Before the guest of honour spoke, the Principal Secretary Mr Justin Saidi talked about two critical issues; What Malawi is doing to the Higher Education Loans Board and the doubling of funding to the Board by the Malawi Government.

In his remarks the Minister of Education, honourable Bright Msaka SC, said Malawi as a country was greatly honoured as host country for AAHEFA conference which was first of its kind. He welcomed the delegates on behalf of the Head of State His Excellency Professor Peter Mutharika. He then spelt out some of the reasons and pertinent issues to be tackled during the three days conference;

- ❖ To find a common philosophy in developing a paradigm shift
- ❖ To find African solutions for African challenges
- ❖ The degree of relevancy
- ❖ Relevancy of Higher Education
- ❖ Critical mass of its education to access
- ❖ Education as catalyst to development

He observed that in the midst of fragile economies many households find it hard to meet education costs. Unfortunately, best brains come from such poor and vulnerable families. He therefore called upon governments to rise up to establish and properly finance HELBs to assist students realise their potential. He cited Nelson Mandela's quote on education being the great engine of one's development.

Governments should strive to narrow the gap between the poor and richer households where education becomes a great equaliser. He said the grants must be acknowledged and appraised. As for Malawi government remained the sole financer to HELB. He was proud to report that the Government of Malawi had doubled the loan funding to increase the number of students for partial loans only as there are often pressing and competing demands. He also recommended for effective loans recovery mechanisms. He suggested the use of a law for legitimate resource mobilisation.

He called upon Boards to establish transparent and accountability mechanisms to win donor confidence. He recommended this year's theme '*Innovatively Financing Higher Education for the Jobs of Tomorrow*' How to establish best and effective models; how best to work with governments and parliaments to create enabling environment. He said there is need to identify issues affecting funding. Strengthening HELB to deal with the fragility of finances, not to support in one year and fail the following year. He ended by saying that when the success of the conference would translate to the success of Africa. He then declared the meeting open.

3.0 PRESENTATIONS

3.1 Are Higher Education Financing Agencies funding the relevant programmes for the jobs of tomorrow? – Valentino Zimpita, Phd, Chief Education Officer for Higher Education, Malawi

Highlights of the presentation included the following:-

Importance of Education

Education, apart from being a constitutional right in many countries, is considered as a tool for development at all levels. In view of this, Sustainable Development Goal 4 emphasizes on the need *to ensure inclusive and equitable quality education and promote life-long learning opportunities for all*.

In the same vein, republican constitutions for most member states of the United Nations endorse education as a human right. For example, Section 25 of the Constitution of Malawi says *all persons are entitled to education*. In Chapter Three of the same constitution, education is said to be a Fundamental Principle for which the state is obliged to make resources available.

Trends in higher education

Higher education is considered to be a tool for personal, social and national development as well as for promoting global citizenship (UNESCO, 2015). In view of this, most countries have affirmed higher education as a public good. Consequently, countries have **diversified** higher education a lot through increased intake, introduction of new programs and opening up to private higher education.

This has led to **massification** of higher education. Because of this, a lot of government tax revenues go into higher education but they cannot keep pace with its rapidly rising costs (UNESCO, 2015).

What Governments have done

As a result, in addition to government funding, most higher education institutions have been given mandate to find other means of resource mobilization; for example:

- a. The Council of Higher Education Act in South African (Section 40) outlines other sources of funding to higher education including money raised by institutions themselves.
- b. The Kenyan Universities Act (Section 53) gives other sources of funds over and above parliamentary allocation and they include income generated by investments made by trustees.
- c. In Malawi, a Strategic Framework for Income Generation in Malawian Public Higher Education was launched in July this year.

With a lot of money going into higher education, the question that must be answered is whether financing agencies are funding relevant programmes for the jobs of tomorrow.

Financing agencies contribution to relevant programmes

Relevance is one of the key themes in the provision of education in most countries including Malawi.

For example, the mission of the education sector in Malawi is *to provide quality and relevant education to the Malawian nation which should enable people to acquire relevant knowledge, skills, expertise and competencies (NESP).*

This is very important as failure to ensure relevance may imply that a lot of resources go into programs that will not serve the people.

Determining programme relevance

A program serves as a carrier of a curriculum which is understood as a political and social agreement that reflects a society's common vision while taking into account local, national and global needs and expectations (Stabback, 2016).

This implies that in its true nature, a curriculum is supposed to respond to the aspirations of people at all levels.

Stabback concludes that curriculum reform and development should increasingly involve public discussion and consultation with a wide range of stakeholders.

If that is done, curriculum will be relevant as it will respond to the needs and aspirations of the people.

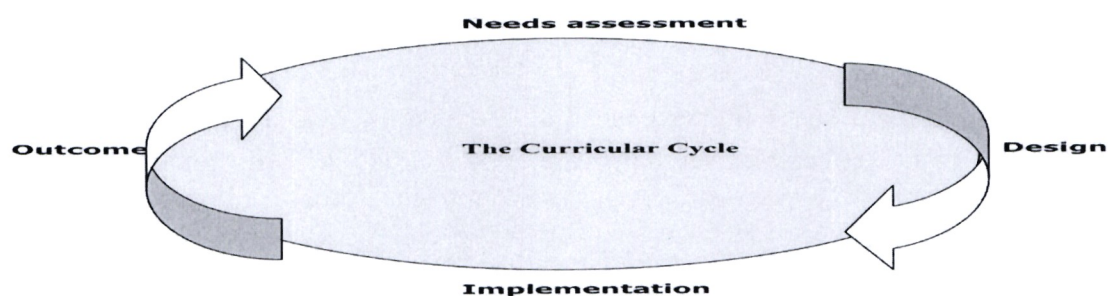


Fig 1 From Peyton and Peyton, 1998

The Mission Statement of University of Fort Hare is *to provide high quality education of international standards contributing to the advancement of knowledge that is socially and ethically relevant, and applying that knowledge to the scientific, technological and social-economic development of our nation and the wider world.*

It can be said that in the global world, program relevance can be realized if it addresses Individual, Societal, National, Regional, Continental and Global aspirations.

Thus, hoping that these statements reflect the aspirations of a people, programs in the institutions will be relevant if they achieve the same.

Institutions indicated that in the process of curriculum development, they start with needs assessment (with a reflection on national, regional and global priorities).

Stakeholders are engaged including industry which employs graduates. Learning outcomes are defined – outlining expected skills and competences.

Programs are benchmarked with similar programs elsewhere. It is assumed that by so doing, the curriculum is made relevant as it responds to the aspirations of the people. However, it may not always be the case that after conduct needs assessment relevance can be assured.

For example, a tracer study conducted by TEVET in 2017 in Malawi established that its graduates lacked some skills including (i) leadership skills, (ii) computer skills, (iii) technical drawing and (iv) entrepreneurship.

This may mean that there is need for continued engagement with the market so that programs properly respond to market dynamics.

The foregoing shows that there is need for institutions of higher education to ensure program relevance by always responding to the needs of the people.

Failure to do so will mean that financing agencies will labour but for nothing and a lot of tax payers' money and other finances will be wasted for nothing.

Fortunately, it is not too late.

3.2 Innovation in funding Higher Education institutions and students – Mr. Morgan, South Africa, MP, Hon. Jacob Opolot, Uganda, Dr. Turad Senesie - Deputy Minister, Technical and Higher Education, Sierra Leone

In introducing the topic the chair spoke on harmonization of the fees structure in East Africa. He highlighted some areas which are critical in the innovation in funding higher education institutions and students. He talked of the training needs, creativity, different shapes, various diversities (SDGs, GDP, change in policies, restructuring to reflect change, resource mobilisation, harnessing potentials, new establishments (examples in Uganda), scholarships for new students, GDP diversity and purchasing power, students studying in the region (competitively) and the exchange of experiences.

The Hon. Member of the Parliament from Uganda talked on the need to scrutinise funding for Higher Education, Sector Budgets, Transparency and fairness and pursuing for autonomy.

Dr. Turad Senesie from Sierra Leone said the facility is about to be introduced in Sierra Leone. Currently they have separated the Higher Education and Basic/Secondary Education and that they are still using the old traditional tools.

Mr. Morgan Nhiwatiwa from RSA said there are two groups of funding in 26 universities, 15 TEVET Colleges. He talked of the Fees Must Fall Movement (Campaign), portability to students, centralising for Application Process online and the Identification of who qualifies and criteria used.

Prof. Muzvidziwa talked of the notion of having no funding at birth as they had to start from the scratch, use of different technologies and tools and flexible learning. He said the university gets 60% government subvention while the 40% is sought from other sources. This calls for thinking outside the box to get extra funding. He said in Zimbabwe education is the only resource still standing with self-financing.

Plenary

Members sought to know if there are any plans to go outside East Africa and share similar best practices (i.e. When harmonising fees in East Africa, what about in Africa?)

- Harmonisation of Curriculum has taken many years while the harmonisation of fees has been concluded quickly (though Kenya charges differently)
- Remuneration of staff as another important factor
- Funding variations in Public and Private institutions
- Fees administration
- Administrative facilitation
- The effectiveness of new innovations
- Opening Campuses in the region (recreating students centres therein)
- Competitive Fees
- Harmonisation of Fees Structure
- Development of Models
- Fees Structure –going up with scientific factors
- Cost Benefit
- Data usage for selected universities
- South Sudan not yet joined the system
- Funding not only to students but also to institutions in policy areas (Research and Staff Development)
- This will depend on effective use of the policies put in place
- Lecturers paid differently.

Some felt this might kill innovation, better put it on the market so that those with quality services would charge differently. Harmonisation could be done differently, African Union is doing it (SARUA), Partnerships could be another good area of discussion, Common High Education Area to have the same Quality Assurance System harmonisation and by Benchmarking too. An arrangement to charge similar fees at regional level.

In some cases it is the formula that is regionally harmonised instead of the fees itself.

On the question of managing a University without funding the Vice Chancellor of Zimbabwe University said universities should explore ways of raising funds, come up with added value and become competitive again. Training people for jobs which are not there today is another challenge. There is need to develop new models so that students can compete effectively globally. Ways have to be sought to deal with conflict, culture of tolerance, etc.

On school calendars management, in RSA they run two separate calendars for TEVET students and for University and Secondary Schools where they receive resources in November/December for classes starting in January. Fees Must Fall campaign was also given as an example in the new innovations, whereby government was pressurised to put on hold new fees structure and pay a subsidy. As a result, in December government announced a new policy on Free Education and Bursaries too.

There is need for relevant Legal Framework to reduce political interference as a legislation. By laws where powers would be derived from legislation on areas of financing itself, approval of applications, oversight functions to see if they function according to law and to check which laws that have become prohibitive for possible amendments.

It was observed that it is the technocrats themselves who are well placed to inform and influence the political interferences. Members wished if all Ministers of Education would be attending these Conferences for a common understanding. Currently, it is mostly only the Committee on Education that understands this. Politicians want to remain in power, unfortunately it is the academicians who support them.

Sierra Leone was asked on how the country has been handling Funding for Higher Education and how now AAHEFA could come in. In response it was said currently there are two interventions, at first it was subvention in technical education which targets salaries, operational costs, development and research; and then subsidy which for the last 10 years has been going down so much that a review is underway to revert to the previous system of subvention with some modification and also to copy from other Models including granting aid to students.

They said that there is a Loan Scheme to political science, economics, banking and medics and TEVET students too. As for AAHEFA they applauded the initiative that has taken shape already, for instance an audience with its leadership took place in Tanzania, facilitation of their registration to AAHEFA and meanwhile proud to be invited to attend the conference in Lilongwe.

Currently the Private Universities receive no support in Sierra Leone. The delegates observed that its imperative that the Loan facility be schemed towards the private sector too. Some countries have done a lot in the construction of the loans board like Kenya, Uganda, Malawi, Zambia etc. because its tax payers money. After these establishments

they can now tap from other funders like USAID, DFID, NORAD etc. and also the Meria Ramos Fund expected to cut across Africa while engaging more Private Partnerships. There is need for a Blueprint as reference point.

On less autonomous high education institutions with top down state driven, the question was whether this make them innovative or less? It was observed that there might be less decentralisation hence little innovative as they tied to some authority and power; less innovative in time to validate your proposal; forced to organise along the mainstream structure; uncertainty crops in for the fear of the unknown which might unfitting and risky into the system; in the process new ideas get muted, late or shelved and packed.

The answer is both yes and no as long as the context under which you are operating on. Therefore, no institution is totally autonomous.

3.3 Industrial Revolution: A period of unprecedented technological and economic development: The 4th Industrial Revolution and what it means for Higher Education Financing Agencies & Jobs for the Future – Alex Twinomugisha, Country Manager, Intel East Africa

Before the presenter took the floor, the house welcomed new delegates from Malaysia, Rwanda and World Bank. The President then welcomed the first presenter of the day and gave a brief insight on Intel. He said Intel has been in support for about two to three years and have plans on how to integrate Africa and beyond. He finally asked Intel to continue rendering this assistance.

In his introductory remarks Mr Alex Twinomugisha said Intel was founded 50 years ago in 1968, currently with offices in Kenya, RSA, Nigeria and Egypt with a motto to powering the future of computing and communications, delivering experiences once thought to be complicated. He observed that almost 20% of revenue is spent on R & D and the change is not only in computers but also in Power World Centre, Power Cloud and Networking and thus powering the future of corporations in the areas of Autonomous Driving, 5G Networks, Artificial Intelligence and Virtual Works. He stressed that we use intelligence every day.

The question asked was: - *Are we ready for the new world?*

He then defined Industrial Revolution as: A period of unprecedented technological and economic development and termed this era as a 4th Industrial Revolution. This has evolved from Coal and Steam in 1760's, Electrification in 1860's, Computer and Communications in 1960'S which is the fusion of physical, digital and biological systems.

He talked of the Vortex Effect that brings on board 3rd Printing, Cognitive Systems, Smart Machines, Merged Reality, Wearable Technology, Distributed Ledgers and 5G Connectivity (High Speed).

He said it could be overwhelming to think about being at the start of another period of huge change, particularly if you're still navigating your way through the last one. However, this is just the beginning.

What was being presented was a collection of technologies, each of which has the potential – even taken individually – to transform business. When taken in combination, they have the potential to disrupt and change the world in unimaginable ways, and to accelerate the Vortex effect.

Any one of these capabilities can (and will) result in disruption, either for you or for your competitors. Make sure you're the one doing the disruption.

Merged Reality – the blending of physical and virtual worlds

Wearable Technology – fitness trackers and smart watches are just the beginning. Advances in battery life and capabilities, together with ever less obtrusive form factors will make wearables ubiquitous in all industries

Distributed Ledgers – most well known as the foundational technology behind digital currencies like Bitcoin and Elerium, distributed ledger technology provides an immutable record of transactions which in the future could be applied to content distribution, online voting and fraud detection.

5G Connectivity – not just “the next G”, 5G will be transformative for its increased throughput, device density, and reduced latency.

Smart Machines – the application of artificial intelligence and machine learning to previously “Dumb” machines will usher in a new era of smart machines – cars are just the start.

Cognitive Systems – the rise of conversational systems like Siri, Cortana and Alexa is just the beginning. As systems get better at interpreting and predicting human needs, cognitive systems will surface in all areas of our lives, backed by increasingly powerful Machine Learning and AI.

3D Printing – will continue to move beyond the hobbyist realm and into mainstream manufacturing and industry, as well as medical. Companies like L'Oreal already 3D print human skin for the purposes of cosmetics testing that does not rely on animals.

Innovation across all industries (including governments) where there are Traditional Competition and Disruptive Business. Each business is getting squeezed from Traditional Business to Digital Business.

This is how to close the Innovation and Agility Gap.

Digital Fusion - From our engagements with customers, it's clear that this disruption is not unique to any one industry – it's happening everywhere.

The description of the 4th Industrial Revolution – a Fusion of Physical, Digital & Biological systems – might sound a little far-fetched or futuristic, but in reality it's happening already, and in industries you might not associate with rapid transformation. For instance, in

Agriculture: John Deere smart agriculture solutions are already in use in 35 countries around the world.

- Sensors in seed planters to accurately set planting depth and separation in order to optimise crop growth
- Steering system autonomously guides 120-foot wide farming equipment with a 1 inch accuracy to maximise crop return
- Unloaders that service harvesting machines can be fully automated, so that harvesters don't stop and can run 24x7 – freeing up people from being drivers, to managing other processes
- Drones can be used to survey fields to determine whether it is an appropriate time to begin harvesting.
- Analytics compares futures markets to determine the most profitable crops to grow to maximise return, as well as evaluating optimal usage of fertiliser, pesticides etc

Therefore, we are living in a World of Change. It's no longer business as usual.

We are clearly living in a period of incredible change, which is anything but business as usual. Here are facts & projections to be considered:

- By the end of 2017 70% of Global 2000 CEOs will have Digital Transformation at the center of their corporate strategies.
- By 2018 40% of businesses in the top 20 in every industry will be disrupted by digitally transformed competitors by 2020, 50% of the workforce will be Millennials.

These are just 3 points but there are many others:

- 45% of the companies in the F500 10 years ago are not there today.
- Average age of a company used to be 60; by 2020 it will be 12 years old.
- By 2025 the work of 150 million knowledge workers will be done by cognitive robots

It might be tempting to think that the pace of change will eventually slow, but that isn't the case – this is the least amount of change that any of us will ever see.

All of these dramatic shifts have far reaching implications to the business, and are (or at least should be!) board level issues – they aren't simple problems that IT can fix.

Lots of jobs will be lost as every business shall be disrupted by 2018 while technically lots will be created too (more engineers, technicians).

As a company are you prepared? If not then shouldn't you be?

Innovation drives new face of competition, and the use of technology accelerates profits without additional resources.

Innovation Drives Shift in Workforce

Researchers say 47% **American Employment** is at risk because of the new expected computerization impacts while **Analysts** say 50% is the share of activities workers are paid to do now that could be automated using current available technologies.

What about Africa?

The Shift to Digital: Enabling the new bank – New Economy Success. Currently bankers and lawyers are gone, for instance Commercial Law is now good for Presidents.

Driving Transformative Business Outcomes + + +DIGITAL BANK

1 Key Elements to Pay Attention to:-

- On Demand (Secure Cloud); with cloud, Data Centre, Private Cloud (Google, amazon) depending on which strategy. This reduces IT/Operation Technology Cost and increase Agility.
- Data Driven (Big Data). Transforms Business with Trusted, Real-time Data (e.g. FB, Google, Twitter, Instagram, URPS.) Everyone has data, institutions like Banks (money laundering). What is required is compliance and Regulation. Many have URPS. Questions to consider are; how will you optimize your data for better compliance; do you have a BIG DATA Strategy? What barriers to bear in mind?
- Smart World (IOT): Drive operational excellence and revenue via extended insights.
- Trusted (Security): Reduces business risk and protect brand value
- Connected Experiences (Perpetual Computing): Win and retain customers. Be part of the customers' life (e.g. mobile banking and health insurance)
- Innovative Workforce (Business Client): New strategies in HR, Financial Services Industry and IT facilitates to ignite innovation and productivity through transformed workforce.

The conversation has changed – no more IT problems – the focus has shifted to delivering transformative business outcomes. Not just about implementing a new technology.

If we take a look at each of them in terms of what we see happening, what leaders in the Utility Industry are doing, and we'll pose some rhetorical questions that you can use with your customers to help further the engagement.

Impact on Higher Education

Global Digital Skills Gap (Jobs for the future), Demand is outpacing skilled graduates worldwide.

More than 50% of today's jobs require technological skills and within a decade this will jump to 77%.

In reality we need technology to live.

Where is the growth? It is now in Architecture and Engineering; computing and Mathematical and going down in Office and Administration; Manufacturing and Production.

The New Reality

Every child will invent a job while previous generations had to find a job (Thomas L Friedman) and today the world doesn't pay you for what you know but what you do with what you know (Andreas Scheleicher).

Activating the Innovation Generation.

Education > Entrepreneurship > Employability. This will help:-

- ▶ Increase Country Competitiveness
- ▶ Build Required Competencies
- ▶ Boost Economic Development
- ▶ Enhance Citizenship & Social Cohesion

Where do we start from? It must be innovation for everyone, everywhere and every time.

The Connected University. University students with own devices.

Online Learning. It fosters global learning and collaborations.

Online learning refers to both formal and informal educational opportunities that take place through the web. It's a mode of learning that can complement F2F instruction in blended learning approaches or stand on its own. The popularity of online learning among students and educators has grown substantially in a relatively short period of time.

One of the factors that has shifted opinion in its favor is the access to global resources that it provides. With technology and, often, the Internet now in students' hands, students have access to a world of global awareness, collaboration, industry experts, peers, learning and data that was never available to them before. With online learning, it is no exaggeration to say that the world is their classroom.

It also provides value as an effective supplement to face-to-face learning. In K12, it enables educators to implement blended learning—the combination of some face-to-face instruction and project-based or flipped classroom approaches—to extend learning beyond schoolroom walls.

Student must be successful, gratitude, find a job and pay you back.

There is need to accelerate innovation for every student, everywhere and anytime by providing them with computing devices.

The Laptop Scheme Case Studies

- Kenya started in 2012 with assistance from the World Bank dispersed 16,000 laptops.
- Senegal from 2014 from World Bank to Eco Bank over 50,000 students benefited.
- Rwanda from 2016 gave out 10,000 laptops on loan.
- Cote de Voire from 2016 waved tax plus subsidy (\$ 200 from USU) on laptops.

Schematic for Laptop Revolving Fund – Implementing Arrangement.

A coordination among several stakeholders; Development Bank, Ministry of Finance, Commercial Bank, Higher Education Financing Agency, Computer Vendor (or Distributing Universities) then a student.

Another example was given for Kenya whereby in 2013 the campaign was to give each student a laptop. And then there Digital Africa Program, increasing productivity, stealing/killing it or rather flooding the market. Discussing digital with Twitter, Facebook, email etc and reminders for Loan Recovery. Scholars adverts- congratulating them for graduating and then a reminder to pay back.

The question is where to get them? Government or Partners, and what are you doing differently compared to last year?

Are you embracing any of the new economy business models?

Are you shifting to a Digital Business Models?

Who is the leading the charge?

Discussion (Comments and Questions)

On 5G, the question is on the cost associated with this new technology and how fast to reach out African countries. It was said that after the Seoul launch this will be in operation in 2020, 2021 or 2022?

On threats coming with IT like loss of jobs and on security issues; it was recommended on the need to have this conversation every day at management meetings as security is important in IT, regularly engage experts and invest in security.

There is a worry on laptops as technology keeps on changing. Within two to three years they cease to work properly. The insurance and warranty is within 2 years to get new ones. And there is a cation on Service and Support.

On Data Analysis whether it would easy to predict the behavior of customers. It was said that the Google Analysis duly does that. The URPs is also one of the tools where data is analyzed. This would analyze who are distributing the loans, to whom, how they are faring and changes on behavior.

3.4 World Bank technical/financial assistance to create sustainability for Higher Education funding agencies - Dr. Nobuyuki Tanaka and Dr. Vanwyk Chikasanda

World Bank Support for Developing Sustainable Financing Agency: Case of Malawi

He observed that the Conference theme on **Loans and Job** is very important topic. With more than half of Sub-Saharan Africa's population now under the age of 25, and as many as 11 million young Africans expected to join the labor market every year for the next decade, creating millions of productive, well-paying jobs will be vital to boost economic growth, significantly cut poverty, and create shared prosperity in Africa.

Structure of presentation: -

1. Overall Higher Education and World Bank support in the region
2. Malawi higher education and World Bank support
3. Malawi Skills Development Project
4. Support for the development of the student financing mechanism

At the end of presentation, NCHE will talk about detailed of each activity and expected impact.

Higher Education in East and Southern Africa.

There are 4 areas to consider.

1. Quality: at System Level - Quality Assurance & Accreditation Systems and Low Government Support and at Institutional Level - low institutional capacity: (management, academic & internal QA); use of mainly traditional teaching approaches and weak information systems.
2. Relevance: Few programs in STEM; Weaker engagement with industry and weak information systems
3. Access/Equity: Low enrolment matters with large equity issues-women, vulnerable students, rural areas; High dropout rates; Few graduates/STEM student and weak information systems.
4. Financing: Low public spending in Higher Education and Research; Funding models do not incentivize quality and equity; Most richer students benefit from state subsidies or free HE and few student funding aid programs with large equity issues.

World Bank Support (2 Levels)

1. Country Level: Governance, Quality and Relevance, Equity, Funding
2. Regional Level: African Centres of Excellence (ACE), PASET, ESTRP

Examples of students funding related activities under WB financed projects

- Tanzania – STHEP under HESLB
- Rwanda – PforR Operation under BRD
- Malawi- SDP under HESLGB

The presentation covered Complementarity to the country specific projects and Benefit of regional approach in terms of (a) economies of scale, (b) peer-learning.

Malawi High Education when the preparation of Skills Development Project (SDP) was initiated was the lowest in the Sub-Saharan African countries; while enrolled fewer female and more of richer students than the poor.

Some of the reasons why WB has been supporting Malawi Higher Education sector, including the development of student financing mechanism.

Skills Development Project (SDP 2014-2019)

The program was initiated with a sole objective to increase *access, market relevance and results orientation* of supported skills development institutions in agreed priority areas. It targeted 13,000 number of students (**Direct Beneficiaries**), who are enrolled in supported priority areas in participating universities, rural artisans enrolled in technical training institutions, faculties and staff in universities and institutions, staff at the NCHE and the Ministries and thus benefit directly from this project.

Components:

1. Strengthening institutional performance
2. Technical assistance for system strengthening and policy
 - Student financing mechanism
 - Higher education management information system, etc.

This will help the country to equip young people with the skills needed for jobs in high-priority sectors in the country’s steadily growing economy. These include engineering, natural resources extraction, agriculture, construction, health services, tourism and hospitality.

- **Polytechnic:** engineering degree and diploma level courses in mining, construction etc.
- **Chancellor College:** Science Teachers for Secondary Education
- **LUANAR:** agriculture related courses
- **Mzuzu University:** (i) Secondary Teacher Training through ODL; and (ii) Tourism
- **TEVETA:** Artisan Training in Technical Training Colleges

Priority TA

- Student financing mechanism
- Higher education management information system
- Quality assurance

Students Financing Scheme in Malawi (as at 2013)

- Very little recovery of the matured student loans disbursed over time
- Not clear screening criteria and its targeting
- No interest rate
- Administration of the scheme has moved from the universities to the Public Universities Student Loan Trust and then to the Malawi Savings Bank and back to the MoEST.
- GoM was keen to review overall student financing scheme in the Malawi higher education system.
- MoEST was preparing a Student Financing Act and needed support to finalize and implement the approved scheme.

Students Financing Related Activities

Stage	Activity
Identification	A diagnostic study of higher education in Malawi
	Policy dialogue

Preparation	Consultation activities on student financing act
	Study visit in Kenya and Tanzania
Implementation	Technical Assistance <ul style="list-style-type: none"> - Reviewing existing student financing mechanism in Malawi - Proposing student financing mechanism suitable for Malawi - Proposing specification of required equipment
	Procurement of equipment for new SFMIS
	Training HESLGB staff on SFMIS

New Applications starting in January.

Expected Impact

A consultant will be required to develop the system which will be launched. This will help all the stakeholders as follows: -

- New Students: Submit applications online straight to the board
- Loans Board (HESGB): Processing online, time reduced, no more paper work
- Loan Beneficiaries (Graduates): Check the balances online, reminders.
- Employers: Be able to track the status of the employees-to avert penalties
- Universities: Reduction of paper work, previously applications were made the institutions.

On Capacity: Technical assistance – working together with the National and Local Consultant to develop the TORs.

System Development: Recommended to develop a system to hand it over to the board.

Comments and Questions

Some of the questions raised were: -

Was the system being developed for NCHE or Loans Board?

Readiness on Digital Evidence?

Criteria to select countries? WB

What WB is doing on TEVET?

Whether they think AAHEFA can help as a consultant or work with them?

How will the person be verified and traced back while using this paperless technology?

On the Employer's help and the student, how will that technically work? Any passwords or security issues?

What about coverage? Will the system be able to cover both city and rural dwellers?

The answers to these questions were: -

The System was being developed for the Loans Board as a sole user and NCHE is only doing facilitation for the consultant as a coordinating body.

The Digital Evidence will be able to generate reports for queries

On the Selection of countries, they look into Priority Areas in sectors by governments. Each sector raises with the Ministry of Finance as a link Team Leader. TORs will be checked at the office to see how to address the issue of working with AAHEFA.

On Data Gaps with old loans, the system will be able to track them using the ICT personnel at the board as Verification of Applicants is also provided for in the system. Passwords will be used to register new applicants and for future log in processes. The Employer shall put in writing to check on the Beneficiaries check list. The process will link both the Application Process and the Recovery Stage moving away from the cumbersome paper work. And it was confirmed that the equipment has already come, ready for assembly.

Currently, not many students are aware especially those in first year and not expect much applications. Integration and links with other institutions will be there e.g. Malawi Examinations Board (MANEB) for recognition.

There is need for trainings (not only the staff members) but also students and other users. Data must be rich and adequate, whereby systems functionalities are expected to grow and upgraded too.

In Kenya coverage is still a challenge for students who cannot access internet. Sustainability of the system is also vital for ownership.

There is need for Institutional Assessment and Functional Review to know what other key stakeholders who will be required for input e.g. names of villages (local government) WORLD Bank is expected to provide seed money to help run this project; currently it's solely the government of Malawi funding it.

For newcomers they will need support (e.g. Malawi and Sierra Leone) and old members will need to develop new strategies on how new requirements will be done. Sometimes outsourced bodies delay or respond late. For instance, Ghana has had that challenge but now they develop their own inhouse.

Universities have such projects like UNIMA run AFD Project at Chancellor College-have own people able to bring in emerging issues at reduced costs of home-made capacity development.

Need for World Bank to assist with technical support to develop technical systems in grants in addition to loans. It is desirable if Capacity Building could be converted into grants. The bank must understand the management and challenges of the boards which are generic.

Country Based Loan Recovery, Sophisticated data cannot be available (e.g. which church, pastor.) then the account aspect. Another issue is whether in house or outside or both simultaneously. The in house needs to be considered critically and require a full time developer. But the service provider should be readily available and not expected to travel from abroad and ticketing too.

3.5 USAID Partnership with HELB: The Case of Afya Elimu Fund (AEF), Kenya - Wasunna Owino PhD Country Director & Chief of Party, IntraHealth International, Kenya

What was the challenge to be addressed?

- Acute health worker (HW) shortage (12:10,000 ratio below WHO guide)
- Maldistribution of HW (urban/rural)
- Scholarship programmes only reached a handful of beneficiaries & not sustainable
- High cost of medical education beyond reach of many qualified students e.g. **USD 4,500 for a 3 year- diploma nursing programme**

Fund Design

- Established in 2013, launched in 2016
- Key partners – USAID, GOK – HELB, MOH, Private Sector
- Target middle level HIV health workers (as opposed to doctors)
- Mobilization of financial resources from public/nonpublic sectors, anticipated increased role for the private through – PPP.
- Departure from unsustainable grants/scholarships to affordable loans
- Revolving basis---students to repay loan on obtaining employment, money ploughed back to support another student
- Equitable - pro-poor selection criteria using Means testing instrument (MTI)
 - Assess social economic indicators of the beneficiaries
 - MTI - tried and tested automated systems and process that enhance equity and access for all.
- USAID provided initial seed funding (USD 1M)
- Anchored at Higher Education Loans Board (**HELB**)
 - Within existing system and structures
 - For sustainability when donor funds not available
 - Provided enabling environment, policy framework, operation manuals)
- Resource mobilization strategy (Umbrella Fund /students benefiting from various funding pots under the AEF umbrella: medical education is expensive globally.

The AEF Fund Loan product.

- Need based loans, **USD 400 -700/year**
- **4%** interest rate

- 12 months grace period of repayment after graduation
- 5 years (**60 months**) of loan repayment

AEF cadres supported.

Training at Diploma and Certificate Levels

1. Nursing
2. Clinical Medicine
3. Laboratory technologist
4. Pharmaceutical technologists
5. Nutritionists
6. Health records Officers
7. Public Health Officers
8. Environmental Health
9. Dental
10. Others – dependent on changing health priorities & funder needs

The AEF operating model.

Outcomes

USD 117 M. Mobilized

19,282 Beneficiaries in 110 Medical Training Colleges, 47 counties

- **4,814** Graduates
- 1,232 Employed
- >90 % repaying loans

The number of new partners has grown to seven.

Improved Governance Structure

- AEF Oversight committee
- AEF Operational Manual
- AEF Strategy
- Automated selection criteria - means testing instrument

Lessons learnt

- Very high expectations on private sector participation, not fully realized
- County governments were ignored in the original design but later became instrumental
- Digitization critical to student tracking and monitoring progress (HELB and donor data base)
- Initial assumptions invalidated
 - Graduates would easily find jobs upon graduation, labor market dynamics changed.
 - Automatic repayment upon hire on the basis of trust and transparency
- Key stakeholder partnerships critical to success: donor and statutory bodies such as tax, social security, etc.

- Need to do more to be pro-poor (student application costs, support the poor to get jobs).
- Obtaining a balance between donor and GOK demands; disease burden
- Inability to attract more **Muslim beneficiaries** due to the interest on loan product.
- Reconciling the MOH/USAID Financing Years.
- Kenya's recent goal of UHC & Big 4 Agenda has put great demand on specialist training - a departure from original AEF design that focused on basic training.
- Conditionality for medical training institutions to refund unused funds.

The future of AEF: Sustainability.

- Repayments from AEF Graduates
- Already anchored in HELB systems
 - Hosting data
 - Enabling environment – Operational Manual/Strategy
 - AEF Help Desk/Call Centres
 - Huduma Centers
 - Joint verification
 - Joint fundraising under BIG 4 Agenda (UHC).
- HELB taking on increased responsibility.
- Funders/Employers-AEF Graduates Forum
- AEF Graduates Alumni Forums (WhatsApp)
- Advocacy for Employment with Counties.

How can HELBs attract Development Financing Partners?

- Relate to overall goal of the Development Partner Strategy.
 - AEF aligned to USAID HSS vision (increase HW to address HIV)
- Stringent funding requirements
 - Transparency and Accountability
 - Follow financial policies/guidelines and report promptly
- Voices of the beneficiaries (students/parents)
 - AEF video
 - Students - Funder forums
- Responsive to DP needs
 - Regular meetings, joint field trips
- Traditional focused on only giving loans—follow student through to graduation, employment and repayment
- Know the donor focus/pocket of funding (HIV in our case)
- Have a sustainability framework at the design stage building on existing system (anchored at HELB)
- Strong M&E System
 - Internal – tracking student beneficiaries

- External – independent external audit
- Enhance Coordination and Networking with the DP
- Increased visibility – link with UHC

Taking advantage of the USAID and PEPFAR Shift.

Institutionalizing Local Ownership for Sustainability.

- Mapping the key actors
- Resources to do the work plus incentives system
- Start with Fixed Contracts, Subbing then, Priming
- Strengthening Financial Management Systems
- Continuous Market Intelligence

Call for action: Please join us in the Afya Elimu Fund for a wealthy, healthy Africa!

Comments and Questions

How can we identify the opportunities available?

What are lessons on how to establish the operations?

Cost trends towards administration and technical?

Why are the Repayment levels low? 4812 versus 1200? And 52 counties but still low information flow?

How long does it take for an off budget support to be processed in Kenya? As elsewhere like in Uganda long processes are experienced, can an agency just go to a donor?

On Terms and Conditions, does that come as a Revolving Fund? For instance, in Ghana they directed that their fund go to a certain area, what about issues of equity?

What's the relationship between the improved governance structures and governments?

Any more names of donors? And their policy documents and legal instruments etc?

What happens after the expiry of the repayment grace period of 1 year and 5 years respectively?

Responses

On conditionality, yes it's according to their own area of focus, you cannot change, e.g. maternal health or commercial sex workers go for what suits them and cease that opportunity or try CIDA, DFID if USAID does not suit you. Terms and Conditions change including Donors change. Don't mix donors in your communication (e.g. Branding the images or logos).

The money comes back to boost the AEF Pool and remains as a Revolving Fund. Though some would require it back or will first ask for the impact for them to decide further.

On the Off Budget Support, the channel is sometimes changed to channel the money directly to the counties.

On the Total Cost; there is a component on cost sharing or open match funding where the donor takes you positively. Make sure you bring in what you really promise to avoid being struck off.

The available opportunities are more to the universities than to the Funding Agencies, of course the Global Fund is also available. There is need to understand the Agency and their departments (health, education etc.), visit their website and enlist upcoming opportunities within your own system.

The comparison between 4812 and 1200 students who are repaying, these are the ones currently employed, the rest are still in school, 90% of the employed are paying back, for they even support at certificate and diploma levels.

The Market Intelligence is used to determine who could be new beneficiaries.

Governance structures are for donor confidence.

The Shift is more of loans and more of preparing you as counties are becoming more autonomous too.

After the expiry of the repayment period there is a penalty levelled against them, taking into account that jobs are changing while faculties are not changing swiftly. A graduate must wake up and go to something. AAHEFA has got a good model to work on.

Partnerships are an added value, just change way of doing things.

The proposal is to look for Success Factors and group them in several categories from 0-10. It would be a graduation Metrics to tell us at what stage each country is. For instance a country could be rated at level 4 but has done something in between for them to climb to 5.

3.6 Reimagining Funding Technical and Vocational Education (TVET) students in the new economy - a CAPA perspective: Suzgika Mvalo

The big question in our midst is: Why are we here? Why are Funding Agencies doing what they are doing? The answers to these questions are obvious. At the end of everything we want to have a Product. The most desirable product that we all want to see is a productive skilled workforce which is key to any nation's prosperity.

Background

The commonwealth Association of Technical Universities and Polytechnics in Africa (CAPA) was established in 1978, following a resolution of the 7th Conference of Commonwealth Education Ministers held in Accra, Ghana in 1977. Since inception, the headquarters seat of CAPA has been at The Technical University of Kenya under a diplomatic agreement with the Government of Kenya.

The current Secretary General of CAPA is Dr Olubumni Owoso. He was supposed to address the AAHEFA conference taking place in Lilongwe – Malawi specifically on the Topic outlined

above. Due to pressure of work at the Secretariat in Nairobi, Dr Owoso delegated the assignment to one of the Board Members present in Malawi - Mr Suzgika Mvalo to speak on the topic.

Roles of CAPA

The mandate of CAPA is to promote skills and professional development in the member countries by providing a dynamic forum for sharing innovative ideas in Technical and Vocational Education and Training (TVET), as well as capacity building initiatives and policy advocacy in favour of TVET.

Over the years CAPA pioneered the introduction of entrepreneurship education curricula of member institutions; advocated for women in technical education through its WITED programmes; arranged series of programmes for the training of trainers in various skills set; as well as capacity development in the management and leadership of these institutions.

The over 170 institutional membership of CAPA demonstrate a well – intergrated profile of Technical Universities, Polytechnics and Technical Colleges that are oriented towards knowledge and skills acquisition for the world of work.

CAPA's ongoing projects include: Establishment of staff fellowship and student exchange programmes; Benchmarking of curriculum and teaching facilities; Preparation of data base of TVET expertise in member institutions; Benchmarking of Competency – Based Education and Training; and Benchmarking of National Vocational Qualifications Frameworks in member countries.

Partnerships

CAPA benefits from enduring partnerships with a number of education – based international organizations, most especially those that are involved in the promotion of skills acquisition and development.

It is in this vein that CAPA would like to recognize the big role that Higher Education Funding Agencies under the banner of AAHEFA are playing in financing students' education across Africa.

CAPA seeks to engage stakeholders to bring a paradigm shift in TVET by developing the idea that TVET prepares youth to become more of job creators than job seekers. This will necessitate a review of curricula in member institutions, create common training standards that cover the different delivery structures of TVET, advocate for quality training, maintenance of standards and comparability of qualifications.

The TVET Sector

Today, the challenges of matching training to employment, lack of institutional capacity; as well as the growing problems of youth unemployment and underemployment have become one of the central concerns for most African governments.

Discussing “Re-imagining Funding Technical and Vocational Education (TVET) students in the new economy” by AAHEFA conference is therefore coming at the right time for several reasons:

(1) The 17 Post-2015 Sustainable Development Goals - Global strategy to overcome the development challenges by year 2030 *Education is key to achieving each of the 17 SDGs *TVET provides the technical skills and manpower for the achievement of the goals

(2) Why TVET in particular is the game-changer that deserves priority focus on funding *African economies are weak because they import far too much of what they consume. The way forward is to produce and manufacture much of what we consume and also manufacture for exports * TVET delivers the knowledge and skills that equip the youths for productive jobs and self-employment and thus provides a proven solution towards industrialisation and socio-economic advancement of African countries. *TVET requires rebranding and upscaling by governments and other stakeholders because of age-long stigmatisation *TVET system requires relatively more funding because of need for machines, equipment and tools for hands-on learning

(3) Government spending on education – is it a social service or an investment? *Generally, government spending on education is ideologically perceived as both a social service and as an investment. Thus, costs are often shared by both governments and students/ parents/guardians. *The critical importance of TVET is such that government spending on TVET education should be recognised as a major investment for job creation, infrastructural development, industrialisation and economic growth. *Innovative, investment-oriented funding of TVET should lead governments to cover over 90% of costs in TVET, to provide state-of-the-art training facilities and environment, increase access to TVET through much lower fees, stimulate higher enrolment in TVET, produce more skilled technical manpower, generate higher levels of employment and rapid economic growth.

(4) Innovative sources of funding *Increased levels of budgetary allocations to TVET relative to other education sectors *Special education tax on companies above a minimum benchmark turnover *Government and civil society advocacy for companies to channel a significant part of CSR expenditures towards TVET * Loans that can be recovered after graduation *Scholarships to outstanding students

The big question again is: What is motivating Funding Agencies to do what they are doing?Goal is to have a productive skilled workforce which is key to any nations' prosperity.

Conclusion

It is imperative that all actors (government and private institutions) rise to meet the challenges faced by Higher Education Funding Agencies by all means possible and increase their support.

This will in turn enable Funding Agencies to re imagine or consider funding Technical and Vocational Education students who are in majority and in dire need of funding for their training.

Such action will also help restore the image of TVET by standardizing and recognizing the achievements of craftsmen whose remuneration and self- esteem currently remain low in most African countries.

Recommendations

1. Investing in our people demands that human resource training and re – training systems be entrenched to provide market driven skills for youth and the nation’s citizens. Gender issues ought to be streamlined into all the activities so that both men and women equally take part in the socioeconomic development of their countries.

2. Given financial resources, TVET institutions must take a lead in industrializing Africa so that the continent’s nations move out of the poverty doldrums.

3. It goes without saying therefore that Higher Education Funding Agencies must be supported so that they too extend their support to the TVET sector. Apply the same terms and conditions of financing TVET students the way it is with other higher education institutions.

3.7 Capital markets funding of Higher Education:*The Malaysia Model (Fund Resolvability) - Ms Mastura Mohd Khalid Deputy CEO-National Higher Education Fund Corporation (PTPTN), Malaysia*

Malaysia is a Federal constitutional monarchy in Southeast Asia. There are two parts of Malaysia, East (Peninsular) and West (Borneo Island) separated by the South China Sea into two similarly sized regions. It has land borders with Thailand in West Malaysia, and Indonesia and Brunei in East Malaysia. The peninsular is linked to Singapore by a narrow causeway and a bridge.

The Capital City is Kuala Lumpur while Putrajaya is the administrative city with an area of 330,803 km² and a Population of 32,049,700 (2017). There are four ethnic groups, 68.8% Natives (Malay, etc.); 23.2% Chinese; 7.0% Indian; 1.0% Others

The official Languages is Malay but recognised English. The GDP (Nominal – 2018 estimates): Total \$364,919 billion (38th) and Per Capita \$11, 237 (62nd). The currency is Ringgit Malaysia, RM (RM1.00 = US\$0.25).

The PTPTN

It was established in 1997 with a **Vision** to become a financial institution with its own financial resources for education loans by 2025 and a **Mission** to manage funds for the purpose of higher education.

Its **overall Objective** is to ensure efficient financing for students who are eligible to pursue studies at Higher Learning Institutions (HLI) in line with government aspirations that no student should be denied access to higher education because of financial reasons.

PTPTN Functions (Core Business)

- ✓ **Education Financing:** No student should be denied access to higher education because of financial reasons
- ✓ **Repayment Collection:** Ensuring the sustainability of future education financing
- ✓ **Education Savings:** To cultivate habits of saving for higher education among Malaysians

Education Financing

The Mandate

“To ensure that all Malaysians, who require education funding, could pursue their studies in local institutions of higher learning.”

As of 30th June, 2018

- 2.86 Million Students received loans since 1997
- RM 3.37 Billion loans disbursed
- +/- 170,000 Students benefited each year (new)
- 51,504 Students exempted (loans converted to bursary)
- RM 1.56 Billion total amount exempted

Challenges to Overcome

1. Payment Required
2. Bridging the Gap
3. Under Pressure
4. Savings

1. Payment Required

RM 6.24 billion in debt is outstanding: 31% of RM 19.76 billion due for repayment. This due to unemployment, low salaries and other loans (house and car loans).

Grace Period and Deferment: From 5 years (60 months) – 20 years for loans ranging from RM 10,000 below to RM 50,001 above. This to allow the students find job and establish their finances. Those who settle the loan in full within this 12 months’ grace period will not be charged any administrative cost. Up to 24-month **deferment** is given for borrowers who are unemployed; and those who further their study at a higher level during the course of their studies.

Loan Repayment Performance: Loan Repayments as at 30th June (RM13.52 billion collected)

2. Bridging the Gap

Missed Match –

- ✓ Cost of Fund (5 %+) vs. Loan Administrative Charges (1%)
- ✓ Loan Disbursed (3-5 yrs.) vs. Repayment (5-20 yrs.)

The gap has to be bridged.

Education Financing as at 30th June 2018

- ✓ Total Approvals is the amount of approved loans to students sponsored for the year until graduation and the amount will decrease if any borrower receives another sponsorship, fails or expires earlier.
- ✓ Total Disbursement is the amount paid to the current/active student and the new student.

Loan Charges (Administrative Cost / Ujrah)

PTPTN's loan administrative charges had been gradually reduced from 4% per annum to 1% (Ujrah). Prior to 1st January, 2004, 4% reducing balance effective from 1st June, 2008, 1% flat rate.

Source and Cost of Funds as at 30th June 2018

Grants and Loans

- I. **Government Grants** (1997-2002)
- II. **Loans from Local Financing Institutions** of RM 51.20 Billion (2003-Now), out of this loan RM 12.75 is paid and RM 38.45 to be paid according to schedule.
- III. **Government Subsidy:** On the loan there is Government subsidy of RM 25.08 Billion at an approved interest subsidy of 3.5% -5.5%, out of which RM 12.82 Billion is paid (between 2013-2018) and the balance of RM 12.26 Billion will be paid according to schedule (2018-2041).

3. Under Pressure

Insistence from stakeholders (Universities/Colleges, Parents, Students) – FREE Education, increase loan amount, sponsorship for new courses/programs, etc.

4. Savings

To inculcate savings habit among parents/Malaysians for future (higher) education – less dependency on Education Loan.

National Education Savings Scheme (SSPN)

“Little by little... a little becomes a lot”

The **National Education Savings Scheme** or *Skim Simpanan Pendidikan Nasional* (SSPN) is a savings plan, specially designed by the National Higher Education Fund Corporation (PTPTN) to enable parents or guardians to plan/invest for their children's higher education.

Objectives

- To change Malaysians mind set, not to expect the Government to 100% fund their children's tertiary education.
- To assist (especially) low income parents in making systematic financial planning for their children's higher education
- To ensure that children are not saddled with debts when they finished tertiary education
- To inculcate the culture and habit of saving among parents and students.

2 SSPN Products

- 1) SSPN 1: Launched in 2004
- 2) SSPN 1 PLUS: Launched in 2018

They both have similar Opening Account Requirements (18 years and below, 18 years and above, 29 years and above) but different Monthly Commitments whereby at SSPN-1 Plus it depends on packages starting from RM 30 to RM 500 while at SSPN-1 there is no monthly commitment and minimum saving is RM20 per transaction.

There are also some differences in Insurance Premiums, Insurance Coverages, Tax Reliefs, Matching Grants and other benefits.

Advantages and Privileges of SSPN

- Government Guarantee (Savings)
- Tax Assessment Relief
- Competitive Returns (Dividends)
- Low Monthly Commitments
- 24 hour-7 days Insurance Coverage
- Hospital Allowances
- Matching Grants
- Sharia Compliance
- PTPTN's Loan Eligibility

A Launching Grant/Seeding Capital of RM 300,000,000 to be invested by PTPTN in order to give depositors competitive returns.

Achievement for the last 10 years: From 2008-2018, a total of 3.6 million accounts opened with a total of RM 3.8 billion depositors.

Reaping the Benefits of SSPN -10 Years Trend: From 2008 – 2018 Number of borrowers has decreased while the number of SSPN withdraws increased.

The way forward (challenges ahead)

- **GO CASHLESS: Safe, Secure, Convenient** – PTPTN go fully CASHLESS starting 1st July 2018
- **JOB OPPORTUNITY - High Employability Courses/Programs** – To focus financing for courses / programs with high employability / jobs demand.
- **FINTECH (Financial Technology)** – Fully electronic transactions (Loan/Savings applications, approvals, documentations, etc.)
- **ICLR - Income Contingent Loan Repayment** – Loan repayment based on percentage of monthly income (Australia & New Zealand)

Comments and Questions

On the 31% non-performing loans, how is the balance going to be recovered? And a concern on the mismatch challenge and the funding management structure too.

1% Administrative cost is seen as too little, is there any extra funding to caution this? And this sharp decline who pays in terms of the premium on the insurance, students or the PTPTN?

To balance up the Capital Market and Investment, do you wait for Loan Recovery to deposit?

Is PTPTN a Bank or a Loan Board/Government Agency?

What's the comparison in percentage between Applicants and those getting the loans? And Payment Models?

In response it was said that the 31% loans are covered by insurance, the loans are transferred to other banks; Government Agencies help to trace where they are and taking legal action.

The 1% administrative fee is enough for the operation at the moment. The Premium is paid by the student. On the models; use of enforcement is executed and incentives like discounts to those who pay monthly 10% and those who pay 50% or full 20% discount.

PTPTN gives and loans, create a savings scheme offered by the bank using National Higher Education. Its 100% comparison between applicants and those who get the loan the only difference are levels of dispersement by family incomes.

3.8 Innovatively Financing Higher Education for the Jobs of Tomorrow: “*State Funding for Higher Education – the Legislative View*” – Hon. Julius Melly, MP, Chairperson, Departmental Committee on Education and Research

Introduction

Education is one of the fundamental factors of development. No country can achieve sustainable economic development without substantial investment in human capital.

Education enriches people's understanding of themselves and the world. It improves the quality of life and leads to broad social benefits to individuals and society. However, in order

for countries to reap the benefits of human capital, higher education institutions must have financing to provide quality training and sound professional prospects to their students.

All over the world, Higher education, in one way or another, is paid for either by the taxpayer or individual students and their families. However, Higher education has become so expensive that the debate today is much about which funding model or combination is economically feasible and sensible, practical and moral, within any given context.

The UNESCO Convention against Discrimination in Education mandates states to “make higher education equally accessible to all on the basis of individual capacity”. Additionally, according to the international Convention of Economic, Social and Cultural Rights, “higher education should be made equally accessible to all, on the basis of capacity, by every appropriate means, and in particular by the progressive introduction of free education”.

Higher Education in Kenya

Kenya’s successive development plans emphasize the value of human resource development as a foundation for national transformation and development. Thus Kenya Vision 2030, the development’s blue-print of the nation, recognizes human resource development, youth employment, promotion of entrepreneurship culture, productivity management among the critical factors to social, economic and political conditions in Kenya.

The Constitution of Kenya (2010) further underscores the provision of quality education, training and access to employment as a basic right. Thus it mandates the state to put in place affirmative action programmes to ensure that minorities and marginalized groups are provided with special opportunities in educational and economic fields.

Higher Education consists of Technical and Vocational Education and Training (TVET) and University Education. The University education has experienced phenomenal growth in Kenya from a single public university (the University of Nairobi) in 1956 and a single private university (the USIU) in 1970, to 31 chartered public Universities and 18 Chartered private universities in 2018. Additionally, there are 13 Private Universities operating with letters of Interim.

The total university students’ enrolment has increased by 87 %, from 67,558 students in 2003 to 520,893 students in 2017/18 academic year.¹

TVET institutions according to the TVET ACT 2013 are categorized into:

- a. National Polytechnics – Offer Higher Diploma and may collaborate with a university to offer technical degrees (managed by Councils);
- b. Technical Vocational Colleges – Offer courses up to Diploma level (Managed by Boards of Governors); and,

¹ Government of Kenya, Economics Survey ,2018

- c. Vocational Training Centers – Offer up to Artisan level.

The total enrolment in TVET institutions has grown by 88 % from 32,718 students in 2003 to 275,139 students in 2017.

Financing of Higher Education in Kenya

The Education sector budget in respect to the total government budget has increased from 19% in 2005 to 26.2% (lion's share of the total budget) in 2018/19 financial year.²

The Expenditure for the Ministry of Education in TVET subsector grew by 94% from 1,135 Million in 2005/06 to 18,998 Million in 2017/18 financial year. The University Sub-Sector expenditure grew by 88 % from KShs12, 323 Million in 2005/06 financial year to 101,477 Million in 2017/18.³

The total amount of bursary awarded to applicants from public universities increased by 18.5 % from Kshs. 76 Million in 2012/13 to Kshs. 133 Million in 2016/17 financial year. The total amount of bursary awarded to applicants from TVET institutions increased by 18.5 per cent from Kshs. 51 Million in 2013/14 to Kshs. 121 Million in 2016/17 financial year.⁴

The role of Parliament in Financing and Management of Higher Education in Kenya

a) Enhanced Budgetary allocations

- i. Parliament recognizes the importance of TVET in provision of skills required for National Development. Thus to enhance access and equity, Parliament has enhanced budgetary allocations to TVET programmes such as the establishment of one Technical Vocational College (TVC) in every constituency. Additionally, to revitalize Vocational Training Centers through collaboration with the County Governments, Parliament approved grant to establish one Vocational Training Centre in each of the 1450 wards in Kenya by 2022.
- ii. Parliament also approved enhanced funding to Higher Education Loans Board to support TVET students.

b) Legislation

Parliament has enacted the following pieces of legislations to facilitate the financing of Higher Education: -

- i. ***Higher Education Loans Board (HELB), Act, 1995 revised in 2015.*** The Act provides for the establishment of a Board for the management of a Fund to grant loans to students. To date, Students studying Diploma and Certificate courses are eligible for Higher Education, TVET Loans and bursary.

² www.ieakenya.or.ke/publications/bulletins/1/2018/06

³ Government of Kenya, Economics Survey ,2018

⁴ Government of Kenya, Economics Survey ,2018

- ii. **Universities Act, 2012** establishes the Kenya Universities and Colleges Central Placement Service (KUCCPS) to coordinate the placement of Government sponsored students to universities and colleges.

The Act also establishes the Universities Fund. The Universities Funding Board is responsible for the provision of capital grants, loans and budgetary support to universities. The Board is also mandated to establish maximum programme Differentiated Unit Costs (DUC), in close consultation with universities.

Further according to the Act:

- a) Public university may invest any of its funds in securities in which for the time being trustees may by law invest in trust funds, or in any other securities approved by the Treasury.
 - b) A private university granted a charter may enter into a financing arrangement with any person or institution.
- iii. **Public Private Partnerships Act, 2013.** This is an Act of Parliament to provide for the participation of the private sector in the financing, construction, development, operation, or maintenance of infrastructure or development projects of the Government through concession or other contractual arrangements; the establishment of the institutions to regulate, monitor and supervise the implementation of project agreements on infrastructure or development projects.
- iv. **Science, Technology and Innovation Act 2013.** The Act establishes a Fund to be known as the National Research Fund. The Fund shall consist of a *sum of money amounting to two per cent of the country's gross domestic product*. The object of the Fund shall be to facilitate research for the advancement of science, technology and innovation.

Conclusion

The current global shift to knowledge economies, calls for innovative ways of funding to Higher education. As pressure for cost sharing in higher education intensifies better mechanisms will be needed for projecting costs, budgeting expenditures, and managing finances.

Comments and Questions

- Different countries have different policies on subvention, how is it managed in Uganda?
- How practical in implementation is the 3% of the GDP Allocation in Research?
- Government helps to manage expectations, perceptions and ambitions of its people, how does legislation help on this?
- What happens on the Assessment between Public and Private Universities?

Responses

- Government supports in the smooth Registration of these Private Universities. Government also sends students there and pays for them.
- There is a 2% levy on National Construction Fund (NCDF). Starting Form 1 to 3 fees is free.
- There are some challenges on the expectations as they are sometimes not clear and some students are clever at soliciting funds from multiple institutions (bank, HELB, Construction Development Fund etc) and get both the bursaries and loans.
- There is also a challenge on the models to be used as well on unclaimed assets as it is on the CDF.
- On the Assessment the Commission of University Education provides a list of Minimum Requirement and they issue a Charter.

3.9 Running Higher Education Financing Agencies Like Financial Institutions: *Case of Development Bank of Rwanda Plc* - Liliane Igihozo Uwera, Chief Operating Officer

- **Land Area:** 26,338 square Kilometres.
- **Population:** 10,515,973 people Census (2012).
- Kigali City population is 1.84 million people.
- Rwanda has 3 official languages, Kinyarwanda, English and French.
- Vision 2020:
 - GDP per capita of \$1240.
 - Poverty reduced to 20%.
 - 3.2 million off-farm jobs
 - 35% of population urban

Borders: Uganda to the north, Tanzania to the east, Burundi to the south and Democratic Republic of Congo to the west.

BRD in brief

It is a Public limited company incorporated in 1967 and headquartered in Kigali, Rwanda. It provides short, medium and long term financing to priority sectors which significantly facilitates the emergence of a strong private sector and contributes to poverty reduction in Rwanda

Key Development Indicators:

- In 2017, BRD obtained AA rating from AADFI*, as being among the 10 best performing DFIs in Africa
- In 2017 alone, 10,481 jobs were created thanks to BRD investment into projects
- Over 90% of lending is long-term representing a bet on the future of Rwanda

BRD's Business Model

Positioning for Development Impact

The Development Bank of Rwanda (BRD) is the sole national development financial institution in Rwanda that was created by law in August 1967

Source of Funds

Shareholders, Government, lenders and others.

Financial Institutions (Commercial Banks, MFI's and SACCOs)

Co-Financial Partners (GoR, PS, PSSB, DP's etc)

5 Investments

- ✓ Education
- ✓ Energy
- ✓ Agriculture
- ✓ Housing
- ✓ Exports and Manufacturing

“Education is the most powerful weapon which you can use to change the world.” (Nelson Mandela).

Education-growth in number of students

There has been an Education-growth in Primary, Secondary, TVET and Higher Education students over the years from 1990/91 to 2018.

In 2018: 28,509 were given loans to study in Rwanda while 311 were given loans/bursary to study abroad.

Major reforms in higher education financing

- A new Tertiary Education Financing Policy in 2013. Caters for longer-term sustainability of the loan scheme and also paved way to new mechanism of administration of the scheme: through a financial institution.
- Law N°27/2013 of 24/05/2013 governing organisation and functioning of higher education, article 36: *The Government shall provide means to facilitate Rwandan students in institutions of higher learning to access study loans and ensure the follow-up of their reimbursement.*
- Law N°14/2015 of 14/09/2015 governing student loans and bursaries.

Highlights of Legal Provisions

- Management of student loans and bursaries (disbursement & recovery): by the Development Bank of Rwanda.
 - Student's referee;
 - BRD has the right to request and access information;
 - Loan covers tuition fees, living expenses, and research fees.
- Collection mandate: BRD is empowered to collect all loans and bursaries which did not meet the contract terms and which were granted by different public institutions to students.

- Selection: By Ministry of Education/its Agency (Higher Education Council-HEC). Base on academic performance, course of study, financial capability, and available budget.

Means Testing: Ubodehe Categories

- **Category 1**
People without a residential house or who are unable to rent, hardly able to get food and other domestic necessities belong to the first category.
- **Category 2**
With a residential house, able to rent but scarcely get work and eat once or twice a day.
- **Category 3**
Employed or are employers, includes farmers who even reserve for market or those with small and medium enterprises.
- **Category 4**
Big businessmen, people working in organizations, industries or companies, public employees, owners of malls, trucks or big employers.

BRD's Contribution to Development.

The Department of Education Finance is one of the Departments in the Investment Division of BRD. We provide/do management:

- Student loans and bursaries (on behalf of Government).
- Education Infrastructure Investment (quality and access to relevant education).

Disbursement Management

Since 2016, 44,509 students have been given loans to study in Rwanda. At least 16,000 have completed their studies.

Since 2016, 1168 students have so far been given loans/bursaries to pursue studies abroad and 857 have completed their studies.

New students per year are about 9,000.

The budget provided Government for student's loans per year is about 59,458,463 USD

Budget caters for both student loans to cover tuition fees (which becomes recurrent budget for the University of Rwanda) and living allowances.

Recovery Management

Mandated to recovery debts since 1980: About 60,000 loan beneficiaries; & 98.4M USD to collect.

Loan beneficiaries pay at conditions of the time they accessed the loan.

For cases from 2013, pay back 100% of tuition fees, and living allowances.

Interest rate: 0% before 2008, 5% (2008-2012), 7% (2013-2015), and 11% from Oct 2015 onwards. Simple interest rate.

Recovery by BRD: From Jan-Aug collected 6,613,455 USD.

Challenges

The following are some of the key challenges that BRD inherited:

Inadequate database; lacking biodata and loan details mainly due to manual systems and lack of contracts.

Negative mindset among some loan beneficiaries.

Lack of contracts in many cases gives room to unfaithful to give hard time in recovery

Lessons on running higher education financing agencies like financial institutions

Governed by policy and law; as conditions are unique compared to regular bank loans.

It brings in efficiency in disbursement and recovery. It brings efficiency in data management through adhering to principles of banking.

Requires unique loan conditions:

- Lower interest rates
- Moratorium period (payment after studies)
- Income contingent loans.

Requires a robust MIS: BRD benefitted from the World Bank funding for MIS development and capacity building.

Collaboration with loan beneficiaries, employers, Ministry of Education, other stakeholders.

Comments and Questions

- What is the cost of service by the bank to the board?
- What's the loan recovery process with the legislation in use?
- Sometimes banks collapse, what's the Risk Management in case this happens?
- How are non-performing loans treated?
- Which guarantee or collateral is used?
- What's the Employment Rate?
- How is brain draining curtailed and recovery from such employed students?

Responses

Selection of beneficiaries is done by the Ministries. The cost of service is 1%. The recovery was from 1980 through 2016. But the challenge is that in Rwanda many people bear similar names (both first & surnames) and many were also wiped by the Genocide. The bank signs a 10 years Agreement to manage the Fund thereafter leave them to stand alone. Government caters for extra expenses like the salaries for the workers. Not all applicants get the loans. On Risk Management all civil servants are paid at a centralised system. Some cases are reported to national banks for tracking and possible intervention. In NPLS, government is a guarantee. Interest rate is 8% of the gross salary.

3.10 Creating a Blockchain for Higher Education funding agencies to globalise loan recoveries: CPA Charles Oduor

Education Blockchain Overview

The presenter talked of Strategy Formulation taking into account emerging technical aspects. The world we are living in is changing drastically; Digital, power consumption, agriculture, commerce, economy, financial institutions etc. This exists outside the human being with the supplementary coming from digital.

This calls for outsourcing for collaboration purposes between agencies from different countries e.g. Ghana sourcing from other organisations, students can obtain loans from organisations outside their country of origin. These are policy issues that need attention at higher decision making levels.

The Blockchain will:

Provide an opportunity to know who really our customers are

The Transformation of the world we live in need effective strategy on how to make our mandates and contribution effective. The model works in such a way that students apply for a loan at any of the agencies but outside their jurisdiction.

Issue mobility- we are a mobile society, social collaboration and networking

Mandate of the Loan Boards

The boards are mandated to source funds and lend to students in recognised institutions.

When executing this duty a number of questions have to be answered like, How to source the funds? Are they the right students? What about the institutions are they authentic?

The legal framework (Acts of Parliament) too has to be utilised.

The Blockchain helps in tracking the students and in recoveries.

Current State of Higher Loans Boards

- Loans
- Bursaries
- Scholarships
- Partnership Fund

There are high costs in tracking students but with low recoveries. As such there is need to formulate new strategies to move from the current state to future state of affairs.

Blockchain in Education

- Student's identification
- Student debt and financing
- New Pedagogy

There is need for Dynamic Adjusting HELB Products in a Distributed ecosystem from end to end.

8 Essential Blockchains

- Distributed Ledgers
- Replication
- Cryptography

- Promotion
- Counselling
- Smart Contents
- Governance

So Blockchains are digital tools building trust in data. This would help HELB in data transfers and validation. But Blockchain are not for everyone and not for every solution.

Comments and Questions

What is the place of Globalisation in this set up, especially in the loan recovery?

Mostly its relying on various institutions especially employers of students populations, banks where there is visibility and transparency to help tracking. There are also different categories of schoolers to be sorted out, whereas the demand looks going up. There is a difference between Blockchain and Bitcoin (Digital Currency) which is facing its own challenges. Bitcoin is one of the uses of blockchain that is said to be bursting. Blockchain has a Supply chain concept to find new users in the new technological world.

Stretching Our Minds –Digitally

Time has come for the usage of Student Cards developed by the Smart Card Gurus like the e-wallet using the Big Data concept.

Another emerging concept is the Fly Blue Explorer application (e.g. the Sheba Miles in Ethiopian Airlines) whereby points in the fly time will be used to repay the loans. And Delivering on the Customer Promise shall be optimised with Customer Experience. What would be the connection between Blockchain and these other systems which are developed and used more for fraud? Mostly the usage of common identifiers poses as a big challenge so there is need for each stakeholders using their own different identifiers.

On the Repayment process how do the employers assist? The employers give details on the newly employed students, deduct and repay. Within 3 months they must notify the board if not a penalty of \$30 is melted against them for each offence. There is a penalty for non-remittances too.

4.0 Closing ceremony

In his remarks the President of AAHEFA CPA Charles Ringera thanked the Government of Malawi especially the Head of State, Prof Arthur Peter Munthalika for allowing to host the Conference in the country. He said the hospitality both within the conference confines and outside was superb. He then thanked all the delegates which came from a cross section of the world up to Malaysia in Asia, for accepting the invitation which some failed to make it, without them the conference wouldn't be a success.

In his closing remarks the Guest of honour Mr Justin Saidi thanked the President of AAHEFA and the entire leadership for selecting Malawi as a host country for the very first time after

joining the organisation just recently. He said as a country Malawi is trying hard to formulate policies which will help much in Higher Education sector. Currently the Data Protection Bill must be at a Cabinet level. And during this visit while the Conference was still in progress the previous day Malawi scrapped off Secondary School fees and next will move to tertiary education. He alluded to the fact that the loans should be made accessible to many deserving needy students. He quoted the philosophy of one Crectitus who said ‘‘ No man shall step in a flow of a river because the water continues to flow’’. He then urged the Loan Boards to come up with new plans, choices and decisions. He said these loans are a panacea to many in the economy of Malawi and other nations.

Finally there was a Gift Presentation ceremony to foreign delegates by HELB and Presentation of Certificates by the Guest of Honour.

5.0 Delegation’s observations

1. Higher education system is the most costly level of education yet underfunded and deprived of the key resources. The government has not been allocating enough funds to institutions of Higher Education.
2. There is a higher demand for skilled labour. The TVET sector has seen an unprecedented expansion and growth in recent times. The sector plays a critical role in the development of the country.
3. There were inordinate delays in releasing funds to support students in Higher Education institutions. This has sometimes led to disruption of studies as students are kept away from colleges awaiting disbursements.
4. Parliament has been pushing for increased allocation and also approved enhanced funding to Higher Education Loans Board to support TVET students.
5. Over the years, there has been significant increase in the number of students pursuing TVET and Higher Education courses. The increase has seen overstretched funding by government and its agencies.
6. Higher education stands as the corner stone through which well trained and qualified individuals can manifest their potential by discovering new technologies, innovations and implementing them for the growth of African states. Through higher education new enterprises, establishments and effective institutions are created.
7. Similar challenges were being experienced across the continent (e.g. inadequate funding and recovery hurdles); African solutions for African problems – domestication; Common voice for African governments; Need for common knowledge for common markets; need to assess individual country progress.

8. Harmonisation of payment of fees charged could be done differently in respective countries. Partnerships could be another good area of discussion. Common High Education Area to have the same Quality Assurance System through harmonisation and benchmarking so as to create an arrangement to charge similar fees at regional level.

6.0 Recommendations

1. The government should invest in human resource training and re – training systems so as to provide market driven skills for youth and the nation’s citizens. Gender issues ought to be streamlined into all activities so that both men and women equally take part in the socioeconomic development of their countries.

2. Institutions of Higher Learning should innovatively look for ways of raising funds instead of relying solely on government funding. Higher Education organs should broaden their Appropriations in Aid (AIA) collection so as to increase resources for improved development.

3. Given financial resources, TVET institutions should take a lead in industrializing Africa so that the continent’s nations move out of the poverty doldrums. Budgeting should focus on enhancing financing to TVETS to ensure skilling of the youth is attained which will accelerate industrialization.

4. Higher Education Funding Agencies should be supported so that they too extend their support to the TVET sector. The government and other funding agencies should apply the same terms and conditions of financing TVET students the way it is with other higher education institutions.

5. The Higher Education Loans Board should focus on disbursing funds to students timeously, immediately after opening of TVET institutions, in order to avoid disruptions of studies.

6. There is need for continued engagement with the market so that programs properly respond to market dynamics. Institutions of higher education should ensure program relevance by always responding to the needs of the people.

7. The structure of higher education financing need to reflect and echo the continuing changing operating environment to be abreast of overwhelming need for higher education amidst constrained resources.

