

Bridging the gap in accessing tertiary education

Oct 17, 2011 | Michelle Branco, Chief Commercial & Marketing Officer at Eduloan

The South African government has identified higher education as one of the key sectors in accelerating economic growth, reducing poverty and supplying the workplace with the required scarce skills.



Beacon Ridge Primary principal, Kriba Vayapuri, has managed to empower pupils and the community
Photograph by: Picture: THEMBINKOSI DWAYISA

As a result, the higher education department is allocated a big slice of the national budget, yet one of the challenges that the department faces is the low enrolment rate at tertiary institutions. The reasons include a lack of finance and steep tuition fees. Of those students who do enrol after completing grade 12, too many – 15%-20% - do not graduate.

According to a study conducted by Marc Gurgand and Adrien Lorenceau from the Paris School of Economics and Thomas Melonlo from Agence Francaise de Development, using information supplied by SA's Department of Higher Education, tuition fees for tertiary education in SA are relatively high in relation to average income per household, particularly when compared to the ratios of developed countries. That has a direct impact on the enrolment rates for tertiary education.

The acceleration plan

Government, through the National Plan for Higher Education (NPHE), aims to accelerate the number of learners in tertiary institutes so as to produce the high-level skills needed for economic growth. The target set by the NPHE is ambitious, and may seem insurmountable.

Therefore there is a need for intervention or aid to support the primary methods of funding at university level - government grants, student fees, donations and entrepreneurial activities.

Private funders such as Eduloan have played a role in helping to accelerate the numbers and fill the gaps that previously existed. One of the findings from the research shows that 76% of

students who applied to a public university enrolled when given a loan, whereas only 53% did so without a loan.

This means that obtaining financing from Eduloan increases access to education by a staggering 23 percentage points.

What has also emerged from the data sourced from the Department of Education's Higher Education Management Information System (HEMS), which collects individual data on every student entering the higher education system when matched with the Eduloan data reflects that students on loans do actually go on to complete their studies.

Eduloan supplied the impact study with two sets of critical information; data of applications between 2004-2007 as well as data indicating successful loan applications.

Statistics show that the 'pay as you study' methodology has had a positive impact on the number of enrolments and graduations at tertiary institutes, especially considering that in a developing country, the number of people who are affected by credit constraints, have very slim chances of being allowed to continue with their studies.

The authors concluded that even in a highly financialised, developing country such as South Africa, a significant portion of the population still experience credit constraints in accessing higher education, particularly in the low to intermediate income brackets.