

Full Length Research Paper

Equity in the distribution of HELB loans in Kenya in relation to students characteristics: an empirical analysis

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Public funding of higher education in Kenya has gone through various stages all buffeted by myriad equity challenges. This prompted the government of Kenya (GoK) to create the Higher Education Loans Board (HELB), through an Act of parliament in the year 1995. GoK guidelines on loan provision to university students emphasise that deserving cases must get support to finance their education depending on their level of need. However, stakeholders have always expressed concern over the manner in which loans are awarded and recovered. These concerns are attributable to the challenges facing HELB loan administration. This study sought to determine the level of equity in the distribution of HELB loans in relation to students' characteristics. The study used correlational design to determine HELB loan disbursements. The population included all the HELB loan recipients in public and private chartered universities in Kenya who were admitted in the 2000/2001 academic year. Purposive sampling technique was employed in order to select one public rural and one public urban university. Similarly, a private rural and a private urban university were purposively selected. Simple random sampling technique was used to get 626 loan recipients. In order to include non-loan recipients in the sample size, snowball sampling technique was used to get 147 non-recipients. Hypotheses were tested using t-tests and ANOVA at α 0.05 level of significance. Results reveal that no statistically significant difference existed between HELB loan disbursements and the students' characteristics such as gender and location of university. However, the relationship was significant for students' socio-economic status and programme of study. To enhance fairness in HELB loan disbursements, the study recommends the development of a proper means testing tool that can effectively discriminate students according to their level of need. It also recommends the incorporation in the means testing tool a criteria that considers the cost of the programme, the location of the university and the students' gender.

Key words: Equity, finance, higher education, university, means testing, Kenya.

BACKGROUND INFORMATION

Higher education financing in Kenya, has been characterised by shifting positions determined by local micro-economic changes and policy shifts of the funding agencies particularly the World Bank. Since independence, higher education financing in Kenya has passed through various funding regimes ranging from full support

to cost sharing and even private participation (Gravenir et al., 2005).

According to Gravenir et al. (2005) public higher education in Kenya was historically free with the public purse covering both tuition and living expenses regardless of the socio-economic ability of the students. The rationale for state subsidy of higher education was based on the country's desire to create highly trained manpower that could replace the departing colonial administrators. The

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