



Assessment of the Socioeconomic Implications of the Higher Education Students Loans Board on Tanzanian Students

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ABSTRACT

This paper will discuss the role played by the Higher Education Students Loans Board (HESLB) in determining the socioeconomic status of the Tanzanian students with special focus on the effectiveness of the organization in providing fair accessibility to higher education and the overall economic mobility of the students. The collection of quantitative and qualitative data was done on a few selected universities using a mixed-methods approach, among loan beneficiaries, non-recipients, and higher education administrators. The research analyzes the impact of loan distribution policies, loan repayment and efficiency of loan disbursement on students with various socioeconomic backgrounds. The results show that although the HESLB has greatly expanded access to higher education for low-income students, differences in loan distribution and repayment capacity still exist. Financial issues caused by stringent repayment conditions, postponed pay outs, and restricted loan coverage have impeded the intended sustainability and inclusion goals. The study comes to the conclusion that the Board's role in promoting fair and sustainable higher education funding in Tanzania will grow if loan appraisal and recovery procedures are changed, especially by implementing income-contingent repayment plans and open allocation procedures.

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INTRODUCTION

For low- and middle-income nations looking to increase their human capital while preserving budgetary stability, funding higher education continues to be a major policy problem (Amin & Ntembe, 2021; Amutuhaire, 2022). With a clear mandate to collect loans in order to maintain the revolving fund, Tanzania's Higher Education Students' Loans Board (HESLB) was created under Act No. 9 (2004) to help students who are unable to pay their own higher education get access to postsecondary education (Nyahende, 2013). With successes in increasing enrollment and assisting underprivileged students, HESLB has emerged as a significant tool of higher education policy in the more than 20 years since its establishment (Mgaiwa & Ishengoma, 2023). However, questions remain on whether the program meets its socioeconomic goals without exacerbating inequities that already exist or threatening the sustainability of the program in the long-term. Besides outputs (e.g. the quantity of loans provided), the program assessment literature insists on the need to assess financial instruments in terms of results and systemic implications (Chen, 2022). Effectiveness, efficiency, equity, and sustainability are the critical assessive dimensions of student loan schemes (Kanev & Terziev, 2017). It is based on this policy evaluation strategy that the socioeconomic impacts of HESLB on the Tanzanian students can be effectively assessed. The present study employs an approach to the qualitative policy evaluation to examine the impact of HESLB on the educational choices of beneficiaries, their socioeconomic status after graduation, and the institutional operation of the Board. It considers the lived experiences of students and graduates, as well as the views of administrators and HESLB staff, in order to identify systemic bottlenecks and derive feasible adjustments that enhance sustainability and justice.

Cost-sharing arrangements, such as student loans, have grown in popularity globally as governments try to strike a balance between the expansion of higher education and the scarcity of public funding (Teferra, 2013). Supporters think that

loans can enable access to more and leave the public resources in quality improvement (Kamara & Momoh, 2024). According to critics, poorly designed loan programs can make recovery difficult, lead to adverse selection, and shift responsibilities on households who are already at risk in economies where informal employment is prevalent (Antwerpen & Schalkwyk, 2024; Looney & Yannelis, 2015).

Equitable targeting is a crucial part of the redistributive rationale for student loan schemes. However, studies show that in many developing contexts, eligibility restrictions, means tests, and administrative processes may unintentionally favor better educated, urban applicants over the disadvantaged (Mgaiwa & Ishengoma, 2023; Msigwa, 2016). In order to guarantee that pupils who are truly in need are given priority, scholarly studies emphasize the necessity of multidimensional poverty measurements and outreach tactics (Hassan et al., 2022; Mohamedi & Mtey, 2024).

Program sustainability and borrower behavior are significantly impacted by repayment design. In order to lower the risk of default and match commitments with graduation earnings, income-contingent repayment (ICR) models have been proposed (Luo et al., 2018; Moeed & Afjal, 2024). According to behavioral studies, compliance is influenced by views of administrative transparency, fairness, and the importance of payback responsibilities (Abraham et al., 2018; Plano Clark, 2017). Salary-based deductions are less applicable in areas with a high rate of informal employment, making enforcement and recovery more difficult (Chirwa et al., 2022).

Common issues among Sub-Saharan African countries (such as Ghana, Kenya, Malawi, and Zambia) are revealed by comparative studies: growing demand for student loans, inadequate governance, and limited recovery capacities (Atuahene, 2008; Chirwa et al., 2022; Masaiti et al., 2015). Better data systems, graded payback plans, legal enforcement tools, and connections to job programs are frequently included in successful changes (Mokaya et al., 2020).

The concept of HESLB has been linked to the increase of higher education enrollment in Tanzania, although repayment has remained a persistent problem, and the equity of its distribution has been a matter of complaint (Kasambala & Musiba, 2025; Nyahende, 2013). The main problems, as per the recent study, are administrative delays, delayed distribution, and the mismatch between expectations of repayment and realities of the labor market (Komba, 2020; Mgaiwa & Ishengoma, 2023). Considering these interactions, a policy assessment that considers the qualitative perspectives of the stakeholders can provide an insight into how institutional processes and socioeconomic situations interact to influence outcomes.

RESEARCH METHOD

The research will use a qualitative policy assessment methodology to learn how policies and practices of HESLB affect socioeconomic status of beneficiaries. The qualitative method is applied to analyze in-depth institutional systems, perspectives of stakeholders, and context-related outcomes, which can be hidden by quantitative indicators only (Kanev & Terziev, 2017). To obtain a wide range of stakeholder perspectives, purposive selection was used to include:

- 24 loan beneficiaries (12 recent graduates, 12 current undergraduate beneficiaries) in public and private universities in Dar es Salaam, Dodoma, Mwanza, and Morogoro;
- 8 HESLB staff members involved in allocation, disbursement, and recovery functions;
- 6 university financial aid administrators; and
- 4 policymakers/education sector experts.

To ensure a range of perspectives on access, payback, and institutional performance, selection gave priority to differences in socioeconomic background, program year, institutional type, and geographic origin. Semi-structured interviews (45–75 minutes each) and two focus group discussions (FGDs) with beneficiaries (8 participants each group) were used to gather data between April and July 2025. Situations with loan application and disbursement procedures, opinions on fairness and transparency, post-graduation financial and career situations, and opinions on repayment methods and changes were the main topics of the interview guides. With permission, all interviews were audio recorded, and the verbatim transcriptions were made. Kiswahili interviews were translated into English for analysis where needed. Thematic analysis was used to examine the transcripts (Braun & Clarke, 2025), with the aid of NVivo software for theme management and coding. Effectiveness, efficiency, equity, and sustainability were the evaluative factors used to create the initial codebook, which was then iteratively improved through inductive coding to capture emerging subthemes (e.g., perceived politicization, digital access hurdles). Credibility was increased through member verification and cross-group triangulation. The appropriate university research ethics board granted ethical clearance. Participants gave their informed consent, were guaranteed confidentiality and anonymity, and had the option to discontinue participation at any moment. Quotations contain pseudonyms.

RESULTS AND DISCUSSIONS

Four major themes emerged from the analysis, which were mapped to the dimensions of the policy evaluation: (1) increased access in the face of targeting gaps (effectiveness & equity); (2) efficiency and digital barriers in administration; (3) rigid repayment and labour market mismatch (sustainability); and (4) perceived legitimacy and its impact on compliance (cross-cutting behavioral factor). There are policy implications and illustrative participant voices for each issue.

Expanded access amid targeting gaps (Effectiveness & Equity)

All of the participants agreed that HESLB has made higher education more accessible. According to graduates, loans were essential to finishing their degrees: "I would not have continued after Form Six without the loan" (Graduate 7, rural origin). This confirms previous findings that student loans are linked to higher enrollment rates (Mgaiwa & Ishengoma, 2023). However, questions about equity were highlighted by problems with paperwork and means-testing. Several respondents from extremely low-income households said that they were disqualified because they did not have official evidence of their income or land ownership: "Our family has no formal payslips; the system expects documents we don't have" (Student 3, informal home). Employees of HESLB agreed that it was administratively challenging to verify poverty using local official letters of various formalities. This problem is comparable to results in other African contexts where multidimensional poverty is not adequately represented by eligibility procedures, which benefit households with better documentation (Hassan et al., 2022; Kibona, 2024). This implicates It is true that targeting restrictions lessen the impact of increasing access. Multidimensional poverty indicators and community-verified processes might be used to improve fairness.

Administrative efficiency and digital barriers (Efficiency)

Payout delays and administrative bottlenecks were common complaints. One recipient stated, "Disbursement came two months late; I missed my hostel payments and had to borrow at high interest," explaining how the delayed money disrupted their preparations for the semester and forced them to take out unofficial loans (Graduate 2). HESLB employees blamed centralized verification, budgetary cycles, and manual reconciliation processes for the delays. It was implied that digitization was a risk and a solution. Although the administrators of universities favored the use of integrated online applications and online verification to make judgments faster, students in rural regions claimed about the problems with digital access, including unreliable internet access, poor digital literacy, and affordability, which align with existing digital divides. Thus, to benefit in terms of efficiency, it must be accompanied by concomitant investment in inclusive digital infrastructure. It implies that the processes can be simplified with the help of offline support centers and secure online platforms to equal its efficiency and access equity.

Repayment rigidity and labor market mismatch (Sustainability)

The most sensitive sustainability issue was the repayment. Graduates talked about strict repayment terms and the difficult follow ups, which they believed was too much considering the poor employment market. Officials at HESLB acknowledged that there were not many enforcement options and recovery among those borrowers who worked outside was poor. Participants proposed income-contingent repayment (ICR) to be more egalitarian. In comparison to literature, ICR is able to mitigate default risk and match responsibilities with financial capacity (Luo et al., 2018). Implementation of ICR, in its turn, will necessitate the collaboration between the tax, administrative, and judicial authorities in Tanzania where informal wages are widespread, and income surveillance will be a complicated task. This means that HESLB ought to consider income sensitive and graded payback plans, better monitoring and voluntary registration of unorganized labor to ensure sustainability.

Perceived legitimacy and behavioral compliance (Cross-cutting)

Perceptions of fairness and transparency play an important role in determining attitudes toward return. Other respondents approved the idea of non payment due to perceived imbalances. Behavioral economics research proposes that compliance is conditional on the perception of legitimacy and fairness (Abraham et al., 2018; Moyo et al., 2025). Thus, augmenting open standards, exposing the appeal processes to publicity, and regularly involving stakeholders can enhance sustainability and voluntary compliance in the long term. The ethical basis, as well as the payback outcomes, are based on the establishment of institutional credibility due to open reporting, involvement of policies in review and effective grievance processes.



CONCLUSION

According to this qualitative policy review, HESLB has been instrumental in increasing the accessibility of higher education by Tanzanians, therefore, enhancing the personal and national human capital goals. Yet, the omission of the poorest undermines equality, rigidity in the repayment of the informal labour market jeopardizes sustainability, targeting issues impair efficacy, and hold-ups and digital inequalities in administration restrain efficiency. Perceived legitimacy is a powerful behavioural inducement as the beneficiaries tend to obey when they believe that the system is just and open.

Based on stakeholder insights and the policy assessment process, the following recommendations are put forth. First, in order to more precisely identify candidates who want assistance, multidimensional targeting ought to be used. This involves replacing or supplementing the low documentations with comprehensive evaluations of poverty considering resources, consumption, education, and accessibility, and supported by community acceptance. Second, income-contingent repayment (ICR) schemes are to be initiated with appropriate attention to the administrative feasibility and the legal regulations of the income verification. These plans must have in place mechanisms that can allow informal revenues based on mobile money reporting or on a graduated basis. Third, during the process of developing an integrated Higher Education Students Loans Board (HESLB) digital platform to apply, disburse and monitor, the digitalization efforts must focus on inclusivity through establishing offline application channels and regional support centres where communities with low digital accessibility are. Fourth, universities, companies, and ministries need to enhance their relationship in order to augment internship, entrepreneurship and placement initiatives that enhance graduates earning potential and repayment capacity. Fifth, to gain back the confidence, more stakeholder involvement and transparency should be provided with the formalized discussions, independent appeals procedures, and publication of the allocation criteria, audit findings, and recovery statistics. And finally, to encourage responsible repayment behaviour, behavioural interventions such as incentives on early or on-time payments such as alumni privileges or small rebates of interest, should be supplemented by target communication, reminders, and counselling.

Further qualitative and mixed-methods studies are required to look at the long-term socioeconomic trajectories of loan beneficiaries, the viability of ICR in informal economies, and how digitalization pilots can change equality. Longitudinal designs would show how loans affect household welfare and intergenerational mobility over time.



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