

**REPORT OF THE COMMITTEE ON EDUCATION ON THE STUDENT
LOAN TRUST FUND (AMENDMENT) BILL, 2021**

1.0 INTRODUCTION

The Student Loan Trust Fund (Amendment) Bill, 2021 was laid in Parliament on 16th December 2021 by the Hon Deputy Minister for Education, Mrs Gifty Twum-Ampofo, in accordance with Article 106(13) of the Constitution.

The Bill was referred to the Committee on Education for consideration and report pursuant to Order 186 of the Standing Orders of Parliament. The Committee was further tasked to determine the urgency or otherwise of the Bill in accordance with Article 106(13) of the Constitution and Order 119 of the Standing Orders of the House.

2.0 DELIBERATIONS

The Committee met with the Hon Minister for Education, Dr Yaw Osei Adutwum, the Chief Executive Officer of the Student Loan Trust Fund and officials from the Ministry of Justice and Attorney to consider the Bill.

The Committee is profoundly grateful to the Hon Minister and the officials for attending upon the Committee.

3.0 REFERENCE DOCUMENTS

The Committee referred to the following documents during the deliberations:

- i. The Constitution, 1992
- ii. The Standing Orders of Parliament, 2000
- iii. The Student Loan Trust Fund Act, 2011 (Act 820)
- iv. The Student Loan Trust Fund (Amendment) Bill, 2021

4.0 BACKGROUND

In 2017 the Government pursued the Free Senior High School programme to improve and expand access to secondary and tertiary education. Successful implementation of this programme made it possible for many more students from poor socio-economic backgrounds to participate and complete their secondary education.

The high-performance rate of Free SHS students who wrote the West Africa Secondary School Certificate Examination in 2021 indicates that there will be an increase in the number of students who will be transitioning to tertiary institutions in 2022.

These students will need financial support to pursue tertiary education, especially those from poor backgrounds who benefitted from the free Senior High School programme.

As a result, continuing with a policy that requires a guarantor to access loans from the Student Loan Trust will serve as a hindrance to many qualified students accessing the loan to continue their education as well as prevent Government from fulfilling its constitutional mandate under Article 25 of the Constitution. If the Free Senior High School graduates are unable to transition to the next level of their education, the broad educational goals would not be fully realized. The Ghana Tertiary Education Report projects tertiary enrolment to grow by forty percent (40%) between 2019/2020 academic year and 2022/2023 academic year.

Consequently, removing barriers in the acquisition of loans by tertiary students from the Student Loan Trust Fund will facilitate the provision of equal opportunity to everyone who wants to have access to higher education.

5.0 PURPOSE OF THE BILL

The Student Loan Trust Fund Act, 2011 (Act 820) was enacted to provide financial support for students in tertiary institutions in fulfilment of the constitutional mandate imposed on Government in Articles 25 and 38 of the 1992 Constitution to ensure that higher education shall be made equally accessible to all.

Section 19 of Act 820 requires students to provide at least one guarantor to be eligible to access the Student Loan Trust Fund. This provision over the years has served as a barrier to many students

accessing the Fund as many contributors to SSNIT are not willing to provide guarantee due to its implications on retirement benefits when the student is unable to honour the obligation.

The object of the Bill is therefore to amend the Students Loan Trust Fund Act, 2011 (Act 820) to dispense with the requirement of a guarantor prior to the disbursement of a loan by the Board of the Student Loan Trust Fund.

6.0 DIVISIONS OF THE BILL

The Bill is divided into six clauses as follows: Clause 1 of the Bill amends paragraph (f) of subsection (1) of section 5 of Act 820 to reflect the change in the designation of the National Council for Tertiary Education to the Ghana Tertiary Education Commission on the Board of Trustees of the Fund.

Clause 2 of the Bill repeals section 19 of Act 820 and accordingly, relieves a borrower of the obligation to provide a guarantor prior to the disbursement of a loan by the Board.

Consequently, clause 3 of the Bill amends sections 23 of Act 820 by repealing subsection (2) and thus, removes the liability of a guarantor to pay a loan where a borrower fails to pay the loan.

Furthermore, the repeal of section 19, clause 4 of the Bill amends section 25 of Act 820 to rescind the power of the Board to require an employer, a person or an institution to provide information in respect of a guarantor.

Finally, clauses 5 and 6 of the Bill amend sections 26 and 27 of Act 820 respectively, to exclude the guarantor from the application of those provisions.

7.0 OBSERVATIONS

7.1 Determination of the Urgency or Otherwise of the Bill

The Minister informed the Committee that the introduction of the Free Senior High School Education Policy has resulted in an exponential increase in the number of students entering tertiary institutions in the 2022/2023 academic year commencing January 2022.

The Minister stated that many of these students come from poor backgrounds and are in dire need of financial assistance to undertake their studies. The use of the guarantor system in accessing the loan has in recent times proven to be an inhibition to students in accessing the loans from the Student Loan Trust Fund because of difficulty in getting a guarantors.

The Government has therefore adopted a 'No Guarantor Policy' to dispense with the requirement of a guarantor as provided for in the Student Loan Trust Fund Act, 2011 (Act 820).

For the policy to commence, there is a need to amend Section 19 of the Student Loan Trust Fund Act, 2011 (Act 820).

In view of the fact that the academic year commences in January 2022 and students are already reporting to school, there is therefore an urgent need to commence the policy to enable already struggling students to access the loan.

The Committee therefore is of the considered view that the Bill is of an urgent nature as some students who are solely relying on the loan, but cannot find guarantors, are currently stranded and may not be able to report to school without the loan.

7.2 Measures for the Repayment of the Loan without a Guarantor

The Committee questioned how the Fund will guarantee repayment of the loan by student in the absence of Guarantors so as to ensure sustainability, the Minister informed the Committee that with the current National Identification System that the Government is rolling out coupled with its linkage to Social Security and National Insurance Trust Data, the Student Loan Trust Fund should be able to collect the loans without a guarantor as soon as beneficiary gain employment and begin to contribute to SSNIT.

The Minister however indicated that previous guarantors would continue to discharge their responsibilities to the Fund until the guarantor system is totally phased out.

7.3 Enactment of Regulation

The Committee observed that since the Student Loan Trust Fund Act, 2011 (Act 820) was passed, the Minister and the Board have not enacted Regulations as provided for in Section 38 of the Act.

The Regulation, among others is to provide for 'the conditions to be fulfilled before an application is approved', 'a students' loan protection scheme', and 'effective implementation of the Act'.

The Committee therefore entreats the Minister and the Board as a matter of urgency to enact the Regulations for the effective administration of the Fund

8.0 AMENDMENTS PROPOSED

1. **Clause 5:** paragraph (a), line 2, after “notice”, insert “of demand” and in line 3, after “address”, insert “of the borrower”;
2. Clause 5: paragraph (b), line 3, delete “demand notice” and insert “notice of demand”;
3. Clause 5: paragraph (c), line 2, delete “subregulation” and insert “subsection”; in line 4, delete “should” and insert “shall”.
4. Clause 6: line 3, delete “(f)” and insert “(b)”.
5. Insert a new provision after clause 6 as follows:

“Liabilities and recoveries

... (1) The liabilities of a guarantor under a loan contracted before the coming into force of this Act shall continue to remain in force until the loan is repaid in full.

(2) The procedure for the recovery of a loan contracted before the coming into force of this Act shall continue to remain in force until the loan is repaid in full.”

6. **Long title:** lines 1 and 2, delete “repeal section 19 of Act 820 to”.

9.0 CONCLUSION

The Committee has thoroughly examined the Bill and is convinced that the proposed amendments are necessary to reduce the burden that poor and needy students who have gained admission into tertiary institutions go through in assessing finance for their education.

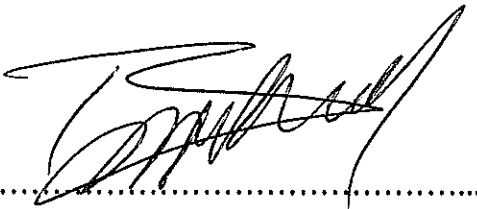
In view of the fact that students entering tertiary institutions are expected to report to school this January and the need for many of them to access the loan to enable them pay their fees, the

Committee considers this bill as an urgent one. The Committee therefore recommends that the House adopts its report and approve the bill subject to the proposed amendments.

Respectively submitted



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CHAIRMAN, COMMITTEE ON EDUCATION



INUSAH MOHAMMED
CLERK, COMMITTEE ON EDUCATION