



**THE UNITED REPUBLIC OF TANZANIA  
NATIONAL AUDIT OFFICE**



**HIGHER EDUCATION STUDENTS' LOANS BOARD**

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE  
FINANCIAL AND COMPLIANCE AUDIT FOR THE  
FINANCIAL YEAR ENDED 30 JUNE 2024**

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AR/PA/HESLB/2023/24

## About the National Audit Office

### Mandate

The statutory mandate and responsibilities of the Controller and Auditor-General are provided for under Article 143 of the Constitution of the United Republic of Tanzania of 1977 and in Section 10 (1) of the Public Audit Act, Cap. 418.



### Independence and objectivity

We are an impartial public institution, independently offering high-quality audit services to our clients in an unbiased manner.

### Teamwork Spirit

We value and work together with internal and external stakeholders.

### Results-Oriented

We focus on achievements of reliable, timely, accurate, useful, and clear performance targets.



### Professional competence

We deliver high-quality audit services based on appropriate professional knowledge, skills, and best practices

### Integrity

We observe and maintain high ethical standards and rules of law in the delivery of audit services.

### Creativity and Innovation

We encourage, create, and innovate value-adding ideas for the improvement of audit services.

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## Abbreviations

AAHEFA	Association of African Higher Education Financing Agencies
AIDS	Acquired Immune Deficiency Syndrome
ARC	Audit and Risk Committee
BoD	Board of Directors
DiDiS	Digital Disbursement System
ED	Executive Director
ECL	Expected Credit Loss
e-GA	e-Government Authority
EIR	Effective Interest Rate
EUL	Estimated useful life
EXCOM	Executive Management Committee
FPA	Finance, Planning and Administration
GAS	Grand Automation & System Integration
GePG	Government electronic Payment Gateway
GAVP	Generally Acceptable Valuation Principles
GovESB	Government Enterprise Service Bus
ICT	Information Communication Technology
ILMS	Integrated Loan Management System
IPSAS	International Public Sectors Accounting Standards
HEET	Higher Education for Economic Transformation
HESLB	Higher Education Students' Loans Board
HIV	Human Immunodeficiency Virus
HLIs	Higher Learning Institutions
KPIs	Key Performance Indicators
LARC	Loan and Repayment Committee
LF	Loanable Fund
MEL	Monitoring, Evaluation and Learning
MGov	Government Mobile Platform
MIE	Middle-Income Economy
MoEST	Ministry of Education Science and Technology
MoFP	Ministry of Finance and Planning
NBAA	National Board of Accountants and Auditors
NeST	National e-Procurement System of Tanzania
NHIF	National Health Insurance Fund
OLAMS	Online Loan Application and Management System
OLAS	Online Loan Application System
OTR	Office of Treasury Registrar
PA	Per Annum
PAA	Public Audit Act
PAYE	Pay as You Earn



PDO	Project Development Objective
PE	Personal Emoluments
PLC	Public Listed Company
PLANREP	Planning and Reporting System
SACCOS	Savings and Credit Co-operative Society
SOPs	Standard Operating Procedures
TFRS	Tanzania Financial Reporting Standard
TVS	Trainees Voucher Scheme
TZS	Tanzania Shillings
TR	Treasury Registrar
URT	United Republic of Tanzania
VAT	Value Added Tax
VC	Vice Chancellor
VoIP	Voice over Internet Protocol
VRF	Value Retention Fee
WB	World Bank
WCF	Worker's Compensation Fund
W.I.P	Work-In-Progress

## **1.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL**

Chairman of the Board of Directors,  
Higher Education Students' Loans Board,  
P.O. Box 76068,  
Dar-Es-Salaam.

### **1.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS**

#### **Unqualified Opinion**

I have audited the financial statements of Higher Education Students' Loans Board, which comprise the statement of financial position as at 30 June 2024, and the statement of financial performance, statement of changes in net assets and cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of Higher Education Students' Loans Board as at 30 June 2024, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting and the manner required by the Public Finance Act, Cap. 348.

#### **Basis for Opinion**

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are described in the section below entitled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements". I am independent of Higher Education Students' Loans Board in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I have determined that there are no key audit matters to communicate in my report.

## **Other Information**

Management is responsible for the other information. The other information comprises the Report by those charged with Governance, statement of management responsibility and Declaration by the Head of Finance but does not include the financial statements and my audit report thereon which I obtained prior to the date of this auditor's report.

My opinion on the financial statements does not cover the other information, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed on the other information that I obtained prior to the date of this audit report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

## **Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report



because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

In addition, Section 10 (2) of the Public Audit Act, Cap 418 requires me to satisfy myself that, the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Section 48(3) of the Public Procurement Act, Cap 410 requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

## **1.2 REPORT ON COMPLIANCE WITH LEGISLATIONS**

### **1.2.1 Compliance with the Public Procurement laws**

**Subject matter: Compliance audit on procurement of works, goods and services**

I performed a compliance audit on procurement of works, goods and services in the Higher Education Students' Loans Board for the financial year 2023/24 as per the Public Procurement laws.

#### **Conclusion**

Based on the audit work performed, I state that, except for the matters described below, procurement of goods, works and services of Higher Education Students' Loans Board is generally in compliance with the requirements of the Public Procurement laws.

#### **Powers of Attorney Certified by Unqualified Persons**

Section 39 of The Advocates Act (R.E 2002) prescribes the qualifications for practicing as an advocate. Subject to the provisions of section 3, no person shall be qualified to act as an advocate unless: (a) Their name is on the Roll, (b) They have a valid practicing certificate, and (c) They hold a valid business license.

Reviews of the evaluation procedures for tenders number TR112/2023/24/G/06, TR112/2023/24/G/19 and TR112/2023/24/G/33 noted that the submitted standard powers of attorney were notarized by unqualified persons who hold invalid business licenses and name is not in roll.

### **1.2.2 Compliance with the Budget Act and other Budget Guidelines**

**Subject matter: Budget formulation and execution**

I performed a compliance audit on budget formulation and execution in the Higher Education Students' Loans Board for the financial year 2023/24 as per the Budget Act and other Budget Guidelines.

## Conclusion

Based on the audit work performed, I state that Budget formulation and execution of Higher Education Students' Loans Board is generally in compliance with the requirements of the Budget Act and other Budget Guidelines.



Charles E. Kichere  
Controller and Auditor General,  
Dodoma, United Republic of Tanzania.  
March 2025



## 2.0 REPORT BY THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

### 2.1 INTRODUCTION

The Higher Education Students' Loans Board (HESLB) is a corporate body established by the Higher Education Students' Loans Board Act No. 9 of 2004 (as amended) CAP 178 (HESLB Act). It has been in operation since July 2005. Currently, HESLB is under the Ministry of Education, Science and Technology. Its main objective is to assist, on a loan basis, eligible students admitted to accredited higher learning institutions but whose families cannot afford to support them fully or partly. HESLB is also mandated to issue grants. In addition, HESLB is charged with the mandate of collecting all due mature loans from previous loan beneficiaries since 1994 onwards. Therefore, it is an institution translating the cost sharing policy in the higher education financing.

The Board of Directors of the Higher Education Students' Loans Board submits its Annual Financial Report for the financial year ended 30 June 2024, which discloses HESLB's state of affairs for the period. The Report has been prepared in accordance with the provisions of Sect 25(4) of the Public Finance Act, Cap 348 [R.E. 2020] and complies with Tanzania Financial Reporting Standard No. 1 (TFRS 1).

### 2.2 OFFICE LOCATIONS

HESLB has head office in Dodoma, subhead office in Dar es Salaam and seven zonal Offices located around the United Republic of Tanzania as follows; -

- i. Head Office is located at PSSSF House, Makole Road in Dodoma
- ii. Sub Head Office is located at Kilimo Street, TAZARA Area in Dar es Salaam,
- iii. Zanzibar Office is located at ZSSF Michenzani Mall, Michenzani Area in Zanzibar Urban/West,
- iv. Lake Zone located at PSSSF Plaza building, Kenyatta Road in Mwanza,
- v. Northern Zone is located at NSSF Mafao House in Arusha,
- vi. Southern Highland Zone located at CAG building, Mbalizi Road in Mbeya,
- vii. Southern Zone located at NHC Raha Leo Complex in Mtwara and
- viii. Eastern Zone located at PSSSF Tower, along Mission Street in Dar es Salaam.

### 2.3 VISION, MISSION, CORE VALUES AND PRINCIPAL ACTIVITIES

#### Vision

To become a reliable and sustainable tertiary education student financier in Tanzania.



### **Mission**

To sustainably manage the issuance of tertiary education loans and grants to eligible Tanzanian students and loan collection by embracing innovation, a skilled workforce, and synergies

### **Core Values**

To achieve the vision and mission, HESLB and other stakeholders have observed the following guiding core values:

- i. Accountability
- ii. Customer-centric
- iii. Teamwork
- iv. Professionalism
- v. Innovation
- vi. Equity

### **Principal Activities of HESLB**

As prescribed under the HESLB Act, the principal HESLB activities include:

Assuming responsibility for the control and management of all loanable funds as vested in the Board;

Formulating the mechanism for determining eligible students for payment of loans together with administering and supervising the whole process of payment and repayment of loans;

Keeping register and other records of students' loan beneficiaries under the Board; and

Advising the Minister on matters of policy and of the law concerning provisions and recovery of loans granted.

## **2.4 CORPORATE GOVERNANCE**

The Board of Directors is responsible for the governance of the Higher Education Students' Loans Board to comply with the law, standards of corporate governance, and business ethics. The Board takes overall responsibility for the running of the board, including effective and efficient implementation of various activities, monitoring operations and investment decisions, considering significant financial matters, and reviewing the performance of management plans and budgets.

The Board is also responsible for identifying key risk areas and ensuring that a system of internal control policies and procedures is operative and in compliance with sound corporate governance principles. The Board believes in the principles of Corporate Governance that include transparency, accountability, probity and respect for the rights of all its stakeholders.

Therefore, the Board continued to enforce good corporate governance practices by mainly focusing on regulations, compliance and professionalism as an integral part of the operations towards better governance.

### 2.5 COMPOSITION, FUNCTION AND POWERS OF THE BOARD

#### 2.5.1 Composition of the Board

The President appoints a Chairman of the Board, who serves a four-year tenure renewable, whereas the Minister for Education, Science, and Technology appoints other members for three years, renewable once. Members appointed by the Minister represent various key constituencies in the higher education financing ecosystem such as tertiary education regulators (Tanzania Commission for Universities (TCU) and National Council for Technical and Vocational Education Training (NACTVET)); Ministries of Education (both Tanzania Mainland and Tanzania Zanzibar); Ministries of Finance (both Tanzania Mainland and Tanzania Zanzibar); Office of the Attorney General and a representative of higher education students.

It may be recalled that according to HESLB Act, the Board of Directors may co-opt any person to seat in the Board or any of its committee, but at no single point in time the co-opted member can enjoy voting rights.

#### 2.5.2 Functions of the Board

- i. To assume responsibility for the control and management of all loanable funds as vested in the Board;
- ii. To formulate the mechanism for determining eligible students for payment of loans;
- iii. To administer and supervise the whole process of granting, repayment and recovery of loans issued to students;
- iv. To keep the register and other records of students' loan beneficiaries under the Board;
- v. To advise the Minister on matters of policy and of the law concerning provisions and recovery of loans to students;
- vi. To establish operational links between the Board and higher education institutions with student loan beneficiaries for facilitating a smooth, efficient and effective administration of the loan funds;
- vii. To establish operational links with employers of loan beneficiaries for the purpose of facilitating the recovery of the loans granted;
- viii. To establish networking and cooperation links on a mutually beneficial basis with institutions and organizations, be they governmental or non-governmental, local, foreign or international;
- ix. To conduct research and maintain a data bank on other local and external scholarships, sponsorships and awards that may be accessed by Tanzanian students in need or in search of opportunities and financial sponsorship or assistance for higher education and/or training;
- x. To ensure the overall efficient and effective implementation of the provisions of the Act and of any such other written law concerning Government loans; and



- xi. To perform such other functions as are conferred upon the Board by or under the Act or any other written laws.

### 2.5.3 Powers of the Board

Without prejudice to Section 6 of the HESLB Act Cap 178, the Board shall have powers;-

- i. To administer both movable and immovable properties of the Board;
- ii. To administer the funds, investments and assets of the Board and in particular the funds allocated under the Government Budget or otherwise available for loans to students;
- iii. To borrow money for any purpose deemed fit by the Board and, subject to any law in relation to investment of funds by a trustee, to invest in land and or Government Securities or other interest-bearing assets such fund as may be vested in it and which may not be immediately required for current expenditure;
- iv. To signify the acts of the Board by use of official seal in the manner provided for under the Schedule;
- v. To demand and receive such fees for services rendered by officers and other employees of the Board;
- vi. To receive and consider all students loan applications from eligible students wishing to be considered for the award of loans;
- vii. To grant loan moneys to students who have been granted such loans in accordance with the provisions of the Act or regulations made hereunder or in furtherance thereof;
- viii. To determine other criteria and conditions governing the granting of students' loan including the rates of interest and recovery of loans;
- ix. To determine the maximum number of eligible students to be granted loans in any one particular year;
- x. To recover all loan moneys owed by former student loan beneficiaries since July, 1994 under the Students Loan from or with the assistance of their respective employers or otherwise in accordance with the provisions of this Act and regulations made there under;
- xi. To appoint, settle the terms and conditions of service or terminate the appointment of such employee of the Board as it is empowered to appoint under this Act as it may deem necessary;
- xii. To decide and or recommend conditions of service and employment packages for the employees and or the officers of the Board and to approve or, as the case may be, recommend staff establishment and staff development plans prepared by management within the financial resources of the Board;
- xiii. To establish divisions or sub-divisions or disestablish any one of them and give them any such designation or designations as it may deem fit;



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- xiv. To make arrangements or provisions for health, pension, superannuation and or other terminal benefits for its officers or other employees in accordance with any written law applicable to public servants;
- xv. To consider and approve the annual budget submitted by the management for the purposes of monitoring and reviewing financial statements and authorizing major expenditures for the Board;
- xvi. To formulate and implement Board financial policies;
- xvii. To enter into contracts or memoranda of understanding with the Ministry, individuals, and other organizations or institutions, establish such trusts, and appoint such trustees, agents, and independent contractors as may be.

Table 1: Board of Directors who served during the period

Sn	Full Name	Status	Age (Years)	Academic Discipline	Nationality	Appointed
1	Prof. Hamisi O. Dihenga	Chairperson	74	PhD (Agricultural Engineering)	Tanzanian	December-2021
2	Dr. Rukaya W. Muhammed	Vice Chairperson	44	Ph.D. in Business Management (Human Resource Management).	Tanzanian	Sept-2023
3	Dr. Telemu J. Kassile	Member	53	PhD in Economics	Tanzanian	Sept-2023
4	Dr. Martin J. Chogere	Member	38	PhD in Economics	Tanzanian	Sept-2023
5	Mr. Twaha A. Twaha	Member	54	MBA-International Business	Tanzanian	Sept-2023
6	Ms. Theresia E. Henjeweile	Member	52	MSc (Economics) & MA (Economic Policy Management)	Tanzanian	Sept-2023
7	Ms. Maria John Thomas	Member	37	Bachelor of Arts with Education [BAED]	Tanzanian	Sept-2023
8	Ms. Paulina J. Mwalusanya	Member	42	Master of Laws (LLM) in Corporate and Commercial Laws	Tanzanian	Sept-2023
9	Mr. Iddi K. Haji	Member	61	PGD (Financial Management)	Tanzanian	Sept-2023

Source: HESLB Board of Directors' Reports

### 2.5.4 Matters deliberated in board of directors' meetings

During the reporting period, the Board of Directors held all its four statutory meetings to discuss and deliberate on various strategic and compliance issues. Some of the notable deliberations during the year included the following,

- i. Approved 2023/24 Board of Director meeting almanac. The almanac guided its subsequent meetings, which we are glad to report, were convened as planned,
- ii. Received and deliberated on quarterly performance reports from its respective Committees,
- iii. Welcoming new Board Members; Appointed Vice-Chairperson, and Formed Board Committees,
- iv. Approved the Annual Procurement Plan Review for Financial Year 2023-2024,
- v. Approved the proposal for Mid-year Budget reallocation for Financial Year 2023-2024,

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- vi. Received and Deliberated on the Executive Director's Mid-Year Performance Report (2023-2024),
  - vii. Approved Mid-Year Review of the Annual Procurement Plan for Financial Year 2023/24,
  - viii. Approved the proposal for Changes on Bank Accounts Signatories,
  - ix. Approved the Recast of the 2024/2025 HESLB Budget,
  - x. Approved the request for the OC Budget adjustments between cost centers, and
  - xi. Approved of the Annual Procurement Plan for the Financial Year 2024/2025.
- Members Participated in Board of Directors meetings held are as shown in table below

Table 2: Board of Directors meetings held during the year

S/N	Name	Designation	Academic Discipline	No. of meetings attended against planned	
				2023/24	2022/23
1	Prof. Hamisi O. Dihenga	Chairperson	PhD (Agricultural Engineering)	6/6	5/5
2	Dr. Rukaya W. Muhammed	Vice Chairperson	Ph.D. in Business Management (Human Resource Management)	5/6	Was not yet appointed
3	Dr. Telemu J. Kassile	Member	PhD in Economics	6/6	Was not yet appointed
4	Dr. Martin J. Chogere	Member	PhD in Economics	5/6	Was not yet appointed
5	Mr. Twaha A. Twaha	Member	MBA-International Business	5/6	Was not yet appointed
6	Ms. Theresia E. Henjewe	Member	MSc (Economics) & MA (Economic Policy Management)	6/6	4/5
7	Ms. Maria John Thomas	Member	Bachelor of Arts with Education [BAED]	6/6	Was not yet appointed
8	Ms. Paulina J. Mwalusanya	Member	Master of Laws (LLM) in Corporate and Commercial Laws	6/6	Was not yet appointed
9	Mr. Iddi K. Haji	Member	PGD (Financial Management)	5/6	3/5

Source: HESLB Board of Directors' Reports

### 2.6 COMMITTEES OF THE HESLB GOVERNING BOARD

For the smooth operation of the functions of the Board of Directors, the HESLB Act mandates the Board to form not more than three Committees from among its members to discharge various functions. The current Committees, as reflected in both the HESLB Act and the Board of Directors Charter, are the Loans Allocation and Repayment Committee (LARC), the Finance, Planning and Administration Committee (FPA), and the Audit and Risk Committee (ARC). All Committees report to the Board of Directors quarterly or as the need may arise.



## 2.6.1 Loans Allocation and Repayment Committee (LARC)

The primary function for which HESLB was established is the issuance of loans and grants to eligible students and to ensure repayment of matured loans. The primary objective of establishing LARC is to discharge this core function of HESLB. The Committee is entrusted with full-fledged decision-making powers on all issues related to the allocation and recovery of students' loans and such decisions are normally tabled to the full Board for noting.

Table 3: The composition of the LARC committee during the year

S/N	Name	Designation	Academic Discipline	No. of meetings attended against planned	
				Current Year	Previous Year
1	Mr. Iddi K. Haji	Chairperson	PGD (Financial Management)	5/7	Was not yet appointed
2	Mr. Twaha A. Twaha	Member	MBA-International Business	7/7	Was not yet appointed
3	Ms. Maria John Thomas	Member	Bachelor of Arts with Education [BAED]	7/7	Was not yet appointed
4	Dr. Telemu J. Kassile	Member	PhD in Economics	6/7	Was not yet appointed

Source: HESLB Committees' Reports

The activities performed by this committee ensured close monitoring of loan allocations, disbursement, and repayment. It also reviewed and endorsed various operational manuals guiding Management on loan processing, disbursement, repayment, and recovery. The following are matters deliberated in LARC committee meetings;

- Received and deliberated performance quarter reports on loans allocation and disbursement,
- Received and deliberated quarter performance reports on loan repayment and recovery,
- Approved the request for Allocations of Loans and Grants for FY 2023/24,
- Approved the Proposal to Use the Unutilized Funds from Dropout Students and
- Approved the Proposed Guidelines for Issuance of Loans and Grants for the Academic Year 2024/2025.

## 2.6.2 Finance, Planning and Administration Committee (FPA)

According to the HESLB Board Charter, the FPA Committee is responsible for dealing with various support functions such as finance, budgeting, legal affairs, procurement management, ICT, communication, human resources, and administration. The Committee is mandated to oversee the performance of support Directorates and Units as well as scrutinizing and endorsing the Annual Procurement Plan, annual budget, budget recast, and re-allocation, among other key support functions.



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Table 4: The composition of the FPA committee during the year

S/N	Name	Designation	Academic Discipline	No. of meetings attended against planned	
				Current Year	Previous Year
1	Mr. Twaha A. Twaha	Chairperson	MBA-International Business	4/4	Was not yet appointed
2	Dr. Rukaya W. Muhammed	Member	Ph.D. in Business Management (Human Resource Management).	3/4	Was not yet appointed
3	Ms. Paulina J. Mwalusanya	Member	Master of Laws (LLM) in Corporate and Commercial Laws	4/4	Was not yet appointed
4	Mr. Paul R. Bilabaye	Member - co-opted	CPA(T), CPSP, MBA Corporate Management	0/4 (Appointed in Q3.)	Was not yet co-opted
5	Prof. Joel S. Mtebe	Member - co-opted	Ph.D. in Interactive Technology/Human Computer Interaction	1/4 (Appointed in Q3.)	Was not yet co-opted

Source: HESLB Committees' Reports

The meetings held by this Committee ensured close monitoring of budget implementation as approved by the Government and the BoD. It further ensures compliance with various laws and regulations relating to procurement, finance, public service, and budget. The Committee also ensures various internal Policies and manuals are developed, reviewed and approved as appropriate. The following are matters deliberated in FPA committee meetings;

- Received Management performance quarter reports,
- Received updates on the Higher Education for Economic Transformation (HEET) project,
- Received updates on the Dodoma HQ Office project,
- Endorsed the Proposal for Mid-Year Review of the Annual Procurement Plan for Financial Year 2023/24 and
- Endorsed the Proposed Changes on Bank Accounts Signatories

## 2.6.3 Audit and Risk Committee (ARC)

The ARC performs an oversight function on behalf of the Board of Directors as stipulated under the Audit Charter.

The Terms of Reference for the Audit and Risk Committee cover six major areas, namely, Internal Control, Financial Reporting, Internal Audit, External Audit, Compliance and Risk Management.

ARC mandate under Internal Control covers the evaluation of control environment and culture; the adequacy of the internal control systems and compliance with International Public Sector Accounting Standards (IPSAS) in the preparation of financial statements; the overall effectiveness of the internal control and risk management framework; The Committee

also reviews the effectiveness of the system for monitoring compliance with laws and regulations.

The mandate relating to Financial Reporting requires the Audit Committee to review significant accounting and reporting policies and standards and their impact on the financial reports to ensure that risks are managed appropriately. The Committee ensures the adequacy of the financial reporting process and reviews the Board's annual accounts before approval and adoption by the full Board.

Regarding External Audits, the Audit and Risk Committee reviews and approves the external auditors' proposed audit scope, approach, and audit deliverables, draft financial statements before submission to the External Auditors for audit, and also reviews and approves the proposed audit fee. Compliance task entails ensuring that HESLB complies with laws, rules, and regulations governing its operations. Risk management involves the identification of risks and ensuring that those mitigating measures are in place and are operating efficiently and effectively.

The Committee's mandate on Internal Audit covers a review of the activities and resources of the internal audit function; effectiveness, standing, and independence of internal audit function within HESLB; review of the internal audit plan; and follow-up on the implementation of internal audit findings and recommendations.

Table 5: The composition of the ARC committee during the year

S/N	Name	Designation	Academic Discipline	No. of meetings attended against planned	
				Current Year	Previous Year
1	Ms. Theresia E. Henjewe	Member	MSc (Economics) & MA (Economic Policy Management)	5/5	Was not yet appointed
2	Dr. Rukkaya W. Muhammed	Member	Ph.D. in Business Management (Human Resource Management)	5/5	Was not yet appointed
3	Dr. Martin J. Chegere	Member	Ph.D. in Economics	5/5	Was not yet appointed
4	Mr. Paul R. Bilabay	Member - co-opted	CPA(T), CPSP, MBA Corporate Management	3/5	Was not yet co-opted

Source: HESLB Committees' Reports

In addition to approving the Internal Audit Plan, the committee closely followed up on the implementation of both internal and external audit findings, thus contributing to a significant reduction of audit queries. The following are matters deliberated in ARC committee meetings;

- Received and discussed the performance quarter reports of the Internal Audit and Investigation,



- ii. Received and discussed the implementation status of PAC directives on the performance audit report for 2021/2022,
- iii. Received and discussed the Risk Treatment quarter reports,
- iv. Received and discussed the Fraud Risk Treatment quarter reports,
- v. Approved the proposed internal audit risks-based annual work plan for the financial year 2024/25,
- vi. Received and deliberated on the controller and auditor general's financial and compliance audit report for the financial year ended 30th June 2023; and
- vii. Received and deliberated the audit report regarding the management of higher education students' loans repayment 2024

## 2.7 RESOURCES AND STRENGTH

Resources and strengths that facilitate the HESLB's endeavour in achieving its strategic objectives include; human resources, financial resources, technological resources, capital assets, good relationship asset and. strategic resources.

### 2.7.1 Human resources

In terms of human capital, HESLB has well-qualified, experienced and committed staff dedicated to a long-term career in HESLB. The management maintains continuous training programmes to its staff to keep them abreast with social, economic and development issues around the world. Likewise, the management adheres to good governance and promotes labour relations. During the period under review HESLB achieved 102% of manning level with 282 employees compared to 264 employees of last financial year. Employees' turnover stood at 1.2% which range less than a tolerable turnover 10-15%; Majority of Staff are young adults ranging 30-39 years of age.

### 2.7.2 Financial resources

In terms of financial resources, HESLB finance its operations by own source income and government subvention.

#### Own source income

Own source income comprises of loan application fee, loan administration fee and employers' penalty for late remittance of loan deductions.

Loan application fee increased by 51% from TZS 3,029,271,700 of last financial year to TZS 4,569,952,651 of the current financial year.

Loan administration fee increased by 15% from TZS 6,340,538,948 of last financial year to TZS 7,276,202,156 of the current financial year and

Employers' penalty for late remittance of loan deductions increased by 454% from TZS 23,545,469 of last financial year to TZS 130,379,247 of the current financial year.



## Government subvention

Government subvention comprise of Subvention Other Charges, Subvention Capital, Government Grant Development Local (Samia Scholarship), Government Grant Development Foreign and Government Grant Personal Emolument.

**Subvention Other Charges** increased by 64% from TZS 12,120,000,000 of last financial year to TZS 19,855,390,000 of the current financial year.

**Subvention Capital** maintained the same as of the last financial year, that's TZS 5,000,000,000

**Government Grant Development Local (Samia Scholarship)** increased by 146% from TZS 2,377,845,975 of last financial year to TZS 5,844,067,172 of the current financial year.

**Government Grant Development Foreign** increased by 12% from TZS 3,714,326,735 of last financial year to TZS 4,165,950,668 of the current financial year and

**Government Grant Personal Emolument** increased by 32% from TZS 6,427,995,096 of last financial year to TZS 8,484,664,100 of the current financial year.

**Finance to Students' loans** depends 100% on Funds Received for Issuing Loans from the Government of United Republic of Tanzania and Students' Loan Repayment & Recovery.

**Funds Received for Issuing Loans** decreased by 6% from TZS 689,897,135,850 of last financial year to TZS 646,280,561,748 of the current financial year.

**Students' Loan Repayment & Recovery** increased by 4% from TZS 167,431,639,321 of last financial year to TZS 173,722,737,861 of the current financial year.

HESLB also maintain liquid assets in form of current assets in order to meet its immediate financial obligations and operating expenses. Current Assets value has decreased by 17% in comparison to last financial year from TZS 316,375,663,491 to TZS 261,045,858,065.

## 2.7.3 Technological resource

On technological side, HESLB has made significant efforts of adopting modern technology to improve its day-to-day operations. HESLB has automated most of its operations in order to enhance efficiency and effectiveness in service delivery. To attain this, HESLB has developed internal software for easier facilitation of our operations. HESLB has made significant progress in digital transformation, implementing the Student's Individual Permanent Account (SIPA), Digital Disbursement Solution (DiDiS), Student finance Model (SFM) for processing students' payment, Employer Portal (EPO), compliance portal(COPO) for compliance administration, Refund portal(REPO) for refund management and Loanes Individual Payment Account (LIPA) for individual loans repayments, electronic Document Management System(eDMS) for imprest, leave, staff loans and other applications for internal users. Enhanced MUSE and e-office to

align it with HESLB Business Processes. These systems have revolutionized the loan application, disbursement, and recovery processes, enhanced efficiency and minimizing complaints.

#### 2.7.4 Capital assets

HESLB capital assets comprise of Property, Plant and Equipment PPE that are employed in day-to-day operations. The tangible items of PPEs are measured at cost less accumulated depreciation and impairment losses while intangible is measured at cost less accumulated amortisation and impairment losses.

HESLB capital assets comprise of tangible and intangible assets employed in the day-to-day operations over a long period. The tangible assets measured at cost less accumulated depreciation and impairment losses while intangible assets measured at cost less accumulated amortisation and impairment losses.

During the period under review, HESLB maintained capital assets in form of Property, Plant and Equipment, Work in Progress and Intangible Assets worth of TZS 7,434,237,663, 11,104,792,377 and 534,379,080 respectively.

There is an increase of 53% in capital assets for the current financial period compared to capital assets of last financial year, which maintained Property, Plant and Equipment, Work in Progress and Intangible Assets worth of TZS 5,308,698,500; 6,814,404,969 and 353,479,599 respectively.

#### 2.7.5 Good relationship asset

HESLB maintains good relationship with stakeholders as an important resource, its stakeholders include Higher Learning Institutions, sister organizations under the parent Ministry of Education, Science and Technology, strategic partners, Higher Learning students and Leaderships and general public.

HESLB also maintains good relationship and implement government policy on loans to students and maintain proper mechanism for loan repayment and recovery that contribute to reliable and sustainable higher education revolving fund.

#### 2.7.6 Strategic resources

From its strategic perspective, HESLB enhances its financial sufficiency by improving management of its resources through prioritization and implementation of initiatives within the available financial envelope and prudently managing its sources of income.



## 2.8 STRATEGIC PLAN

The Higher Education Students' Loans Board has a five-year Strategic Plan (2022/23 - 2026/27) which envisages to realize the nine strategic objectives. The Strategic Plan provides detailed strategies for each objective across short-term, medium-term, and long-term horizons. Below are the strategies for the strategic objectives as highlighted in the Strategic Plan:

### 2.8.1 Reduce Non-Communicable Diseases and HIV/AIDS Infections and Improve Support Services

#### Short-Term Strategies:

Conduct awareness programs on non-communicable and communicable diseases.  
Initiate workplace sports and bonanzas to promote health.

#### Medium-Term Strategies:

Provide care and support to staff living with HIV/AIDS.  
Organize at least 10 awareness programs and 20 sports activities by mid-plan.

#### Long-Term Strategies:

Establish continuous health and wellness services for staff.

### 2.8.2 Enhance, Implement, and Sustain National Anti-Corruption Strategy

#### Short-Term Strategies:

Conduct anti-corruption awareness programs.  
Strengthen the integrity committees within the organization.

#### Medium-Term Strategies:

Regularly convene integrity committee meetings (target: 25 meetings by 2027).

#### Long-Term Strategies:

Embed anti-corruption values within institutional culture.

### 2.8.3 Improve Working Facilities, Staff Capacity, Welfare, and Infrastructure

#### Short-Term Strategies:

Provide essential tools and facilities for efficient working environments.  
Conduct short and long courses for staff development.

**Medium-Term Strategies:**

Construct a new office in Dodoma and improve infrastructure in other regions.  
Ensure staff welfare services and inclusiveness.

**Long-Term Strategies:**

Implement and monitor a robust succession plan for staff.

**2.8.4 Mobilize and Diversify Financial Sources**

**Short-Term Strategies:**

Enhance loan recovery through inspections and tracing of beneficiaries.

**Medium-Term Strategies:**

Establish diversified financial sources such as private-sector collaborations.

**Long-Term Strategies:**

Ensure financial sustainability through innovative revenue streams.

**2.8.5 Increase Access to Loans and Grants**

**Short-Term Strategies:**

Simplify the loan application process and improve loan disbursement timelines.

**Medium-Term Strategies:**

Review and enhance the Means Testing Mechanism.  
Expand eligibility criteria for marginalized groups.  
Expand financing scope (Diploma students financing).  
Review Loan Items.

**Long-Term Strategies:**

Achieve a significant increase in the number of students supported

**2.8.6 Improve Public Awareness, Compliance, and Collaboration**

**Short-Term Strategies:**

Conduct public awareness campaigns on loan repayment and compliance.  
Hold consultations and partnerships with stakeholders.



**Long-Term Strategies:**

Establish enduring collaborations for enhanced compliance.

**2.8.7 Increase Customer Satisfaction**

**Short-Term Strategies:**

Address customer complaints promptly.

**Medium-Term Strategies:**

Enhance CRM systems and introduce efficient customer feedback loops.

**Long-Term Strategies:**

Maintain high satisfaction scores through continuous service quality improvements.

**2.8.8 Maintain a Cost-Effective Organization and Increase Operational Efficiency**

**Short-Term Strategies:**

Automate internal processes and improve ICT infrastructure.

Conduct regular reviews of budgets and plans.

**Medium-Term Strategies:**

Conduct business process mapping to achieve ISO certification

**Long-Term Strategies:**

Integrate full disaster recovery and business continuity measures.

**2.8.9 Strengthen Corporate Governance and Performance Culture**

**Short-Term Strategies:**

Train Board members and strengthen governance structures.

**Medium-Term Strategies:**

Implement a performance-based evaluation system.

**Long-Term Strategies:**

Build a high-performance organizational culture through robust accountability mechanisms.

Each strategy is part of a structured timeline ensuring alignment with HESLB's mission and national development goals.

## 2.9 HESLB OPERATING MODEL

HESLB operating model is a visual representation of how an organization delivers value to its internal and external customers. The board operate under four line divisions and three functional sections, these are Loans Allocation and Disbursement division, Loans Repayment and Recovery division, Finance and Administration division, Planning, Research and ICT division, Internal Audit and Investigation division, Legal section, Information, Education & Communication section and Procurement Management section.

### 2.9.1 Resources

During the year under review the board continued taking advantage of organisational resources in the process of discharging its responsibilities of loan allocation, disbursement, repayment and recovery. These resources include;

#### i. Human resource

HESLB has 282 qualified and experienced employees of different specializations relevant to the boards' organisation structure. Out of 282 employees, 161 are male and 121 females. This number of employees is 102% of the desired manning level of 277 employees.

#### ii. Financial Resource

During the year under review the board received operating income of TZS 56,635,098,694 made up of TZS 13,154,647,507 and 43,480,451,187 from exchange and non-exchange transactions.

Received funds for issuing loans to Tanzanian students for higher tertiary education from the government of the united republic of Tanzania amounting to TZS 646,280,561,748 and recovered TZS 173,722,737,861 from students' loans receivables.

Maintained liquid assets (current assets) of TZS 316,375,663,491 at the start of the period and TZS 261,045,858,065 at the end of the period.

#### iii. Technological resources

Consist of a number of computer application systems and software used to process and manage its daily activities. These include; MUSE, iLMS, GePG, GAMIS, NeST, eDMS and PlanRep.



#### iv. Capital assets

Capital assets for year under review consist of property, plant and equipment with carrying value of TZS 7,434,237,663; Intangible Assets with carrying value of TZS 534,379,080 and work in progress with carrying value of TZS 11,104,792,377.

#### v. Relationship

HESLB maintains good relationship with stakeholders as an important resource, its stakeholders include Higher Learning Institutions, sister organizations under the parent Ministry of Education, Science and Technology, strategic partners, Higher Learning students and Leaderships and general public.

### 2.9.2 Strategies

- i. Establish operational links between HESLB and higher education institutions with student loan beneficiaries for facilitating a smooth, efficient and effective administration of the loanable funds
- ii. Establish operational links with employers of loan beneficiaries for the purpose of facilitating the recovery of the loans granted
- iii. Establish networking and cooperation links on a mutually beneficial basis with institutions and organizations, be they governmental or non-governmental, local, foreign or international
- iv. Increase application of information and communication Technologies and timely information exchange with stakeholders
- v. Conduct research and maintain a data bank on other local and external scholarships, sponsorships and awards that may be accessed by Tanzanian students in need or in search of opportunities and financial sponsorship or assistance for higher education and/or training

### 2.9.3 Process

HESLB is mandated with administration and supervision of the whole process of granting (Loan application, allocation and disbursement), repayment and recovery of loans issued to students, also is responsible with keeping of register and other records of students' loan beneficiaries.

#### i. Loan Application, Allocation and Disbursement

During the year under review HESLB processed students loan application, allocation and disbursement through digital platforms and systems including Student's Individual Permanent Account (SIPA) and Digital Disbursement Solution (DiDiS). These systems have been integrated with MUSE accounting system to enhance loan allocation and disbursement processes, improve efficiency and minimize customer complaints.

## ii. Loan Repayment and Recovery

HESLB collected loan repayment and recovery through tracing and billing from due loans. Due loans are extracted from students' loan receivables maintained in a digital system named integrated Loan Management System. This system is also integrated with GePG, DiDis and MUSE accounting system for interaction & synchronization of data and enhancement of loan repayment and recovery processes.

### 2.9.4 Output

During the period under review the following were the output from HESLB business operations; -

#### i. Loan allocation

HESLB allocated loans to 224,056 students (79,133 first-year students and 144,923 continuing students). Allocated loans amounted to TZS 743,199,834,338 (TZS 230,624,905,147 to first-year students and TZS 512,574,929,191 to continuing students). Further, 1,228 students ( 918 first-year and 310 continuing) were allocated grants under the SAMIA scholarships, amounting to TZS 6,429,497,832 Furthermore, in the year financial year HESLB allocated Diploma loans for the first time, 2714 students (2,538 first years and 176 continuing) allocation amounted to TZS. 7,424,883,500.

#### ii. Loan disbursement

iii. Total loans of TZS 727,620,215,602 have been disbursed to students TZS 720,622,143,205 for local undergraduate, TZS 1,298,349,065 for postgraduates, TZS 258,236,728 for Overseas and TZS 5,441,486,605 for Diploma students. In addition, along with the amount of loans disbursed to students, there is also an amount of TZS 5,844,067,172 was disbursed to students for SAMIA Scholarship. **Loan repayment and recovery**

During the year, HESLB targeted to collect due loans TZS 203 billion by using various strategic interventions. For the year 2023/24, HESLB Management managed to collect TZS 173,722,737,861 due loans and TZS 2,884,519,846 from Loan Administration fees (87% of the collection targets), which resulted into an average monthly collection of TZS 14.72 billion.

### 2.9.5 Outcome

The continued provision of loans and grants for needy and eligible Tanzanian students to undertake higher and tertiary education and proper mechanism for loan repayment and recovery that contribute to reliable and sustainable higher education revolving fund.



## 2.10 CASH FLOW PROJECTION

The continued cooperation and support from the Government, good relationship with higher learning institutions, corporate partnership and the close follow up exerted by the Management with the assistance of technological enhancements undertaken have improved HESLB cash flow.

Furthermore, HESLB continued to implement the Higher Education for Economic Transformation (HEET) project worth USD 4 million (Equivalent to TZS 9,216,785,200) financed by the World Bank (WB). A five years project with an overall objective of strengthening the learning environment and labour market alignment of priority programs and enhancing the delivery of knowledge to produce graduates who meet the demand and standard of the current and future labour market.

## 2.11 SOLVENCY

The Board of Directors confirms that the current financial position of HESLB is robust and as per review conducted, HESLB is in a good going concern basis. The Government's continued financial support guarantees the ability of meeting all maturing financial obligations. The BoD therefore, confirms that HESLB has adequate financial resources to continue with its operations for the foresee-able future.

The BoD considers different alternative financing mechanisms that can assure flow of finance to meet both recurrent and development commitments. HESLB's main goal is to ensure it remains as vibrant organisation in terms of sustainability and proper management of the loanable funds for ensured reliability to tertiary education students in the country.

As a public Institution that needs to have reliable, growing, independent and sustainable sources of financing. Profit making motive is not HESLB's key objective rather it is focused on ensuring that the Institution upholds liquidity and is continually able to meet her mandate.

Table 6: Liquidity Ratios

Ratio	2023/24	2022/23
Current Ratio	14.54:1	9.16:1
Acid Test Ratio	14.53:1	9.15:1

Basing on Liquidity ratio the Institution is liquid to meet its current obligation when falls due.

## 2.12 CAPITAL STRUCTURE

The capital of the HESLB includes capital loanable funds, recovered students' loans, staff loan revolving fund and accumulated surplus. The HESLB complies with all requirements relating to maintenance of capital. Capital maintenance is through national budget allocation to HESLB through the Ministry of Education, Science and Technology.

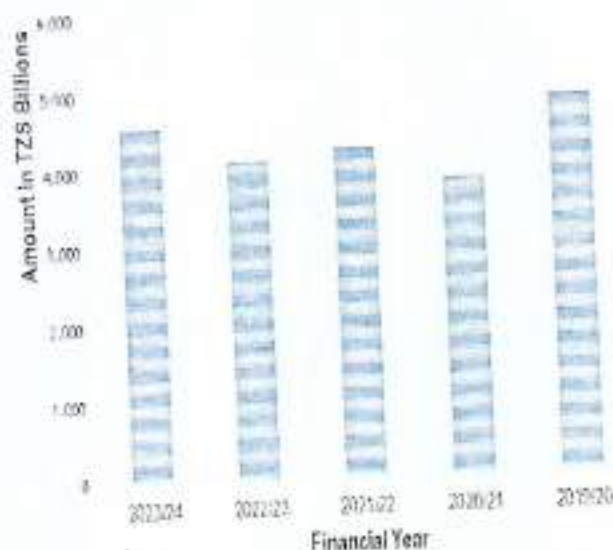
# HIGHER EDUCATION STUDENTS' LOANS BOARD

Table 7 :Capital Structure

Description	2024 TZS	2023 TZS	2022 TZS	2021 TZS	2020 TZS
Loanable Funds	6,423,899,647,815	5,777,619,086,066	4,698,848,627,931	4,133,492,098,265	4,728,828,247,159
Recovered Students' Loans	53,779,101,166	53,779,101,166	53,779,101,166	53,779,101,166	244,530,672,187
Recovery Amount Transferred to Consolidated Fund	(1,456,775,009,665)	(1,288,127,310,991)	(920,002,837,399)	(770,002,637,399)	(573,404,784,950)
Staff Loans Revolving Funds	2,661,772,957	1,597,530,146	1,606,408,599	1,683,696,999	1,580,691,837
Accumulated Surplus/(Deficits)	(446,029,085,433)	(433,586,762,055)	413,144,549,653	395,675,110,218	465,376,887,694
<b>Net Asset Movement</b>	<b>4,577,536,426,839</b>	<b>4,111,281,644,333</b>	<b>4,247,466,049,950</b>	<b>3,814,627,369,249</b>	<b>4,866,911,713,926</b>

Source: HESLB Financial Statements

During the year under review net assets increased by 11% from TZS 4,111,281,644,333 of last financial year to TZS 4,577,536,426,839. The increase is mainly caused by the mandatory adoption of IPSAS 41 which requires restatement of prior Financial Statements to accommodate a forward-looking impairment model (ECL). Almost every year there is increase in loanable fund (amount received for financing students' loans). The recovery from maturing Students' loans (ex-students) are transferred to Consolidated Fund. Loanable Funds (fund received from Government) has increased to TZS 6.42 trillion in 2023/24 compared to 5.78 trillion in 2022/23. An accumulated Capital maintenance decreased by 4% in 2023/24. Recovery Amounts Transferred to Consolidated Fund increased by 13% when TZS. 1.46 trillion (Cumulative) of current financial year is compared to TZS 1.29 trillion (Cumulative) of last financial year.





## 2.13 FINANCIAL PERFORMANCE FOR THE YEAR

### 2.13.1 Revenue

During the year under review, HESLB recorded revenue amounting to TZS 56,635,098,694 compared to TZS 39,044,384,023 for the year 2022/23. Reasons for the increase was due to Government Grant Development Local, accrued LAF, Government subvention, Government Grant Development Foreign for HEET project and Revenue Grants for Samia scholarship. Refer Table. 1.9 below.

Table 8: Revenue Collected

Revenue	2024 TZS	2023 TZS	2022 TZS	2021 TZS	2020 TZS
Government Subvention - PE	8,484,664,100	6,427,995,096	5,839,118,797	4,858,095,406	4,388,881,271
Government Subvention - OC	19,855,390,000	12,120,000,000	7,408,306,616	-	-
Government Grant Development Local	5,000,000,000	5,000,000,000	-	-	-
Revenue Grants	5,844,067,172	2,377,845,975	800,000	6,704,000	1,345,006,092
Value Retention Fee (VRF)	-	-	-	6,000,000,000	-
Penalty on Repayment	130,379,247	23,545,469.29	-	41,895,430,798	25,676,750,993
Loan Administration Fees	7,276,202,156	6,340,538,948	5,423,153,877	5,275,780,818	3,674,103,481
Application Fees	4,569,952,651	3,029,271,700	2,978,576,251	2,887,322,300	2,641,644,205
Interest Income	-	-	-	25,814,127	29,239,817
Government Grant Development Foreign	4,165,950,668	3,714,326,735	-	-	-
Other Income	-	10,860,100	2,202,550,935	1,707,960,899	130,778,060
Reversal of provision for impairment of Receivables (ECL)	1,308,492,700	-	-	-	-
<b>Total Revenue</b>	<b>56,635,098,694</b>	<b>39,044,384,023</b>	<b>23,852,506,476</b>	<b>64,657,108,349</b>	<b>37,886,403,918</b>

### 2.13.2 Expenditure

During the year, HESLB incurred expenses amounting to TZS 69,077,422,073 compared to TZS 693,027,578,952 restated for the year 2022/23. The decrease was mainly caused by favorable change in expected credit. Refer Table. 1.10 below:

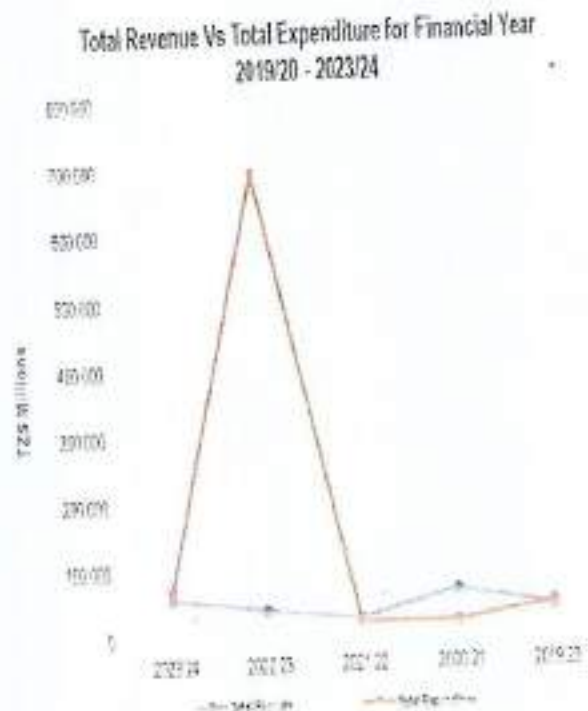
Table 10: Expenditure

Expenditures	2024 TZS	2023 TZS	2022 TZS	2021 TZS	2020 TZS
Salaries, Wages, and Employment Benefits	15,106,520,047	11,203,688,052	10,684,424,151	8,467,890,585	7,534,548,899
Supplies and Consumables	16,978,662,314	13,573,997,521	9,101,660,461	8,720,755,642	8,674,131,944
Interest Expenditures	-	-	-	-	22,331,032,877
Students' Grant Expenses	5,844,067,172	2,377,845,975	800,000	6,704,000	1,345,006,092
Other Expenses	2,180,486,264	4,069,568,154	-	-	1,924,057,992.77
Expected Credit Loss	28,967,686,275	681,802,479,250	-	-	-
<b>Total Expenditure</b>	<b>69,077,422,073</b>	<b>693,027,578,952</b>	<b>19,786,884,612</b>	<b>17,195,350,227</b>	<b>41,808,777,804</b>
<b>Surplus/(Deficit)</b>	<b>(12,442,323,379)</b>	<b>(653,983,194,929)</b>	<b>4,065,621,864</b>	<b>47,461,758,122</b>	<b>(3,922,373,886)</b>

## 2.13.3 Deficit

2.13.4 During the year ended 30 June 2024, the HESLB recorded a deficit of TZS 12,442,323,379 against restated deficit of TZS 653,983,194,929 for previous year. The decrease in deficit was mainly caused by favorable change in expected credit loss..Trend of Revenue and Expenditure for five years

Expenditure has been increasing for the last three years prior to 2023/24 except for 2020/21 decreased compared to 2019/20. On the other hand, revenue increased in 2023/24 compared with 2022/23; the increase in 2023/24 was due to received Government Grant Development Local, Government subvention, Government Grant Development Foreign for HEET project and Revenue Grants for scholarship. Other operations were also financed by own source collections; loan administration fee which is based on the number of new loans and loan application fee which slightly increased due to increase of number of loan applicants.



## 2.14 FINANCIAL POSITION

### 2.14.1 Current Assets

During the year under review, Total Current Assets decreased to TZS 261,045,858,065 from TZS 316,375,663,491 (2022/23). The decrease in current asset was associated with decrease in cash and cash equivalents and other receivables.

### 2.14.2 Students' Loan Receivables

The students' loans receivable increased during the year from last financial year balance by loans issued to students amounting TZS 727,620,215,602 and accrued LAF of TZS 7,276,202,156. Net students' loans receivable as a sum of long term and short-term receivables decreased by 13% from TZS 4,175,755,605,138 of last financial year to TZS 4,705,052,210,580, the increase is caused by Loans Issued to Students in the current financial year.



**2.14.3 Net Assets**

The Net Assets decreased by 11% from TZS 4,111,281,644,333 of last financial to TZS 4,577,536,426,839; the increase was attributed by capital additions in Funds Received for Issuing Loans and Staff Loans Revolving Funds.

**2.15 CASH FLOW**

The cash flows from operating activities have improved by 163% from net outflows of TZS 4,760,194,800 of last financial year to net inflows of TZS 2,990,941,269.

The cash outflows for investing activities have increased by 13% from net outflows of TZS 651,942,057,561 of last financial year to net outflows of TZS 734,966,866,382. The increase is due to budget improvement in the current financial year. The net cash flows from financing activities have dropped by 8% from net inflows of TZS 705,702,168,848 of last financial year to net inflows of TZS 652,419,843,746. The decrease is due to budget fund appropriation not yet received.

**2.16 TREASURY MANAGEMENT**

HESLB financial regulations involves mechanism established by board of directors that delegate treasury management to Management in a controlled manner. The control instruments in place include Legislation, regulations, government circulars, guideline and resolutions of board of directors related to opening, operation and authorization of bank accounts.

The primary objective is to ensure the proper control and safeguarding of government financial resources, under this mechanism revenue is been collected through control number to revenue collection accounts maintained at commercial banks (CRDB, NMB, NBC and TCB) and the Bank of Tanzania (BOT) using GePG system.

Revenue collected through commercial banks are then transferred on weekly basis to HESLB collection account maintained at Bank of Tanzania. All expenditure of the Board incurred within the approved limits outlined in the annual budget.

**2.17 BUDGET**

The budget approved is on a cash basis by function classification. The approved budget covers the fiscal period from 01 July 2023 to 30 June 2024 and includes all activities within the Higher Education Students' Loans Board (HESLB). The original and final budget proposed by the BoD and approved by the Parliament of the United Republic of Tanzania on June 2023.

## 2.18 MANAGEMENT STRUCTURE

Management of the HESLB is under the Executive Director assisted with five-line divisions as follows:

### a) Line Division

- i. Loans Allocation and Disbursement Division
- ii. Loans Repayment and Recovery Division
- iii. Finance and Administration Division
- iv. Planning, Research and ICT Division
- v. Internal Audit and Investigation Division

### b) Staff Function

There are three staff functions under the Executive Director's Office including:

- i. Legal Section
- ii. Information, Education and Communication section
- iii. Procurement Management Section

During the year Key Management Team was made up of the following:

Table 9: Key Management Team

S/No.	Full Name	Designation
1	Dr. Bill Kiwia	Executive Director
2	Mr. Elihuruma Lema	Director of Finance and Administration
3	Mr. Tumainiel Mshomba	Director of Internal Audit and Investigations
4	Mr. Benedicto Cosmas	Director for Planning, Research and ICT
5	Dr. Peter Mmari	Acting Director Loan Allocation and Disbursement
6	Mr. George Mziray	Director Loan Repayment and Recovery
7	Mr. Brown Shimwela	Chief Accountant
8	Ms Sarah Fihavango	Assistant Director Loan Disbursement
9	Mr. Deus Changala	Assistant Director Loan Allocation
10	Mr. Fidelis Joseph	Assistant Director Loan Repayment
11	Mr. Gibson Mayani	Assistant Director Human Resource and Administration
12	Mr. Zaharani Kisiliwa	Assistant Director Legal Affairs
13	Mr. Adrian Njau	Assistant Director Planning and Research
14	Ms. Hidaya Karunde	Chief Internal Auditor
15	Mr. Omega Ngole	Assistant Director Communication, Information and Education
16	Ms. Hadija Shuma	Assistant Director Procurement and Supplies
17	Mr. Bahati Singa	Assistant Director Information and Communication Technology
18	Mr. Deus Changala	Assistant Director Loans Allocation
19	Ms. Anna Sabuni	Zonal Manager - Dar es Salaam
20	Ms. Lucy Kirigha	Acting Zonal Manager - Arusha
21	Ms. Octavia Selesman	Zonal Manager - Dodoma
22	Mr. Usama Choka	Zonal Manager - Mwanza
23	Ms. Rukia Semwaiko	Zonal Manager - Mtwara
24	Mr. Philbert Temba	Acting Zonal Manager - Zanzibar
25	Mr. Anthony Ooko	Zonal Manager - Mbeya

Source: HESLB Management team



## 2.19 KEY PERFORMANCE INDICATORS DURING THE YEAR

HESLB has developed its mission to carry it through and has the fifth strategic plan running from 2022/23 - 2026/27. This is a rolling plan reviewed at every year-end, and updated to ensure that it is still appropriate for the HESLB to achieve its mission. During the financial year 2023/24, HESLB annual budget, which is in line with current Strategic Plan, focused to achieve the following specific objectives: -

- i. To verify, validate and process loan applicants' information for issuance of loans to 70,000 first year students and 113,358 continuing students;
- ii. To inspect 8,000 employers and identify 40,000 new loan beneficiaries, aiming to increase annual loan repayments collection to TZS 210,000,000,000.
- iii. To verify loan beneficiaries studying in overseas students in Mozambique, Russia, Algeria and Cuba;
- iv. Strengthening the HESLB Dodoma Capital Office and Eastern Zone operations as strategic locations for collection and enhanced customer services;
- v. Enhancement of automation to key processes and supportive services to improve operational efficiency;
- vi. To develop and operationalize a business continuity plan for effective risks mitigation and budget implementation;
- vii. To undertake studies on HESLB business growth, impact of National Priority Loan Scheme, and higher education accessibility through loans issuance;
- viii. Extend enrolment of all students into DIDs and strengthen monitoring of loan disbursement and all HESLB activities; and
- ix. Commencement of Phase I for HESLB office construction at Njedengwa in Dodoma.

## 2.20 EXTERNAL ENVIRONMENT

External factors that positively or negatively impacted HESLB's operations in 2023/24 include;

### Political Factors:

- **Positive Impact:** The political environment in Tanzania during the 2023/24 financial year was highly favorable to HESLB's operations. The government demonstrated a continued commitment to improving access to higher education by allocating sufficient resources to the Board from TZS. 657 billion in 2022/23 to TZS. 731.98 billion in 2023/24 denoting a 11% increase in loanable budget.
- This political support translated into increased funding for students from 202,016 beneficiaries in 2022/23 to 224,056 beneficiaries in 2023/24. Additionally, the political stability in the country allowed HESLB to operate without significant disruptions, providing a steady framework for the Board's long-term objectives. Strong government backing also facilitated the successful implementation of policies that aimed to improve loan accessibility, repayment processes, and the overall sustainability of the loan program.

## Technological Factors:-

- **Positive Impact:** Advancements in digital platforms and systems have improved the efficiency of loan application processing and fund disbursement. During the year under review HESLB enhanced internal system as follows; Disaster Recovery Solution, Voice-Over-Internet Protocol System, Online Loans Management System, Digital Disbursement Solution, HEI Portal, LIPA, SIPA, EPO, Machine Learning Platform, e-DMS and Digital Omni-Channel Customer Engagement Solution. The use of technology also enhanced communication with students and beneficiaries through online portals, making the loan process more accessible and user-friendly.
- **Negative Impact:** Cybersecurity risks and technical glitches occasionally disrupted online services, causing delays in loan processing and affecting user experience.

## Legal Factors:-

- **Positive Impact:** Continued updates to the legal and regulatory framework governing student loans ensured that HESLB's operations remained compliant and aligned with national priorities. Legislative support for expanding loan eligibility and recovery processes strengthened the Board's capacity to serve students.
- **Negative Impact:** Changes in legal frameworks or delays in the passage of relevant laws could sometimes cause operational uncertainties, especially in terms of loan recovery and loan eligibility criteria.

## Economic Factors:

- **Positive Impact:** The overall economic stability of the country provided a supportive environment for HESLB's operations. Additionally, the government's focus on economic growth and investment in education helped increase the funding available for student loans.
- **Negative Impact:** Inflation and economic downturns affected the repayment capacity of past loan beneficiaries, leading to slower loan recovery rates. Economic challenges also increased the financial burden on students, making it harder for some to pay back loans.

## 2.21 SERVICE PERFORMANCE INFORMATION

The Entity's Service Performance Information discloses information needed for accountability and decision-making purpose, primarily to help users of the report by Those Charged with Governance to understand what the entity had set out to achieve (target) and what it has achieved (results). The service performance information is generally a mix of qualitative and quantitative reporting.



Summary of Service performance information (Explained further in respective sections)

## Objective 1

Assume responsibility for the control and management of all loanable funds

## Strategies

Establish operational links between HESLB and higher education institutions with student loan beneficiaries for facilitating a smooth, efficient and effective administration of the loanable funds

## Target

Equitably provide Loans and grants to needy and eligible Tanzanian students for higher tertiary education and manage efficiently and effectively financial resources

## Risks

HESLB is prone to financial risks, which includes credit risk, and liquidity risks because of some of the beneficiaries fail to repay the loans because of dynamics in labour markets, death of beneficiaries before paying the loans. Under Operational risk there is a Possibility of making payments to wrong Beneficiary due to improper verification of payments and payee details during initiation, examination and approval of payments because of Loss of Government fund and possibility of delay in issuing guideline and criteria due to late endorsement may lead to delays in allocation of loans and scholarships.

## Risk level

Moderate

## Impact

Tanzanian higher education students provided with loans and grants for studies

## Mitigation

Payments are done after relevant verification and approvals as per internal controls and proper follow up of Beneficiaries payment records before approval, Availability of Annual Action Plan for preparation of guidelines, Timely engagement of stakeholders and follow up the endorsement of guidelines in the MOEST

## Input

Higher Education Loan applicants, Grants and Loanable Funds

## Process

## HIGHER EDUCATION STUDENTS' LOANS BOARD

- i. Formulating the mechanism for determining eligible students for payment of loans together with administering and supervising the whole process of payment and repayment of loan
- ii. Keeping register and other records of students' loan beneficiaries

### Outputs

Loans and grants for needy and eligible Tanzanian students to undertake higher and tertiary education

### Outcome

Issuing Loan to the needy and eligible Tanzanian students to undertake higher and tertiary education

### KPIs

- i. Amount of Loan Disbursed
- ii. Students Loans Disbursement time in Days
- iii. Number of Loan Applicants
- iv. Students' loans allocation time in days
- v. Number of Research Conducted/Commissioned
- vi. Percentage of Burning rate - loanable fund
- vii. Amount of Revolved fund
- viii. Amount of Government Subvention
- ix. Amount of Actual loanable expenditure

### Implementations Status

- i. During the financial year 2023/24, HESLB allocated loans to 224,056 students (79,133 first-year students and 144,923 continuing students). Allocated loans amounted to TZS 743,199,834,338 (TZS 230,624,905,147 to first-year students and TZS 512,574,929,191 to continuing students). Further, 1,228 students (918 first-year and 310 continuing) were allocated grants under the SAMIA scholarships, amounting to TZS 6,429,497,832. Furthermore, in the year 2023/24 HESLB issued Diploma loans for the first time, 2714 students (2,538 first years and 176 continuing) received a total of TZS. 7,424,883,500.
- ii. Male-female ratio; the gender gap continued to narrow as evidenced by a Male-female ratio of 56/44 this year from 59/41 reported last financial year. On the other hand, a share of high-impact programs (Cluster 1) during the year increased from 23% to 33%.
- i. Similarly, total of loans of TZS 727,620,215,602 has been disbursed to students (TZS 720,622,143,205 for local undergraduate, TZS 1,298,349,065 for postgraduates, TZS 258,236,728 for Overseas and TZS 5,441,486,605 for Diploma students. In addition, along with the amount of loans disbursed to students, there is also an amount of TZS 5,844,067,172 was disbursed to students for SAMIA Scholarship).

### Budgeted Funds

738,726,557,800



**Actual Funds**

727,620,215,602

**Objective 2**

Grant loan moneys to eligible Tanzanian students for higher tertiary education

**Strategies**

Establish operational links between HESLB and higher education institutions with student loan beneficiaries for facilitating a smooth, efficient and effective administration of the loanable funds

**Target**

Equitably provide Loans and grants to needy and eligible Tanzanian students for higher tertiary education and manage efficiently and effective financial resources

**Risks**

Operational risk; there is a possibility of making payments to wrong Beneficiary due to improper verification of payments and payee details during initiation, examination and approval of payments as a result of Loss of Government fund and possibility of delay in issuing guideline and criteria due to late endorsement may lead to delays in allocation of loans and scholarships.

**Risk level**

Medium

**Impact**

Tanzanian higher education students provided with loans and grants for studies

**Mitigation**

Availability of Annual Action Plan for preparation of guidelines, Timely engagement of stakeholders and follow up the endorsement of guidelines in the MOEST

**Input**

Loan applicants, Grants and Loanable Funds

**Process**

## HIGHER EDUCATION STUDENTS' LOANS BOARD

- i. Formulating the mechanism for determining eligible students for payment of loans together with administering and supervising the whole process of payment and repayment of loan
- ii. Keeping register and other records of students' loan beneficiaries

### Outputs

Issued Loans and grants to qualified needy and eligible Tanzanian students to undertake higher and tertiary education

### Outcome

Issued loans and grants to qualified applicants

### KPIs

- i. Amount of Loan Disbursed
- ii. Students Loans Disbursement time in Days
- iii. Number of Loan Applicants
- iv. Students' loans allocation time in days
- v. Number of Research Conducted/Commissioned
- vi. Percentage of Burning rate - loanable fund
- vii. Amount of Revolved fund
- viii. Amount of Government Subvention
- ix. Amount of Actual loanable expenditure

### Implementations Status

- i. During the financial year 2023/24, HESLB allocated loans to 224,056 students (79,133 first-year students and 144,923 continuing students. Further, 1,228 students (918 first-year and 310 continuing) were allocated grants under the SAMIA scholarships and Diploma loans for the first time, 2714 students (2,538 first years and 176 continuing)
- ii. Male-female ratio; the gender gap continued to narrow as evidenced by a Male-female ratio of 56/44 this year from 59/41 reported last financial year. On the other hand, a share of high-impact programs (Cluster 1) during the year increased from 23% to 33%.

### Budgeted Funds

738,726,557,800

### Actual Funds

727,620,215,602

### Objective 3



Recover all loan moneys owed by former student loan beneficiaries since July, 1994

### Strategies

Establish operational links with employers of loan beneficiaries for the purpose of facilitating the recovery of the loans granted and system integrations with key Strategic Stakeholders including NIDA, TRA, NSSF, Professional Boards and Councils

### Target

To trace 40,000 beneficiaries and collect TZS 230,000,000.00 from the list of due and unpaid loans in fulfilling its collection mandate as per HESLB Act Sect 7(I).

### Risks

HESLB is prone to financial risks, which include credit risk, and liquidity risks due to failure of some of the beneficiaries fail to repay the loans because of dynamics in labour markets, death of beneficiaries before paying the loans that leads to the loss of Government Funds. Operational risks include failure to identify some loan beneficiaries where about, insufficient operational budget and some of employers may not disclose beneficiary's information. Reputational risk occurs in the cause of tracing non beneficiaries due to name similarities or over reductions and Strategic risk that can be caused by attrition due to diseases which may lead loss of fund.

### Risk level

Medium

### Impact

Possibility of failure to identify loan beneficiaries where about, lack of corporation of employers to disclose the beneficiaries' names, insufficient operational budget and attrition may lead to low collection hence failure to meet the given annual collection targets.

### Mitigation

Use of Form Four index number and comprehensive verification before bills preparation, conducting public awareness programs, conducting employers' inspections, partnering with stakeholders, take legal action to loan beneficiaries and employers who default and increasing operational budgets

### Inputs

List of defaulters with due loans, dropouts, employers, system integrations with key strategic partners, employees and enough operational budget.

**Process**

- i. Formulating proper mechanism for inspection, tracing, verification and billing all beneficiaries with due loan for payment
- ii. Keeping and updating loanee register and other records of beneficiaries with due loans for repayments follow-up

**Outcome**

Recover all due loan and moneys owed by former student loan beneficiaries since July, 1994 hence meet the annual given tracing and collection targets.

**KPIs**

- i. Amount of due loan collected
- ii. Number of loan beneficiaries traced and billed
- iii. Number of Integrations with key Strategic Stakeholders in place
- iv. Percentage of collection rate - loanable fund
- v. Amount of Revolved fund
- vi. Amount of Actual expenditure incurred to trace and collect the due loan

**Implementation Status**

During the financial year 2023/24, HESLB managed to collect TZS 176,607,257,707 (77% of the given target to collect TZS 230,000,000,000) and Traced 54,362 (135.9% of the given tracing target to trace 40,000 loan beneficiaries with due loans).

**Tracing and Collection targets**

Planned to trace 40,000 loan beneficiaries and collect TZS 230,000,000,000

**Actual Tracing and Collection**

During the year under review, HESLB traced 54,362 beneficiaries and collected TZS 176,607,257,707 which include loan administration fee.

**Objective 4**

Equitable facilitation of access to Technical and Higher Education Institutions

**Strategies**

Conduct research and maintain a data bank on other local and external scholarships, sponsorships and awards accessed by Tanzanian students in need or in search of opportunities and financial sponsorship or assistance for higher education and/or training and increase



Access to loans and grants.

## Risks

HESLB is prone to Operation risk caused by delay in issuing guideline and selection criteria, Receiving inaccurate loan applications, Issuance of Loans to Non-Needy students, Issuance of wrong loan amounts to beneficiaries, Disbursing loans and grants to Dropout Students.

## Risk level

Moderate

## Impact

Possibility of issue loans to non-Needy students, wrong loan amounts to beneficiaries, disbursing loans and grants to Dropout Students and Issue Loans and grants to unqualified needy and eligible Tanzanian students who undertake higher and tertiary education.

## Mitigation

Availability of Annual Action Plan for preparation of guidelines, Timely engagement of stakeholders, verification and follow up the endorsement from various stakeholders.

## Input

List of new applicants and continuing students, Admission number from HI's and other relevant information from Key Strategic Shareholders.

## Process

- i. Formulating the mechanism for determining eligible students for payment of loans together with administering and supervising the whole process of payment and repayment of loan
- ii. Keeping register and other records of students' loan beneficiaries

## Outputs

Issued Loans and grants to qualified needy and eligible Tanzanian students to undertake higher and tertiary education

## Outcome

Issued loans and grants to qualified applicants

## KPIs

- x. Amount of Loan Disbursed

- xi. Students Loans Disbursement time in Days
- xii. Number of Loan Applicants
- xiii. Students' loans allocation time in days
- xiv. Number of Research Conducted/Commissioned
- xv. Percentage of Burning rate - loanable fund
- xvi. Amount of Revolved fund
- xvii. Amount of Government Subvention
- xviii. Amount of Actual loanable expenditure

## Implementations Status

- i. During the financial year 2023/24, HESLB allocated loans to 224,056 students (79,133 first-year students and 144,923 continuing students. Further, 1,228 students (918 first-year and 310 continuing) were allocated grants under the SAMIA scholarships and Diploma loans for the first time, 2714 students (2,538 first years and 176 continuing)
- ii. Male-female ratio; the gender gap continued to narrow as evidenced by a Male-female ratio of 56/44 this year from 59/41 reported last financial year. On the other hand, a share of high-impact programs (Cluster 1) during the year increased from 23% to 33%.

## Allocation and disbursement targets

Planned to allocate and disburse loan to 75,000 new beneficiaries and 124,592 continuing students

## Actual allocation and disbursements

Actual performance HESLB issued loan to 79,133 beneficiaries and continued students 144,923

## Objective 5

Efficient and effective delivery of services to customers and stakeholders

## Strategies

Increase application of information and communication Technologies and timely information exchange with stakeholders

## Target

Establish networking and cooperation links on a mutually beneficial basis with institutions and organizations, be they governmental or non-governmental, local, foreign or international

## Risks

HESLB is prone to Reputation risk caused by improper handling of customer's



data/information and fail to deliver desired services to our stakeholders.

**Risk level**

High

**Impact**

Damage of the Image and Reputation of the Institution, but if well managed, can build a good reputations and high corporations from stakeholders in achieving its objectives.

**Mitigation**

Customer care training to HESLB Staff, timely complain and conflict handling.

**Input**

Employers, prospective students, current loanee, graduate loanee, Employee and Key Strategic Shareholders.

**Process**

Updating the service charter and delivery policy to cutter the customer need on time.

**Outputs**

Efficient and effective services to customers and stakeholders

**Outcome**

Building a good reputations and high corporations from stakeholders in achieving its objectives.

**KPIs**

- i. Time taken to handle customer inquiries
- ii. Number of customer inquiries resolved on time

**Implementations Status**

During the financial year 2023/24, HESLB received 73,544 inquiries and resolved them timely.

**Annual Plans**

To resolve all customer and related party inquiries timely as per Service Client Charter

Actual inquiries received and solved

73,544 inquiries were received and resolved timely

## 2.22 ANNUAL PERFORMANCE AND KEY ACHIEVEMENTS

### 2.22.1 GOVERNANCE AND STATUTORY COMPLIANCE

During the financial year 2023/24, HESLB implemented several initiatives to enhance governance and statutory compliance;

- I. Regular audits and risk assessments were conducted to strengthen internal controls and ensure compliance with statutory requirements,
- II. The BoD conducted 26 meetings throughout the financial year, including regular and extraordinary meetings for the full board and its committees (FPA, LARC and ARC),
- III. The LARC approved significant loan allocation for various student categories including loan allocation to new first year and continuing undergraduate students, Diploma and grants for Samia scholarships.
- IV. The FPA endorsed several budget recasts and reallocations to adjust to changing needs and additional funding as well as opening of a student loan payment bank account with NMB.
- V. The ARC approved and overseen implantation of internal and external audit plans, risk registers and action plans for the financial year.

These measures have helped HESLB maintain transparency and accountability in its operations.

### 2.23 BUSINESS PROCESSES AND DIGITAL TRANSFORMATION

HESLB has made significant progress in digital transformation, implementing the Student's Individual Permanent Account (SIPA), Digital Disbursement Solution (DiDiS), Employer Portal (EPO), and Loanees Individual Payment Account (LIPA). Enhanced MUSE to align it with HESLB Business Processes. These systems have revolutionized the loan application, disbursement, and recovery processes, enhancing efficiency and minimizing complaints.

Management has completed the comprehensive review of HESLB. The Interim Report on the Review of HESLB Operations and Structure has been presented to management. The final report is scheduled for submission pending presentation to the Minister of Education, Science, and Technology.

#### 2.23.1 TECHNOLOGICAL ADVANCEMENTS

- Implementation of an online loan application system, which streamlined the application process for students,



- Enhanced repayment module by modifying the loanees ledger to meet finance accounting standards and developing auto clearance letters in OLAMS-ePO, allowing loan beneficiaries to download clearance letters directly from the system, eliminating the need for print out, thereby reducing operational costs and increasing efficiency,
- Substantial progress in developing disaster recovery capabilities, completing 90% of the implementation of a disaster recovery solution,
- Began the development of a Machine Learning Platform and Digital Omni channel & Customer Engagement Platform (DOCEP), with servers received and the implementation phase commenced.

Conducted security assessments, resolved identified vulnerabilities, and integrating systems with strategic stakeholders such as GovESB, IFM, UDOM, LGTI MWEKA, and MU to improve data sharing and operational efficiency.

## 2.24 STAKEHOLDER ENGAGEMENT

The Higher Education Students' Loans Board (HESLB) is a corporate entity established with the primary goal of assisting eligible and financially needy Tanzanian students in accessing loans and grants for higher education. In pursuit of its mission, HESLB engages with its key stakeholders to enhance value, address their needs and meet their expectations. These stakeholders include individuals or groups who have an interest in, or are directly or indirectly impacted by, the Board's operations. HESLB key stakeholders are;

### I. Government

HESLB relies entirely on government funding to facilitate the provision of student loans. The government expects HESLB to support eligible and financially needy Tanzanian students in accessing loans and grants for higher education, while also ensuring the collection of all outstanding loans to maintain the sustainability of the loan scheme. In return, HESLB expects that the allocated funds for student loans and grants will be disbursed promptly to meet students' financial obligations and that all outstanding loans will be collected in accordance with the established guidelines.

### II. Current Beneficiaries

Current student beneficiaries expect timely financial support for their education. They have a responsibility to use the funds appropriately for their education and promptly inform HESLB of any changes in their status. They must also ensure they meet academic obligations, keeping in mind the eventual responsibility of repaying the loan after graduation.

### III. Past Beneficiaries

Past beneficiaries are obligated to repay their loans after completing their studies. They have a responsibility of ensuring timely and accurate repayment, as outlined in their loan agreements, and update HESLB on any changes in their contact information or employment

status. By fulfilling these obligations, past beneficiaries contribute to the sustainability of the loan scheme, enabling future students to benefit from the loans.

## IV. General Public

The general public expects HESLB to effectively manage and disburse funds to eligible students while ensuring transparency and accountability in the process. Public obligations include supporting the sustainability of the loan scheme through timely repayment by past beneficiaries and understanding the importance of the loan system in providing educational opportunities. The public is also expected to raise awareness about the loan program and encourage responsible borrowing and repayment practices to ensure continued access for future students.

## V. Employees

HESLB employees play an important role in contributing to the long-term success and performance of Board. Their obligations include ensuring the accurate processing of loan applications and providing timely support to beneficiaries. HESLB employees are also expected to adhere to organizational policies, contribute to the Board's mission of enabling access to higher education and continuously improve the loan management system. In addition to these responsibilities, there is an expectation for employees to engage in continuous professional development, maintain a high standard of customer service and work collaboratively to foster a positive and productive working environment. Their dedication directly impacts the success of the loan program and the satisfaction of its stakeholders.

## VI. Employers

In the course of collecting due loan from beneficiaries employed, HESLB act Sec (20) requires Employer to collect/deduct the loans from the loan beneficiaries and remit to HESLB on as per HESLB Act.

## VII. Others stakeholders

This includes Higher Learning and Tertiary Institutions, Prospective and Current loan beneficiaries, TRA, NIDA, TCU, NACTVET, BANKS, RITA, NSSF, ZEEA and Professional bodies. During the year under review HESLB signed various MoU's with TRA, NIDA, ZEEA Credit Info for seamless students' loans management for both issuance and collection of due loans and some of the professional bodies for data sharing through system integrations in the course of tracing loan beneficiaries and verifying, allocate and disburse qualified loan applicants through DiDDs plus.

### Stakeholders' expectations and management

HESLB has established processes and systems for management of stakeholders' expectations, the table below provides how the organization managed its stakeholders' expectations for the financial year under review.



# HIGHER EDUCATION STUDENTS' LOANS BOARD

Table 10: Stakeholders' Expectations and Management

STAKEHOLDER	EXPECTATIONS	EXPECTATIONS MANAGEMENT
Government	Efficient management and disbursement of funds to eligible students	HESLB ensured timely and accurate disbursement of loans to eligible students as per the guidelines
	Timely collection of loan repayments	The Board implemented effective loan recovery systems and strategies to ensure repayments are collected on schedule. In 2023/24 HESLB collected TZS. 177.3 billion.
	Transparency and accountability in the use of public resources	HESLB regularly submits reports to the government and follows proper procedures to ensure financial transparency and accountability
Current Beneficiaries	Timely and sufficient financial support for their education	HESLB ensures that loans and grants are disbursed on time to meet students' educational expenses through the Digital Disbursement Solutions (DiDiS)
	Easy access to support and assistance from the Board	HESLB has established accessible channels for students to seek support and clarification on their loans through SIPA, dedicated call centre and outreach programs
	Transparency in the loan allocation process	The Board follows transparent procedures in determining eligibility and disbursing loans, ensuring fairness through the means Testing Tool
Past Beneficiaries	Clear communication regarding loan repayment terms and deadlines	HESLB provides past beneficiaries with detailed repayment schedules and regularly communicates the deadlines and conditions for loan repayment through the Loanee Individual Permanent Account (LIPA)
	Effective loan recovery process	The Board implemented structured loan recovery systems, including flexible repayment options, to support past beneficiaries in meeting their obligations through the Employer Portal (EPO)
	Accessible support for repayment-related queries	HESLB offers customer support and guidance to past beneficiaries, addressing any questions or issues regarding repayment through the dedicated call centre
	Fairness and transparency in loan recovery	HESLB ensures transparency in the loan recovery process by providing clear statements and reports on the status of repayments
General Public	Transparent and efficient management of loan funds	HESLB maintains transparency by providing regular updates on loan disbursements, recovery efforts, and financial reports to the public

## HIGHER EDUCATION STUDENTS' LOANS BOARD

	Fair access to loans for eligible students.	HESLB ensures that the loan allocation process is fair and based on clear eligibility criteria, giving deserving students the opportunity to access financial support
	Timely collection of loan repayments to sustain the fund	HESLB has implemented effective loan recovery mechanisms to ensure timely repayments, supporting the sustainability of the loan fund for future beneficiaries
	Accountability in the use of public resources	HESLB demonstrates accountability by adhering to financial regulations, regularly auditing its operations, and submitting reports to the government and the public
HESLB Employees	A supportive work environment and professional development opportunities	HESLB provides training, career advancement programs, and fosters a collaborative work culture to support employee growth
	Clear communication of organizational goals and objectives	HESLB ensures regular communication regarding its mission, goals, and performance expectations, aligning employees' efforts with the Board's objectives
	Fair compensation and benefits	HESLB offers competitive salaries and benefits, in line with government policies, ensuring employees are fairly compensated for their work
	Recognition and rewards for performance	HESLB acknowledges employees' contributions through performance reviews, recognition programs, and incentives for achieving organizational goals
Corporate Stakeholders	Efficient collaboration and clear communication on joint initiatives	HESLB maintains open channels of communication, ensuring that corporate partners are kept informed and involved in relevant initiatives
	Timely disbursement and proper management of loan funds	HESLB ensures the prompt and accurate disbursement of funds to eligible students, and follows strict financial management practices, meeting the expectations of corporate partners involved in funding or supporting the loan system
	Transparency in financial operations and reporting	HESLB consistently provides detailed reports on the allocation and usage of funds, demonstrating financial transparency to its corporate partners
	Sustainable impact of the loan program for future students	HESLB's efficient loan recovery system and responsible fund management have contributed to the sustainability of the loan program, ensuring continued support for future beneficiaries.



## 2.25 CUSTOMER SERVICE IMPROVEMENTS

Customer service enhancements have been implemented, including online services and improved communication channels. A dedicated call center operates throughout the loan application period to assist applicants.

The dedicated Customer Help Desk attended to 73,544 inquiries, and the Interactive Voice Responder (IVR) system was launched to improve customer service.

## 2.26 PUBLIC AWARENESS CAMPAIGNS

HESLB launched the #Fichua campaign to encourage the public to report loan defaulters. The campaign was widely publicized through various media channels, raising awareness and promoting compliance among loan beneficiaries.

## 2.27 HEET PROJECT

The Higher Education for Economic transformation project (HEET) is financed by World Bank for a period of five years from 2021/22 to 2025/2026. The main goal of the project is to improve the learning environment and the orientation of the labour market in priority programs and strengthen the management of the higher education system.

During the year under review, most planned activities for the HEET project were completed, with a burning rate of 97% of the total amount disbursed since project inception. The overall performance under various implementation areas ranged from 84.8% to 100%. The project aims to enhance operational capacity.

## 2.28 OFFICE BUILDING CONSTRUCTION

Management continued with the implementation of Office construction project at Plot No. 4 Block "BB" Ndejengwa Investment area in Dodoma City. By the end current financial year construction is 33% complete, with work progressing on the superstructure of the main building. The project aims to enhance the organization's infrastructure.

## 2.29 RESOURCE MOBILIZATION EFFORTS

Management continues to focus on improving loan recovery rates as a key resource mobilization strategy. The organization is also exploring funding diversification strategies to ensure sustainable operations. Management engaged technical assistants for fundraising proposal development and submission to potential donors. These efforts aim to diversify funding sources and ensure sustainable financial support for higher education financing.

Efforts to diversify funding include exploring new revenue streams and enhancing partnerships with financial institutions to secure additional resources for student loans.

## 2.30 MAJOR ACCOMPLISHMENTS

Management has effectively carried out digital transformation projects, augmented the loan budget and beneficiary count, enhanced loan repayment rates, and broadened its financing

ambit to encompass Diploma students. Additionally, the comprehensive review of HESLB, aimed at revolutionizing higher education financing in Tanzania, has been completed. These accomplishments demonstrate the organization's dedication to widening access to higher education and enhancing operational effectiveness.

### 2.31 IMPACT ON BENEFICIARIES AND HIGHER EDUCATION SECTOR

HESLB efforts have significantly expanded access to higher education for students in Tanzania, particularly for those from disadvantaged backgrounds and those pursuing studies in areas of national and job market demand. Improved funding and more efficient application procedures have allowed more students to fulfill their educational goals.

### 2.32 PARTNERSHIPS AND COLLABORATIONS

New partnerships have been formed with various higher education institutions, government agencies and private sectors to enhance the effectiveness of student loan disbursement and recovery processes.

### 2.33 LOAN ALLOCATION AND DISBURSEMENT

To meet the demand of the needy and eligible students, the Government approved the budget for loanable funds amounting to TZS 731.9 billion in 2023/24. Also, the government set aside funds for SAMIA Scholarship worth TZS 6.74 billion. The target for allocation of loans to first-year applicants increased, from 70,000 allocated loans in 2022/23 to a projected 75,000 in 2023/24. Similarly, the total number of loan beneficiaries was expected to increase from 205,893 allocated in 2022/23 to a projected 220,376 in 2023/24.

For the financial year 2023/24, HESLB allocated loans to 224,056 students (79,133 first-year students and 144,923 continuing students). Allocated loans amounted to TZS 743,199,834,338 (TZS 230,624,905,147 to first-year students and TZS 512,574,929,191 to continuing students). Further, 1,228 students (918 first-year and 310 continuing) were allocated grants under the SAMIA scholarships, amounting to TZS 6,429,497,832. Furthermore, in the year 2023/24 HESLB issued Diploma loans for the first time, 2714 students (2,538 first years and 176 continuing) received a total of TZS. 7,424,883,500.

With regard to gender distribution, the gender gap continued to narrow as evidenced by a Male-female ratio of 56/44 this year from 59/41 reported last financial year. On the other hand, a share of high-impact programs (Cluster 1) during the year increased from 23% to 33%. Similarly, total of loans of TZS 727,620,215,602 has been disbursed to students (TZS 720,622,143,205 for local undergraduate, TZS 1,298,349,065 for postgraduates, TZS 258,236,728 for Overseas and TZS 5,441,486,605 for Diploma students. In addition, along with the amount of loans disbursed to students, there is also an amount of TZS 5,844,067,172 was disbursed to students for SAMIA Scholarship.

Overall, the issuance of loans has depicted an increasing trend from 132,388 students in 2019/20 to 224,056 in 2023/24 as shown below.



# HIGHER EDUCATION STUDENTS' LOANS BOARD

Financial Year	First-Year	Cont. Students	Total
2023/24	79,133	82,585	224,056
2022/23	73,513	124,592	198,105
2021/22	69,341	108,551	177,892
2020/21	55,337	94,169	149,506
2019/20	49,803	82,585	132,388

Source: HESLB

## 2.34 LOAN REPAYMENT AND RECOVERY

During the financial year 2023/24, HESLB targeted to collect TZS 203 billion from due loans by using various strategic interventions. For the year 2023/24, HESLB Management managed to collect TZS 173,722,737,861 from due loans and TZS 2,884,519,846 from Loan Administration Fees (87% of the collection targets), which resulted into an average monthly collection of TZS 14.72 billion. During the period under review, the effective tracing and billing were 54362 (135.91%) beneficiaries out of given target of 40,000 beneficiaries and inspected 8842 (110.52%) employers for ensuring compliance out of given target of 8000 employers.

Moreover, cumulatively recovery amounted to TZS 1.48 trillion by June 2024. This is 70% of the due loans of TZS 2.10 trillion. Non-performing loan (NPL) has increased slightly from 26% in 2023/24 to 30%.

Table 11: Summary of Annual Performance

S/N	Particulars	2023/24			2022/23		
		Target	Actual	KPIs (%)	Target	Actual	KPIs (%)
1	Number of Loanees	75,000	79,133	105.5%	70,000	73,513	105%
2	Number of Grant Students Disbursed	640	918	143.4%	636	620	97.5%
3	Amount of Loanable Funds Government Subvention -TZS	731,981,557,800	646,280,561,748	88.3%	654,000,000,000	609,897,135,850	105.5%
4	Amount of Grant Funds Government Subvention -TZS	6,745,000,000	5,844,067,172	86.6%	3,000,000,000	2,377,845,975	79%
5	Amount of Loanable Funds Disbursed -TZS	731,981,557,800	727,620,215,602	99.4%	654,000,000,000	(646,145,301,695)	98.8%
6	Number of Traced Beneficiaries	40,000	54,362	135.9%	30,000	32,150	107%
7	Total Amount of Loans Recoveries Collected- TZS	203,344,610,000	176,607,257,707	86.9%	195,000,000,000	169,806,037,020	87%
8	TZS Revolving Funds Utilized as Loanable Funds -TZS	208,344,610,000	154,871,850,570	74.3%	261,380,000,000	151,527,727,870	58%
9	Number of Staff Trained	277	282	101.8%	264	146	55%
10	Number of Staff	277	282	101.8%	277	264	95%
11	Number of Staff Dropout	-	19	-	-	2	-
12	Government Contribution to Annual Budget -TZS	-	-	-	678,552,829,714	707,324,050,960	104%
13	OC Budget -TZS	-	-	-	10,020,000,000	11,029,380,654	110%
14	Internally Generated Funds	-	-	-	4,500,000,000	5,418,074,968	121%

Source: HESLB

## 2.35 CHALLENGES & REMEDIAL ACTIONS, EMERGING ISSUES AND FUTURE OUTLOOK

### CHALLENGES

- I. Slow fund release from the government and system compatibility issues.

#### Mitigation;

Management is working to address these through improved communication with stakeholders and ongoing system enhancements.

- II. The informal sector, in particular, experiences low rates of loan repayment from beneficiaries, which can be attributed to a lack of voluntary compliance from both employers and the beneficiaries themselves.

#### Mitigations;

Management is devising a strategy to roll out the Community Agency Collections Channels (CACCs) initiative, which will leverage Ward Executive Officers (WEOs) and selected community resources to identify and interact with defaulters within the informal sector.

Establish an Informal Sector Help Desk to provide specialized support and outreach, while also leveraging the recently launched #FICHUA campaign to encourage public participation in identifying non-complying beneficiaries.

Enhance system integration with various stakeholders through the GovESB platform and targeted specific entities, while also exploring more flexible repayment options tailored to the irregular income patterns common in the informal sector.

### 2.36 EMERGING ISSUES

Management is keeping an eye on new developments in higher education financing and adjusting its approaches to stay current. This involves investigating innovative technologies, approaches, structures and financing mechanisms to improve student support.

These new developments are aimed at making education more accessible, reducing the burden of student debt, and aligning financing models with the evolving needs of students and the economy. Some of these developments include;

#### I. Income Share Agreements (ISAs)

Instead of traditional loans, ISAs allow students to fund their education in exchange for a percentage of their future income over a predetermined period. This model shifts the risk from the student to the investor and is contingent on the student's earning ability after graduation.

#### II. Outcome-Based Financing



This model ties financing to the success of the educational program or institution, often measured by graduate employment rates or other success metrics. It incentivizes institutions to focus on student outcomes and can lead to more accountable and effective education.

### III. Digital Platforms and Fintech Solutions

The rise of fintech has led to the development of digital platforms that streamline the process of applying for financial aid, managing student loans, and providing personalized financial advice to students. These platforms often use data analytics and machine learning to offer more tailored services.

### IV. Crowdfunding and Donor-Based Models

Crowdfunding platforms and donor-based initiatives are becoming more popular as alternative sources of funding for higher education. These models can help students raise funds for their education from a wide network of supporters, including family, friends, and community members through savings schemes.

### V. Employer-Based Financing

Some employers are investing in their employees' higher education as a way to develop the skills needed for their workforce. This can take the form of tuition reimbursement programs, partnerships with educational institutions, or creating in-house training and development programs.

### VI. Incubation Centers

Also known as business incubators, are specialized facilities that provide startups and entrepreneurs with the essential resources and support they need to succeed. These resources can include physical space, mentoring, training, networking opportunities, and access to funding. Incubation centers aim to facilitate the success of entrepreneurs and their businesses, ultimately helping them to grow and become self-sustaining.

### VII. Flexible Repayment Options for Informal Sector Beneficiaries

The irregular income patterns in the informal sector make it difficult for beneficiaries to adhere to standard repayment schedules. This underscores the importance of creating and providing more adaptable repayment options that align with the income fluctuations of those working in the informal sector. Such options might involve adjustable repayment calendars or repayment schemes linked to income levels.

These developments reflect a broader shift towards more flexible, innovative, and outcomes-focused approaches to financing higher education. As the landscape continues to evolve, it's likely that we will see even more creative solutions to the challenges of funding post-secondary education.

## 2.37 FUTURE OUTLOOK

### I. Strategic Priorities

In the upcoming year, HESLB's strategic focus will include advancing digital credit recovery systems, fortifying alliances for better loan disbursement and recovery, executing the #Fichua campaign, sustaining emphasis on priority disciplines by extending support to diploma students, exploring new higher education financing alternatives through public-private partnerships, reviewing the impact of the HEET project and proposing emerging areas for additional financing, continuing with the construction of HESLB's HQ office in Dodoma, implementing recommendations from the comprehensive evaluation of HESLB, and revising the strategic plan. These objectives are designed to capitalize on the achievements of 2023/24 and to guarantee enduring progress and enhancement in the financing of higher education.

### II. Long Term Outlook

Management aims to harness innovative technologies and strategies to enhance student support, with the following outcomes;

#### a. Enhanced Accessibility and Convenience

By creating mobile applications or online platforms, students will be able to apply for loans, monitor their loan status, and make repayments with ease and convenience

#### b. Advanced Eligibility Assessment and Risk Management

Through the use of AI, HESLB will implement predictive analytics to streamline loan eligibility assessments, effectively manage risks, and tailor student support services to individual needs.

#### c. Optimized Loan Allocation and Recovery

Machine learning algorithms will be employed to analyse data, leading to more efficient loan distribution and collection processes

#### d. Informed Strategic Decisions

Data analytics tools will be utilized to provide insights into student performance, loan repayment patterns, and market trends, guiding strategic decision-making.

#### e. Simplified Transactions

Integration with digital payment solutions will enable seamless and secure transactions for loan disbursements and repayments.



**f. Real-Time Monitoring and Data Collection**

IoT devices will be deployed to gather real-time data and monitor the loan lifecycle, enhancing oversight and responsiveness.

**g. Instant Support and Information**

AI-driven chatbots will be introduced to offer immediate assistance and information to students and loan beneficiaries, improving customer service.

**h. Financial Discipline and Sustainability**

By integrating savings schemes and encouraging regular savings among beneficiaries, HESLB will promote financial discipline and stability, potentially creating an additional funding source and reinforcing its financial sustainability.

**i. Workforce Readiness and Diversified Funding**

Engaging with the private sector will lead to co-funding schemes, internship programs, and skills development initiatives that align with industry requirements, bridging the gap between academic institutions and the job market, and diversifying HESLB's funding sources.

**2.38 LEGAL AND REGULATORY REQUIREMENT**

The HESLB is a provider and collector of loans issued to needy and eligible students who secure admission to accredited higher learning institutions. The HESLB reports to the Ministry of Education, Science, and Technology and is supposed to comply with the Government of the United Republic of Tanzania's procedures and laws of the land. The functions of the HESLB are guided by the established Act (The Higher Education Students' Loans Board Act CAP 178 and its Regulations. During the year under review, the HESLB complied with applicable laws. In conducting its activities, HESLB ensured compliance with the application of other legal requirements, including Value Added Tax (VAT), Pay as You Earn (PAYE), and withholding tax.

**2.39 ENVIRONMENTAL CONTROL PROGRAM**

The HESLB monitors the impact of its operations on the environment, which is mainly by power, water and waste generation in compliance with Government's Environmental Management Act of 2004. The Act is executed by the National Environment Management Council (NEMC) that ensure sustainability, security and equitable use of resources for meeting the basic needs of the present and future generations without degrading the environment or risking health or safety by implementation of the National Environment Policy. HESLB minimize its impacts through the better use of its premises and inbuilt facilities to ensure that there is proper waste management. In addition, HESLB engaged in activities that support efforts towards environmental stability, by engaging in conservation activities agreed upon

from time to time as well as any other activity deemed to support financing of higher education, also Management has decided to practice paperless environment and conserve its surrounding.

## 2.40 RISK MANAGEMENT AND INTERNAL CONTROLS

The Board of Director understands the specific sources of risk and analysis of their impact on its operations to HESLB. In the financial year 2023/24, the BoD used risk assessment frameworks to enable the analysis of cost-effective mitigation strategies.

### 2.40.1 RISK MANAGEMENT

Risk is an inherent aspect of any institution's activities. The Higher Education Students' Loans Board (HESLB) strives to manage risk through the establishment of effective functional structures, systems, and procedures.

HESLB Risk Management framework sets out the Organization's approach to managing risks and internal controls in a consistent and business-oriented manner, in order to support the achievement of its strategic objectives and expected results.

To this end, the HESLB has formed a Risk Management Team responsible for daily risk monitoring and management. This team operates under the Assistant Director of Planning & Research and includes risk champions from various functional.

The Risk Management Team convenes regularly to assess risks impacting HESLB's operations and subsequently recommends mitigation strategies to the Audit and Risk Committee (ARC) of the Board of Directors (BoD). The activities of the Risk Management Team are guided by the Risk Management Framework of 2023.

The following outlines the primary types of risks to which the HESLB is exposed in the course of its operations:

#### Financial Risks

Financial risk arises when the Higher Education Students' Loans Board (HESLB) is unable to meet its obligations as they come due. This may include the failure to issue loan items on scheduled dates, which can result from delays in the disbursement of funds from the Exchequer, or the inability to recover loans, thereby impacting the creation and sustainability of a revolving fund.

HESLB manage financial risk by identify the nature of risk exposure; conduct a risk assessment to know the potential weaknesses and threats facing the board, analyze financial statements to identify potential threats to financial stability such as dropping revenues, potential operational weaknesses or increasing bad debts. Develop strategies to address the risks.



HESLB mitigation strategies include proper verification of documents before processing payments, conduct training on tax Laws and d professional development, and making frequent reconciliation of financial data in MUSE system.

### Strategic Risks

Strategic risks are defined as the uncertainties and untapped opportunities inherent in the Higher Education Students' Loans Board's (HESLB) strategic intent and its execution. These risks are crucial for the Board to address, as they impact the organization as a whole rather than just a single unit.

HESLB's strategic risk management involves addressing these uncertainties and opportunities by gaining a clear understanding of corporate strategy, the risks associated with adopting it, and the risks involved in its execution. These risks may arise from both internal and external sources. By comprehending these risks, HESLB can develop and implement effective and integrated strategies for risk mitigation.

Rather than hindering the organization, strategic risk management enhances strategic management and helps maximize the value derived from HESLB's strategy. For example, while a traditional approach to strategy might focus on customer base growth and service delivery, it often neglects to monitor the risks associated with a potential shortfall in demand.

### Reputational Risks

Reputational risks refer to the potential for negative publicity, adverse public perception, or uncontrollable events that could impact the organization's reputation. These risks stem from failures to meet minimum service standards in line with stakeholder expectations, as well as from unethical practices within the organization.

Reputation is fundamentally about how the Higher Education Students' Loans Board (HESLB) is perceived by its service providers, customers in higher learning institutions, and other key stakeholders, including the government, the media, and the public.

HESLB manage reputation risk by building a positive corporate culture, prioritize transparency and accountability, perform preliminary research, prepare a response strategy and respond promptly and appropriately to negative feedback, monitor social media and make reputation monitoring a regular practice.

### Compliance Risks

Compliance risks arise from the potential for the Higher Education Students' Loans Board (HESLB) to fail in adhering to governing laws and regulations. This includes HESLB's statutory obligations while fulfilling its responsibilities to stakeholders, with a primary focus on customers.

HESLB manage compliance risk by promoting compliance through training and clear communication, establishing accountability across all organizational levels, streamline processes to reduce human error through automation and designate teams to monitor and communicate regulatory updates.

## Operational Risks

Operational risks are associated with the execution of the Higher Education Students' Loans Board's (HESLB) functions and pertain to the day-to-day operations involved in delivering services to stakeholders. These risks can lead to direct or indirect losses due to inadequacies or failures in internal processes, which may include human factors or external events.

HESLB manage operational risk by assessing the impact, understand HESLB operational risk profile, identify and document resources needed, undertake scenario analysis, conduct a comprehensive risk assessment and put controls in place.

HESLB mitigation strategies include conducting trainings (capacity building, transfer of knowledge and awareness), monitor daily/monthly staff working, have a clear understanding of staff roles, improve operational budget, improve incentive package, preparation of realistic staff budget programme and strengthening monitoring and supervision.

Table 12: HESLB KEY RISKS

S/N	RISK	RISK CATEGORY	RATING	MITIGATION
1.	Ineffective implementation of Strategic Plan	Strategic Risks	High	i. To Enhance an e-M&E system
				ii. To Conduct follow-up on implementation at cost centers
				iii. To Scrutinization of performance data
				iv. To Solicit additional funding
				v. To Conduct training to budget officers and heads of cost centers
				vi. To Raise awareness in implementing the Strategic Plan and MTEF
				vii. To analysis of re-allocation before approvals
2.	Ineffective liquidity management	Financial Risks	High	i. Increase efforts on Revenue collections
				ii. Reviving investment unit to enhance ROI
3.	Misconception of HESLB services	Reputational Risks	High	i. Improved performance, competence, quality of service delivery and promotion of zero tolerance to corruption during service delivery
				ii. Increase outreach awareness programs
				iii. Existence of communication strategy
				iv. Existence customer help desk
				Monitor the usage of social media
4.	Failure complies with laws, rules and regulations	Compliance Risks	High	i. To train staff on rights, duties and obligations on public service
				ii. To train staff on contract management



S/N	RISK	RISK CATEGORY	RATING	MITIGATION
5.	Delay in issuing guideline and criteria	Operational Risks	High	i. To Seek MoEST views early in the process
				ii. To Publicize the activity to make the public ready to give their opinion
				iii. Increase effort in collecting stakeholder's opinion

#### 2.41 INTERNAL CONTROLS

The internal control system of the Higher Education Students' Loans Board (HESLB) is the responsibility of management to ensure that effective internal control systems are developed and maintained on an ongoing basis. This system aims to provide reasonable assurance regarding;

- i. The effectiveness and efficiency of HESLB operations;
- ii. The safeguarding of HESLB's assets;
- iii. Compliance with applicable laws and regulations;
- iv. The reliability of accounting records;
- v. Business sustainability under both normal and abnormal conditions; and
- vi. Responsible behavior towards all stakeholders.

The effectiveness of any internal control system depends on the strict adherence to prescribed measures. There is always a risk of non-compliance by staff. While no internal control system can offer absolute assurance against misstatements or losses, HESLB's internal control framework is designed to provide the Board with reasonable assurance that the procedures in place are functioning effectively.

The Board of Directors evaluates the internal control systems throughout the financial year ending 30 June 2024 to ensure they meet accepted criteria. Risk and internal control assessments are managed by the Audit and Risk Committee. The key elements of the internal control system are as follows;

##### i. Competence

Staff skills are maintained through a formal recruitment process and a performance appraisal system, which helps identify training and development needs. Additionally, necessary training—both in-house and external—supports the consolidation and enhancement of existing staff skills and competencies.

##### ii. Delegation

The overall objectives of the HESLB are established by the Board of Directors, which delegates day-to-day operations to Management for implementation. The organization has a clearly defined structure, outlining lines of authority and ensuring proper segregation of duties.

## iii. Budgets

Detailed budgets are prepared by Management for review by the Board of Directors and are subsequently approved by Parliament. These annual budgets are formulated based on the HESLB's corporate plan.

## iv. Internal Audit

The Internal Audit and Investigation Directorate has significantly contributed to HESLB Management since its establishment. Its key services include;

- Assessing the organization's risk and the effectiveness of its risk management efforts.
- Evaluating the potential for fraud and the organization's management of fraud risk.
- Identifying signs and possibilities of fraud within the organization and addressing these issues through audit and investigation.
- Assisting Management in determining whether the organization has adequate internal controls and is compliant with organization policies and government regulations.
- Ensuring that recommendations made to Management for improving controls are implemented.

## v. Compliance

A detailed assessment is conducted continuously to ensure that HESLB operations are in compliance with all applicable laws, rules, and regulations.

## 2.42 FUTURE DEVELOPMENT PLANS

HESLB remains confident that with the available resources obtained from the Government and the continued effort for students' loan recovery it will be able to fulfil its strategic objectives through ensuring that education sector in general and the area of higher education student financing is becoming more effective and efficient. The specific future development plans are;

- i. Issue Loans and grants to 967,204 tertiary education students.
- ii. Collect TZS 1.130 trillion comprising TZS 644 billion from beneficiaries working in Public Institutions and TZS 486 billion from beneficiaries working in Private organizations) by June 2027 and implement measures to reduce Loan defaulter rates and enhance customer refund settlements,
- iii. Acquiring 277 staff level, retaining, providing welfare services and having 10 staff meetings conducted by June 2027,
- iv. Organizing two Fundraising writings, initiatives and events conducted to strategic partners for soliciting loanable funds and scholarships data bank,



- v. Conducting 10 researches on HESLB business processes,
- vi. Increase public awareness on HESLB business and strengthen strategic partnership
- vii. Develop and operationalize Risk Management and Business Continuity Plan,
- viii. Enhance Primary data center by 90%, operationalize disaster recovery site and conduct 20 quarterly reviews of data center equipment by June 2027
- ix. Link 10 external systems, and Higher Education Institutions to internal system by 100% also implement ICT security reviews and controls,
- x. Manage Institutional Assets and review accounting manual and financial regulations,
- xi. Implement the approved 5<sup>th</sup> Strategic Plan (2022/23 - 2026/2027) from July 2022 to accelerate gains from the just ended Strategic Plan guided by the same themes names; Financial and Equity Management (FEM), Customers Relationship Management (CRM), Business Processes and Result Management (BPRM) and Organization Capacity and Growth (OCAG),
- xii. Establish the customized Monitoring, Evaluation and Learning (MEL) tool, which will capture implementation of KPIs for results management to improve tracking and monitoring of activities implementation,
- xiii. Undertake HESLB office construction project for the six-storey building at Njedengwa area in Dodoma,
- xiv. Manage a fleet of 15 vehicles in a year and expand to a fleet of 20 vehicles by the next financial year (2025/2026),
- xv. Develop Memorandum of Understanding (MoU) with NSSF and PSSSF for the purpose of data and Information sharing.

## 2.43 DIVERSITY MANAGEMENT

HESLB is an equal opportunity employer, provides equal consideration to employment opportunities and ensures that the best available human resource appointed or promoted to any given position free from discrimination of any kind and without regard to factors like marital status, gender, tribe, age, religion or disability.

It has been constantly considering gender equality in terms of employment. In the year under review achieved 102% of the desired manning level of 277 staff with employees' turnover at 1.2% during the period, which is less than a tolerable 10-15%; Majority of Staff are young adults ranging 30-39 years of age. Out of the entire staff base, 43% are female and 57% are male.

Gender	2023/24	2022/23
Male	161	148
Female	121	116
Total	282	264

**2.44 EMPLOYEES WELFARE****2.44.1 Management and Employees' Relationship**

The relationship between the Management and employees was good. Generally, during the year, HESLB continued to experience harmonious and healthy work relationships at all levels and no labour grievances or any kind of dissatisfaction were reported.

**2.44.2 Medical Assistance**

All Members of the Staff and their dependants were provided with health insurance services governed under the National Health Insurance Fund (NHIF). In addition, the entity has NHIF Supplementary packages which covers all health service which are not covered through NHIF compulsory packages.

**2.44.3 Health Intervention and Sports Bonanza programs**

Two Healthy Interventions and Sports Bonanza programs were conducted during the second and fourth quarter of the year under review. During the first quarter a total of 141 staff were trained on HIV and non-communicable diseases while 152 staff were trained during the fourth quarter. In addition, to promote a healthy lifestyle, HESLB staff were encouraged and facilitated to participate in the MOI marathon (21 staff), 15 staff in NBC marathon and 16 staff in Bunge Marathon.

**2.44.4 Employees Participation's and performance monitoring**

Directorates and Units continued to hold meetings in order to assess performance and provide feedback on various operational and administrative matters on monthly basis. Further the entity stated to implement the Public Employees Performance Management Information system (PEPMIS) in monitoring performance of its employees. In the area of employee engagement two Worker's Council meetings and two all-staff meetings were held. Further, the Management continued to hold its monthly meetings for performance monitoring (EXCOM Meetings). Also, all staff were also involved in the HESLB Breakfast Chat (HBC) which was conducted twice a week (Tuesday and Thursday) used as a platform for providing necessary information and discussion to all HESLB staff.

**2.44.5 Staff Leave Roster Management**

The Management continued to coordinate and manage staff leaves as per procedures governing leave in the Public Service. All staff went for annual leave, 11 female staff went for maternity leave, 6 male staff went for paternity leave and 8 staff were given compassionate leave.



#### 2.44.6 Recruitment and Staff Promotions

During the period under review, twenty-one (21) new staff were recruited, whereby thirteen (13) are male and eight (08) are female.

In realising staff career development and growth, eighty-one, (81) staff were promoted, eighteen (18) re-categorized and fifty (50) confirmed to continue their service with HESLB following the successful completion of the secondment period.

#### 2.44.7 New Staff Regulation

The Government, through President's Office Public Service Management and Good Governance has approved HESLB Staff Regulation. This new Staff Regulation replaces the old Staff Service Manual which has been used since 2016.

#### 2.44.8 Financial Assistance to Staff

HESLB Staff Loans are available to all confirmed employees through Board Revolving Fund depending on the assessment by Management of the need, circumstance and ability to make payment in accordance with the existing Board's Staff Regulations. Further, the established HESLB's SACCOS keeps assisting staff in promoting the welfare of its members.

#### 2.44.9 Training

For the purpose of ensuring that, learning and development is well managed at HESLB, a total of forty (40) different trainings including workshops, tailor made training, seminars, long-term trainings and study tour were successfully implemented during the period. Further staff continued to be involved in the HESLB Breakfast Chat - HBC exchanging knowledge and sharing lessons learnt on daily operations. During the financial year, 2023/24 a total of forty different trainings and seminars conducted as detailed hereunder:

Table 13: Staff Trainings

S/N	Training attended	No of staff
1	NesT Training for PMU Staff	4
2	Capacity Building Training for Lawyers	3
3	HR Proficiency Training	1
4	Leadership Training for Managers	29
5	Workshop on Practical IT Audit	6
6	Capacity Building Training for RAAWU	3
7	Advanced Training on public Relation and Customer Experience Competencies	24
8	Training Retirement Preparation	25
9	Seminar on Accounting, Audit and ICT	11
10	Seminar on Management Accounting and Performance	1
11	Leadership Training for Officers	20
12	Training Internet and Communication Service	7
13	Seminar for non-accountant Officers	8
14	Customer Care Training	5
15	Annual conference for Accountants	26

# HIGHER EDUCATION STUDENTS' LOANS BOARD

S/N	Training attended	No of staff
16	Postgraduate Diploma in Leadership	1
17	Peer Educators Training on Health Issues	14
18	Remedial Seminar for Accounting and Auditing issues	4
19	Chief Audit Executive Forum	3
20	Training on System Security and Administration	1
21	HIV/AIDs awareness Training	273
22	Procurement and Supplies Annual Conference	4
23	Masters Trainings	8
24	Records & Archives Management Professional Association	3
25	Induction Course	13
26	Training for Government Lawyers	1
27	Training on Procurement based on WB Procedures	1
28	Training on understanding various laws, regulations and standards	2
29	Internal Audit Quality Assessment Training	9
30	Excel Training on Data Analytics	7
31	TAPSEA	5
32	Lawyers Annual Meeting	2
33	Production of Media Education Program	5
34	Project Management Training	10
35	Leadership Training (Swaziland)	29
36	Leadership Training for Senior Staff	28
37	Customer Care Training for Officers	1
38	Training on Sophos Firewalls	1
39	Deep Dive Flatter Application Development	3
40	NesT Training for other Directorates	

## 2.45 RELATED PARTY TRANSACTIONS

HESLB is an entity under the control of the Ministry of Education Science & Technology, and the ministry is under the Government of United Republic of Tanzania. HESLB doesn't control another entity. All related party transactions and balances between the entity, controlling parties and key management personnel are disclosed in note 3.11 of the financial statements.

## 2.46 PERSONS WITH DISABILITIES

It is the policy of the HESLB not to discriminate persons with disability in the recruitment or appointment. HESLB adhere to Disability Policy of 2007.

## 2.47 CORPORATE SOCIAL RESPONSIBILITY

During the year under review, HESLB made donations to support flood victims caused by Heavy rainfall in Hanang District in Manyara Region amounting to TZS 10,000,000. Also TZS 3,000,000 was donated to Tanzania Higher Learning Institutions Students' Organisation (TAHLISO) to support its Annual General Meeting.

## 2.48 POLITICAL DONATIONS

HESLB did not make any political donations during the year.



## 2.49 PREJUDICIAL MATTERS

Prejudicial matters for the year ended 30 June 2024, has been disclosed in note 13 of the financial statements as required by Tanzania Financial Reporting Standard (TFRS) number 1.

## 2.50 INTEGRATED FINANCIAL MANAGEMENT SYSTEM

During the year under review, HESLB continued to process its financial data using Government Accounting system (MUSE) integrated with iLMS, GePG, GAMIS, NeST, and PlanRep.

MUSE is a government accounting system (Mfumo wa Uhasibu Serikalini) which process financial transactions, reconcile, prepare financial statements and enhance financial control,

iLMS is an internal loans Management system which process loans applications, disbursement, repayment and recovery,

GePG is a Government Electronic Payment Gateway, centralized system connected to all available electronic revenue collection channels for the process of facilitating electronic money transactions from the public to government and vice versa,

GAMIS is a Government Asset Management Information System used to maintain fixed asset register,

NeST is a National e-Procurement System of Tanzania, supports processes of procuring Goods, Works, Consultancy, Non-Consultancy and Disposal of assets and

PlanRep is a system that acts as a planning, budgeting and reporting tool for government entities. PlanRep enhance budgetary control.

## 2.51 STATEMENT OF COMPLIANCE

The Directors' report has been prepared in full compliance with Tanzania Financial Reporting Standards No 1 and other statutory legislations relevant to HESLB business environment.

## 2.52 PUBLICATION OF THE REPORT

HESLB publish in its official website the report by those charged with governance alongside with audited financial statements not later than 30 days after the approval of the audited financial statements as per the requirements of the NBAA Technical Pronouncement No.1 of 2018.

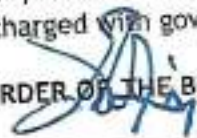
## 2.53 APPOINTMENT AND RESPONSIBILITY OF AUDITOR

The Controller and Auditor General (CAG) is the statutory auditor of HESLB by virtue of Article 143 of the Constitution of the United Republic of Tanzania as amplified under section 10 (1) of the Public Audit Act No. 11 of 2008, Cap 418 (R.E. 2021).

# HIGHER EDUCATION STUDENTS' LOANS BOARD

CAG is responsible for provision of audit opinion on HESLBs' financial statements about fairness on presentation and consistency application for information contained in the report by those charged with governance.

BY THE ORDER OF THE BOARD

  
Prof. Hamisi O. Dihenga  
Chairperson

  
Ms. Theresia E. Henjewe  
Director

25<sup>th</sup> March 2025  
Date

25<sup>th</sup> March 2025  
Date



### 3.0 STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARATION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

Members of the Board are required under section 27 (1) of the HESLB Act (No.9) of 2004 to prepare Financial statements of each reporting period which gives a true and fair view of statement of financial performance, statement of financial position, statement of cash flow, statement of changes in equity, statement of comparison of budget against actual and notes to the financial statements of HESLB as at the end of the financial year that give a true and fair view of the state of affairs of the HESLB. Further, the Board accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control. The board is responsible for safeguarding the assets of the reporting entity and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The Board accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the accrual basis, International Public Sector Accounting Standard (IPSAS), in the manner required by the Section 25(24) of the Public Finance Act Cap 348 and HESLB Act No. 9 of 2004. Board members hereby confirm that suitable accounting policies have been used and applied consistently, and that reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the year ended 30 June 2024.

To the best of our knowledge, the system of internal control has operated adequately throughout the reporting period and that the records and underlying accounts provide a reasonable basis for the preparation of the financial statement for the 2023/24 financial year. We accept responsibility for the integrity of the Financial Statement and the information contained in it, and its compliance with the Public Finance Act No. 6 of 2001 (Revised, 2004) and other instructions from the Treasury.

Procurement of goods, works, consultancy, and non-consultancy services to the extent that they are reflected in these financial statements have been done in accordance with the Public Procurement Act CAP 410. The board believes the financial statements give a true and fair view of the state of financial affairs of the HESLB. Nothing has come to the attention of the Board to indicate that the HESLB will not remain a going concern for at least the next twelve months from the date of this statement.

BY ORDER OF THE BOARD

Prof. Hamisi O. Dihenga  
Chairperson

Ms. Theresia E. Henjewe  
Director

Controller and Auditor General

Date

Date

25<sup>th</sup> March 2025

25<sup>th</sup> March 2025

4.0 DECLARATION OF HEAD OF FINANCE OF HIGHER EDUCATION STUDENTS' LOAN FOR THE YEAR ENDED 30 JUNE 2024

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act, No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with Accrual Based IPSAS and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors as under directors' responsibility statement on an earlier page.

I, Brown Shimwela, being the Chief Accountant of the Higher Education Students' Loans Board (HESLB) hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2024 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of the Higher Education Students' Loans Board (HESLB) as on that date and that they have been prepared based on properly maintained financial records.

  
Brown Shimwela  
Chief Accountant

25th March 2025  
Date

NBAA Membership No: ACPA 3855



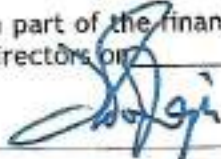
# HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)


## 5.0 FINANCIAL STATEMENTS

### STATEMENT OF FINANCIAL POSITION FOR YEAR ENDED 30 JUNE 2024

Particulars	Notes	2024 TZS	2023 TZS
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	6	42,193,460,078	120,441,188,109
Students' Loans Receivable	7	201,918,836,014	171,014,614,312
Prepayments	8	251,546,710	19,795,468
Other Receivables	9	16,424,097,500	24,730,133,957
Inventories (Consumable Stores)	10	244,019,096	169,931,645
Assets held for sale	11	13,898,667	-
<b>Total Current Assets</b>		<b>261,045,858,065</b>	<b>316,375,663,491</b>
<b>Non - Current Assets</b>			
Property, Plant and Equipment	12	7,434,237,663	5,308,698,500
Work in Progress (Building)	12	11,104,792,377	6,814,404,969
Intangible Assets	13	534,379,080	353,479,599
Students' Loans Receivable	7	4,503,133,374,567	4,004,740,990,826
<b>Total Non-Current Assets</b>		<b>4,522,206,783,687</b>	<b>4,017,217,573,894</b>
<b>Total Assets</b>		<b>4,783,252,641,751</b>	<b>4,333,593,237,386</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables and Accruals	14	16,105,322,096	32,286,925,209
Deferred Income Payable	15	1,843,846,066	2,257,621,094
<b>Total Current Liabilities</b>		<b>17,949,168,162</b>	<b>34,544,546,302</b>
<b>Non - Current Liabilities</b>			
Borrowing	16	187,767,046,750	187,767,046,750
<b>Non - Current Liabilities</b>		<b>187,767,046,750</b>	<b>187,767,046,750</b>
<b>Total Liabilities</b>		<b>205,716,214,913</b>	<b>222,311,593,053</b>
<b>Net Assets</b>		<b>4,577,536,426,839</b>	<b>4,111,281,644,333</b>
<b>NET ASSETS/EQUITY</b>			
<b>Capital Contributed by:</b>			
Funds Received for Issuing Loans		6,423,899,647,815	5,777,619,086,066
Recovered Students' Loans - Pre HESLB		53,779,101,166	53,779,101,166
Transfer to Consolidated Fund		(1,456,775,009,665)	(1,288,127,310,991)
Staff Loans Revolving Funds		2,661,772,957	1,597,530,146
Accumulated Surplus/(Deficits)		(446,029,085,433)	(433,586,762,055)
<b>Total Net Assets/Equity</b>		<b>4,577,536,426,839</b>	<b>4,111,281,644,333</b>

Notes form part of the financial statements. These financial statements were approved by the Board of Directors on \_\_\_\_\_ and signed on its behalf by:

  
Prof. Hamisi O. Dihenga  
Chairperson

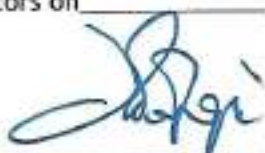
  
Dr. Bill M. Kiwila  
Executive Director

# HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

## STATEMENT OF FINANCIAL PERFORMANCE FOR YEAR ENDED 30 JUNE 2024

Particulars	Notes	2024	2023
		TZS	TZS
<b>Revenues from non-Exchange Transactions</b>			
Fees, fines, penalties and Forfeits	17	130,379,247	34,405,569
Government Subvention	18	39,184,121,272	25,925,841,071
Subvention from other Government entities	19	4,165,950,668	3,714,326,735
Revenue Grants		-	-
<b>Sub Total</b>		<b>43,480,451,187</b>	<b>29,674,573,375</b>
<b>Revenues from Exchange Transactions</b>			
Students' Loan Administration Fee	20	7,276,202,156	6,340,538,948
Other Income	21	5,878,445,351	3,029,271,700
<b>Sub Total Receipts</b>		<b>13,154,647,507</b>	<b>9,369,810,648</b>
<b>Total Receipts</b>		<b>56,635,098,694</b>	<b>39,044,384,023</b>
<b>Expenses:</b>			
Salaries, Wages and Employment Benefits	22	15,106,520,047	11,203,688,052
Goods and Service	23	16,978,662,314	13,573,997,521
Depreciation and Amortization	24	735,926,062	951,725,156
Maintenance Expenses	25	294,872,826	347,530,550
Other Expenses	26	919,687,376	2,745,591,213
Grants, Subsidies and other Transfer Payments	27	230,000,000	-
Student's Grant payments	28	5,844,067,172	2,377,845,975
Expected Credit Loss	29	28,967,686,275	661,802,479,250
Accrued expenses for 2022/23 paid in 2023/24	30	-	24,721,235
<b>Total Expenses</b>		<b>69,077,422,073</b>	<b>693,027,578,952</b>
<b>Surplus/(Deficit) During the year</b>		<b>(12,442,323,379)</b>	<b>(653,983,194,929)</b>

Notes form part of the financial statements. These financial statements were approved by the Board of Directors on \_\_\_\_\_ and signed on its behalf by:



Prof. Hamisi O. Dihenga  
Chairperson



Dr. Bill M. Kiwia  
Executive Director



# HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

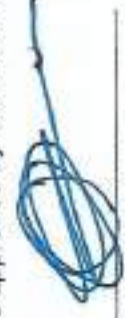
## STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEAR ENDED 30 JUNE 2024

Particulars	Note	Loanable Funds	Recovered Students' Loans	Transferred to Consolidated Fund (BOT)	Staff Loans Revolving Fund	Accumulated Surplus/ (Deficit)	Total
		TZS	TZS	TZS	TZS	TZS	TZS
Opening Balance 01 July 2023		5,777,619,086,066	53,779,101,166	(1,288,127,310,991)	1,597,530,146	223,775,322,831	4,768,643,729,218
Prior Year Adjustment		-	-	-	-	(657,362,084,886)	(657,362,084,886)
Adjusted Opening Balance 01 July 2023		5,777,619,086,066	53,779,101,166	(1,288,127,310,991)	1,597,530,146	(433,586,762,055)	4,111,281,644,333
Movements:							
Government Contribution		646,280,561,748	-	-	-	-	646,280,561,748
Staff Loan Admin & Interest		-	-	-	1,064,242,811	-	1,064,242,811
Transfer to consolidated Fund		-	-	(168,647,698,674)	-	-	(168,647,698,674)
Adjustments		-	-	-	-	-	-
Surplus/(Deficit) for the year		-	-	-	-	(12,442,323,379)	(12,442,323,379)
Balance as at 30 June 2024		6,423,899,647,815	53,779,101,166	(1,456,775,009,665)	2,661,772,957	(446,029,085,433)	4,577,536,426,839
Comparative							
Opening Balance 01 July 2022		4,698,848,627,931	53,779,101,166	(920,002,637,399)	1,696,408,599	413,144,549,653	4,247,466,049,950
Prior Year Adjustment		388,873,322,285	-	(216,596,945,722)	-	(192,748,116,779)	(20,471,740,216)
Adjusted Opening Balance 01 July 2022		5,087,721,950,217	53,779,101,166	(1,136,599,583,120)	1,696,408,599	220,396,432,874	4,226,994,309,735
Movements:							
Government Contribution		689,897,135,850	-	-	-	-	689,897,135,850
Staff Loan Admin & Interest		-	-	-	(98,878,453)	-	(98,878,453)
Transfer to consolidated Fund		-	-	(151,527,727,870)	-	-	(151,527,727,870)
Surplus/(Deficit) for the year		-	-	-	-	(653,983,194,929)	(653,983,194,929)
Balance as at 30 June 2023		5,777,619,086,066	53,779,101,166	(1,288,127,310,991)	1,597,530,146	(433,586,762,055)	4,111,281,644,333

Notes form part of the financial statements. These financial statements were approved by the Board of Directors on \_\_\_\_\_ and signed on \_\_\_\_\_ its behalf by:



Prof. Hamisi O. Dihenga  
Chairperson

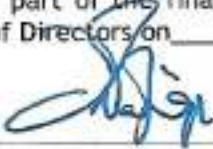



Dr. Bill M. Kiwira  
Executive Director

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2024

Particulars	Notes	2024 TZS	2023 TZS
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts:</b>			
Fees, fines, penalties and Forfeits	17	130,379,247	23,545,469
Government Subvention	18	38,770,346,244	26,001,254,779
Subvention from other Government entities	19	4,165,950,668	3,714,326,735
Increase in Deposit	31	-	2,230,873,230
Other Income	32	7,454,472,497	5,403,669,399
<b>Total Receipts</b>		<b>50,521,148,656</b>	<b>37,373,669,612</b>
<b>Payments:</b>			
Maintenance Expenses	25	294,872,826	347,530,550
Grants, Subsidies and other Transfer Payments	27	230,000,000	-
Student's grants payment	28	5,844,067,172	2,377,845,975
Decrease in Deposit	31	2,076,743,873	-
Salaries, Wages and Employment Benefits	33	15,106,520,047	11,203,688,052
Goods and Service	34	23,058,316,092	27,289,626,637
Other Expenses	35	919,687,376	915,173,199
<b>Total Payments</b>		<b>47,530,207,386</b>	<b>42,133,864,413</b>
<b>Cash from/ (Used in) Operating Activities (A)</b>	<b>41</b>	<b>2,990,941,269</b>	<b>(4,760,194,800)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of PPE	12	(2,820,730,338)	(1,185,336,051)
Office Building (WIP)	12	(4,290,387,408)	(4,543,611,200)
Sale of PPE		-	10,860,100
Acquisition of Intangible Assets	13	(235,533,034)	(78,668,716)
Loans Issued to Students	36	(727,620,215,602)	(646,145,301,695)
<b>Cash from / (Used in) Investing Activities (B)</b>		<b>(734,966,866,382)</b>	<b>(651,942,057,561)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Funds Received for Issuing Loans	37	646,280,561,748	689,897,135,850
Recovered Students' Loans	38	173,722,737,861	167,431,639,321
Staff Loans Revolving Funds	39	1,064,242,811	(98,878,453)
Transfer to Consolidated Fund	40	(168,647,698,674)	(151,527,727,870)
<b>Cash from/ (Used in) Financing Activities (C)</b>		<b>652,419,843,746</b>	<b>705,702,168,848</b>
<b>Net Increase in Cash and Cash Equivalent (A+B+C)</b>	<b>42</b>	<b>(79,556,081,367)</b>	<b>48,999,916,486</b>
<b>Cash &amp; Cash Equivalent at the Beginning</b>		<b>122,481,438,260</b>	<b>73,481,521,773</b>
<b>Cash and Cash Equivalent at the End</b>		<b>42,925,356,893</b>	<b>122,481,438,260</b>

Notes form part of the financial statements. These financial statements were approved by the Board of Directors on \_\_\_\_\_ and signed on its behalf by:

  
Prof. Hamisi O. Dihenga  
Chairperson

  
Dr. Bill M. Kiwia  
Executive Director



# HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

## STATEMENT OF COMPARISON BETWEEN BUDGET AND ACTUAL FOR THE YEAR ENDED 30 JUNE 2024

Particulars	Original Budget 2023/24 TZS	Final Budget 2023/24 TZS	Actual 2023/24 TZS	Variance in Amount 2023/24 TZS	Variance in Percentage %	Reasons for Variance between Budget and Actual Reason
<b>Receipts:</b>						
Loan Administration Fees	1,800,000,000	1,800,000,000	2,884,519,846	1,084,519,846	60	Actual amount received was above budget projection
Loan Application Fees	2,850,000,000	2,850,000,000	4,569,952,651	1,719,952,651	60	Increase in number of Loans applicants
Government Subvention - OC	19,855,390,000	19,855,390,000	19,855,390,000	-	-	Amount received from MOEST was below budget target and Management still making follow up
Loanable Funds	731,981,557,800	731,981,557,800	646,280,561,748	(85,700,996,052)	(12)	Some of grant beneficiaries (students) failed to score required GPA to continue with Samia Scholarship
Government Grant Development (Samia Scholarship)	6,745,000,000	6,745,000,000	5,844,067,172	(900,932,828)	(13)	Increase is due to new employment; staff transfer and promotions
Government Subvention - DEV	5,000,000,000	5,000,000,000	5,000,000,000	-	-	Difficult in locating Students' loan beneficiaries
Personal Emoluments	6,754,827,000	6,754,827,000	8,484,664,100	1,729,837,100	26	Amount received from MOEST was above budget projection
Recovered Students' Loans	203,344,610,000	203,344,610,000	173,722,737,861	(29,621,872,139)	(15)	Employer penalty for delayed remittance of loan deductions
HEET Project Funds	1,094,012,109	1,094,012,109	4,165,950,668	3,071,938,559	281	
Miscellaneous	-	-	130,379,247	130,379,247	NA	
<b>Total Receipts</b>	<b>979,425,396,909</b>	<b>979,425,396,909</b>	<b>870,938,223,293</b>	<b>(108,487,173,616)</b>	<b>(11)</b>	
<b>Payments:</b>						
Loanable Funds	731,981,557,800	731,981,557,800	727,620,215,602	4,361,342,197	1	The amount was still under disbursement processes as at 30 June 2024
Student's grants payment	6,745,000,000	6,745,000,000	5,844,067,172	900,932,828	13	Some of grant beneficiaries (students) failed to score required GPA to continue with Samia Scholarship
Transfer to Consolidated Fund	203,344,610,000	203,344,610,000	168,647,698,674	34,696,911,326	17	Transfer to Consolidated Fund depends on amount recovered from Students' Loans. During the period under review actual Students' Loans recovery was below budget projection
Administrative Expenses	25,363,869,075	25,363,869,075	31,124,732,241	(5,760,863,166)	(23)	Increase in operating cost
Property Plant and Equipment	2,820,730,338	2,820,730,338	2,820,730,338	-	-	
Intangible Assets	235,533,034	235,533,034	235,533,034	-	-	
Building W.I.P.	5,000,000,000	5,000,000,000	4,290,387,408	709,612,592	14	Retention and unapproved certificate
Personal Emoluments	6,754,827,000	6,754,827,000	8,484,664,100	(1,729,837,100)	(26)	Increase is due to new employment; staff transfer and promotions
<b>Total Payments</b>	<b>982,246,127,247</b>	<b>982,246,127,247</b>	<b>949,068,028,570</b>	<b>33,178,098,677</b>	<b>3</b>	
<b>Net Receipts/(Payment)</b>	<b>(2,820,730,338)</b>	<b>(2,820,730,338)</b>	<b>(78,129,805,277)</b>	<b>(75,309,074,939)</b>	<b>NA</b>	

**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2024**

**1. GENERAL INFORMATION**

The Higher Education Students' Loans Board (HESLB) was established under Act No. 9 of 2004 (as amended) CAP 178 for the purpose of providing for Students' Loans Scheme which would not only extend loans to students who require such assistance but also collect repayment for all loans issued to students since 1994 for re-lending to other needy and eligible students. HESLB is Parastatal Organization currently under the Ministry of Education, Science and Technology.

**2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE**

**2.1.1 Basis of Preparation**

The financial statements have been prepared based on historic cost unless stated otherwise. The financial statements have been prepared in Tanzanian shillings, which is the functional and reporting currency of HESLB, and all values are rounded to the nearest shilling.

**2.1.2 Statement of Compliance**

The financial statements of the Higher Education Students' Loans Board (HESLB) have been prepared in accordance with Public Finance Act of 2001 and explicitly comply with the requirements of the accrual based International Public Sector Accounting Standards (IPSAS). The accounting policies have been consistently applied in all the years presented.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES**

The preparation of financial statements in conformity with IPSAS requires the use of estimates and assumptions that affect reported amounts of assets, liabilities and disclosure of contingent asset and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Although these estimates are based on the directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates. The estimates and underlying assumptions are reviewed on the ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future period if the revisions affect both current and future periods.

**3.1 Reporting Period**

The reporting period for these financial statements is the financial year of the Government which runs from 01 July 2023 to 30 June 2024.

**3.2 Foreign Currency Translation**

**3.2.1 Functional and presentation currency**

Items included in the financial statements of the HESLB are measured using the currency of the primary economic environment in which the HESB operates ("the functional currency"). The



**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2024**

financial statements are presented in Tanzanian Shillings (TZS), which is the HESLB's functional and presentation currency.

**3.2.2 Transactions and balances**

Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are in the statement of financial performance.

**3.3 Cash and Cash Equivalents**

Cash and bank balances in the statement of financial position comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less, and is measured at amortized cost. For the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdraft.

**3.4 Provisions**

Provisions are recognized when the Board has a present legal or constructive obligation because of past events, when it is probable that an outflow of resources embodying economic benefits and/or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

**3.5 Employment Benefits**

Employee benefits include salaries, pensions and other related - employment costs. Employee benefits are recognized on accrual basis. HESLB operates a defined contribution plan, where the employees contribute 5% of the basic salary and the employer contributes 15% of the salary.

Additionally, HESLB operates a health insurance plan for employees through a contribution of 3% both by the employees and employer. The employee benefits plans are operated through statutory established institutions.

**3.6 Revenue**

**3.6.1 Revenue from exchange transactions**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Revenue of HESLB includes Interest Income, Application Fees, Penalty on Repayment, Loan Administration fees and other Income:

### 3.6.2 Interest Income

Interest income arises from different HESLB's bank accounts, i.e., interest on call and fixed deposit accounts. For all financial instruments measured at amortized cost and interest-bearing financial assets classified as available-for-sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

#### i. Loan Application Fees

Revenue from loan application fees is collected and received when the Online Loan Application System (OLAS) is opened in the respective year for the needy prospective students to apply. The amount collected is accounted for on cash basis.

#### ii. Value Retention Fee (VRF)

Value Retention Fees is charge of 6% on outstanding loan to every beneficiary, except to beneficiaries who are academicians who have been guaranteed by employers. This fee ceased effective from 1<sup>st</sup> May 2021 following Presidential decree.

#### iii. Penalty on Repayment

A penalty of 10% per annum is imposed on the amount of loans need to be collected and late remittance by employer for loan instalment deducted and not remitted after 15<sup>th</sup> day of the following month of deductions, also loan beneficiaries whose loan repayment has remained unpaid for more than two years after a loan beneficiary has graduated. The charge ceased with effect from 01<sup>st</sup> July, 2021 by the order of the Minister responsible for Education, Science and Technology.

#### iv. Loan administration fees

The Fee is charged at a rate of 1% p.a. of the loan amount paid in every year.

#### v. Other Income

Other income is recognized in the period in which it is earned. This includes gain on exchange rate and tender documents.

### 3.7 Revenue

#### 3.7.1 Revenue from non-exchange transactions

Revenue from non-exchange transactions is governed by IPSAS 23 and mainly comprises taxes and transfers. Revenue from Non- Exchange Transaction of the HESLB includes Government Subvention through the Ministry of Education, Science and Technology and grants from Donors.



### 3.7.2 Government Subvention

Subvention comprises of funds received from Treasury to cater for Personal emoluments (PE)/employees' salaries and other operational costs. These are unconditional and therefore are recognized and credited to the statement of financial performance in the period in which they are received.

### 3.7.3 Grants

Grants comprises of Samia grant which is special grant started in financial year 2022/23 to sponsor undergraduate studies for students achieving high performance in Advanced Certificate of Secondary Education Examinations (ACSEE), science combinations and have locally secured admission to undertake university degree in the fields of Science, Technology, Engineering, Mathematics and Medicine. Samia grant is a hundred percent (100%) scholarship.

## 3.8 Property, Plant and Equipment (PPE)

### 3.8.1 Recognition

An item of Property, Plant and Equipment (PPE) is recognised in Financial Statements when is being controlled by the entity, it is probable that future economic benefits or service potential associated with the asset will flow to the entity and the cost or fair value of the asset to the entity can be reliably measured.

### 3.8.2 De-recognition

The carrying amount of an item of Property, Plant and Equipment is derecognized when asset is disposed; or when no future economic benefits or service potentials are expected from its use or disposal.

Gains and losses on de-recognition of Property, Plant and Equipment is determined by reference to their carrying amount and is taken into account in the statement of financial performance.

### 3.8.3 Subsequent Expenditure

Expenditure incurred to replace a component of item of Property, Plant and Equipment is accounted for separately and capitalized only when the amount is material, it is probable that future economic benefits or service potentials associated with the item will flow to the entity and the cost of the item can be measured reliably. All other expenditure items are recognized in the statement of financial performance as expenses during the financial period in which they are incurred.

### 3.8.4 Measurement

The entity measurement of its Property, Plant and Equipment complies with government regulation on measurement base and capitalization threshold.

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Items of Property, Plant and Equipment acquired through purchases are initially recognized at cost and subsequently measured at cost less Accumulated depreciation and impairment losses.

Items of Property, Plant and Equipment acquired through donation/grants are initially recognized at fair value as deemed cost and subsequently measured at deemed cost less accumulated depreciation and impairment losses.

Donated PPE results in the recognition of income at the amount of the fair value of the PPE received.

### **3.8.5 Depreciation**

The entity adopt straight line method for depreciation of property, plant and equipment which allocate depreciation systematically over the useful life of the respective assets. The depreciation method adopted comply with government regulation for depreciation method.

Property, Plant and Equipment acquired are depreciated from the date when they are available for use and cease to be depreciated when the asset are de-recognized in PPE however depreciation does not cease when the asset become idle, or retired from active use.

### **3.8.6 Estimated Useful Life (EUL)**

Accounting Estimates involve management's judgment of expected future benefits and obligations relating to assets and liabilities (and associated expense and revenue) based on information that best reflects the conditions and circumstances that exist at the reporting date. The following Estimated useful life (EUL) which comply with Public Finance Act Regulation 2024 (Management of Public Property) are consistently applied for accounting of Property, Plant and Equipment are as shown in the below table.

#### **3 The Estimated Useful Life for PPE**

<b>S/No.</b>	<b>Asset Category</b>	<b>Estimated Useful Life (Years)</b>
1	Office Equipment and Machine	10
2	Office Furniture and Fittings	10
3	Motor Vehicle (Light)	10
4	Generator	15

### **3.8.7 Review of useful life**

The entity reviews asset useful life at least at each annual reporting date and, if expectations differ from previous estimates, the change is accounted for prospectively as a change in an accounting estimate in accordance with IPSAS 3 requirement.

### **3.8.8 Capital work in progress**

Capital work in progress related to the construction of office building is included in Property, Plant and Equipment at cost on the basis of the percentage of completion as at the end of reporting



financial year. The capital work in progress is transferred to the appropriate asset category and depreciated when construction of the asset is completed and is available for its intended use.

### **3.9 Intangible Assets**

#### **3.9.1 Recognition**

Intangible asset is recognized if an identifiable non-monetary asset without physical substance is controlled by an entity as a result of past events, from which future economic benefits are expected to flow to the entity and the cost of the asset can be measured reliably.

#### **3.9.2 De-recognition**

Intangible asset is derecognized when no future economic benefits or service potentials are expected from its use or disposal.

#### **3.9.3 Measurement**

Intangible assets acquired through exchange transactions are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Subsequently intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

#### **3.9.4 Amortization, Estimated Useful Life (EUL) and its review**

The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite life are not amortized instead they are assessed for impairment whenever there is an indication that the asset may be impaired.

Intangible assets relating to computer software are amortized equally over a period of ten years. Intangible assets with a finite useful life are assessed for impairment whenever there is an indication that the asset may be impaired.

The amortization period and the amortization method, for an intangible asset with a finite useful life, are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on an intangible asset with a finite life is recognized in surplus or deficit as the expense category that is consistent with the nature of the intangible asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the surplus or deficit when the asset is derecognized.

#### **3.9.5 Impairment of Non-Financial Assets**

**(i) Impairment of cash-generating assets**

At each reporting date, the Board assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, HESLB estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or HESLB's of assets. Where the carrying amount of an asset or the cash-generating unit (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses are recognized in the statement of financial performance in those expense categories consistent with the nature of the impaired asset.

**(ii) Impairment of non-cash-generating assets**

The Board assesses at each reporting date whether there is an indication that a non-cash-generating asset may be impaired. If any indication exists, the Board estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash-generating asset's fair value less costs to sell and its value in use.

Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount and impairment loss is recognized in the statement of financial performance.

In assessing value in use, the Board has adopted the depreciation replacement cost approach. Under this approach, the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

In determining fair value less costs to sell, the price of the assets in a binding agreement in an arm's length transaction, adjusted for incremental costs that would be directly attributed to the disposal of the asset is used. If there is no binding agreement, but the asset is traded on an active market, fair value less cost to sell is the asset's market price less cost of disposal. If there is no binding sale agreement or active market for an asset, the Board determines fair value less cost to sell based on the best available information.



### 3.10 Financial Instruments

Financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. The entity financial instruments comprise of Bank Balances, Student Loans Receivables and Staff Loans Receivables.

#### 3.10.1 Classification

The entity financial instruments (Financial assets) are classified into amortized cost which is management model whose objective is to hold financial assets in order to collect contractual cash flows only and selling assets is incidental to management model objectives.

#### 3.10.2 Recognition

HESLB recognizes a financial asset in its statement of financial position when the entity becomes party to the contractual provisions of the instrument and the passes the following tests.

##### i. Cash flow characteristic test

The contractual terms of a financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### ii. Management model test

The financial asset is held within a management model.

#### 3.10.3 De-recognition

Derecognizes financial asset in its statement of financial position when doesn't become party to the contractual provisions of the instrument and cannot pass cash flow characteristic tests stated in recognition criteria or it transfers the financial asset as set out and the transfer qualifies for de-recognition in accordance with IPSAS 41.

#### 3.10.4 Initial Measurement of Financial Assets

On initial recognition, a financial asset or financial liability is measured at fair value plus or minus directly attributable transaction costs, unless short-term receivables which is at the original invoice amount if the effect of discounting is immaterial.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Directly attributable transaction cost is incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability.

HESLB uses Level 2 (income approach) for its receivables fair value measurement and level 3 (Cost approach) for cash balances.

### 3.10.5 Subsequent Measurement of Financial Instruments

Subsequently financial assets are classified at amortized costs. Each year the asset will increase with the interest income credited to the surplus or deficit and decrease by the cash received. The carrying amount of asset is adjusted by credit loss allowance.

### 3.10.6 Impairment of Financial Instruments

Impairment refers to the state that occurs when the fair value of an entity's financial assets falls below its book value.

HESLB evaluates the credit risk of loans beneficiaries by estimating the delay of repayments and beneficiaries' future economic development. Depending on the estimated credit risk the entity measures the loss allowance under General Approach whereby expected credit losses are measured as either 12-month expected credit losses or lifetime expected credit losses.

#### i. Credit Loss

Credit Loss: difference between all contractual cash flows due to entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls) discounted at the original effective interest rate.

#### ii. Expected credit loss (ECL)

Expected credit loss (ECL): credit losses estimated to flow from a credit event, e.g., default; calculated as the weighted average of credit losses, weighted by the probabilities of default.

An entity shall measure expected credit losses of a financial instrument in a way that reflects;

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
- The time value of money
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future.

For bank balances expected credit loss (ECL) is determined by using available statistics on banks' default risk based on credit rating grades by Standard & Poor and Moody's credit rating companies.

#### iii. 12-month expected credit losses

12 - month expected credit loss is the portion of lifetime expected credit loss that represent the expected credit losses that result from default events on financial instruments that are possible within the 12 months after the reporting period.

#### iv. Life time expected credit loss

Life time expected credit loss is the expected credit loss that results from all possible default events over the expected life of a financial instrument.

Life time ECL is recognized if the credit risk has increased significantly since initial recognition.



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NOTES TO THE FINANCIAL STATEMENTS (Continued)  
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**3.11 Related Party Transactions**

Parties are considered to be related if one party can control the other party individually or jointly, or to exercise significant influence over the other party in making financial and operating decisions. They include relationship with subsidiaries, associates, joint ventures and key Management personnel. For HESLB, key management shall include; Members of Board of Directors, Executive Director, Directors; Heads of Zonal offices and their close relatives. Some of the Board's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. During the year, the only related party transactions during the financial year ended 30<sup>th</sup> June 2021 was the remuneration availed to the Board of Directors and key Management staff. During the year under review, the Board of Directors and key Management Staff remuneration are summarized below:

Particulars	2024 TZS	2023 TZS
i) Board of Directors		
Allowances and Annual Directors' Fees	44,500,000	61,500,000
<b>Total Board of Directors</b>	<b>44,500,000</b>	<b>61,500,000</b>

Particulars	2024 TZS	2023 TZS
i) Emoluments to other Key Management Staff		
Salaries	1,731,500,274	1,380,000,000
Allowances	593,350,000	832,650,000
<b>Total TZS</b>	<b>2,324,850,274</b>	<b>2,212,650,000</b>

ii) Loans to Key Management Staff		
Particulars	2024 TZS	2023 TZS
Housing/ Motor Vehicle Loans	768,243,562	154,280,000
<b>Total TZS</b>	<b>768,243,562</b>	<b>154,280,000</b>

**3.12 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

**3.12.1 HESLB as Lessor**

- I. Amounts due from lessees under finance leases are recorded as receivables at the amount of the Board's net investment in the leases. Finance lease income is allocated to accounting

periods so as to reflect a constant periodic rate of return on the Board's net investment outstanding in respect of the leases.

- II. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

### 3.12.2 HESLB as Lessee

- I. Assets held under finance leases are recognized as assets of HESLB at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to statement of financial performance, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Board's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.
- II. Rentals payable under operating leases are charged as an expense to the statement of financial performance on a straight-line basis over the term of the relevant lease. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

### 3.13 Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. However, where inventories are acquired through a non-exchange transaction, their cost shall be measured as their fair value as at the date of acquisition. Inventories are required to be measured at the lower of cost and current replacement cost where they are held for:

- Distribution at no charge or for a nominal charge
- Consumption in the production process of goods to be distributed at no charge or for a nominal charge.
- Costs include all purchase cost, conversion cost (materials, labour, and overhead), and other costs to bring inventory to its present location and condition, but not foreign exchange differences and selling costs. Trade discounts, rebates, and other similar items are deducted in determining the costs of purchase.
- For inventory items that are not interchangeable, specific costs are attributed to the specific individual items of inventory.



**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
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FOR THE YEAR ENDED 30 JUNE 2024**

- HESLB applies the same cost formula for all inventories having similar nature and use; a difference in geographical location of inventories by itself is not sufficient to justify the use of different cost formulas.
- For interchangeable items, cost is determined on a first-in, first-out basis. For inventories with a different nature or use, different cost formulas are used.
- When inventories are sold, exchanged, or distributed, the carrying amount is recognized as an expense in the period in which the related revenue is recognized. If there is no related revenue, the expense is recognized when the goods are distributed or related services have been rendered.
- Write-downs to net realizable value are recognized as an expense in the period the loss or the write-down occurs. Reversals arising from an increase in net realizable value are recognized as a reduction of the inventory expense in the period in which they occur.

### **3.14 Nature and Purpose of Reserves**

HESLB creates and maintains reserves to meet specific requirements. Reserves which have been created include:

- Loanable Funds is the accumulated Government Subvention used for issuing loan to higher learning students.
- Recovered Students' Loans; this include cumulative figure of pre-Board and post Board collections.
- Recovery transferred to Consolidated Fund (BOT); this constitutes the amount cumulatively collected by HESLB and then transferred back to the Government through Consolidated account.
- Staff Loans Revolving Fund that constitutes Housing and Motor vehicle loans extended to employees on a revolving basis to motivate HESLB employees with a view of increasing efficiency and productivity. It is also meant to encourage Staff to remain into the organization and perform their tasks for which they were hired for, hence assurance of institutional memory and sustainability of the organization
- Accumulated Surplus/Deficit represents amounts that reflect surplus or Deficit realized on a cumulative basis.

### **3.15 Budget Information**

A major part of the budget to finance HESLB is through Parliamentary allocation through the Ministry of Higher Education, Science and Technology. The allocation covers the operations of HESLB as a single entity. The budget is prepared on cash basis based on types of expenditure.

**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2024**

Financial statements are prepared on accrual basis therefore for comparative purposes, financial statements are adjusted to cash basis.

The budget covers a period of twelve months from 1<sup>st</sup> July to 30<sup>th</sup> June every year. The budget reallocation within a scope of 7% is approved by the Board of Directors whereas if the reallocation exceeds 7% it will require the approval of the Treasury Registrar.

**3.16 Events after reporting period.**

Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the

reporting period and the date when the financial statements are authorized for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and
- Those are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

**3.17 SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES**

The preparation of financial statements in conformity with IPSAS requires the use of estimates and judgment that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The most significant use of judgement and estimates are as follows:

**I. Going concern**

The HESLB Board has made an assessment of HESLB's ability to continue as a going concern. The Board is satisfied that HESLB will continue to be supported by the Government by providing resources for the provision of loans to students for the foreseeable future. Furthermore, the Board is not aware of any material uncertainties that may cast significant doubt upon HESLB's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.



**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2024**

**II. Impairment of other financial assets**

HESLB has adopted an incurred loss approach to impairment. Impairment losses are incurred only if there is objective evidence of impairment as a result of occurrence of one or more past events since initial recognition. Impairment exists when the carrying amount exceeds its recoverable amount and the asset is written down to the recoverable amount. The Board makes an assessment of impaired losses on loans extended to beneficiaries based on relative diverse information basis some judgement has to made on validity of those sources.

**III. Fair value of financial instruments**

Where the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

**IV. Useful lives of property and equipment**

Pursuant to the requirements of IPSAS 17 (Property, Plant and Equipment) and IPSAS 3 (Accounting Policies, Changes in Accounting Estimates and Errors) Board makes accounting estimation of the useful lives of assets based on the expected pattern of consumption of the future economic benefits and reviews its depreciation rates at each reporting date.

**3.18 CHANGE IN ACCOUNTING POLICY (FINANCIAL INSTRUMENTS)**

The introduction of IPSAS 41 substantially modifies IPSAS 29 by switching from a backward-looking incurred-loss model to a forward-looking expected-credit-loss model.

**3.18.1 THE IMPACT OF CHANGE IN ACCOUNTING POLICY**

The impact of introducing IPSAS 41 is the emergence of expected credit loss in the financial statements by having different cash and cash Equivalent figures reported in the statement of financial position for prior financial year.

The standard also results in emergence of expected credit loss in the financial statements by having different receivable figures reported in the statement of the financial position for prior financial year.

No	Name of the Bank	Rating Agencies	Score	Probability of Default (PD)
1	Bank of Tanzania (BOT)	Moody's	B2	1.55%
2	CRDB	Moody's	B1	2.16%
3	NMB	Moody's	B2	2.16%
4	NBC	Moody's	Ba2	0.61%

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The effect of expected credit loss on bank balance, receivable balance and accumulated surplus/deficit is explained in table below.

Description	Cash and bank balance	Student Loans Receivable Balance	Staff Loans Receivable Balance	Accumulated surplus	Reason
Financial year 2022/23	122,481,438,260	4,835,516,918,164	2,060,002,299	228,318,934,030	2023/24 opening accumulated surplus * of TZS 223,775,322,831 adjusted with prior year adjustment of TZS 4,543,611,200 for PPE to get balance of TZS 228,318,934,030
Expected credit loss	2,040,250,150	659,761,313,026	916,074	661,802,479,250	Change in accounting policy
Restated balance	120,441,188,109	4,175,755,605,138	2,059,086,225	(433,483,545,220)	Change in accounting policy

**4. NEW AND AMMENDED STANDARDS AND INTERPRETATIONS**

New issued International Public Sector Accounting Standards not yet effective are tabled below;

Standard	Effective date and Impact
<b>IPSAS 43: Leases</b>	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity.</p> <p>The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.</p> <p>For lessees, IPSAS 43 introduces a right-of-use model that replaces the risks and rewards incidental to ownership model in IPSAS 13, Leases. For lessors, IPSAS 43 substantially carries forward the risks and rewards incidental to ownership model in IPSAS 13.</p>



HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
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Standard	Effective date and impact
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>The entity will improve the disclosure in the face of financial statements as the non-current assets held for sale and discontinued operations will be separately reported and disclosed.</p>
IPSAS 45: Property, Plant, and Equipment	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>International Public Sector Accounting Standard (IPSAS) 45 replaces IPSAS 17, Property, Plant, and Equipment by adding current operational value as a measurement basis in the updated current value model for assets within its scope, identifying the characteristics of heritage and infrastructure assets, and adding new guidance on how these important types of public sector assets should be recognized and measured.</p>
IPSAS 46: Measurement	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>International Public Sector Accounting Standard (IPSAS) 46 provides new guidance in a single standard addressing how commonly used measurement bases should be applied in practice. It brings in generic guidance on fair value for the first time, and introduces current operational value, a public sector specific current value measurement basis addressing constituents' views that an alternative current value measurement basis to fair value is needed for certain public sector assets.</p>
IPSAS 47: Revenue	<p><b>Applicable 1<sup>st</sup> January 2026</b></p> <p>International Public Sector Accounting Standard (IPSAS) 47 is a single source for revenue accounting guidance in the public sector, which presents two accounting models based on the existence of a binding arrangement. This new Standard provides focused guidance to help entities apply the principles to account for public sector revenue transactions.</p> <p>IPSAS 47 replaces the existing three revenue standards(IPSAS 9: Revenue from Exchange Transactions, IPSAS 11: Construction Contracts and IPSAS 23: Revenue from Non-Exchange Transactions), and presents accounting models which will improve financial reporting and support effective public sector financial management.</p>

**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
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Standard	Effective date and Impact
<b>IPSAS 48: Transfer Expenses</b>	<i>Applicable 1<sup>st</sup> January 2026</i> The International Public Sector Accounting Standards Board (IPSASB) has issued International Public Sector Accounting Standard (IPSAS) 48: Transfer Expenses. IPSAS 48 provides accounting guidance for transfer expenses, which account for a significant portion of expenditures for many public sector entities. This new Standard fills a significant gap in the IPSASB's literature and provides guidance to help entities account for public sector transfer expense transactions.
<b>IPSAS 49: Retirement Benefit Plans</b>	<i>Applicable 1st January 2026</i> International Public Sector Accounting Standard (IPSAS) IPSAS 49: prescribe the accounting and reporting requirements for public sector retirement benefit plans (pension schemes). These are the schemes which provide retirement benefits to public sector employees and other eligible participants. Covers accounting and reporting requirement for the plan for all participants as a group and not individual participants. It deals with retirement benefits for public sector employees and other participants qualifying to join the plan. It does not cover other forms of employment benefits including termination benefits, deferred compensation arrangements, long service leave benefits, redundancy plans, bonus plans etc.

## **5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

HESLB operations are exposed to certain financial risks. Financial risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on HESLB's financial performance. The main risks arising from the HESLB's operations are currency risk, credit risk, liquidity risk and interest rate risk. HESLB reviews and agrees policies for managing each of these risks which are summarized below:

### **5.1 Interest Rate Risk**

The HESLB's operating cash flows are affected by PSSSF loan which is being charged between 13.5% and 15%. The risk on the loan has been mitigated by Government guarantee. The Government will assume payment of loan on behalf of the HESLB.

### **5.2 Currency Risk**

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. HESLB's operations mostly utilize local currencies and therefore not materially exposed to exchange rate fluctuations that have an impact on cash flows and financing activities. However, HESLB is exposed to foreign exchange risk in respect to loans issued to overseas students. Therefore, HESLB mitigates this risk through issuing loans in Tanzanian shillings.



**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)**  
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**5.3 Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. HESLB is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments specifically the loan beneficiaries who are currently working in informal sector. However, efforts and legal actions/strategies are currently in formulation for enforcement against the loan defaulters. This includes banning them from acquiring cooperation/services from all the government related service providers like Tax Revenue Authorities, the Home Affairs ministry specifically the passport control section to mention the few. There has been strict follow-up with the employers both in private and public sector to ensure necessary deductions are made in their payroll for all their employees who were previously loan beneficiaries from the HESLB.

**4 Receivables and payables aging analysis**

Item	Within 1 Year TZS	1 to 2 Years TZS	3 - 5 Years TZS	Beyond 5 Years TZS	TOTAL
Cash and Cash Equivalent	42,193,460,078		-	-	42,193,460,078
Students' Loan Receivable (Current)	201,918,836,014		-	-	201,918,836,014
Loan Receivable (Long Term)	-	-	-	4,503,133,374,567	4,503,133,374,567
<b>Total</b>	<b>244,112,296,092</b>			<b>187,767,046,750</b>	<b>215,514,547,911</b>
<b>Net Position</b>	<b>488,224,592,184</b>	<b>-</b>		<b>4,690,900,421,317</b>	<b>4,962,760,218,570</b>

**5.4 Liquidity risk**

Liquidity risk is the risk that one part to the financial instrument will fail to honor its immediately falling due liabilities. It is measured by comparing current assets excluding inventories with current liabilities. HESLB manages the risk by maintaining a balance the items and regular review the components as shown in the table below:

**5 Liquidity Timing**

ITEM	0-30 DAYS	31-60 DAYS	61-90 DAYS	91-120 DAYS	OVER 120 DAYS
Cash and Cash Equivalent					42,193,460,078
Students Loan receivable	31,136,015,911	143,685,451,445	168,050,535,600	252,720,339,620	3,708,547,478,383
<b>Total</b>	<b>32,067,356,930</b>	<b>144,101,185,124</b>	<b>194,983,195,895</b>	<b>254,278,302,104</b>	<b>3,732,610,758,559</b>
Payable	20,243,316		26,015,027,842	1,694,169,426	18,060,576
Current portion of P555F Loan				-	187,767,046,750
<b>Total</b>	<b>20,243,316</b>	<b>-</b>	<b>26,015,027,842</b>	<b>1,694,169,426</b>	<b>187,785,107,326</b>
<b>Net Position</b>	<b>32,047,113,614</b>	<b>144,101,185,124</b>	<b>168,968,168,053</b>	<b>252,584,132,678</b>	<b>3,544,825,651,233</b>

**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
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**6. Cash and Cash Equivalents**

Particulars	2024 TZS	2023 TZS
BOT Own source Collection Account	30,253,904,629	97,461,906,512
Deposit General Cash Account	94,175,547	1,590,212,049
Development Expenditure Cash Account	7,738,513,616	16,820,842,559
Loan Cash Account	249,127,552	86,724,385
Own source Collection Account - CRDB	-	862,678,697
Own source Collection Account - NBC	-	720,000
Own source Collection Account - NMB	1,227,500	2,422,750
Own source Development Expenditure	93,564,475	1,751,443,642
Own source Recurrent Expenditure GF	2,589,168,875	1,006,205,391
Recurrent Expenditure Cash Account	1,874,822	9,380,654
Unapplied Cash Account	59,953,811	639,311,181
USD BOT Collection Account	1,760,996,094	1,773,791,218
Development Expenditure Cash Account	82,849,972	474,449,221
Unapplied Cash Account	-	1,350,000
Provision for ECL (Cash)	(731,896,814)	(2,040,250,150)
<b>Total Cash and Cash Equivalents</b>	<b>42,193,460,078</b>	<b>120,441,188,109</b>

**7. Students' Loans Receivable**

Particulars	2024 TZS	2023 TZS
Students Receivables- LAF	66,308,784,893	59,032,582,737
Students Receivables- VRF	1,311,368,575,291	1,311,368,575,291
Students Receivables- PENALTY	256,383,401,518	256,383,401,518
Meals and Accommodation - undergraduate	3,836,009,768,572	3,302,681,820,947
Meals and Accommodation - postgraduate	12,665,132,034	12,333,032,034
Research - Undergraduate	29,266,449,631	29,211,317,256
Research - Postgraduate	8,179,598,010	7,848,098,010
Tuition Fees - Undergraduate	1,862,148,966,698	1,685,437,292,672
Tuition Fees - Postgraduate	12,789,100,900	12,367,488,400
Field/Practical Training	386,014,320,813	384,124,166,119
Special Faculty Requirement	60,500,710,564	59,261,429,718
Books & Stationery	294,997,150,213	287,522,873,780
Stipend Overseas	81,740,565,057	81,543,249,057
Travelling Costs Overseas	6,420,495,730	6,359,575,002
Disbursement Suspense Account	76,014,141	100,882,475
Meals and Accommodation Addition	3,456,631,875	-
Books and Stationary Addition	453,600,000	-
Tuition Fees Addition	1,668,068,500	-
<b>Total Receivables</b>	<b>8,230,447,334,441</b>	<b>7,495,575,785,017</b>
<b>Total Students' Loan Recovery</b>	<b>(1,427,983,347,626)</b>	<b>(1,251,376,089,919)</b>
<b>Receivables net off Students' Loan Recovery</b>	<b>6,802,463,986,816</b>	<b>6,244,199,695,098</b>
<b>Less:</b>		
Expected Credit Losses - Long Term	696,809,860,166	8,080,860,865
Prior year Adjustment for Expected Credit Loss - Long Term	-	659,761,313,026



**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
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Provision for impairment of Students' Loans - Value Retention Fee (VRF) Opening	1,208,310,944,404	1,208,310,944,404
Provision for Impairment of Students' Loans - PENALTY Opening	192,290,971,665	192,290,971,665
<b>Total provision for Impairment of Students' Loans</b>	<b>2,097,411,776,235</b>	<b>2,068,444,089,960</b>
<b>Net/Restated Receivables from Students</b>	<b>4,705,052,210,580</b>	<b>4,175,755,605,138</b>
Short Term	201,918,836,014	171,014,614,312
Long Term	4,503,133,374,567	4,004,740,990,826

Note	Particulars	2023/24	2022/23
		TZS	TZS
	Prepayment - Expenses (Main)	49,008,176	17,540,055
	Prepayment - Expenses (HEET)	-	2,255,413
	Prepayments Assets - Monetary	202,538,534	-
	<b>Total Prepayment</b>	<b>251,546,710</b>	<b>19,795,468</b>

9.	Particulars	2024	2023
		TZS	TZS
	Provisions For Students Loans	13,340,698,465	22,312,763,535
	Imprest Receivable - Main	92,898,550	55,038,786
	Imprest Receivable - HEET	-	282,100,812
	Staff advances and imprest	9,341,107	9,341,107
	Staff Loans Addition	2,960,791,489	2,050,661,192
	Receivable (Staff benefit) ECL	(776,709)	(916,074)
	Other receivables - (Opening)	21,144,599	21,144,599
	<b>Total Other Receivables</b>	<b>16,424,097,500</b>	<b>24,730,133,957</b>

Note	Particulars	2023/24	2022/23
		TZS	TZS
	Consumables	147,210,392	132,946,931
	IT and Computer Accessories	-	30,802,466
	Fuel	86,320,000	1,000,000
	Uniforms	4,170,530	5,182,248
	Spare parts and tyres	6,318,174	-
	<b>Total Inventories</b>	<b>244,019,096</b>	<b>169,931,645</b>

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
 NOTES TO THE FINANCIAL STATEMENTS (Continued)  
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11. Assets Held for Sale			
Note	Particulars	2023/24 TZS	2022/23 TZS
	Non-Current assets held for sale	13,898,667	-
	Total Inventories	<u>13,898,667</u>	<u>-</u>



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12. WIP & PROPERTY, PLANT & EQUIPMENTS

Particulars	Building W.I.P.	Land	Motor Vehicles, Cycles & Plants (Generators)	Office Furniture & Fixtures	Office Equipment and Machine	Total
<b>Cost:</b>						
As at 01.07.2023	2,270,793,769	1,124,001,362	2,388,132,714	1,830,489,858	3,395,565,112	11,008,982,815
Prior year adjustment:	4,543,511,200			(460,037,152)		4,083,574,048
Adjusted Balances at 01 July 2023:	6,814,404,969	1,124,001,362	2,388,132,714	1,370,452,706	3,395,565,112	15,092,556,862
Adjustments:						
Additions During the year	4,290,387,408	-	236,340,000.00	109,917,000	2,474,473,338	7,111,117,746
As at 30.06.2024	11,104,792,377	1,124,001,362	2,624,472,714	1,480,369,706	5,870,038,450	22,203,674,609
<b>Depreciation:</b>						
As at 01.07.2023	-	-	913,235,438	1,093,707,576	1,422,547,531	3,429,490,545
Prior year adjustment:	-	-	-	(446,118,485)		(446,130,485)
Adjusted Balance as at 01 July 2023:	-	-	913,235,438	647,569,091	1,422,547,531	2,983,352,060
Derecognition of accumulated Depr	-	-	-	-	-	-
Charge for the year	-	-	154,045,068	73,484,309	453,763,132	681,292,508
As at 30.06.2024	-	-	1,067,280,506	721,053,400	1,876,310,663	3,664,644,568
<b>Net book value:</b>						
As at 30.06.2024	11,104,792,377	1,124,001,362	1,557,192,209	759,316,306	3,993,727,787	18,539,030,040
<b>Comparative</b>						
<b>Cost:</b>						
As at 01.07.2022	2,270,793,769	1,124,001,362	2,519,835,755	1,706,861,464	2,970,210,561	10,591,702,911
Adjustments:						
Derecognition of Asset	-	-	(630,506,793)	(26,617,585)	(120,931,770)	(768,056,148)
Additions During the year	-	-	488,803,752	150,245,978	546,286,321	1,185,336,051
As at 30.06.2023	2,270,793,769	1,124,001,362	2,388,132,714	1,830,489,858	3,395,565,112	11,008,982,814
<b>Depreciation:</b>						
As at 01.07.2022	-	-	1,498,189,545	1,062,417,351	1,764,725,907	4,325,332,804
Adjustments:						
Derecognition of Acc. Depreciation	-	-	(587,792,683)	(26,617,585)	(120,931,770)	(735,342,038)
Revisit of Useful life	-	-	(296,448,567)	(225,843,124)	(559,586,142)	(1,081,877,833)
Charge for the year	-	-	299,287,143	283,750,934	338,339,536	921,377,613
As at 30.06.2023	-	-	913,235,438	1,093,707,576	1,422,547,531	3,429,490,545
<b>Net book value:</b>						
As at 30.06.2023	2,270,793,769	1,124,001,362	1,474,897,276	736,782,282	1,973,017,581	7,579,492,269

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
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ADDITIONAL DISCLOSURE

i. PRIOR YEAR ADJUSTMENT OF TZS 4,543,611,200

Included in prior year adjustment for WIP classification of the Property Plant and Equipment is addition of TZS 4,543,611,200 relating to recognition of the amount paid for construction of HESLB office building in Dodoma wrongly charged as Consultancy Expense in the Financial Year 2022/23 instead of being capitalization in WIP.

The effect of charging this expense as Consultancy Expenses is understatement of both WIP and Accumulated Surplus/Deficit in Financial Year 2022/23.

ii. PRIOR YEAR ADJUSTMENT OF TZS 460,037,152 AND TZS 446,138,485

Excluded in prior year adjustment for Office Furniture and Fixtures classification of the Property Plant and Equipment are reduction of historical cost and accumulated depreciation of TZS 460,037,152 and of TZS 446,138,485 respectively relating to de-recognition of assets approved for sale/disposal by the Ministry of Finance prior the current financial year.

The effect of non-de-recognition of assets approved for sale/disposal in the financial year 2022/23 is overstatement of the Property plant & Equipment and non-disclosure of Assets Held for Sale as required by IPSAS 44.

13. INTANGIBLE ASSETS

PARTICULARS	2024 TZS	2023 TZS
<b>Cost</b>		
As at 01 July	1,512,647,661	1,433,978,946
Additions	235,533,034	78,668,716
As at 30 June	<u>1,748,180,695</u>	<u>1,512,647,661</u>
<b>Accumulated Amortization</b>		
As at 01 July	1,159,168,062	1,128,820,519
Charge for the year	54,633,553	30,347,543
As at 30 June	<u>1,213,801,615</u>	<u>1,159,168,062</u>
<b>Net Carrying Amount</b>		
As at 30 June	<u>534,379,080</u>	<u>353,479,600</u>



HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
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14. Payables and Accruals			
	Particulars	2024 TZS	2023 TZS
	Accruals	1,714,133,329	7,725,227,868
	Miscellaneous deposits - (Staff Loan Insurance)	18,060,576	18,060,576
	Deposit General	94,175,547	1,590,212,049
	Unapplied Deposit Account Addition	59,953,811	639,311,181
	Unapplied Deposit Account - HEET	-	1,350,000
	Provision for Disbursement of Students Loan Opening	13,340,698,465	22,312,763,535
	Supplies of goods and services Addition	476,030,884	-
	Retention Payable Addition	371,927,926	-
	Social security contributions and NHIF contributions Addition	30,341,560	-
	<b>Total Payables and Accruals</b>	<b>16,105,324,120</b>	<b>32,286,927,232</b>
15. Deferred Income Payable			
		2024 TZS	2023 TZS
	Deferred Subvention Current	-	9,380,654
	Deferred Subvention Capital - HEET	1,843,846,066	2,248,240,440
	<b>Total Payables and Accruals</b>	<b>1,843,846,066</b>	<b>2,257,621,094</b>
16. Borrowing			
Note	Particulars	2023/24 TZS	2022/23 TZS
	PSSSF Payable Opening	54,644,657,534	54,644,657,534
	Interest payable on PSSSF	64,145,344,131	64,145,344,131
	Penalty Payable on PSSSF Loan	68,977,045,086	68,977,045,086
	<b>Total Borrowing</b>	<b>187,767,046,751</b>	<b>187,767,046,751</b>

**Additional Disclosure**

The above PSSSF Loan was used to finance higher education students since 2006/07 under the Government guarantee. However, HESLB paid to PSSSF TZS 21.0 billion between 2008-2010 and the interest and penalty has accrued waiting for the Government to repay. The three loans were issued at interest rate of 13.5% and other two at 15%, the Government will assume servicing of the loan.

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2024

<b>17. Fees, Fines, Penalties and Forfeits</b>			
<b>Note</b>	<b>Particulars</b>	<b>2023/24 TZS</b>	<b>2022/23 TZS</b>
	Sale of Government Assets	-	10,860,100
	Employers Penalties	130,379,247	23,545,469
	<b>Total Fees, Fines, Penalties and Forfeits</b>	<b>130,379,247</b>	<b>34,405,569</b>
<b>18. Government Subvention</b>			
<b>Note</b>	<b>Particulars</b>	<b>2023/24 TZS</b>	<b>2022/23 TZS</b>
	Government Grant Development Local (Samia Scholarship)	5,844,067,172	2,377,845,975
	Subvention Other Charges	19,855,390,000	12,120,000,000
	Subvention Capital	5,000,000,000	5,000,000,000
	Government Grant Personal Emolument	8,484,664,100	6,427,995,096
	<b>Total Government Subvention Revenue</b>	<b>39,184,121,272</b>	<b>25,925,841,071</b>
	<b>Movement in Deferred Income</b>		
	Deferred Subvention Current	(9,380,654)	9,380,654
	Deferred Subvention Capital - HEET	(404,394,374)	66,033,054
	<b>Total Movement</b>	<b>(413,775,028)</b>	<b>75,413,708</b>
	<b>Total Government Subvention Received</b>	<b>38,770,346,244</b>	<b>26,001,254,779</b>
<b>19. Subvention from other Government entities</b>			
<b>Note</b>	<b>Particulars</b>	<b>2023/24 TZS</b>	<b>2022/23 TZS</b>
	Government Grant Development Foreign	4,165,950,668	3,714,326,735
	<b>Total Subvention from other Government entities</b>	<b>4,165,950,668</b>	<b>3,714,326,735</b>
<b>20. Loan Administration Fee</b>			
		<b>2024 TZS</b>	<b>2023 TZS</b>
	Monetary - LAF	2,884,519,846	2,374,397,699
	Non-Monetary - LAF	4,391,682,310	3,966,141,249
	<b>Total Students' Loan Administration Fee</b>	<b>7,276,202,156</b>	<b>6,340,538,948</b>



HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
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21. Other Income

Particulars	2024 TZS	2023 TZS
Loan Application Fee	4,569,952,651	3,029,271,700
Gain from Movement of ECL for Bank Balances	1,308,353,336	-
Gain from Movement of ECL for Staff Loans	139,364	-
<b>Total Other Income</b>	<b>5,878,445,351</b>	<b>3,029,271,700</b>

22. Salaries, Wages and Employment Benefits

Note	Particulars	2023/24 TZS	2022/23 TZS
	Acting Allowance	36,321,000	56,038,000
	Casual Labourers	13,940,000	5,377,000
	Civil Servants	8,496,189,600	6,427,995,096
	Civil Servants Contracts	184,233,550	14,932,070
	Court Attire Allowance	3,000,000	2,000,000
	Electricity	105,985,000	82,359,049
	Electricity Allowance	-	19,935,000
	Extra-Duty	423,430,000	432,410,000
	Food and Refreshment	78,117,813	61,954,012
	Furniture Expenses	96,000,000	77,782,640
	Honoraria	756,800,000	322,600,000
	Household Appliances	12,493,000	275,200
	Housing allowance Expenses	874,775,000	684,799,000
	Housing Allowance discretionary Expenses	262,385,696	159,700,000
	Leave Travel	165,022,980	120,549,870
	Internship Allowance	118,910,000	174,740,000
	Medical and Dental Refunds	1,125,000	3,585,225
	Moving Expenses	74,996,880	6,218,350
	National Health Insurance Schemes(NHIF)	109,675,000	110,800,000
	Employee Expenses	-	-
	Outfit Allowance	19,000,000	23,500,000
	Sitting Allowance	83,500,000	106,140,000
	Special Allowance	1,121,670,000	1,158,019,000
	Subsistence Allowance	317,562,961	95,629,600
	Telephone	163,285,711	116,755,933
	Transport Allowance	1,162,727,500	918,323,000
	Water and Waste Disposal	100,000	870,008
	Telephone Allowance	339,273,356	20,400,000
	Gratuities	86,000,000	-
	<b>Total Salaries, Wages and Employment Benefits</b>	<b>15,106,520,047</b>	<b>11,203,688,052</b>

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
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23. Goods and Service			
Note	Particulars	2023/24 TZS	2022/23 TZS
	Advertising and Publication - Communication & Information	69,288,000	66,432,560
	Air Travel Tickets	1,223,829,240	779,086,530
	Catering Services	177,805,000	266,397,888
	Cleaning Supplies	-	498,500
	Computer Supplies and Accessories	118,639,611	145,153,084
	Conference Facilities	151,204,429	71,057,600
	Courier Services	54,415,000	30,141,300
	Diesel	251,560,380	362,254,911
	Drugs and Medicines	-	200,000
	Educational Radio and TV broadcasting programming	29,983,000	17,888,800
	Electricity - Utilities Supplies and Services	125,066,415	92,235,560
	Entertainment - Hospitality Supplies and Services	106,000,000	82,500,000
	Exhibition, Festivals and Celebrations	10,961,765	12,481,760
	Food and Refreshments	231,331,584	160,273,182
	Gifts and Prizes	27,500,000	26,500,000
	Ground Transport (Bus, Train, Water)	16,700,000	29,075,000
	Ground travel (bus, railway taxi, etc)	11,865,000	1,451,640,441
	Internet and Email connections	256,235,774	257,584,540
	Mobile Charges	45,210,000	237,542,001
	Court Attire Allowance	-	2,000,000
	Newspapers and Magazines	1,000,000	-
	Office Consumables (papers, pencils, pens and stationaries)	55,502,030	95,414,556
	Outsourcing Costs (includes cleaning and security services)	220,039,334	288,647,347
	Per Diem - Domestic	8,300,166,289	3,749,285,000
	Per Diem - Foreign	200,980,521	150,170,670
	Posts and Telegraphs	7,324,500	3,857,750
	Printing and Photocopying Costs	300,000	20,114,786
	Production and Printing of Training Materials	-	7,392,130
	Publicity	28,103,800	24,200,000
	Remuneration of Instructors	10,800,000	23,800,000
	Rent - Housing	23,400,000	80,883,491
	Rent - Office Accommodation	597,225,558	344,214,959
	Court Attire Allowance	-	2,000,000
	Rent of Vehicles and Crafts	-	-
	Software License Fees	18,195,069	398,639,497
	Subscription Fees	35,759,280	74,435,825



HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2024

Goods and Service (Continued)

Particulars	TZS	TZS
Training Allowances	180,709,296	170,451,000
Tuition fees	20,695,620	4,000,000
Uniforms	-	6,847,266
Water Transport	3,940,000	4,145,494
Uniforms and Ceremonial Dresses	31,341,200	14,336,000
Per Diem - Foreign	-	35,409,300
Technical Service Fees	-	5,080,000
Fumigation	-	1,482,184
Tuition Fees Training - Domestic	270,812,973	493,418,500
Air Travel Tickets	301,416,646	351,358,770
Catering Services	-	5,500,000
Computer Supplies and Accessories	-	75,440,000
Conference Facilities	2,255,413	73,315,000
Diesel	1,000,000	441,000
Ground travel (bus, railway taxi, etc)	2,537,356,000	464,368,600
Per Diem - Domestic	600,007,500	1,597,810,000
Per Diem - Foreign	173,903,002	112,639,592
Publicity	-	7,050,000
Remuneration of Instructors	-	1,300,000
Software License Fees	-	275,455,953
Training Materials	9,500,000	4,300,000
Tuition Fees Training - Domestic	171,316,860	169,910,217
Upkeep Allowances	152,536,327	266,141,379
Visa Application Fees	-	780,000
Upkeep of Grounds and Amenities	-	522,000.00
Computer Software - Use of goods and Services	22,838,589	-
Sewage Charges - Utilities Supplies and Services	1,411,307	-
Rent of Private vehicles	1,300,000	-
Training Allowances	57,131,694	-
Production and Printing of Training Materials	19,773,445	-
Sporting Supplies	9,935,104	-
Visa Application Fees	1,656,960	-
Fumigation Expenses	1,432,800	-
<b>Total Goods and Service</b>	<b>16,978,662,314</b>	<b>13,495,501,921</b>
<b>Prior year expenses (Retired Imprest)</b>		
Per Diem - Domestic	-	47,100,000
Ground travel (bus, railway taxi, etc)	-	23,549,000
Air Travel Tickets	-	7,846,600
<b>Total Adjustment for Imprest Receivable</b>	<b>-</b>	<b>78,495,600</b>
<b>Total Goods and Service (Restated)</b>	<b>16,978,662,314</b>	<b>13,573,997,521</b>

24. Depreciation and Amortization

**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2024**

Note	Particulars	2023/24 TZS	2022/23 TZS
	Depreciation - Computers and Related Equipment	453,763,132	316,567,051
	Depreciation - Furniture & Fittings	73,484,309	230,515,764
	Depreciation - Motor Vehicles	136,983,813	285,938,436
	Depreciation - Plant, Machinery and Equipment	17,061,255	88,356,362
	Computer Software Amortization	15,358,042	-
	Amortization - Integrated Loan Management System (ILMS)	39,275,511	30,347,543
	<b>Total Depreciation and Amortization</b>	<b>735,926,062</b>	<b>951,725,156</b>

**25. Maintenance Expenses**

Note	Particulars	2023/24 TZS	2022/23 TZS
	Air conditioners	7,745,420	5,225,000
	Electrical and Other Cabling Materials	-	4,767,311
	Fax machines and other small office equipment	7,600,959	1,264,960
	Outsource Maintenance Contract Services	247,356,927	277,515,854
	Paint and Weather Protection Coatings	-	1,620,000
	Plumbing Supplies and Fixtures	5,240,000	5,766,664
	Tires and Batteries	17,120,520	36,131,781
	Photocopiers	-	14,000,700
	Fire Protection Equipment	354,000	1,238,280
	Direct labour (contracted or casual hire) - Machinery, Equipment and Plant	2,255,000	-
	Electrical and Other Cabling Materials - Buildings	7,200,000	-
	<b>Total Maintenance Expenses</b>	<b>294,872,826</b>	<b>347,530,550</b>

**26. Other Expenses**

Particulars	2024 TZS	2023 TZS
Consultancy fees	-	317,851,106
Audit fees Expenses	292,703,750	276,761,366
Investigation expenses	-	8,000,000
Bank Charges and Commissions	96,852,192	148,026,306
Director's Fee	32,812,500	61,000,000
Honorariums (expert opinion)	8,000,000	7,100,000
Insurance Expenses	53,668,115	76,934,421
Burial Expenses	20,395,000	19,500,000
Bad and Doubtful expenses	-	1,830,418,014
consultancy fees	415,190,207	-
Bank Charges and Commissions	65,612	-
<b>Total Other Expenses</b>	<b>919,687,376</b>	<b>2,745,591,213</b>

**27. Grants, Subsidies and other Transfer Payments**



HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2024

Note	Particulars	2023/24 TZS	2022/23 TZS
	Contribution to CF (15%)	230,000,000	-
	<b>Total Grants, Subsidies and other Transfer Payments</b>	<b>230,000,000</b>	<b>-</b>
<b>28. Students' Grant Payments</b>			
Note	Particulars	2023/24 TZS	2022/23 TZS
	Meals and Accommodation	2,977,601,575	1,407,563,875
	Books and Stationery	242,150,000	121,800,000
	Tuition Fees	2,262,353,599	774,378,000
	Research	700,000	800,000
	Field Practical Training	174,660,000	6,200,000
	Special Faculty Requirement	122,985,498	36,460,900
	Medical Insurance	62,042,400	30,643,200
	Special Needs Facilitation (Disabled Students) -Employee	1,574,100	-
	<b>Total Student's Grant payments</b>	<b>5,844,067,172</b>	<b>2,377,845,975</b>
<b>29. Expected Credit Loss (ECL)</b>			
	Particulars	2024 TZS	2023 TZS
	Bank Balances	-	2,040,250,150
	Staff Loans	-	916,074
	Students' Loan Receivable	28,967,686,275	659,761,313,026
	<b>Total Expected Credit Loss (ECL)</b>	<b>28,967,686,275</b>	<b>661,802,479,250</b>
<b>30. Accrued Expenses for 2022/23 paid in 2023/24</b>			
	Particulars	2024 TZS	2023 TZS
	Electricity	-	4,807,399
	Telephone allowance	-	3,450,000
	Diesel	-	2,013,958
	Directors' Fee	-	11,687,500
	Posts and Telegraphs	-	2,752,300
	Sewage Charges	-	10,078
	<b>Accrued Expenses for 2022/23 paid in 2023/24</b>	<b>-</b>	<b>24,721,235</b>
<b>31. Deposits</b>			
Note	Particulars	2024	2023

**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2024**

	TZS	TZS
Unapplied Deposit Account	(579,357,371)	639,311,181
Deposit General	(1,496,036,502)	1,590,212,049
Unapplied Deposit Account - HEET	(1,350,000)	1,350,000
<b>Total Increase / (Decrease) in Deposits</b>	<b>(2,076,743,873)</b>	<b>2,230,873,230</b>

**32. Other Income**

Note	Particulars	2024 TZS	2023 TZS
	Application fee	4,569,952,651	3,029,271,700
	Loan Administration Fees	2,884,519,846	2,374,397,699
	<b>Total Other Income</b>	<b>7,454,472,497</b>	<b>5,403,669,399</b>

**33. Actual Salaries, Wages and Employment Benefits**

Note	Particulars	2024 TZS	2023 TZS
	Total Salaries, Wages and Employment Benefits Expenses	15,106,520,047	11,203,688,052
	<b>Total Actual Salaries, Wages and Employment Benefits</b>	<b>15,106,520,047</b>	<b>11,203,688,052</b>

**34. Actual Goods and Service**

	2024 TZS	2023 TZS
Goods and Service	16,978,662,314	13,495,501,921
Sundry Creditors	-	14,949,865
Accruals	6,011,094,539	2,999,571,450
Withholding tax 2	-	5,293,451
Institutional HE Students' Loan recovery	-	(20,141,600)
Consumables	14,263,461	121,387,214
IT and Computer Accessories	(30,802,466)	(30,382,254)
Fuel	85,320,000	1,000,000
Uniforms	(1,011,718)	5,182,248
Spare parts and tyres	6,318,174	-
Students' Loan Administration Fee	-	(6,340,538,948)
Disbursement Suspense Account	(24,868,334)	(4,135,735,403)
Provisions For Students Loans	-	22,312,763,535
Trade Receivables	-	(514,911,984)
Prepayments - Expenses	231,751,242	(39,251,415)
Imprest - Main	37,859,764	(708,123,929)
Imprest - HEET	(282,100,812)	282,100,812
Staff Advances and Imprest	-	(6,580,467)
Staff Loans Addition	910,130,297	(152,457,861)
Supplies of goods and services Addition	(476,030,884)	-
Retention Payable Addition	(371,927,926)	-
Social security contributions and NHIF contributions Addition	(30,341,560)	-
<b>Total Actual Goods and Service</b>	<b>23,058,316,092</b>	<b>27,289,626,637</b>



**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2024**

<b>35. Other Cash Expenses</b>			
Note	Particulars	2024 TZS	2023 TZS
	Total other Expenses	919,687,376	2,745,591,213
	Bad and Doubtful expenses	-	(1,830,418,014)
	Prior year Directors' Fee	11,687,500	-
	<b>Total Other Cash Expenses</b>	<b>931,374,876</b>	<b>915,173,199</b>
<b>36. Loan issued during the period</b>			
Note	Particulars	2024 TZS	2023 TZS
	Closing Receivables	8,230,447,334,441	7,495,575,785,017
	Opening Receivables	(7,495,575,785,017)	(6,847,225,679,776)
	Students Receivables- LAF	(7,276,202,156)	(6,340,538,948)
	Disbursement Suspense Account	24,868,334	4,135,735,403
	<b>Total Loan issued during the period</b>	<b>727,620,215,602</b>	<b>646,145,301,696</b>
<b>37. Funds Received for Issuing Loans</b>			
Note	Particulars	2024 TZS	2023 TZS
	Closing Funds Received for Issuing Loans	6,423,899,647,815	5,777,619,086,066
	Opening Funds Received for Issuing Loans	(5,777,619,086,066)	(4,698,848,627,931)
	Prior Year Adjustment	-	(410,695,118,172)
	Provision for impairment of Students' Loans - Value Retention Fee (VRF) Opening	-	(490,967,649)
	Provision for Disbursement of Students Loan Opening	-	22,312,763,535
	<b>Total Funds Received for Issuing Loans</b>	<b>646,280,561,749</b>	<b>689,897,135,849</b>
<b>38. Students Loans Recovery during the period</b>			
Note	Particulars	2024 TZS	2023 TZS
	Closing Students Loans Recovery	1,427,983,347,626	1,251,376,089,919
	Opening Students Loans Recovery	(1,251,376,089,919)	(1,084,235,422,608)
	Loan Administration Fees	(2,884,519,846)	(2,374,397,699)
	Accrued refund for overpaid Students' Loans	-	2,665,369,709
	<b>Total Students Loans Recovery during the period</b>	<b>173,722,737,861</b>	<b>167,431,639,321</b>
<b>39. Staff Loans Revolving Funds</b>			
Note	Particulars	2024 TZS	2023 TZS
	Closing Fund	2,661,772,957	1,597,530,146

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2024

Opening Fund	(1,597,530,146)	(1,696,408,599)
Total Staff Loans Revolving Funds	<u>1,064,242,811</u>	<u>(98,878,453)</u>

40. Transfer to Consolidated Fund (BOT)

Note	Particulars	2024 TZS	2023 TZS
	Closing Transfer Balance	(1,456,775,009,665)	(1,288,127,310,991)
	Opening Transfer Balance	1,288,127,310,991	920,002,637,399
	Prior Year Adjustment	-	216,596,945,722
	Total Transfer to Consolidated Fund (BOT)	<u>(168,647,698,674)</u>	<u>(151,527,727,870)</u>

41. CASH FLOW RECONCILIATION FOR THE YEAR ENDED 30 JUNE 2024

DETAILS	2024 TZS	2023 TZS
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Particulars		
Surplus / (Deficits) for the year	(12,442,323,379)	(653,983,194,929)
Non-Cash Items:		
Depreciation and Amortisation charge	735,926,062	951,725,156
Provision for bad debts ( students' loans)	-	1,830,418,014
Students' Loan Administration Fee	(4,391,682,310)	(3,966,141,249)
Provisions For Students Loans	-	(22,312,763,535)
Disbursement Suspense Account	24,868,334	4,135,735,403
Accrued refund for overpaid Students' Loans	-	(2,665,369,709)
Reversal of provision for impairment of Receivables (ECL)	(1,308,492,700)	-
Expected Credit Loss	28,967,686,275	661,802,479,250
Receivable (Staff benefit) ECL	139,364	(916,074)
Government Subvention - PE non cash Revenue	(8,484,664,100)	(6,427,995,096)
Government Subvention - PE non cash expenses	8,484,664,100	6,427,995,096
Total Non-Cash Items	<u>11,586,121,646</u>	<u>(14,208,027,672)</u>
Changes in Working Capital:		
(Increase )/Decrease in Receivables	8,306,036,457	5,240,598,612
(Increase )/Decrease in Prepayments	(231,751,242)	39,251,415
(Increase) / Decrease in Inventory	(74,087,451)	(97,187,208)
Increase / (Decrease) in Payables	(16,595,378,140)	4,276,030,154
Net Change in Working Capital	<u>(8,595,180,377)</u>	<u>9,458,692,972</u>
Item of cash flows from Investing activities (Sale of PPE )	-	(10,860,100)
Net cash flows from operating activities as per Cash flow Statement (A)	<u>2,990,941,269</u>	<u>(4,760,194,800)</u>



HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2024

42. RECONCILIATION BETWEEN ACTUAL AMOUNT ON COMPARABLE BASIS AND CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2024

PARTICULARS	CASH FLOWS FROM OPERATING ACTIVITIES	CASH FLOWS FROM INVESTING ACTIVITIES	CASH FLOWS FROM FINANCING ACTIVITIES	TOTAL
	TZS	TZS	TZS	
Net Receipts/(Payment) as per statement of comparison of Budget and Actual				
Basis Differences	(413,775,028)	-	-	(413,775,028)
Amount received in last FY but amortized in current FY (Deferred Subvention Current)	(9,380,654)	-	-	(9,380,654)
Amount received in last FY but amortized in current FY (Deferred Subvention Capital - HEET)	(404,394,374)	-	-	(404,394,374)
Entity Differences	(2,076,743,873)	-	1,064,242,811	(1,012,501,063)
Decrease in Deposit Staff Loans Revolving Funds	(2,076,743,873)		1,064,242,811	(2,076,743,873) 1,064,242,811
Total Differences	(2,490,518,901)	-	1,064,242,811	(1,426,276,090)
Net increase in Cash and Cash Equivalent as per Cash Flow Statement	(2,490,518,901)	-	1,064,242,811	(79,556,081,367)

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2024

43. LIST OF TRANSACTIONS/BALANCES WITH OTHER GOVERNMENT ENTITIES

S/N	Goods/services received	Name of entity provided goods/services	Amount Paid (TZS)	Payable Balance (TZS)
1	ELECTRICITY	TANESCO	84,820,112	
2	MAINTENANCE AND SERVICE	TEMESA	79,447,819	
3	INTERNET AND VOUCHER	TTCL	100,871,937	
4	RENT OFFICE	PSSSF	518,707,673	
5	RENT OFFICE	NSSF	58,436,000	
6	LOAN	PSSSF	-	187,767,046,750
7	WATER AND WASTE DISPOSAL	DAWASA	886,385	
8	FUEL AND MOTOR VEHICLE	GPSA	705,552,177	
9	AUDIT FEE AND RENT	CAG	249,081,566	
10	CONFERENCE FACILITY	NBAA	28,945,000	
11	COURIER	TPC	57,659,300	
12	SECURITY	SUMA JKT	115,075,925	
13	TRAINING	UONGOZI INSTITUTE	21,075,000	
14	TRAINING	TPSC	76,297,625	
15	EXHIBITION	TANTRADE	2,511,765	
16	TRAINING	INSTITUTE OF DIRECTORS	44,510,000	
17	RENT	NHC	13,170,480	
18	TRAINING	TRAMPA	2,700,000	
19	TRAINING	TAPSEA	3,150,000	
20	ADVERTISING	TBC	41,025,000	
21	SUBSCRIPTION FEES AND TUITION	PSPBT	4,150,000	
22	INSURANCE	NIC	54,899,219	
23	EXHIBITION	MINISTRY OF EDUCATION SCIENCE AND TECHNOLOGY	33,100,000	
24	MEDICAL INSURANCE	NHIF	111,250,000	
25	SUBSCRIPTION	TAWCA	1,150,000	
<b>TOTAL</b>			<b>2,401,622,983</b>	<b>187,767,046,750</b>

44. DISCLOSURE FOR PRIOR YEAR ADJUSTMENT IN THE STATEMENT OF CHANGE IN NET ASSET/EQUITY

The following table provide details of journal entries related to prior year adjustment for the statement of change in net asset/equity: -

SN	DESCRIPTION	AMOUNT IN TZ	
		DR	CR
1	Prior year adjustment of TZS 659,761,313,026 being the difference between impairment loss charged before adoption of IPSAS 41 in FY year 2022/23 (TZS 8,080,860,865) and impairment loss charged after adoption of IPSAS 41 in current FY (667,842,173)	659,761,313,026	



**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2024**

2	Prior year adjustment for 2022/23 bank balances ECL resulting from adoption of IPSAS 41 in the current FY	2,040,250,150	
3	Prior year adjustment for 2022/23 Staff Loans balance ECL resulting from adoption of IPSAS 41 in the current FY	916,074	
4	Prior year adjustment for amount wrongly charged as consultancy expense in FY 2022/23 instead of capitalizing to work in progress for ongoing construction of HESLB office building in Dodoma		4,543,611,200
5	Prior year adjustment for Imprest Receivable	78,495,600	
6	Prior year adjustment being an expense incurred in 2022/23 but paid in 2023/24 as narrated in note 41.	24,721,235	
<b>NET ADJUSTMENT</b>		<b>657,362,084,886</b>	

**45. OPERATING LEASE**

HESLB has Lease agreement with PSSSF for an office in Arusha, NAO Office in Dodoma, NAO Office in Mbeya, PSSF Office in Mtwara, PSSSF Office Mwanza and ZSTC in Zanzibar. The terms of agreement period are one-year rental payable for the office of Arusha, Dodoma, Mwanza, Mbeya, Mtwara and three years rental payable for Zanzibar Office. Lease agreements are renewal. All lease agreements are operating leases.

**46. EVENTS AFTER THE REPORTING PERIOD**

Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of events can be identified:

- I. Those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and
- II. Those are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

HESLB has non-adjusting events after reporting period disclosed in contingent liabilities - Litigations disclosure note.

**47. CONTINGENT LIABILITIES - LITIGATIONS**

As at 30 June 2024, the Board had pending litigations in which it was a plaintiff and Defendant in several lawsuits. The following are some lawsuits that have been concluded or are about to be concluded, which may result in material cash flow from HESLB.

**a. CASES RELATING TO STAFF**

**i. EXECUTION NO. 393 OF 2022**

This matter stems from labor dispute No. CMA/DSM/KIN/R.587/16/717, which was concluded in the defendant's favor, a former HESLB employee. Therefore, HESLB is to pay TZS 550,000,000 as his terminal benefits. The matter is currently pending for ruling at the Court.

**ii. TERMINATED SIX HESLB FORMER SENIOR STAFF**

HESLB also monitors pending cases by six terminated senior staff. Out of the said individuals, five preferred an appeal against the decision of the Public Service Commission. HESLB is yet to obtain final decision on the said appeals.

**b. OTHER CASES**

**i. HESLB VS TANZANIA BUILDING WORKS (TBW)**

The dispute stems from the refusal by the Contractor (TBW) to pay the Client (HESLB) TZS 1,585,105,034.98, an amount established by the Consultant following the termination of the contract for non-performance. In the same vein, the Contractor counterclaimed the payment of TZS 4,624,063,127 for alleged breach of contract and other claims. The matter was referred to the National Construction Council (NCC) for arbitration where parties appointed Mr. Evans S. Wapalila a sole arbitrator. The hearing was completed, and having paid for the service, on 12 July 2022, HESLB collected the arbitral award.

The decision was to the effect that the Contractor TBW breached the contract and, therefore, was to refund HESLB TZS 1,082,077,789.51; equally, it was declared that the contractor was entitled to TZS 685,688,732.49, the value of materials ordered by the Respondent before the breach occurred. However, the TZS 4,624,063,127 counterclaim was rejected. The matter is still pending in court for execution.

**ii. MSOLOPA AUCTION MART VS HESLB**

In this matter, the Claimant (MSOLOPA) claims against HESLB for the payment of the sum of TZS 1,532,319,360.82/- for unpaid commission for work done before the contract was terminated. HESLB has a counterclaim of TZS 753,530,087. The matter has been pending for cross-examination of the Respondent (HESLB) witness. Additionally, On 19 February 2021, the Arbitrator dismissed the Claimant's claim against HESLB for the reason of non-payment of the arbitration fee. The matter is pending an order of continuance of cross-examination of a Respondent witness in respect of a counterclaim filed by HESLB.



**iii. HESLB VS. TRAVEL LINK LTD**

This is an appeal by HESLB challenging the high court judgment and decree in civil case no. 101 of 2018 between Travel Link vs. HESLB, where the court decided that HESLB should pay USD 20,844 as the cost of air tickets and TZS 2, 272,000, Interest of rate of 15% of the decretal amount from the date of cause of action to the date of judgment. Payment of interest on the decretal amount at the court rate of 12% per annum from the judgment till full payment. General damages of TZS 2,000,000. The matter is yet to be admitted at the Court of Appeal.

**iv. IN THE MATTER OF ARBITRATION ACT CAP 15 RENOVEX VS. HESLB CLAIMANT**

Renovex, who was a debt collector, following the termination of the contract, filed a case against HESLB before the Tanzanian Institute of Arbitrators, claiming his alleged unpaid commission for work done before the contract was terminated. Renovex claims TZS 454,920,048 as outstanding invoices, interest on the principal amount of TZS 752,118,272 compounded as per contract from August 2016, and Special damages for breach of contract to the tune of TZS 2,000,000,000. The matter is pending a ruling on Preliminary Objection on a point of law raised by HESLB challenging the Jurisdiction of the Arbitrator. The matter is pending payment of the arbitrator's fee by the Claimant, after which each party will collect the ruling.

**v. CIVIL APPEAL NO. 115 OF 2023: HESLB VS. HEMATEC INVESTMENT LTD**

This is an appeal by HESLB against the decision in Civil Case No. 260 of 2018, where the court dismissed HESLB's claim against Hematec (Respondent) for payment of arrears of HESLB statutory deductions amounting to TZS 64,254,792 and TZS 80,318,400, which is an outstanding penalty for the late remittance of the said deductions. The Appeal is still pending in Court.

**48. COMPARATIVE FIGURES**

Previous year figures have been re-grouped whenever considered necessary in order to make them comparable with current year's figures.

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2024

ANNEXURE

23 *List of Higher Learning Institutions and strategic partners*

S/N	Name of Higher Learning Institution
1	AbdulRahman Al-Sumait Memorial University (SUMAIT)
2	Aga Khan University (AKA)
3	Archbishop Mihayo University College of Tabora (AMUCTA)
4	Archbishop James University College (AJUCO)
5	Ardhi University (ARU)
6	Arusha Technical College (ATC)
7	Catholic University of Health and Allied Sciences (CUHAS)
8	Center for Foreign Relations Dar es Salaam (CFR)
9	College of African Wildlife Management Mweka (CAWM)
10	College of Business Education Mwanza (CBE-MZ)
11	College of Business Education Dar es Salaam (CBE - DSM)
12	College of Business Education Dodoma (CBE - DOM)
13	University of Dar es salaam (UDSM)
14	UDSM- College of Engineering and Technology (COET)
15	Dar es Salaam Institute of Technology (DIT)
16	Dar Es Salaam Maritime Institute (DMI)
17	Dar es Salaam University College of Education (DUCE)
18	Eastern Africa Statistical Training Centre (EASTC)
19	Eastern and Southern African Management Institute (ESAMI)
20	Hubert Kairuki Memorial University (HKMU)
21	Institute of Accountancy Arusha - Arusha (IAA - Arusha)
22	Institute of Adult Education (IAE)
23	Institute of Finance Management (IFM)
24	Institute of Finance Management Mwanza (IFM-MZA)
25	Institute of Public Administration - Zanzibar (IPA)
26	Institute of Rural Development Planning (IRDP-DOM)
27	Institute of Rural Development Planning- Lake Zone Centre (IRDP-MZA)
28	Institute of Social Work (ISW)
29	Institute of Social Work- Mwanza Campus (ISW-MZA)
30	Institute of Tax Administration (ITA)
31	Jordan University College (JUCO)
32	Kampala International University in Tanzania (KIU)
33	Karume Institute of Science and Technology (KIST)
34	Kilimanjaro Christian Medical College (TU-KCMC)
35	Marian University College (MUCO)
36	Mbeya University of Science and Technology (MUST)
37	Mkwawa University College of Education (MUCE)
38	Moshi Cooperative University (MoCU)
39	MS Training Centre for Development Cooperation
40	Muhimbili University of Health and Allied Sciences (MUHAS)
41	Muslim University of Morogoro (MUM)
42	Mwenge Catholic University (MWECAU)
43	Mzumbe University Main Campus (MU-MORO)



HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2024

S/N	Name of Higher Learning Institution
44	Mzumbe University Mbeya College (MU-MBY),
45	National Institute of Transport (NIT)
46	Open University of Tanzania (OUT)
47	Ruaha Catholic University (RUCU)
48	sebastian Kolowa Memorial University (SEKOMU)
49	Sokoine University of Agriculture (SUA)
50	St. Augustine University in Tanzania Mbeya Center (SAUT - MBY)
51	St. Augustine University of Tanzania (SAUT MZA)
52	St. Augustine University of Tanzania (SAUT ARS)
53	St. Francis University College of Health Sciences (SFUCHAS)
54	St. Johns University of Tanzania (SJUT)
55	St. Joseph University College of Health and Allied Sciences (SJUCAS)
56	UDSM School of Journalism and Mass Communication UDSM - SJMC)
57	St. Joseph University in Tanzania Engineering and Technology (SJUIT)
58	State University of Zanzibar (SUZA)
59	Stefano Mushi Memorial University College (SMMUCO)
60	Stella Maris Mtwara University College (STEMMUCO)
61	Tanzania Institute of Accountancy - (TIA MZA)
62	Tanzania Institute of Accountancy - (TIA -SGD)
63	Tanzania Institute of Accountancy (TIA-DSM)
64	Tanzania Institute of Accountancy (TIA-MBY)
65	Tanzania Public Service College Dar es Salaam Campus (TPSC-DSM)
66	Tengeru Institute of Community Development (TCDTI)
67	Teofilo Kisanji University (TEKU)
68	Teofilo Kisanji University (TEKU -DSM)
69	The Mwalimu Nyerere Memorial Academy (MNMA-DSM)
70	The Mwalimu Nyerere Memorial Academy Zanzibar (MNMA-ZNZ)
71	Tumaini University Makumira (TUMA)
72	Tumaini University Dar es Salaam College (TUDARCO)
73	Unique Academy Dar es Salaam
74	United African University of Tanzania (UAUT)
75	University of Arusha (UoA)
76	University of Dar es Salaam (UDSM)
77	University of Dodoma (UDOM)
78	University of Iringa (UoI)
79	Water Development Management Institute (WDMI)
80	Zanzibar University (ZU)
81	Mount Meru University (MMU)
82	Mount Meru University Mwanza (MMU-MZA)
83	Law School of Tanzania
84	Mwalimu Julius Nyerere University of Agriculture and Technology (MJNUAT)
85	MS Training Centre for Development cooperation (MSTCDC)
86	Institute of Accountancy Arusha - Dar es Salaam (IAA - Dar es Salaam)

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
 NOTES TO THE FINANCIAL STATEMENTS (Continued)  
 FOR THE YEAR ENDED 30 JUNE 2024

S/N	Name of Higher Learning Institution
B	Name of Strategic Partner
1	Tanzania Social Action Fund (TASAF)
2	Registration, Insolvency and Trusteeship Agency (RITA)
3	Association of Tanzania Employers (ATE)
4	National Social Security Fund (NSSF)
5	Public Service Social Security Fund (PSSSF)
6	Business Registration and Licensing Authority (BRELA)
7	Committee of Vice Chancellors, Principals and Provosts of Tanzania (CVCPT)
8	Tanzania Higher Learning Institutions Students' Organization (TAHLISO)
9	Social Action Trust Fund (SATF)
10	Tanzania Private Sector Foundation (TPSF)