STUDENT EDUCATION LOAN: THE ROLES OF EDUCATIONAL MANAGEMENT FOR EFFECTIVE IMPLEMENTATION IN NIGERIA

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Abstract

Educational Management involves the process of applications of educational policies to achieve set educational objectives which among others include student’s education loan. Educational management has a lot of influence on the activities in educational system especially in the area of implementation of policies and creating an enabling learning experience for the students. Student education loan provides an avenue for students in tertiary institutions to offset all expenses in the school including their upkeep. In carrying out the study, the authors adopted a consensual explanation of the student’s loan scheme implementation to extrapolate the global trend in the implementation of student’s loan scheme in Nigeria and globally. The study also uses qualitative data and secondary sources to analyze the structure of the student loan scheme in Nigeria. The paper, among other discussed the global trends in the implementation of the student loan scheme and focus on the reenacted students loan act (SLA), 2024. Also, examined in the paper are the challenges faced by the tertiary institution in the process of facilitating the loan application for students which include inadequate information communication and technology, student data, trained personnel, funding, among others. The study found out that the SLA 2024 has provided for students with financial difficulties to have access to student education loan as obtainable in other nations and offset the loans after graduation. The loan is open to only students in government owned tertiary institutions. The researchers recommend more improvement in tertiary institution’s funding, facilities and manpower development to ensure better learning outcomes for the students in addition to bearing the burden of the loan. The weaknesses of the study in the SLA 2024, such as including all tertiary institutions in Nigeria should be promptly addressed to ensure the sustenance of the scheme, among others.

Keywords: Educational Management, Effective Implementation, Student Education Loan, Tertiary Institutions

Introduction

Education is the bedrock of any nation’s economic growth and development. Educational management involves planning and the formulation of educational policies, expressed through various educational programmes, which students' education loan is one of them. Educational management have a lot of influence on the activities in the educational system especially in the area of implementation of policies and creating an enabling teaching and learning experience for the students towards achieving set educational goals. The education system has witnessed increase in cost amidst the ongoing economic crisis. This have posed a lot of difficulties for students who are faced with financial difficulties from achieving their aim in life through academic pursuits as well as making meaningful contributions to the society (Fatimayin, Edinoh & Oche, 2024). In addition, Imoedemhe (2024) stated that student education loan is a global practice that offers students access to fund in order to cover their tertiary education expenses in terms of tuition fees, books, accommodation, personal upkeep, among others. The essence of student loans is to provide sustainable higher education and functional skill development for all Nigerian students and youths (Ngalale, 2024)

The first education loan in Nigeria started in 1972 during Gen. Yakubu Gowon administration. The government established a loan program called the Nigerian Students Loans Board Decree with specific objectives of providing loan for indigent tertiary institutions students (Imoedemhe, 2024). Though, it failed mainly due to default in repayment and inadequate recovery plan. The repealed Student Loan Act, 2023, earlier signed by President Bola Tinubu of Nigeria had some challenges which included; poor governance and management, stringent guarantor requirements, current income cap, vagueness around loan disbursement, repayment provisions, and recovery of the loans, among others (Agbelusi, 2023 & Ngalale, 2024).

The above discussion made the federal government under president Tinubu on Wednesday, April 3, 2024, sign into law the bill on Student Loans scheme (Access to Higher Education) (Repeal and Re-enactment) (Ogunode, Ukozor & Ayoko, 2023). The Act created an opportunity for indigent students to have access to loan to offset their school bills and have access to maintenance stipend with much ease. Nigerian Education Loan Fund (NELFUND) is the body created by the Higher Education Act 2024 responsible for handling all aspects of the student loan from request for loan by students, approval, disbursement and loan recovery (Tedu- Kolawole & Adegbite, 2024). More than a hundred tertiary institutions have been cleared for the student loan while many remain uncleared because they have failed to submit some vital information about their students to NELFUND which have denied their students access to the loan. The loan is only accessible to students in government owed tertiary institution ignoring privately owned (non-government owned) tertiary institutions. They are also, to apply for the loan through their institutions and the tuition is paid directly to the applicant's institution's account (Ugwu, 2024; Ngalale, 2024).

Furthermore, Ogunode et al. (2023) stated that there is need for the tertiary institutions as educational managers to be adequately provided with human and material resources to be able to solve some of the issues of inadequate funding, unionism, delay in graduation, shortage and inadequately trained personnel, inadequate and outdated facilities, among others. Therefore, the aim of this study is to examine the student education loan in Nigerian tertiary institutions and the important role played by the tertiary institution as educational management for its effective implementation.

Overview of the Global Trend in the Implementation of Students Loan Scheme and the Nigeria Experience

In United States of America, student loans are but one part of an extensive federal student aid system that also includes grants and work-study. Federal Pell grants, for instance, are available only to indigent students who are yet to earn their first degree. The federal loan program is one of the most commonly used federal financial aid program for higher education, disbursing about 75 percent of total aid in 2013 (Edmiston, Brooks & Shepelwich, 2013).

The responsibility of providing student's loan and collecting loan repayments rests on The Student Loan Company (SLC), a United Kingdom executive non departmental public body company, founded in 1989 alongside His Majesty's Revenue and Customs. The SLC is totally funded by the UK Government to provide loans and grants to students studying in UK. As at 2012, the loan has gone through several reviews, it now included a longer repayment period following increase in tuition and the size of monthly repayment depends on the student's earning capacity. Also, loan is disbursed within three weeks of valid application and option of second-degree loan for some approved courses has been made available, among others (Imoedemhe, 2024).

Furthermore, in a study in South African by Imoedemhe (2024) on the National Student Financial Aid Scheme (NSFAS), NSFAS is a juristic entity of the Government in charge of students' loan, which covers tuition fees, administrative fees and other maintenance cost of the student. This loan application on approval can be disbursed within 24 hours into the student applicant's personal account and the amount disbursed depends on the need of the particular student. The loan repayment is in two phases; repayment is paid while the applicant is still in school and after graduation.

A study on Student Loan Trust Fund (SLTF) in Ghana has enhanced applicant's desire in acquiring higher education with specific reference to Kwame Nkruma University of Science and Technology (KNUST) (Fatimayin, et al. 2023). The study found out that SLTF is well managed, thus, meeting the purpose of enhancing accessibility for new loan seekers, though the loan disbursed is usually not adequate to cover the beneficiaries' expenses. The researcher therefore recommends prompt repayment of student loan as and when due so that adequate fund will be available to disburse to new loan application.

In another review by Nganga (2016) on Tanzania Higher Education Student Loan Board (HESLB) with specific focus on the challenges facing students financing system. The study found the following obstacles to effective implementation of the loan to include increased loan applications from new students without commensurate repayment by graduate beneficiaries of the loan; incomprehensive national students' data; emigration of the student loan beneficiaries; poor recovery policy; incidence of corrupt practices among loan beneficiaries and staff of HESLB. The study recommends strict legislation for loan recovery, diversification of funds to reduce the burden on the government, enlightenment campaign on the benefits of the loan scheme and the need for repayment.

In a study by Fatimayin et al. (2023) on implementation of student loans in Nigerian tertiary institutions, the data analyzed revealed that the student loan scheme will enhance access to tertiary education in particular to the underprivileged students in government higher institutions and student loan scheme will increase retention rate in tertiary institutions. The study further disclosed that inadequate infrastructure in the tertiary institutions, poor recovery and repayment rate, poor funding and corruption may hinder effective implementation of the loan. The researchers recommend, that the government should fully implement the guidelines stated in the Act and provide adequate capital to start off the scheme since it has the potential to enhance access to higher education.

Conceptual Clarifications

The following concepts were discussed to explained the extents of the student loan scheme implementation as relates to Nigeria; student education loan, educational management, tertiary institution, the structure and accessibility of the student loan act 2024, guideline for accessing the student's education loan by NELFUND, findings from the secondary sources, conclusion and recommendations.

Student Education Loan

Student education loan is a financial facility that students in higher institutions access to finance their education and repay the loans after graduation to the financial institutions (Ogunode, Ukozor & Ayoko, 2023). Student loan schemes were introduced in public spending on higher education to shift the costs to those who benefit most; enhance the quality of higher education to meet global best practices (Fatimayin et al. 2023). Student education loan, according to Agbelusi (2023), is a framework that facilitates access to interest-free loans specifically designed to ease the financial burdens of indigent students seeking higher education. Student education loan can be defined as an access to fund by students to pay for their expenses while in the university and pay off the debt after graduation.

Educational Management

Educational management involves the process of planning, organization, and supervision of educational programs and institutions (Bush, 2018). Well-functioning public university institutions as an educational management plays an important role in nurturing human capital development, propelling technological advancements, and broadening economic opportunities (Agbelusi, 2023). Ogunde et al. (2023) is of the opinion that our tertiary institutions of higher learning as an educational management needs to have adequate provision of human and material resources to be positioned to tackle the issue of poor graduands due to interwoven nature of inadequate infrastructure and shortage of capable lecturers. The author further argued that available infrastructure not only improve teaching but also enhances learning experience to achieve the set educational goal. Educational Management is the method, principles and practices of bringing men and materials together in order to ensure effective and efficient teaching and learning to achieve set objectives.

Tertiary Institutions

Higher education also known as tertiary education is the educational phase after post-basic education (National Policy on Education, 2013). CAPPA (2023) is of the opinion that tertiary education is an institution offering higher-level of learning to its students. Tertiary education is the level of education that is acquired after the secondary education that produces an individual that is skilled in learning and character, who can contribute positively to self, family and the nation.

The Student Loan (Access to Higher Education) Act, 2023

The Students Loans (Access to Higher Education) Act 2023 was repealed by the federal government, which gave way for the Nigerian Education Bank Act of 2004 and established the Nigerian Education Loan Fund (NELF) which was signed into law on 12th June, 2024 to provide interest-free loans for economically disadvantaged students in government tertiary institutions in Nigeria as against the 2023 Act which made the beneficiary to have two guarantors before the loan is accessed. A brief summary of the 2023 Act is given as follows;

1. **Objective:** the fund is meant to be an interest free loan to low-income students in higher institution to pay for only school fees. It also, covers every aspect from application and disbursement of loans to Nigerian students in government owed institutions of higher learning through the Nigerian Education Loan Fund.
2. **Management structure***: **the fund is managed by a combination of*** the Governor of the Central Bank of Nigeria (as the Chairman), the Fund's Secretary, the Minister of Education, representatives from various tertiary institutions, colleges of education, private sector, etc.
3. **Eligibility criteria for applicants**: The Act mandates two guarantors, each with specific qualifications, like being a civil servant of at least level 12, a lawyer with a decade of experience, etc. This stringent condition discriminates against citizens in the low-income group. The applicant's family income must not be in excess of NGN500,000 annually and NGN42,000 per month. Previous negative debt history of the family can hinder an applicant's access to the loan.
4. **Nature of the Loans**: The Act provides an interest-free loans, but it did not take into account the inflation or changes in the cost of living. The fixed principal amount remains constant; thus, it contradicts the concept of the time value of money.
5. **Repayment system:** The Fund gives a grace period of two years after the completion of the National Youth Service Programme before repayment of loan can commence. A fine of NGN500,000 or two years imprisonment or both awaits defaulters or anyone aiding a defaulter.
6. **Disbursement of fund:** the fund accessibility is uncertain because the Act states that loan will be disbursed on availability of funds.
7. **Fund sources:** The Fund's financial resources will be drawn from various sources such as education bonds, and endowment funds. In addition, the fund will receive 1% of all federal taxes, levies and duties collected by the Federal Inland Revenue Service (FIRS), Nigerian Immigration Service, and Nigerian Customs Service, donations, gifts, among others.

The Student Loan (Access to Higher Education) Act, 2024

The SLA, 2023 has now been replaced with The Student Loan (Access to Higher Education) Act, 2024. This Act was signed into law on 3rd April, 2024, to provide an interest-free loan for the payment of tuition, fees, charges, and upkeep to qualified indigent students in government tertiary institutions in Nigeria. It is an improvement of the SLA, 2023 as can be seen in the summary of the structures below;

1. **Objective:** the fund is for payment of tuition and maintenance of the student in government owed tertiary institution
2. **Management structure:** Establishment of the Nigeria Education Loan Fund (NELFUND) as a body corporate headed by a non-executive Chairman, with a Board of Directors and a Managing Director. This body provides loans to qualified Nigerians for tuition, fees, charges, and upkeep during their studies in approved tertiary institutions and vocational and skills acquisition institutions in Nigeria. The board's members are appointed by the president and are drawn from relevant ministries, regulatory bodies, and participating agencies, including the Federal Ministries of Finance and Education, as well as representatives of universities, polytechnics, colleges of education, students of tertiary institutions, and the organized private sector.
3. **Eligibility criteria for applicants:** Removal of family income threshold also eases stringent guarantor requirement, so that students can apply for and receive loans subject to application and identity verification guidelines as provided by the Fund through their institution, among others.
4. **Nature of the Loans:** The loan is interest-free. Meaning that zero interest is involved.
5. **Repayment system:** The Fund gives a grace period of two years after the completion of the National Youth Service Programme before repayment of loan can commence. Repayment of the loan shall be 10% of gross earnings. A loan beneficiary may request an extension of enforcement action by the Fund once they can proof, he/she is not employed in any capacity and is not receiving any income by providing a sworn affidavit to that effect. The Act stipulates that the Board shall inform employers of status of employed beneficiaries for follow up on repayments. Also, defaulter shall be liable on conviction for a fine of not less than N2,000,000 or imprisonment for a term of not less than one year or both.
6. **Disbursement of funds:** The loan application on approval will be disbursed within thirty days to cover all expenses and maintenance cost of the student applicant. Again,

available fund will be disbursed based on; national spread and inclusivity principles of equity, justice, fairness and inclusion of all

7. **Fund sources:** Fund shall be received into the reserve from various sources which include, donations, gifts, 1% of all Federal taxes, levies and duties; appropriation from the National Assembly; repayments on loans and capital granted; funds from education bonds, approvals from Federal Government; charges, among others.

Guidelines for Accessing the Students Education Loan by NELFUND

This coordinated process ensures that student loans are managed effectively, with each party fulfilling their responsibilities to support students in accessing higher education. The guidelines are as follows;

1. **Submission of Data**: It is the duty of the Institution to provide NELFUND with accurate, and complete data for all her students. This will be uploaded onto the NELFUND SVS. The information needed includes; Matriculation number, JAMB details, course of study, academic level, and the institution's fees.
2. **Inform Students about the Available Loan Applications:** Both NELFUND and the institutions inform students of their eligibility to apply for the student loan through awareness campaigns and direct communication.
3. **Application of Student Loan**: Students who are interested can make their loan applications through the NELFUND portal https://nelf.gov.ng by providing basic details such as JAMB number, Matriculation number, NIN and BVN.
4. **Application Processing by NELFUND**: NELFUND when they receive students loan application, processes each by verifying the details provided and approving those that meet the criteria.
5. **Approval Notification to Institutions:** NELFUND sends to the institutions a compiled list of approved student loans to the respective institutions for further verification.
6. **Verification by the Institutional**: The institutions shall review the list, confirming the authenticity and accuracy of the student information and loan approvals. The verified list is signed off by institutions authority and returned to NELFUND before loans can be disbursed.
7. **Disbursement of Students Institutional Fees:** the fees is paid to the institutions direct on behalf of the students on receiving the verified/ signed off list from the institutions.

Challenges in Implementation of the Student Loan by the Tertiary Institutions

The various tertiary institutions as educational managers face a lot of challenges in the process of performing their role of creating an enabling learning environment by facilitating students' access to available education loan. These includes;

1. Increased loan applications from new students
2. Absence of a comprehensive national students' data
3. Emigration of loan beneficiaries
4. Poor funding of the institutions
5. Poor policy and legal frameworks
6. Inadequate trained personnel
7. Inadequate and outdated ICT facilities
8. Unstable academic calendar in the institutions
9. Problem of unionism
10. Curriculum content

Findings and Conclusion

A history of poor and non- recovery of loans from previous education loan in the country and globally leading to non-sustainability of the education fund which limits available funds for other students is a worrisome issue. Payments for students' loan were being made to only government owed tertiary institutions that responded to NELFUND's verification request in Nigeria. Hence, student in non-government owed Institution cannot access this education loan. Therefore, it is imperative that all tertiary institutions should as a matter of urgency put the necessary machinary in place to complete the verification process in order for their students to benefit from the scheme as and when due and achieve sound educational experience alongside.

Recommendations

The following recommendations were made based on the findings as follows;

1. Loans should be combined with merit, need-based grants and scholarships to make it more effective and equitable.
2. Expanding funding for the higher institutions to increase and sustain their capacity to deliver quality education.
3. Formalized and standardised fees should be obtainable across board to minimise discretionary charges which leave the students at the mercy of the institutions

4. The weaknesses in the 2024 SLA like non specification of the interest on loan, exclusion of students in private universities among others should be addressed.
5. A deliberate policy that captures the needs of the physically challenged should be adopted.
6. Provision of financial management practices that protects against depreciation of the capital base.
7. Provision of sound loan recovery system to ensure sustenance of the scheme.

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