Introduction
**I. INTRODUCTION**

1.1. Background and rationale of the study

In 1963, the National University of Rwanda (NUR) was established. For a long time the number of students admitted at this university was kept low. The Government fully met the cost of study, including tuition, stipend, research, etc. Over the years, as the demand for higher education kept increasing, the Government became increasingly unable to meet solely the full cost of study.¹

In early 1980's, a policy on sharing the cost of education between the student and the Government was introduced. Students who studied at the National University of Rwanda signed loan agreements indicating various options of how these loans would be paid back to the Government. One option was working in the public sector for at least five years after graduation, and having one's monthly salary deducted until the loan was paid back. However, in 1980's and early 1990's there was no fully-fledged, efficient mechanism put in place for the disbursement and especially the recovery of the loans.²

After 1994, a number of public and private institutions of higher learning were established thus increasing the number of Rwandans admitted to higher education. To-date, over 44,000 students are enrolled in higher institutions of learning³, and slightly over 16,000 students receive Government subsidies. A lot more prospective students are unable to access higher education because they cannot afford on their own to fund their studies.⁴

To make a Student Loan Scheme fully operational, the Government of Rwanda established Student Financing Agency for Rwanda (SFAR) in 2003 with the objective of giving loans to students and recovering loans given in the past. In late November 2007, a new mechanism for the Student Loan Scheme was formulated by the Ministry of Education and SFAR; it was aimed at proper delivery and efficient recovery of loans given to students currently and in the past. The new mechanism came into existence at the time when the Ministry of Education and the National Council for Higher Education increased tuition fees in public institutions of higher learning.

According to this new mechanism, students admitted to the science domain would pay 1,500,000 Rwandan Francs (FRW), but, the government would contribute 75% of the amount and the rest would be paid back by the beneficiary. Students in other disciplines would pay 1,200,000 FRW, the government would contribute 50% of the amount and the rest would be paid by the beneficiary. According to the list that was released by SFAR on 2nd January 2008, there were students who would be supported 100%, others would pay 25% or 50% as a contribution to the tuition fees and upkeep provided by SFAR. Furthermore, there were others who were not given any support.

Since then, the policy has created fear and stress among some university students and their families. This is because some students, especially those from low income earning families face problems in their undergraduate studies. The most affected are those who are not supported at all and those who are partially supported by SFAR; they face difficulties in getting money necessary for their studies or raising adequate contributions to that end. The new policy is expected to have negative impact on the wellbeing of the students, academically, socially and economically.

This study is aimed at assessing both positive and negative effects of the Ministry of Education's newly adopted mechanism on the development of higher education in Rwanda. In the past, the criterion of joining institutions of higher learning was the high performance.

²Idem
³The Ministerial Order No 00/08 of 03/09/2008 Determining the Criteria for Providing Loans for Higher Education, Repayment, and Cost Sharing between the Government and Loan beneficiary in its article 2, defines Institutions of Higher Learning as an educational level offering more advanced general courses and technology courses than those offered in secondary schools through ordinary methods or distance learning and concluded at least by a first degree course, p. 3
⁴Idem
of the prospective student, but now the new policy requires students to contribute a certain percentage to their academic cost. Many people have expressed concern that this will have adverse impact on the students' performance in one way or another.

1.2. The establishment of the Students Financing Agency for Rwanda (SFAR).

On 29th July 2003, the Government officially approved the establishment of the Student Financing Agency for Rwanda (SFAR). The law establishing and determining the responsibilities, organization and functioning of SFAR (law no. 50/2006 dated 05/10/2006) was adopted by the Parliament and published in the official gazette on December 15, 2006. SFAR is mandated to introduce and implement a Student loan Scheme. The law, in its Articles 5 and 6 refers to the Presidential and Ministerial Orders that specify the mechanism of granting a bursary, granting and recovering of loans and sharing the cost between the student or parent on the one hand, and the Government on the other. These Orders also called for the designing of a Procedural Manual detailing the loan mechanism and regulating the operations of SFAR. These were drafted, reviewed by relevant organs and approved. According to article 8 of the law establishing SFAR, its responsibilities are:

1. To provide loans to Rwandan students to enable them to pay for themselves studies in higher education;
2. To recover funds disbursed by SFAR as student loans to Rwandans in higher education;
3. To recover funds which were disbursed by the Ministry in charge of higher education as student loans to Rwandan students who studied in institutions of higher learning in consideration of the agreement that were existing at the time of acquisition of the loans;
4. To manage the bursary meant for students in higher institutions of learning;
5. To coordinate the activities relating to gathering aid from various public and private organs, foreign countries and international organizations involved with increasing national capacity in awarding student loans and bursary in institutions of higher learning;
6. To give advice on matters related to policies of awarding student loans and bursaries to Rwandan students in institutions of higher learning; and
7. To establish relations and collaborate with other regional and international agencies of the same responsibilities.

1.3. SFAR's vision and mission

1.3.1. Vision

SFAR’s vision is to contribute to the country’s human resource development through financing students who have been selected by the Ministry of Education to pursue studies in institutions of higher learning within and outside Rwanda. The guiding principles of this service agency which caters for thousands of beneficiaries revolve around the following core values:

a) Transparency and Openness: Develop the public's level of confidence towards the Agency by providing all the necessary information to the public and be open and clear in the operations of the organization;
b) Equity and Fairness: Provide services to all Rwandese on equal basis;
c) State of the Art Technology: Provide an enabling working environment for constructive networking with all the partners of the Agency through the appropriate use of Information & Communication Technology (ICT);
d) Innovation and Entrepreneurial spirit: Develop new ideas and better ways of providing the best services to the SFAR clients; and
e) Client and result oriented: Develop a network and good relationships with the clients and partners within Rwanda and abroad.

---

4Law No 050/2006 of 05/10/2006 establishing and determining the attributions, organization and functioning of the Student Financing Agency for Rwanda (SFAR). This order was passed by the relevant authorities and published in the Official Gazette no 20 of 15th December of 2008 of the Republic of Rwanda, p. 3

5Idem
1.3.2. Mission

Organize the financing of all Rwandan pursuing higher education in recognized institutions within and outside Rwanda.

1.4. Research objectives

1.4.1. General objective

To assess the impact of the new changes in the Student Loan Scheme on higher education development in Rwanda, specifically at the National University of Rwanda.

1.4.2. Specific objectives

- To highlight the socio-demographic picture of NUR students' community;
- To assess the impact of the changes on the socio-economic wellbeing of the students and their families;
- To analyze the academic impact of the changes at the beginning of the academic year 2008 at the NUR;
- To understand mechanisms set out by SFAR in support of students and their impact on student community and development of higher education in Rwanda;
- To find out the recovery mechanism set out by the Ministry of Education and SFAR for the repayment of loans;
- To formulate recommendations for the establishment of an effective system of offering loans by SFAR; and
- To assess the impact of the Student Loan Scheme on the long term development.

1.5. Case study

A case study on the Assessment of the Student's Loan Scheme by the Student Financing Agency for Rwanda (SFAR) on higher education development in Rwanda was undertaken at the National University of Rwanda.

1.6. Methodology

Both qualitative and quantitative approaches were applied in data analysis and interpretation. Data gathering techniques were questionnaires and semi-structured interviews. Questionnaires were distributed to NUR students and interviews were held with NUR management, lecturers, alumni, student leaders, MINEDUC and SFAR officials. Simple random sampling was used to select students and NUR lecturers. The rest of the respondents were selected purposely. In total, 420 NUR students from different faculties were surveyed: 38 students from the Faculty of Agriculture; 13 students from Faculty of Arts and Humanities; 35 students from the Faculty of Law; 72 students from the Faculty of Medicine; 99 students from the Faculty of Sciences; 104 students from the Faculty of Economics and Management; and 59 students from the Faculty of Social, Political and Administrative Sciences (SPAS).

1.7. Students on government sponsorship

The table below shows students who were sponsored by SFAR in public institutions of higher learning in 2008 and who received their monthly allowance in August 2008.

<table>
<thead>
<tr>
<th>Institutions of Higher Learning</th>
<th>Number of students</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>NUR</td>
<td>3,930</td>
<td>958</td>
</tr>
<tr>
<td>KIST</td>
<td>1,555</td>
<td>444</td>
</tr>
<tr>
<td>KIE</td>
<td>1,587</td>
<td>488</td>
</tr>
<tr>
<td>SFB</td>
<td>792</td>
<td>301</td>
</tr>
<tr>
<td>KHI</td>
<td>368</td>
<td>319</td>
</tr>
<tr>
<td>ISAE</td>
<td>563</td>
<td>1,105</td>
</tr>
<tr>
<td>Tumba College</td>
<td>135</td>
<td>8</td>
</tr>
<tr>
<td>Eto Gitarama</td>
<td>43</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,337</strong></td>
<td><strong>2,968</strong></td>
</tr>
</tbody>
</table>

Source: CCM survey, September 2008

NUR students who were fully sponsored, that is, Category I by SFAR were 103 (2.1%); 39 (0.8%) were those in category II, i.e. those who were sponsored 75% or 50% by the government and the remaining 25% or 50% of the total academic cost was paid by them. The majority of them, 4746 or 97.1% were those in category III, that is,
students who were given 75% or 50% as government sponsorship and 25% or 50% was given by the government as loan to be paid back by the student when he/she starts working after graduating.

KIST students on full government sponsorship (category I) were only 3.2%; 1% were in category II and these were sponsored 75% by the government and the remaining 25% was paid for by the student. Category III had 95.8% of the students, these were sponsored at the tune of 75% by the government and 25% was given as a loan to be paid after the student starts working.

KIE had no students who were on full government sponsorship; 99.1% of the students were given a sponsorship of 75% and 25% was given as a loan to be paid for when the recipient graduates and starts working. Only 0.9% of the students got 75% as government sponsorship and they paid 25% for their studies.

SFB had no students who were on full government sponsorship. Category III had 99% of the students and these were given 50% government sponsorship and the remaining 50% was given as a loan to be paid for after completion of their studies and upon commencement of work. As for 1%, they were in category II and were given 50% as government sponsorship and 50% was paid for by the students.

KHI students with full government sponsorship (category I) were only 1%, 0.2% (category II) were given 75% government sponsorship and 25% was paid for by the students. The majority of students was in category III, 98.8%, and was given 75% government sponsorship and 25% was given by the government as a loan.

ISAE students in category I were only 0.3%, in category II they were 0.7% and in category III they were 99%. All students in Eto Gitarama and Tumba College fell under category III. Most of the students on full government sponsorship as highlighted above were in first and second year in 2008 academic year. The Kigali Institute of Science and Technology (KIST) had the highest percentage of students on full government sponsorship followed by the National University of Rwanda.

2. RESULTS OF THE SURVEY

2.1. NUR students' identification

2.1.1. Students' age groups

<table>
<thead>
<tr>
<th>Age group</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 20</td>
<td>12</td>
<td>2.9%</td>
</tr>
<tr>
<td>20 - 25</td>
<td>268</td>
<td>63.8%</td>
</tr>
<tr>
<td>25 - 30</td>
<td>120</td>
<td>28.6%</td>
</tr>
<tr>
<td>35 - 40</td>
<td>18</td>
<td>4.3%</td>
</tr>
<tr>
<td>40 - 45</td>
<td>2</td>
<td>0.5%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>420</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: CCM survey, April - June 2008

As shown on the table above, respondents below 20 years of age were only 2.9%, the majority were in the age group of 20-25 who were 63.8%, followed by those in the age group of 25-30 years who were 28.6%. Those in the age group of 35-40 years were 4.3% and the fewest were those in the age group of 40-45 who were 0.5%.

2.1.2. Students' gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>134</td>
<td>31.9%</td>
</tr>
<tr>
<td>Male</td>
<td>286</td>
<td>68.1%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>420</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: CCM survey, April - June 2008

As shown in the table above, male students outnumbered female students; they were 68.1% and 31.9% respectively.