



HESLB
— **BODI YA MIKOPO** —



HIGHER EDUCATION STUDENTS' LOANS BOARD

2017/2018
2021/2022

STRATEGIC PLAN

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MESSAGE FROM THE CHAIRMAN OF THE BOARD

It is pleasing to have to put a word on this very important document, a Strategic Plan for optimizing resources for sustainability of the Higher Education Students Loans Board (HESLB) on behalf of the Board of Directors. This strategy is coming at the time when our country is aligned and involved with numerous and strategic turnarounds that are needed to graduate into a middle-income-economy. Industrialization is poised to move us to that destination. HESLB as one of the players in the higher education value chain is pleased to move to the next phase of transformation for sustainability.

To be able to get there, we are making choices through our strategic plan that is driven by the vision to becoming sustainable revolving fund that can cater for increasing demands of needy Tanzanian students to finance their post-secondary education required for them to join the vibrant labour market. This strategy should enable HESLB to deliver its core functions of managing loans and grants for needy Tanzanian students, and collect loans to sustain a revolving fund.

This strategy is a translation of the national political and socio-economic agenda contained in the Vision 2025, Five Years Development Plan (FYDP), and the Education Sector Development Plan (ESDP). The vision and FYDP categorically place importance on investment into human capital development, which is one of the prerequisites to graduate into a middle-income economy. The ESDP envisages the creation of a well-educated nation with high quality of life for all.

This strategy is challenging the management team to focus on improving internal processes and procedures related to data integrity and management, strengthening management of funds, and improving operational efficiency and enhance collaboration. This way, HESLB will achieve the desired growth, targets and drive towards sustainability.

Banking on the enabling environment in almost all ends, we are confidently looking forward to effective implementation of this strategy.

A handwritten signature in black ink, appearing to read 'W. Anangisy', written over a horizontal line.

Prof. William A. L. Anangisy
Chairman of the Board



MESSAGE FROM THE EXECUTIVE DIRECTOR

It is a great moment to see that a new strategy and a point of reference for the Higher Education's Loans Board (HESLB) is in place.

The strategy is about making choices and taking focused actions on differentiated activities that matter to customers and help an organisation achieve its intended results. The Higher Education Students Loans Board (HESLB) exists for a purpose: to ensure that needy and eligible Tanzanian students who are the primary customers can access financial support through loans or grants to pursue higher and tertiary education. Our vision to become a reliable and sustainable revolving fund to support needy students admitted into universities and colleges for various awards was a key driver when crafting this strategy. In order to realize the big challenge of having one source of financing, HESLB is positioning itself to respond to the increasing demands for loans and grants.

To that end, we challenge ourselves to think strategically and question each other on how to make HESLB sustainable with financial independence to respond to increasing demands. Also, we need to create and deliver multiple products and services.

To make HESLB more focused, this strategy centers on three themes namely; Optimal lending and collections of loans, reengineering of business processes and Strategic Partnering which will be operationalised through twelve strategic objectives and a number of strategic initiatives. The themes, objectives and initiatives resulted from environmental scan, key stakeholders' meetings, discussions and consultations.

The approach of broader and in-depth consultations will continue in the course of implementation of this strategy in order to translate our vision and mission into measurable results both during short and long terms.

I look forward to engaging with everyone as we begin a more focused move toward building a reliable and sustainable revolving fund.

A handwritten signature in blue ink, appearing to read 'Abdul-Razaq Badru', written over a horizontal line.

Abdul-Razaq Badru
Executive Director



1.0. INTRODUCTION

1.1. Background Information

In 1992 Tanzania reintroduced a policy of higher educational cost sharing aimed at shifting some of the costs of public higher education, which before then had been exclusively borne by the Government in favour of a chain of beneficiaries namely students, their parents, non-governmental parties and other stakeholders. The policy had been dropped in 1974 with the introduction of 'Musoma Resolution' when tuition fees and government bursaries were abolished.

The government's main objectives for reintroducing cost sharing in higher education were to: widen coverage and participation of more players in higher education; make the beneficiaries of higher education contribute to their costs; recover the costs of food and accommodations; make higher education system more responsive to the labour market needs; and establish a legally protected students' loan scheme.

Therefore, since 1992 to date, the country has seen a series of reforms in higher education financing. In July 1992, students and their parents incurred

travel costs, application and admission fees, caution money, health costs, and examination fees. In July 1994, students and their parents were required to foot costs for meals and accommodation on top of all items introduced in July 1992. In 2005, students and their parents were required to cover all costs for their education including tuition fees, research, special faculty requirements and practical training on top of the costs introduced in 1992 and 1994.

As the costs for higher education became huge and relatively unaffordable, HESLB Act was passed by the Parliament in 2004 and started operations effectively from July 2005 as a higher education loans scheme. The Act, among others, tasks HESLB with two main functions: Issuance of loans to poor, needy and eligible Tanzanians, and collect due loans from the beneficiaries to ensure a revolving and sustainable higher education fund.

The re-introduction of cost sharing policy and establishment of the HESLB allowed government, private and faith-based institutions with financial capacity to establish or expand their higher education institutions. As a result, the country saw tremendous increase in students' enrolment in higher and tertiary education from 6,061 students in 1994/1995 to 262,121 in 2015/2016.

With this increase, in the next five years the HESLB is committed to widening the sources of financing to allow more students to access loans and grants for higher and tertiary education.

1.2. The Mandate and Functions of HESLB



The Higher Education Students' Loans Board (HESLB) is a body corporate established under Act No.9 of 2004 (as amended in 2007, 2014 and 2016) with the objective of assisting needy and eligible Tanzania students to access loans and grants for higher education. HESLB commenced operations in July 2005 using a secretariat of 9 (nine) staff seconded to the Board by the Ministry of Education, Science and Technology.

The Board has been mandated to assist, on a loan basis, needy students who secure admission in accredited higher learning institutions, but who have no economic power to pay for the costs of their education. The Board is also entrusted to collect due loans from loan beneficiaries and use it as revolving fund to sustain operations of the Board.

The Act establishing the Board articulates key functions of the Board as to:

- Assume control and management of loanable funds.
- Formulate mechanisms for determining eligibility of students for loans.
- Administer and supervise disbursement and repayment of loans offered since 1994.
- Issue loans to eligible and needy Higher Education Students.
- Keep and maintain the register and other records of loan beneficiaries and amounts granted to them.
- Collect repayments for all loans issued to students since 1994 so as to re-lend the funds to other needy Tanzanian students.
- Advise the Minister on policy and legal matters related to issuance and recovery of loans to students.
- Establish operational linkages between the Board, higher learning institutions, loan beneficiaries and employers for effective issuance and recovery of loanable funds.
- Establish and maintain cooperative network between the Board and other local and international stakeholders in higher education, be it Government or non- government institutions.
- Conduct research and maintain a databank on other local and external scholarships, sponsorships and awards that may be accessed by Tanzania students and
- Perform any other duties conferred by the Board or under the Act or any other written laws.

1.3. The Planning Process and Methodology

This Corporate Strategic Plan is a result of several months of consultations and deliberations with a number of internal and external stakeholders. The recommended steps for Strategic Balanced Scorecard System namely scanning the internal and external environment; choosing strategic focus area/themes; developing strategic objectives; strategic mapping to link objectives in cause-effect relationship; choosing performance measures; and identifying initiatives/strategic projects (Rohm et al., 2016) guided the planning process.

“The recommended steps for Strategic Balanced Scorecard System namely scanning the internal and external environment; choosing strategic focus area/themes; developing strategic objectives; strategic mapping to link objectives in cause-effect relationship; choosing performance measures; and identifying initiatives/strategic projects (Rohm et al., 2016) guided the planning process.”

The Strategic Plan Committee with five members championed by the Director for Planning, Research and ICT and the external consultant was formed to coordinate and lead the process of strategic plan formulation. The core functions for the committee were coordinating meetings, plans, and reporting committee results to management team involved in the development of strategic plan; providing guidance on the Balanced Scorecard methodology, ensuring relevant documents and background material are available during management meetings and deliberations, providing feedback to the executive sponsor and senior management; and facilitating the development of an effective team through coaching and support to reach consensus on various strategic plan components.

The background materials presented to the management to guide the discussion during strategic plan meetings and retreats included gathered information on the situational analysis detailing HESLB's strengths, weaknesses, opportunities and challenges; performance review report for the previous strategic plan (2014/15-2016/17); stakeholder analysis report; policies and regulations of the Board; Tanzania 2025 Development Vision; economic surveys, and the Five Years Development Plan.

“ A series of interactive workshops some of them organised off-site involving Executive Director, Directors, Heads of Department/managers and subject experts were held. The inclusion of heads of department and subject experts was necessary to provide expert knowledge, to inform and influence their respective senior leaders; to act as Balanced Scorecard ambassadors within their unit or departments; and to influence them to act in the best interests of the organization. ”

The key component for the success of this strategic plan was the high level of commitment and engagement of the management team led by the Executive Director. It was a critical self-examination process where personal and functional experiences were shared to help HESLB community to innovate and do things differently to optimize grants, loan lending and collection of mature loan to meet the board's purpose for existence. A series of interactive workshops some of them organised off-site involving Executive Director, Directors, Heads of Department/managers and subject experts were held. The inclusion of heads of department and subject experts was necessary to provide expert knowledge, to inform and influence their respective senior leaders; to act as Balanced Scorecard ambassadors within their unit or departments; and to influence them to act in the best interests of the organization.

The outcomes of management workshops, interactive meetings; and deliberations built the foundation and pillars of this strategic plan. This plan is an indication that the board is consciously defining its future and dedicated to achieving significant impact to enable needy and eligible Tanzanian students meet their academic ambition for higher and tertiary education. In order to ensure that the implementation of this plan goes beyond just major projects and gets translated into the routine activities, the management workshops developed key performance indicators, targets, and initiatives that will be monitored and shared on a regular basis to influence both strategic and operational decision-making.

“The outcomes of management workshops, interactive meetings; and deliberations built the foundation and pillars of this strategic plan.”

Finally, to increase inclusiveness, the draft plan will be presented to a stakeholders' meeting, then undergo various management approvals, before being recommended to the Workers Council and then to the Finance and Administration (FPA), a Committee of the Board of Directors which once satisfied with the plan will recommend it to the full Board for final approval.

1.4. Purpose of the Strategic Plan

This strategic plan has been developed to guide implementation of HESLB operations consistently with the national plans and serves as a vehicle towards realization of the objectives and goals of the Board. This is the fourth strategic plan for the Board, developed after successful implementation of the third plan which served for 2014/15-2016/17. The HESLB Strategic Plan is intended to serve for five years commencing 1st July 2017 to 30th June 2022.

1.5. Layout of the Plan

This strategic plan is divided out into six chapters as follows:

Chapter One:

Introduction, which contains Background, Mandates, and Functions of the Board as well as Adopted Approach, Purpose and Layout of the Plan;

Chapter Two:

Evaluation of the Third Strategic Plan, which covers Performance Review for the period of 2014/15 to 2016/17, constraints and the way forward.

Chapter Three:

Scan of HESLB's Operating Environment covering Situational Analysis, SWOC as well as Recent Initiatives to improve HESLB's performances and Critical Issues for new strategic plan.

Chapter Four:

The new strategy covering Mission, Vision, Core Values, Strategic Focus areas/strategic themes, strategic results, and objectives in four perspectives (Financial, Customer, Internal Business Processes and Organization Capacity).

Chapter Five:

Presents the Result framework, which contains Monitoring, Evaluation and Performance Reporting Plans.



2.0. EVALUATION OF THE THIRD STRATEGIC PLAN (2014/15-2016/17)

The third strategic plan was developed to guide implementation of HESLB operations consistently with the national plans and also serve as a vehicle towards realization of the objectives and goals of the Board. The objectives of the Board included;

- A. Improve and Sustain HIV/AIDS Workplace Intervention Programmes,
- B. Strengthen HESLB Operational Capacity for Effective Issuance of Loans,
- C. Enhance HESLB's Financial Sustainability,
- D. Strengthen HESLB's Institutional Capacity for Effective Management of HE Students' Loans.

2.1. Performance Review for each Objective

The overall achievement, constraints and challenges faced during the implementation for each strategic objective are described below.

2.1.1 Improve and Sustain HIV/AIDS Workplace Intervention Programmes



Achievement

- During the period, HESLB managed to conduct numerous interventions including seminars and workshops (3) to all staff on matters related to care, treatments, and facilitating for staff in need to access specialised services and counselling.

Constraints

- Low level of acceptance among staff to go for voluntarily testing and counselling.

Way Forward

- Coordinating with other agencies and organizations with capacities and resources to support VCT and ensure many more staff access VCT, care and treatment services as may be required.

2.1.2 Strengthen HESLB Operational Capacity for Effective Issuance of Loans

Achievement

Loan Application and Allocations

Currently, loan application process has been automated from manually printed and submitted forms to accessing the same through the Online Loan Application Management System (OLAMS). Currently, the process is semi-automated where applicants are required to print some few forms, fill and submit hard copies through postal address.

The number of applicants for loan during the period under review has increased by 39% from 62,357 applicants in 2014/15 to 86,904 in 2016/17. Similarly, during the same period, admission has also increased by 2.53%. However, the number of benefiting fresh students has remained more or less constant in the last three years with the exception of 2015/2016 when government subvention for HESLB was extended to finance 47,752 fresher students. On average, in the last five years, HESLB has managed to absorb about 58.70% of all admitted students as shown in Table 2.1.

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Table 2.1: Application and Allocation Trends

FY	applicants	Annual % change of applicants (base year 2014/15)	Admitted Students	Annual Admission Change (base = 2014/15)	Allocated Students	Annual Allocated % Change (base = 2014/15)	% Allocated
2012/13	49,912	-19.96 %	44,172	-26.95 %	28,906	-2.77 %	65.44 %
2013/14	55,033	-11.75 %	51,235	-15.27 %	33,316	12.06 %	65.03 %
2014/15	62,357	0.00 %	60,467	0.00 %	29,731	0.00 %	49.17 %
2015/16	72,014	15.49 %	65,255	7.92 %	47,752	60.61 %	73.18 %
2016/17	86,904	39.37 %	61,999	2.53 %	28,028	-5.73 %	45.21 %
Total	295,836	374.42 %	283,128	368.24 %	166,187	458.97 %	58.70 %

Loan Disbursement

During the period, a total of 1.8 trillion was disbursed to a total of 248,507 students as depicted in Table 2.2. The number of student-disbursed loans has increase by 12.9% from 100,952 in 2014/2015 to 113,985 in 2016/2017. The amount of funds disbursed has also increased by 19.2% during the period under review.

Table 2.2: Loan Disbursement Trends

FY	Students	Students % Change from 2012/13	Disbursement	Amount % Change from 2012/13
2012/2013	96,362	-4.5%	315,836,086,462	-7.8%
2013/2014	95,967	-4.9%	328,313,445,534	-4.2%
2014/2015	100,952	0.0%	342,594,691,261	0.0%
2015/2016	124,711	23.5%	447,282,952,474	30.6%
2016/2017	113,985	12.9%	408,360,176,392	19.2%
TOTAL	248,507		1,842,387,352,123	

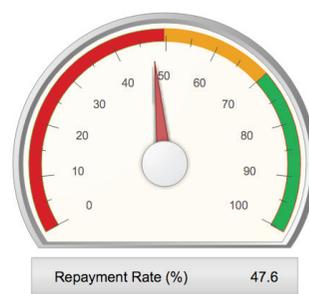
Loan Collections



The Board targeted to collect at least 80% of due loans through repayment and recovery collections so as to sustain provision of loans by 2017. The Board managed to achieve 47.60% repayment rate. Monthly repayment collections have been increasing year after year in a remarkable trend, whereby collections have risen by 431.34% in the last three years from a monthly average of TZS 1.8 billion in 2014/2015 to TZS 9.7 billion in 2016/2017. Table 2.3 below depicts a trend of repayment and recovery collections for the past 10 years.

Table 2.3: Annual Collection Trends

FY	Due Loans	Annual repayments	Cummulative Repayments	Average monthly collections	Repayment Rates	% Monthly Repayments Change (2014/15 as a base year)
2005/2006	11,399,943,516				0.35%	
2006/2007	15,249,037,612	53,616,011	53,616,011	4,468,001	0.35%	-99.76%
2007/2008	19,974,204,051	858,941,262	912,557,273	71,578,439	4.57%	-96.08%
2008/2009	25,680,923,366	1,176,404,180	2,088,961,453	98,033,682	8.13%	-94.63%
2009/2010	38,052,991,537	2,147,075,265	4,236,036,718	178,922,939	11.13%	-90.20%
2010/2011	49,973,811,839	4,409,171,730	8,645,208,448	367,430,977	17.30%	-79.88%
2011/2012	70,934,803,220	11,508,714,786	20,153,923,234	959,059,565	28.42%	-47.48%
2012/2013	105,208,357,071	14,238,140,207	34,392,063,441	1,186,511,684	32.69%	-35.02%
2013/2014	156,208,298,184	20,259,083,188	54,651,146,629	1,688,256,932	34.99%	-7.54%
2014/2015	229,605,228,089	21,911,723,412	76,562,870,041	1,825,976,951	33.35%	0.00%
2015/2016	330,002,452,591	28,191,613,873	104,754,483,914	2,349,301,156	31.74%	28.66%
2016/2017	464,668,067,275	116,425,257,600	221,179,809,683	9,702,110,481	47.60%	431.34%
Total	1,516,948,118,351	221,179,809,683	221,179,809,683	18,431,650,807	14.58%	909.41%



Constraints

- Increase number of loan applicants compared to financial resources projected and allocated (Table 2.1 and Table 2.2);
- Low levels of awareness and preparedness on the need for parents and guardians to match the cost established after means testing neediness for loans;
- Low repayment rates i.e. 47.6% (Table 2.3) from loans' beneficiaries that constrains the ability to increase the size of the loanable funds for new beneficiaries.

Way Forward

- Strengthen HESLB's capacity to recover overdue and collections of due loans to grow the size of the revolving fund so as to cater for more needy and eligible students. This will reduce dependency on fresh finances from Government Treasury.
- Increase awareness among different groups on the mandates, roles and functions of the HESLB.
- Intensify consultations with key stakeholders including TCU, NECTA and Higher Learning Institutions as well as employers and various authorities and regulatory bodies.
- Intensify communications, and education interventions for beneficiaries, communities and institutions involved in the financing and support.
- Implement automation and systems integration to increase efficiencies and increase payments options.

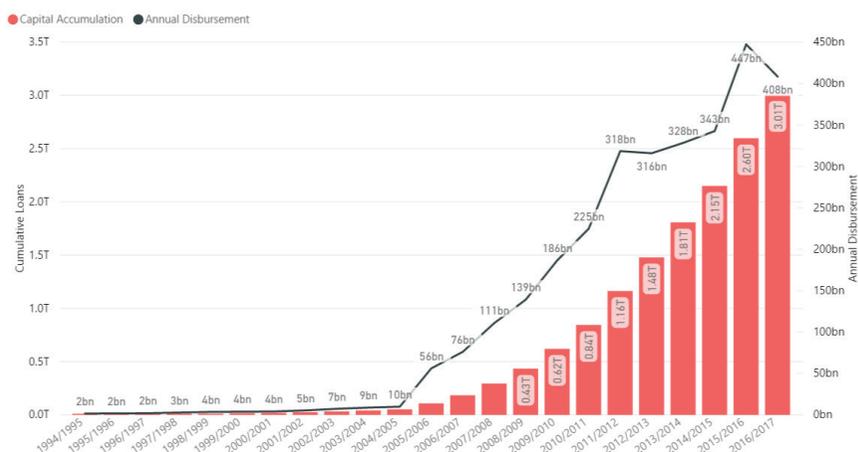
2.1.3. Enhance HESLB Financial Sustainability

Achievement

The HESLB capital base has increased steadily from TZS 2.15 trillion in 2014/2015 to TZS 3.01 trillion as shown in Figure 2.1. In addition, during the review period, monthly repayment collections have increased by an average of 1.8 billion in 2014/2015 to about 9.7 billion in 2016/2017, which is an increase of about 431%.

Moreover, a cumulative repayment has also increased by 189% from 76.5 billion in 2014/2015 to 221 billion in 2016/2017.

Figure 2.1: Capital Base Accumulation Trend



Constraints

- Low compliance among beneficiaries working for the private and informal sectors;
- Delays and non-compliance to submit details for beneficiaries working in the private
- Challenges to access beneficiaries working for multilateral organizations and in the diaspora;
- Dependency for subventions from the national treasury, which may not match the fast-increasing demands for loans from eligible and needy students;
- Limited options, and complicated mechanisms for value addition activities i.e. short and medium-term investments activities.

Way Forward

- Strengthen collaboration and partnerships with key stakeholders such as NIDA, BRELLA, TRA, ATE, Credit Reference Bureau (CRB) and Tanzania Private Sector Foundation to access data about graduates.
- Formalize relationships through special agreements (MoU) with NBAA, a regulator for all business entities to enforce compliance on the loans deductions, which is statutory now to become an auditable item for all registered businesses in Tanzania.
- Request details of all beneficiaries working for bilateral and multilateral organizations to service and clear their loans. Similarly,
- Design and implement a strategy to mobilize diaspora to remit and liquidate their loans through voluntary associations and/or embassies and high commissions abroad. Mobilize and solicit repayment from beneficiaries in the diaspora community through respective embassies.
- Facilitate convenient and expand repayment channels including online self-payment platforms suitable for beneficiaries in the informal sectors and diaspora.
- Strengthen compliance among employers and individuals through respective act that establishes HESLB. In addition,
- Implement awareness creation and compliance programs for both employers and beneficiaries.
- Establish strategic partnerships and ventures to explore multiple sources for financing higher and tertiary education.
- Broaden financial bases for higher and tertiary requirements.

2.1.4. Strengthen HESLB Institutional Capacity for Effective Management of the Students' Loans

Achievement

HESLB has almost completed the automation of its key business

processes including loan application, loan processing and disbursement. This milestone has increased efficiency apart from the deficits in human resources. During 2014/15 through 2016/17 HESLB has had deficit of staff close to 30% of the current establishment.

In addition, HESLB managed to decentralize its service by extending its services through establishment and continuously support zonal offices in Zanzibar, Dodoma, Arusha and Mwanza.

Constraints

- Limited resources for strengthening staff skills to manage an effective loans and grants;
- Unclear capacity building and succession planning for managing increasing changing functions at HESLB;
- Limited skills-mix and staff numbers to accomplish and deliver what is expected;
- Skewed and unbalanced organization structure with more general and traditional support skills compared to core activities and emerging functions like IT, innovations and value addition activities.

Way Forward

- Conduct needs assessment and self-capacity to inform a comprehensive Human Capital Development Plan.
- Develop and implement an effective Performance Management System linked to results.
- Review structure to determine the right size and mix capable to deliver results.
- Develop and implement mentorship program to prepare right technical, management and leadership talents.

2.1.5. Enhance HESLB Planning, Implementation, Monitoring and Evaluation of Activities

Achievement

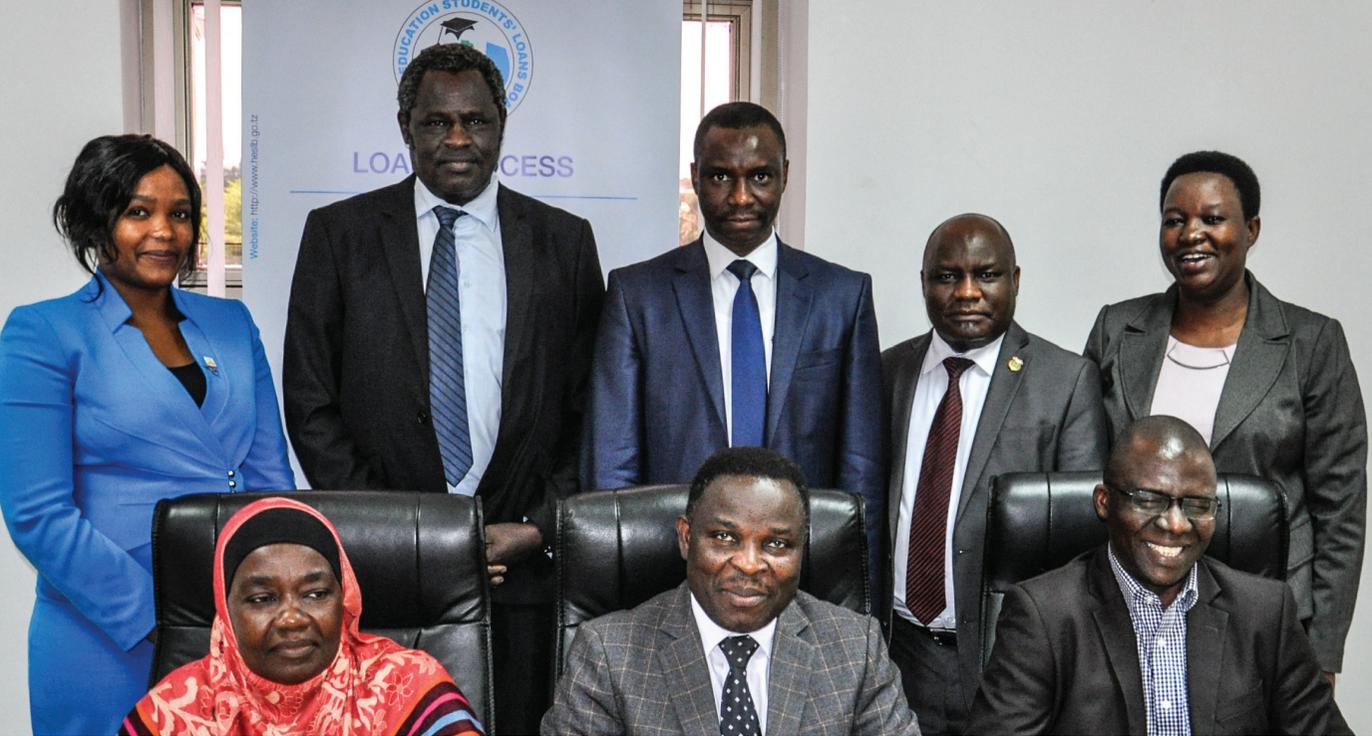
The HESLB budget for Development Expenditure including Loanable and Grant Funds has increased from TZS 345 billion in 2014/2015 to TZS 483.8 in 2016/2017, which is an increase of about 40%.

Constraints

- Lack of coordinated plan and projections for financial requirements to match increasing demands for loans and grants;
- Unstructured monitoring and tracking plan to document and evaluate outputs and outcomes.

Way Forward

- Effectively control budget performance and fully integrate budgeting, expenditure, M&E and performance management tools.
- Broaden financial base for higher education students in Tanzania through collaborations.
- Develop investment policy for effective investment of repayment collections.



3.0. SCANNING HESLB'S OPERATING ENVIRONMENT

The Higher Education Students' Loans Board has carried out external environment analysis in order to assess key issues that affect its operations. This analysis provides HESLB with the strategic direction to be pursued to mitigate and minimize adverse impact of challenges facing the industry, taking advantages of the existing opportunities, eliminating weaknesses and utilizing its strengths to the fullest in optimizing lending/grants to eligible students and loan collection.

3.1. The Internal Environment Scan

The HESLB has its own powers which are backed up by state laws (the Act) making it the only mandated institution with authority to manage higher education government funds in relation to students' loans and grants. The degree of autonomy that the organization has is reflected in the independence of the Board in making decisions required to accommodate necessary change in the course of fund management. This can be reflected in the ethical recruitment procedures which have made the organization experience a reasonable degree of team work among its committed and experienced staff and a very low level of employee turnover (average of less than 10% for the past three years).

Through efforts to invest in capacity improvement, the organization has experienced positive growth in terms of technology and office space including zonal offices, which have contributed to increased interaction with our stakeholders and improved service delivery. The transformation of internal operation from manual to semi-automated and the decentralization of the same into zonal offices has brought a positive change in delivery in terms of reducing costs of accessing our services by our stakeholders, increased awareness, tracing

of and collections from past loan beneficiaries and improved networking. However, despite such efforts and achievement HESLB as an institution has weaknesses that hinder effectiveness in its operations. The organization has an ineffective performance management system and faces shortage of staff (by 20 %) which has an inverse relationship to staff motivation. In addition, the existing technological shift has not been able to accommodate all the user requirements in such a way that the organization still faces problems in relation to documentation and record management, which adversely puts its credibility at stake.

Absence of a national identification system has forced the Board to use proxy means testing mechanism to determine applicants' neediness. However, the system is still facing shortages in term of its ability to identify real needy applicants' and thus bringing complaints from our main clients. In addition, inadequate internal system integration and control, out-dated operations manuals and absence of the Clients Service Charter are other areas requiring closer attention towards improving the internal environment.

Moreover, while demand for loans has been increasing exponentially, the 4.0. THE 2017/2018 – 2021-2022 STRATEGIC PLAN revolving fund has been increasing at a relatively lower rate to match such demands. The HESLB has only two sources of funds, which are government subvention and repayment collections. However, the government funds are facing competition among many government departments. Since HESLB has an established network with other key stakeholders, there require more efforts to turn such networks into financial support for capital accumulation.

Moreover, while demand for loans has been increasing exponentially, the 4.0. THE 2017/2018 – 2021-2022 STRATEGIC PLAN revolving fund has been increasing at a relatively lower rate to match such demands. The HESLB has only two sources of funds, which are government subvention and repayment collections.

3.2. The External Environment Scan

3.2.1. Economic Environment



Tanzania's real GDP has been growing steadily in the last five years from 5.1% in 2012 to 7.0 in 2016. In addition, the GDP is expected to grow at an average rate of 6.2% in the next ten (10) years. In the same period, the real growth of fixed capital formation is expected to average 7.1%, with positive linkage to employment rates and consumer purchasing power. This is an indication that the rate of growth in demand for loans may shift from exponential (faster) to arithmetic (steady) growth in the next five years. However, the GDP per capita in Tanzania has remained at low levels (less than 10 percent of the world's average) recorded at USD 867 in 2016.

As a result of the real GDP growth trend above, unemployment rate has decreased from 11.7% in 2006 to 10.3% in 2015 and is expected to decrease further to 9.05% in 2020. However, the majority of the employment is around agriculture and informal sectors comprising of 66% and 21% respectively. This has led to increased rates of underemployment from 6.9% in 2006 to 10.8% in 2014. This has posed a challenge in loan collection trends, which is primarily skewed towards non-agriculture and formal sectors currently comprising less than 13% of the workforce.

In addition, in the last five years, inflation rates have been steadily decreasing from 12.1% in 2012 to 6.5% in 2016. However, this decrease is still above the value retention rate charged by HESLB, which stands at 6%. This means the value of the monies collected from previous loan beneficiaries cannot fully finance a single student at current prices.

3.2.2. Political Environment



The 2015 CCM Manifesto has highlighted higher education financing as one of the main agenda. It highlights several components including ensuring 100% of needy and eligible students pursuing health programs are granted loans, ensure 5,000 science and mathematics teachers are granted loans each year in order to fill a deficit of 24,000 science and mathematics teachers by 2020 and increase higher education enrolment from an average of 60,000 fresher students per annum in 2015 to 117,000 in 2020.

Having financing higher education as a one of the top agenda in the Manifesto, the HESLB has received consistent support from the Government in terms of Budget allocation, which has increased by

55.66% in the last five years. Moreover, political will of the 5th phase government and emphasis on compliance will continue to complement HESLB's efforts to recover loans on time.

In addition, free education policy has increased enrolment in primary education to more than 90% in 2015 from 59% in 2000. This will have a positive impact on demand for higher education loans in the next 10 years.

3.2.3. Social Environment

The social environment has an impact on the sustainability of the funds as it affects the public and beneficiaries' willingness to comply with their obligations. Beneficiaries' attitude towards repayments may lead to non-compliance and increase the cost of managing the funds, hence threaten sustainability of the funds.

Public perception on higher education loans has not been in favour of the HESLB. Rates of voluntary repayment have remained low at less than 10% since establishment of the Board. Several factors have influenced loan repayment attitudes. Several studies have indicated that students who are successful in their studies tend to have lower default rates than those who are not.



Rates of voluntary repayment have remained low at less than 10% since establishment of the Board. Several factors have influenced loan repayment attitudes.



Moreover, knowledge about loan agreement will have significant effect on university students' attitude toward loan repayment. Studies also reveal that parental influence and income levels are positively related to university students' attitude towards student loan repayment. Loan beneficiaries' public knowledge depends on education programs and compliance strategies.

In order to attain this, HESLB shall adopt a comprehensive compliance strategy, which ensures integrated business processes, outreach and service delivery to promote compliance through a combination of encouraging voluntary repayment of beneficiaries as well as enforcement measures.

3.2.4. Technological Environment

The base for transformation in Tanzania particularly in ICT subsector exists with the presence of 7,560 kilometres of Optic Fibre Cable Backbone covering 24 regions of Tanzania Mainland and connectivity to submarine cables. Moreover, internet and telecommunication coverage has improved dramatically even in remote areas of the country.

In addition, mobile payments have been increasing in the last five years. It is estimated that 33% of households have at least one registered mobile-money user. An average of twenty-one percent of Vodacom M-Pesa users and twelve percent of users of both Airtel Money and TigoPesa use their accounts for business transactions, primarily to buy inventory or pay for services and receive payments for goods and services.

This has made it possible to increase operational efficiency and convenience in service delivery. Interconnection of zonal offices to the headquarters was made possible. Semi automation of business processes was made during the previous planning cycle. Mobile payment options were utilized particularly during loan applications and repayment of loans. In addition, availability of national identification and operationalization of the National Identity cards will improve the identification of needy applicants and loan beneficiaries. Effective utilization of technology will also improve networking with key stakeholders and fully automation of business process for convenient provision of HELSB's services.



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3.2.5. Legislative Environment

Presence of the Higher Education Students' Loans Board Act No. 9 of 2004 which was amended in 2016 seeks to maximize loan repayment through recognition of repayment as statutory deduction and increase the deduction rate from the previous 8% to 15% of the basic salary of an employed beneficiary leading to increase average monthly collection from TZS 7 billion before amendment to TZS 12 billion after amendment. In addition, the new amendment seeks to improve governance and Board of Directors efficiency by reducing the number of members and allowing a wide range of skills composition for members of the Board of Directors.

In addition, amendments made in 2014 seek to widen product coverage to include higher diploma and diploma in teacher education and teacher primary education in science and mathematics in order to improve the teacher-pupil ratio. However, this has an implication in the form of increased demand for loans.

3.3. SWOT Analysis

Following evaluation of the working environment and lesson learnt from the previous strategy performance review, HESLB has assessed its strengths, weaknesses, opportunities and threats, as presented in Table 3.1.

The SWOT analysis provides a strategic direction to be considered in the next strategy.

SWOT Analysis Matrix			
S	W	O	T
Strengths	Weaknesses	Opportunities	Threats
<ol style="list-style-type: none"> 1. Re-organized governance and management 2. Experienced staff especially on core business 3. Updated Principal legislation to address recent developments 4. Transformation strategy and plan 5. Well equipped offices to HQ support operations 6. Semi automated loan processing and payments 7. Strong local and regional networks 8. Updated database for beneficiaries in the public sector 	<ol style="list-style-type: none"> 1. Shortage of staff with mixed skills on loans, monitoring and results management 2. Lack of Client Services Charter 3. Fragmented internal business Operating Systems and Procedures 4. Large and multiple layered organogram (so that we talk about a lean structure in the new SP) 5. Lack of comprehensive performance Management mechanisms 6. Limited Performance targets and indicators pegged to MTEF (meaning, do not address operational, and core business) 7. Inadequate systems, and skills for document and record management 8. Low motivations among staff 9. Outdated operational Manuals, Policies and Guidelines 10. Limited financial sources to meet demand for loans, and support services 11. Limited database to support determination of needy beneficiaries 12. Lack of e-integrated systems with key partners ad stakeholder 13. Limited and outdated research on consumer behaviors satisfaction, tracer data 14. Lack of integrated Customer Complaints Management 15. Lack of Loan protection mechanisms 	<ol style="list-style-type: none"> 1. Political will pushing for integrity and efficient 2. Government priorities on education financing to trigger industrialization 3. National legislations for registration of people, and properties that will provide reliable data required 4. Amendments to make education loans statutory for all employees, and re-defining role and rewards for compliance 5. Government commitment to continue providing loanable funds 6. Emerging technologies including mobile platforms 7. Formalization of business registration through BRELA 8. Increasing interests, and investments on ICT 9. Access to national database, and infrastructure through NIDA, RITA, TRA, and NBAA 	<ol style="list-style-type: none"> 1. Limited knowledge on HESLB role, and mandate on loan processing and repayment 2. Macroeconomics- inflations that may frustrate repayment 3. Cyber crime that may compromise our systems 4. Increasing and competing government priorities (especially for basic and secondary education) for the same public funding 5. Limited coordination of the Higher education (HE) subsector 6. Failure, and/or delays for some HLIs to upgrade their systems to match HESLB 7. New Loans schemes that are not regulated properly 8. Lack of integrated regulatory mechanisms for loans schemes for HE 9. Limited support from private sector and employers 10. Over commitments, and promises during political planning and campaigns 11. Lack of replacement for staff who are to be promoted, retire, or separated. Lack of selected skills in the public sector required to manage loans, monitoring and business development

3.4. Recent Initiatives to Improve HESLB Performance

- i) Amendment of the Higher Education Students' Loans Board Act aiming at improving loan services.
- ii) Total Automation of HESLB processes have begun.
- iii) Search for Financing Partnership to construct HESLB own office is in-progress

3.5. Critical Issues for Consideration in a New Strategic Plan.

These are the areas for improvement that will be addressed in the coming Strategic Plan:

- i) Revising service and operating manuals;
- ii) Increasing loans' repayment and recovery;
- iii) Increasing number of loans and grants' beneficiaries;
- iv) Balancing skills mix and number of staff to meet demand of customers;
- v) Improving and controlling data cleanliness and integrity;
- vi) The need for full automation of HESLB operations;
- vii) Increasing demand for loans and grants for higher education;
- viii) Limited financial sources.



4.0. THE 2017/2018 – 2021-2022 STRATEGIC PLAN

4.1. Mission, Vision and Core Values

4.1.1. Mission

To manage loans and grants for needy and eligible Tanzanian students for higher and tertiary education.

4.1.2. Vision

To become a reliable and sustainable higher education revolving fund.

4.1.3. Core Values

Accountability:

We are accountable for our own results; we encourage ownership by taking initiatives and doing the right things for our organization. We feel obliged to make things better, to pursue excellence, and to do things in ways that further the goals of our organization. We will be answerable for our actions and the actions of our teams.

Commitment and Integrity:

We are passionate and intensely focused on serving our clients (the higher education students) with high level of integrity to enable them achieve their dreams. We do what we promise we are going to do. As individuals and as an organization, we are dedicated to serve our clients and stakeholders. We value all of our customers and stakeholders with high degree of integrity.

Teamwork:

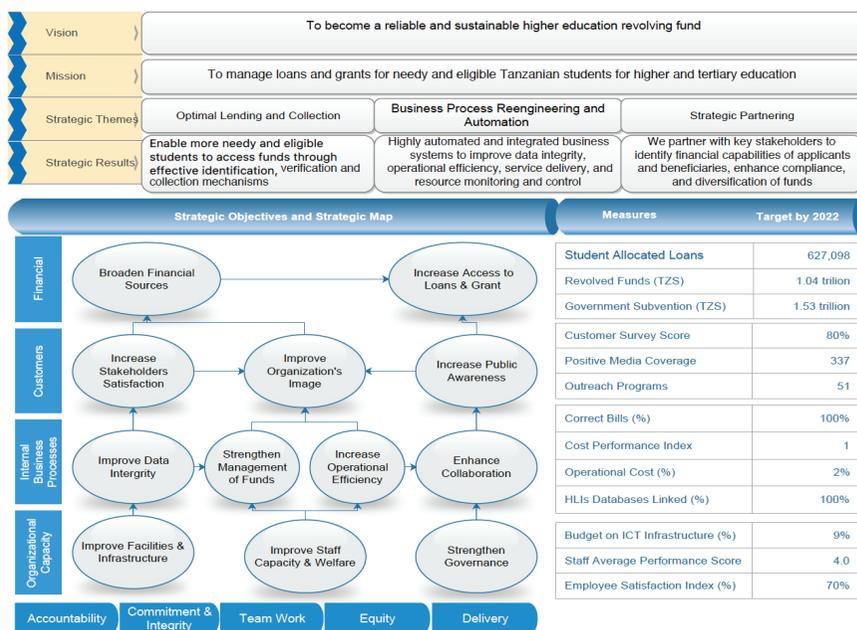
We are committed to common goals based on open and honest communication and collaboration to one another while showing concern and support for each other, and most importantly, our clients. We believe the best results stem from integrating a mix of talents, skills and experiences.

Equity:

We value inclusiveness, fairness, transparency and justice that we want to see persist, and because of our main existence, we place a particular focus on reflecting the need of the disadvantaged, low-income communities most impacted by our work.

Delivery:

We strive to individualize the client experience, provide high quality services that meet the expectations and requirements of our clients and suppliers. We seek to add value to our clients' career through tailored higher education financial support.



4.2. Strategic Focus Areas/Themes for the Fourth Strategy

This chapter presents HESLB's strategic focus areas (themes) and strategic objectives for the planning period 2017/18-2022/23. The board priorities for the next five years are optimizing lending and loan collection; business re-engineering and automation; and strategic partnering. To make these strategic themes actionable, a total of 12 strategic objectives are formulated and described. Table 4.1 below indicates HESLB's strategic themes and intended strategic results.

<i>Strategic Theme</i>	<i>Intended Strategic Result</i>
Optimal Lending and Collection	<p>We enable more needy and eligible students to access loans/grants through effective Means-Testing and Verification mechanisms and increasing loan collection of matured loans by putting in place effective mechanism of tracing and collection of due loans.</p> <p>Optimal lending is also achieved by reducing operational costs, soliciting various sponsorship, and broadening sources of funds to include Higher Education Endowment Fund, government subsidies, and donors' contributions.</p>
Business Reengineering and Automation	Highly automated and integrated business systems to improve data integrity, operational efficiency, service delivery, and resource monitoring and control.
Strategic Partnering	We partner with key stakeholders to identify true financial neediness of loan applicants, establish employment status of loan beneficiaries, enhance compliance and enforcement, ease communication and information flow, speed up loan application and collection processes, diversify sources of funds and increase employers and loan beneficiaries' involvement and ownership.

4.3. Strategic Objectives for HESLB Strategic Plan 2017/18-2021/22

Strategic objectives are specific continuous improvement activities written in action verbs, balanced across four perspectives of financial, customer, internal business processes, and learning and growth that break down strategic focus areas into smaller components to make the strategy actionable. Experts for BSC use strategic objectives to translate strategic priorities that are often vague into directional and action-oriented statements of what must be done to execute the strategy. Table 4.2 below presents agreed HESLB strategic objectives and a description of intended strategic results for all 12 strategic objectives.

Table 4.1: HESLB Strategic themes and intended strategic results for the Corporate Strategic Plan (2017/18-2021/22)

Perspectives	Strategic objective	Description
Financial	Increase access to loan and grants	Enable more needy and eligible students to access loans/grants through effective Means-Testing and Verification mechanisms to ensure inclusiveness, equitability, and identification of truly needy students. Increase knowledge on the definition of needy student, and the means to adhere to the requirements during loan application process.
	Broaden financial sources	Increased and diversified sources of funds from government, sponsors, donors, loans collections, private companies through CSR and fundraising to establish educational endowment fund for financial sustainability.
Customer	Increase public awareness	Increase public awareness on the roles, functions and powers of the Board to raise stakeholders' knowledge on the offered products/services and consequences for lack Of compliance through media, forums, conferences and exhibitions.
	Increase customer satisfaction	Enhance customer satisfaction through improved customer care/service delivery and timely customer feedback. Improve the existing help desk by recruiting competent and skilled staff and regularly train staff on customer and complaint handling.
	Improve organisational image	Increase Board's trust and reputation to our key stakeholders and the public at large through improved performance, operational efficiency, competence, transparency, accountability, equity, integrity, promoting zero tolerance to corruption, and commitment in quality service delivery.
Business process	Enhance collaboration	Enter into formal agreements with key stakeholders to promote advocacy, information, communication flow and outreach programmes, re-branding of HESLB image, employers and beneficiaries' compliance for efficient disbursement and repayment of loans. Attract new/alternative financiers to sponsor eligible students in targeted areas of speciality.
	Improve data integrity	Ensure data accuracy, consistency, completeness, accessibility and reliability through effective data entry control measures, and integrated operational systems for real time (on spot) data synchronization and retrieval during application, allocation, disbursement and repayment processes.

Perspectives	Strategic objective	Description
	Increase operational efficiency	We improve our operations by leveraging on technology and collaboration for increased productivity through timely and convenient disbursement, returns and collection of loans at low cost to meet stakeholders' expectations.
	Strengthen management of fund	Reduce operational costs, develop effective investment portfolios, integrate budget into all operations as a strategic tool, monitor regularly performance-to- budget, ensure financial manuals and financial controls are in place to enhance proper cash management, timely disbursement and reconciliation, assets registration and utilization.
Organizational Capacity	Improve staff capacity and welfare	Attract and retain skilled and experienced staff, train staff to fill skills gap through tailor-made trainings, and provide conducive environment (tools, facilities and office space) that will improve and maintain employees' motivation and work- life balance. Develop and implement an effective succession plan, HIV/AIDS workplace intervention programs and promote gender inclusiveness in key decision-making processes.
	Improve Facilities and Infrastructure	Put in place a well ICT infrastructure and working facilities by ensuring availability, accessibility and full functioning computers, internet, intranet, software and security. Build HESLB house for office space to reduce rental charges. Train staff in new technology, develop functioning back-up infrastructure, full automation and integration of internal systems, integration of internal systems to systems of key stakeholders, automation of performance management and work flow management systems.
	Strengthen	Enhance BoD effectiveness in overseeing
	governance	HESLB's management and monitoring external environment by improving Board's processes to increase workers' involvement, transparency, BoD's independence, networking, accountability and observance to government rules, regulations, circulars and directives.



5.0. STRATEGY MONITORING AND EVALUATION

5.1. Introduction

The Monitoring and Evaluation (M&E) of the HESLB Strategic Plan is a regular activity, which is conducted monthly, quarterly, semi-annually and annually. A number of ways have been developed to conduct Monitoring and Evaluation of implementation of the strategic objectives. These ways also form a major part of the reporting systems of the Board. They include official meetings,

monthly reports, semi annual reports, and annual reports. Monitoring and Evaluation will be part and parcel of the entire HESLB implementation of the 2017/2018-2021/2022 Strategic Plan. Each Annual Action Plan developed for funding will have clear indicators for measuring outcomes as well as M&E mechanisms. For ease of M&E, the overall M&E strategic objectives and strategic actions of the Board will be done using a framework matrix with indicators. The monitoring framework of the strategic objectives is as presented

in Appendix 1. Generally, this chapter provides a basis on how various interventions should be undertaken in the course of the strategic planning cycle, leading to achievement of the HESLB objectives. It highlights how various activities will be monitored, what kind of reviews will be undertaken over the period, what type of evidence-based evaluation studies will be undertaken to

show that activities are either leading or lagging behind achievement of the intended outcomes. Finally, it shows how performance indicators and progress of performance will be reported to various stakeholders.

The underlying assumptions to HESLB's success in reaching its objectives articulated in the Strategic Plan 2017/18-2021/22 are as follows:

- a) Government will continue to offer loans of at least TZS 500 billion annually as expressed in the National Five-Year Development Plan 2016/17-2020/21 i.e. 2.5 trillion in the next five years inclusive of both fresh finances from government treasury and revolving funds
- b) Government will continue to finance priority programmes as articulated in the National five Year Development Plan 2016/17-2020/21;
- c) HESLB attains monthly repayment collections of TZS 8.3 billion in 2017/18 and increased to TZS 22 billion per month in 2021/2022;
- d) HESLB attain a 56% (10:6) ratio of admitted students to beneficiaries;
- e) HESLB Head Office will relocate to Dodoma and the Dar es Salaam and other offices will be re-organized;
- f) Trend of key macroeconomic indicators will remain in same direction;
- g) Growing beneficiaries response to repayment continues;
- h) Self-sustainability of HESLB operations continues gradually;
- i) HESLB continues to acquire and retain multi-skilled and motivated staff to efficiently provide services.

5.1.1. Risk and Mitigation

Some of the key risks considered include the following:

- i. One source of loanable and operational funds;
- ii. Changing priorities especially around the next general election;
- iii. Macroeconomic factor; VRF is fixed, but inflation may vary significantly;
- iv. Employment rate shrinking may affect repayments;
- v. There is no loan protection mechanism to mitigate for indemnity.

5.1.2. Risk and Mitigation

Some of the mitigation measures include the following:

- i. Conduct mini point review to adjust and respond to any changes that might be occurring.
- ii. Conduct series of market sensitive analysis to keep abreast with macro factors.
- iii. Balance equity and labour market considerations when allocating loans.
- iv. Establish loan protection fund.
- v. Establish endowment fund for higher and technical education.

5.2. Monitoring, Reviews and Evaluation Plans

This subsection details the Monitoring Plan, planned reviews and Evaluation Plan for the five years of the strategic planning cycle from 2017/18 to 2021/22.

5.2.1. Monitoring Plan

The Monitoring Plan consists of indicators, indicator description, baseline, indicator targets values, data collection and methods of analysis, indicator reporting frequencies and the officers who will be responsible for data collection, analysis and reporting. Though the outcome indicators will be reported on annual basis, tracking of the indicators will be made on quarterly basis. The Monitoring Plan is detailed as Appendix 1.

5.3. Planned Evaluation

The plan is to carry out a total of two (2) formal evaluations during the strategic plan cycle. This will involve carrying out one mid-year evaluations and another at the end of the strategy period. The evaluations will be tracking progress on implementation of the targets and the level of achievement made towards organizational goals. The annual action plans will be used as the guiding tool for implementation of the plan and review exercises within the strategic plan cycle.

The evaluation to be conducted at the end of the fifth year will focus on determining whether the planned outputs over the five-year period have been achieved against the indicators, and if not what could have been the reasons for the under achievement. All the five years targets will be reviewed. The evaluation will also assess the extent to which achieved targets have contributed towards achievement of five-year outcomes as well as issues, challenges and lessons learnt over the five years period. The Executive Director and Heads of Directorates and Units will take a lead in the review process at the completion of the strategic plan cycle.

5.4. Planned Evaluation

This sub-section details the reporting plan, which contains the internal and external reporting plans. The reporting plan is in accordance with statutory requirements, Medium Term Strategic Planning and Budgeting Guidelines or as may be required from time to time.

5.4.1. Monitoring Plan

This plan will involve preparation of four types of reports namely monthly, technical, quarterly and annual reports. The reports will be prepared on monthly, quarterly, annually or on demand basis as may be required from time to time. The reporting plan is as detailed in Table 5.1:

Table 5.1: Internal Reporting

SN	Type of Report	Recipient(s)	Frequency	Responsible Person
1	Monthly Report	MoEST	Monthly	Heads of Departments
2	Technical Report	Board Members/ Executive Director	On Demand	Heads of Departments
3	Quarterly Report	MoEST/ Board Members	Quarterly	Heads of Departments
4	Annual Report	MoEST/ Board Members	Annually	Heads of Departments

5.4.2. External Reporting Plan

This plan will involve preparation of four types of external reports namely performance, financial, annual and outcome reports. The reports will be submitted to various external stakeholders, including Ministry of Finance, Presidents' Office - Public Service Management, Treasury Registrar, Controller and Auditor General, Development Partners, the Parliament and the General Public as indicated below. The reports will be prepared on monthly, quarterly, annually or on demand basis from time to time. The reporting plan will be in accordance with the statutory requirements or as directed from time to time, as well as the government performance reporting requirements as stipulated in the Medium Term Strategic Planning and Budgeting Guidelines.

5.4.3. Resource Requirements and Mobilization

The Board will develop annual action plans to operationalize the Strategic Plan. The annual action plans will constitute a basis for building up an annual budget figure, which will portray composition of the annual resource requirements for the given year in the strategic plan cycle. So far, the National FYDP 2016-2021 has allocated TZS 500 billion annually for HE loans and grants. Annual estimation of Recurrent Expenditure (OC and PE) and costs for other development projects will be consolidated together with loanable funds already allocated so as to determine total annual budget for HESLB.