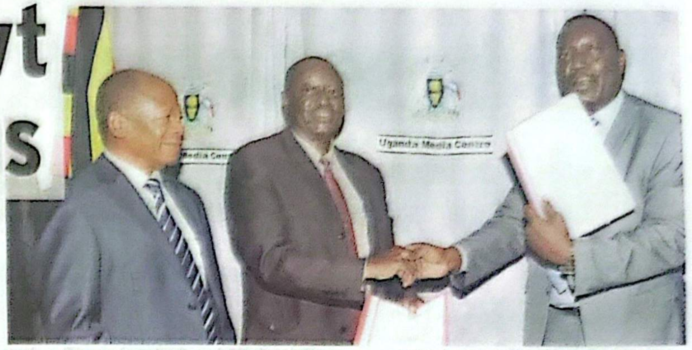
Employers to help govt recover students loans



Nicholas Okwir (centre) and Michael Wanyama shake hands after the signing the pact. Left is minister John Muyingo. Photo by Richard Sanya

By Andrew Ssenyonga

The Higher Education Student's Financing Board and Federation of Uganda's Employers (FUE) have entered into a pact aimed at ensuring effective loan recovery from the beneficiaries of the students' loan scheme.

Higher education state minister Dr John Chrysostom Muyingo said with the help of the federation, the Government hopes to recover all funds loaned out to ensure that the scheme revolves.

"The Act provides that every firm which employs a person whose loan is due shall deduct a specified amount from the salary of that person," he said.

Muyingo added that through this partnership, the federation will be pivotal in ensuring employers comply with the law.

"Guidelines are currently being developed by the board to ensure every employer in the country understands their mandate," he noted.

During the signing of the pact at the Uganda Media Centre in Kampala yesterday, Muyingo announced that currently, 590 students have completed studies and arrangements need to be put in place to recover the funds.

"So far, one student called Hatika Namyalo, who pursued a diploma in nursing, has fully paid her loan amounting to sh3.8m with the help of her employer," he said.

The students' loan scheme is a fund intended to provide financing to Ugandan students who have qualified for education in recognised institutions of higher learning but are unable to support themselves financially.

The board's executive director Michael Wanyama reported that since its inception, the scheme has so far supported of 5,259 Ugandans to join tertiary institutions.

"The students are spread in 18 universities and 33 other tertiary institutions," he noted.

Wanyama said the board has started promoting a loan repayment culture among students and that some are already repaying their loans.

BETWEEN THE LINES:

- Muyingo said partnership will be pivotal in ensuring employers comply with the law.

"The membership with FUE will help us achieve a firm but fair approach on all loan recovery processes," Wanyama said.

He explained that the pact will also help the board manage emerging challenges to ensure that collection targets are attained and ensure sustainability of the fund through revolving funds.

"It will help in identifying barriers to prompt loan repayment and allowing interventions at the earliest possible stage and also taking action against those loanees and employers who do not comply," he said.

Nicholas Okwir, the FUE chairperson, said the federation will provide the board's staff with the knowledge and tools to be able to provide an excellent loan recovery service.

"We have already embarked on training staff in a number of modules aimed at improving staff performance," he noted.

Okwir said they have started physical verification to employers who failed to deduct or remit money deducted from loan beneficiaries in their organisation.