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STUDENT LOANS: AN ALTERNATIVE TO FINANCE STUDIES USED BY HIGHER EDUCATION STUDENTS IN MOZAMBIQUE

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ABSTRACT

Student loans as an alternative to social support for students are a contribution of economic theory to the financing of higher education. This study seeks to reflect on loans as a social support policy used by several countries for higher education students and to show the reality of loans made by higher education students in Mozambique. Data were collected from a questionnaire applied to higher education students, for a theoretical sample of 508 and an empirical sample of 607 students in the province of Gaza, in February and March 2018. Results reveal that student loans are not a social support policy co-financed by the Mozambican State, as in other contexts. Students have turned either to formal institutions, such as commercial and microfinance banks or to informal associations, called Xitique, to cover the costs of their studies. This allows concluding that, despite the challenges, loans can be a positive alternative for the government in the diversification of social support to students, which will allow better access to higher education, provided that they are introduced taking into account students/families' socioeconomic conditions and with efficient mechanisms or systems that help control borrowers' reimbursements and disbursements.

Keywords: Higher Education Students' Loans, Higher Education Students' Social Support, Accessibility and Equity in Higher Education

1. INTRODUCTION

The 1960s and 1970s are considered the golden age of higher education in Africa, and the demand for this level of education by students and families tends to increase, with a majority of families holding higher education training perceived as an opportunity to counter social mobility.

In Mozambique, from the 2000s onwards, there was a significant increase in the number of students, from 10,906 in 2001 to 200,649 in 2017. According to statistical data from the National Directorate of Higher Education (2021), the country currently has 213,930 higher education students, of which 117,340 are male and 96,590 are female. The highest number of students is enrolled in public higher education (128,428), and the remainder (85,502) is enrolled in private higher education.

One of the great challenges of higher education at the global level is related to financing issues, which tend to be much more critical in developing countries due to the various priorities in different sectors and social domains.

The financing modalities for higher education, either directly from the State budget or indirectly from the diversification of social support, reveal the commitment of different governments as a way of guaranteeing access, equity and quality training for their fellow citizens.

Given this reality, the concern of almost all researchers in the field of higher education funding is related to social justice based on equity and accessibility.

So as to diversify student social support, besides scholarships, which is a very common social support, several countries have used loan policies to guarantee a wider range of support for student financing and ensure more equity and accessibility.

Hauptman (2007) states that the combination of non-reimbursable support (grants or scholarships), which rely on the financial needs of the student and his/her family, is generally based on criteria of merit rather than need, while reimbursable support (including a wide range of student loan agreements) is a key issue for policymakers in determining the government's role in helping students and families pay higher education expenses.

This tendency to combine reimbursable and non-reimbursable social support emerges, according to Barr (2005), from the contribution of economic theory, inasmuch that most students are not able to pay for higher education expenses, which creates the conditions to solve this via the well-planned student loans, making, in this case, according to Hauptman (2007), a mix of scholarships, loans and work-study.

This study seeks to reflect on the student loan theories, which are a practice in various contexts at the global level as one of the alternatives of social support to students subsidized by the State, without neglecting the groups pro and against the loan in higher education financing. It also seeks to put forth, based on empirical data, how loans to pay for studies in higher education take place in the Mozambican context, even though it is not one of the State's social support policies for the case of Mozambican students, specifically in the province of Gaza.

2. METHODOLOGY

This study was carried out in the province of Gaza, Mozambique. This province currently has seven higher education institutions (HEIs), which are 13% of the total number of HEIs in Mozambique. In 2018, when the empirical data were collected, the province of Gaza had 10 HEIs, of which three were public and seven were private. The HEIs in the province of Gaza are binary (universities and polytechnics) and have different funding policies, even in public HEIs. The empirical research was carried out in February and March 2018, and eight HEIs, three public and five private, participated. A questionnaire survey was used to obtain data from students about the sources of financing, with the loan being one of the sources. These data were complemented with theoretical information, which enable understanding the types of loans practised in Mozambique by students vis-a-vis student loans practised in other contexts that rely on State support. The questionnaire survey model used in this study has been used in international studies on cost-sharing, such as the CESTES project – Cost of the Higher Education Student in Portugal (CESTES I in 2010/11; CESTES II in 2015/2016). The survey model underwent an a priori validation process, which consisted of applying it to 30 public and private higher education students in the province of Maputo to test whether the survey model was in good condition for implementation in the Mozambican context.

Based on the stratified probability sampling method, 607 higher education students were surveyed, the largest number (83%) belonging to the Gaza province, where the field research was carried out. The students covered by the study come from the three regions of the country, North, Centre and South. Of the students surveyed in the sample, 53.8% (the highest percentage) are female, whereas 46.2% are male. Regarding the students' age, most students (71.7%) are between 21 and 30 years old, while 28.3% of students are over 30 years old.

3. LITERATURE REVIEW

3.1. STUDENT LOANS: AN ALTERNATIVE TO SOCIAL SUPPORT FOR HIGHER EDUCATION STUDENTS

In his notes on Higher Education Financing in the Medieval Period, Usher (2017) sustains that the history of the tradition of providing support to needy students through scholarships is as old as the universities themselves. The concept of lending money to students, both commercially and in the form of grant rates, is also a very old practice.

In the 13th century, when student loans were made by "local sharks", they were considered predatory to the point that King Henry III lowered the interest on these loans. To keep students away from such lenders, Oxford encouraged the creation of donations whose proceeds could be used to provide interest-free loans to students.

However, it is important to mention that several authors, such as Chapman (2005), Teixeira (2006), and Cerdeira (2008), have ascribed this idea of student loans to the economist Milton Friedman as the pioneer of issues related to them.

For Teixeira (2006), Friedman, through the effective rhetoric of his "Capitalism and Liberty" (1962), launched the contemporary debate on the role of markets and governments in higher education.

As can be seen in the writings of the economist Friedman (1955), For vocational education, the government, this time however the central government, might likewise deal directly with the individual seeking such education. If it did so, it would make funds available to him to finance his education, not as a subsidy but as "equity" capital. In return, he would obligate himself to pay the state a specified fraction of his earnings above some minimum, the fraction and minimum being determined to make the program self-financing. Such a program would eliminate existing imperfections in the capital market and so widen the opportunity of individuals to make productive investments in themselves while at the same time assuring that the costs are borne by those who benefit most directly rather than by the population at large (p. 14).

Even if indirectly, the thoughts of the economist Milton Friedman were, according to Chapman (2005), developed as a possible answer to the problem of the capital market regarding the financing of education. However, it was not until the

1980s that arrangements began to be adopted to reach the stage of the current type of financing with loan characteristics.

For this purpose, several countries, including European, American, Asian, African and Australian, have implemented the student loan system. Furthermore, some organizations, such as the World Bank and banking organizations, have given and continue to offer their contribution to the implementation of the loan policy.

Information from ICHEFAP (2007) used by Vossensteyn (2009) shows that Because of limited public funds and a growing emphasis on the private returns to higher education, the 1990s have witnessed a trend towards the introduction of student loans in countries where they did not exist before. For example, France (1991), Hong Kong (1998), Hungary (2001), Poland (1998), Slovenia (1999), India (2001), Egypt (2002), Kenya (1991), South Africa (1994), and the United Kingdom (1991) have introduced student loans (p. 178).

In the United States, student loan programs began in 1965 as a way of providing supplemental help to students who could not attend college or would have to work excessively in school Williams (2006).

The implementation of loan programs in developing countries had the support of international organizations, such as the World Bank in the late 1990s and early 2000s, including in Indonesia, Namibia, Nepal, Mexico and Rwanda Chapman. (2005).

The objectives in the implementation of loan systems differ, as clarified by Ziderman (2002), from case to case, and the difference will somehow influence the design and functioning of the system as a whole, as well as its financial sustainability.

The author puts forth the following five objectives, each of which can incorporate more than one objective: (i) budgetary objectives (income generation); (ii) facilitate the expansion of higher education; (iii) social objectives (improving equity and access for the poor); (iv) satisfy specific labour needs; and (v) alleviate the financial burden on students.

Thus, according to the author, the evaluations of loan schemes can provide information on the degree of success attained in meeting the defined objectives.

Loans can be public, as is the case, for example, in France, where they are financed by the Ministry of Education and managed by a university centre with some exemption from interest and long repayment periods. Loans can also be private, with the support of banking organizations Chevaillier and Paul (2008).

Taking into account the objectives and the differences in the types of loans, which can be public or private, a reflection follows on the possible challenges of loans in the various contexts.

3.2. CURRENT CHALLENGES IN STUDENT LOAN SYSTEMS

Following Chapman (2005), it is widely known that the financing of higher education entails uncertainty and risk regarding the future economic fortune of students, and there is a reluctance on the part of banks to provide loans due to the absence of guarantees. The risk occurs, according to Chapman and Ryan (2003), because unlike the housing loan, which, in the event of default, the bank has something to sell, the education loan does not offer the same guarantees.

This implies that, without State assistance, banks will not be interested in underwriting investments in human capital and, consequently, it can be a regressive system for several reasons: loss of talent; a huge cost to society as a whole; loss of opportunity for individuals; possible horizontal social mobility.

This is why most student bank loan programs around the world are government-assisted, in which they commit to repaying the loan if the borrower is unable to do so due to unemployment, illness or death Woodhall (2004); Chapman and Ryan (2003).

This government intervention emerges as a solution to the capital market problem or market failure presented by several authors Teixeira (2006); Woodhall (2004); Chapman and Ryan (2003); Chapman (2005).

One of the problems of this agreement, according to Woodhall (2004) and Chapman and Ryan (2003), is that it can somehow encourage the borrowers' dropout and, furthermore, prevent banks from pursuing them because of government guarantees.

In general, statistics, according to the same authors, have shown that the average dropout rate has been between 15% and 30%, and in countries such as the United States, the rate is as high as 50%.

Williams (2006), in a study entitled *Debt Education: Bad for the Young, Bad for America*, shows that in the loan system, in its first twelve years, from 1965 to 1978, the amounts borrowed were relatively small, largely because the University education was comparatively cheap, especially at public universities. In the early 1990s, the program grew immodestly, corresponding to 59% of the highest educational financial support the government offered, surpassing all grants and scholarships.

For the author, the excess or accumulation of indebtedness among students went beyond a way of financing the university in order to create social well-being, but it became a mode of pedagogy. It implicitly entailed a shift in the conception of higher education from a public good to a private good, breaking the intergenerational pact of the social welfare university.

This thought is also shared by Zeleza (2016) when he mentions that debt from loans teaches students that higher education is a service to the consumer, promoting careerism and the primacy of the capitalist market. It also teaches that the role of government is to serve the market, not the public interest, and a person's worth is measured according to one's financial potential rather than the content of a person's character. Moreover, the culture of debt has instilled high levels of stress and a fear-of-failure sensitivity.

In addition to these matters that are structural in the issue of loans, nowadays, and even though many countries have joined, as stated by Ziderman (2002) and Woodhall (2004), government-supported student loan programs are in place in about 50 countries.

Cerdeira (2008) emphasizes that student loans have been designed in several countries to accommodate, as much as possible, two characteristics: the socio-economic conditions of the countries and of the students who aspire to attend higher education, and the universal availability, that is, any academically prepared student should be able to study and have access to a loan.

Therefore, Ziderman (2002) maintains that the analysis of the functioning of the regimes of each country reveals a considerable variation from one program to another, defying any attempt to identify common or even better practices. According to the author, some schemes are available to students from all university sectors (both private and public), whereas others are restricted to students enrolled in institutions from the public sector.

In addition to the market failure, which is one of the major problems at the institutional level, as already mentioned, for the student support system through bank loans, Chapman and Ryan (2003) show that the other problem arises on the part of students, one the one hand because some are reluctant to borrow due to fear of not meeting future payment obligations, with concomitant damage to the reputation of a person. On the other hand, potential students may not be prepared to take out bank loans, in part because banks are not sensitive to the borrower's financial circumstances related to default risk.

Besides market-related issues, loans also deal with cultural issues, which, according to Usher (2018), need to be solved, as it is very common in Islamic cultures not to like the idea of remunerated debt.

For example, in a survey commissioned by the author in Indonesia on attitudes towards debt, many participants responded that they would not take out student debt but would make other types of debts to purchase o housing, transport and other goods.

For this particular case, Vossensteyn (2009) states that this requires a lasting strategy, with clear information on the lifetime costs and benefits of higher education and the government's guarantee that students will not be impaired if their future situation of employment is not good.

According to Usher (2018), in student debt aversion, the real problem is not the debt itself, but the value of money, and this debt aversion is more associated with poorer students because their appreciation of the costs and benefits of education makes them less likely to participate.

These and other issues lead to disagreement and sharp questions about whether student loan systems are viable or whether they can always work successfully, particularly in developing countries. When the answer to the question is yes, another question emerges: how to best design and manage student loan programs effectively? Barr (2005).

The solution to this problem is not necessarily to reduce loans, but to reduce loan risk. Usher (2018) sustains that income-contingent loan programs, which allow people to suspend payments when income is low, are an important and potential tool for the loan issues presented here.

Even so, the loan system has been questioned by Vossensteyn (2009) in terms of to what extent it is a social good, insofar as

Loans much more imply a private cost than grants because student loans must be repaid. Through loans students rather than general the taxpayers pay part of the costs of study. But loans also include costs, such as administration, interest subsidies, and costs of non-repayment (default) (p. 177).

Some studies on the cost and access to higher education carried out in countries, such as Australia, to assess the impact of one of the loan program models that is a standard for several countries, HECS (Higher Education Contribution Scheme), has revealed, according to Chapman and Ryan (2003), [that] neither the introduction of, or radical changes to, HECS have had major effects on the average financial attractiveness of a university education, which remains high. It would be reasonable to conclude from this that, in aggregate, it is unlikely that HECS has had an important effect on the demand for higher education. [...] HECS has not been a dominant factor influencing individual decision-making, [...] for low socioeconomic status groups (p. 12).

Regarding student reactions, Vossensteyn (2009) states that, although in many countries, student loans are "conventional loans" in the sense that they have relatively strict repayment terms, such as a relatively short repayment period, fixed monthly instalments and a high-interest rate. For example, in Australia and the UK, payments are automatically taken from the gross salary by the tax authorities, which has caused a lot of criticism from the student unions. According to Johnstone (2005), students would presumably always prefer that their support be non-reimbursable, that is, that it be in the form of subsidies, in addition to low tuition, subsidized housing and food or heavily subsidized loans.

To show some sensitivity to the loan program and its controversies, both social and political in some contexts, Woodhall (2004) mentions the classic case that took place in Africa, in Ghana, when students' opposition to the introduction of loans in 1971 contributed to the fall of the government and, in the following year, the abandonment of the loan system and its reintroduction in subsequent years in a more interesting way, contrary to what happened in the first experience.

Due to the challenges of loan systems as a form of social support for students, reality has revealed that some programs are considered highly successful, but others face enormous difficulties, and some have already been discontinued Woodhall (2004)

As a way of improving loan programs, several proposals have been raised, with emphasis on the case of Wellhausen (2006) who, in the report of the conference on student loans held in Oxford on January 27-29, 2006, presented summarily the following characteristics of the loans that he deems well designed and conceived: Loan programs had to be sufficiently extended to all students; the interest rate must be rational; and the reimbursement mechanism must be efficient, equitable and capable of being implemented.

Therefore, Johnstone (2001) advocates four main ways for the government to participate in student loans: 1. Full coverage or at least a significant part of the risks. 2. Interest rate subsidy, or the cost of loans repaid by the student borrower. 3. Absorb some of the costs administered in the loan program. 4. Employ the student to collect the loan through tax.

Furthermore, in any assessment of loan programs, Ziderman (2002) advises that there cannot be a standard approach to assess the effectiveness of loan schemes. A given student loan scheme needs to be assessed in the context of the core objective(s) for which it is intended. By contrast, equity-targeted loan schemes, designed to increase university access for the poor, should be assessed primarily in terms of their success in reaching these populations and the extent to which the availability of loans increases the participation of the poor in higher education.

A study that draws on international lessons and experiences on loans by Woodhall (2004) concluded that loans tend to work better when combined with scholarships rather than being the only form of financial support. The study also reveals that it is necessary to look at the conditions of the countries in the implementation of the student loan system, particularly in African countries. The author further suggests that whenever a loan system is intended to be implemented in these contexts, it should be based on a feasibility study and gradually implemented.

4. PRESENTATION AND DISCUSSION OF DATA

4.1. LOANS MADE BY HIGHER EDUCATION STUDENTS IN THE PROVINCE OF GAZA, MOZAMBIQUE

Student loans, as a state-subsidized higher education funding policy, have been sought after by several individuals as a source of funding for higher education studies in many countries.

However, it should be noted that the model of student loans in Mozambique is not similar to the specific student loan program packages that have been used in other countries, inasmuch that Mozambique has not yet implemented the same model, according to information from the Ministry of Science, Technology and Higher Education, and Vocational Training (2018).

In this case, the loans that will be mentioned here are trivial loans granted by banks without any co-payment or guarantee from the State.

The study sought to understand whether students, in addition to other funding sources, such as family, salary and scholarships, resorted to loans in the financial market to pay for their studies.

Regarding the type of loans taken out by students, data revealed that most students state that they have taken out other sorts of loans that, according to them, are related to credit for housing and consumer goods. Only a few requested the loan packages that banks promote to cover expenses related to the studies that we name University Credit Figure 1.

Figure 1

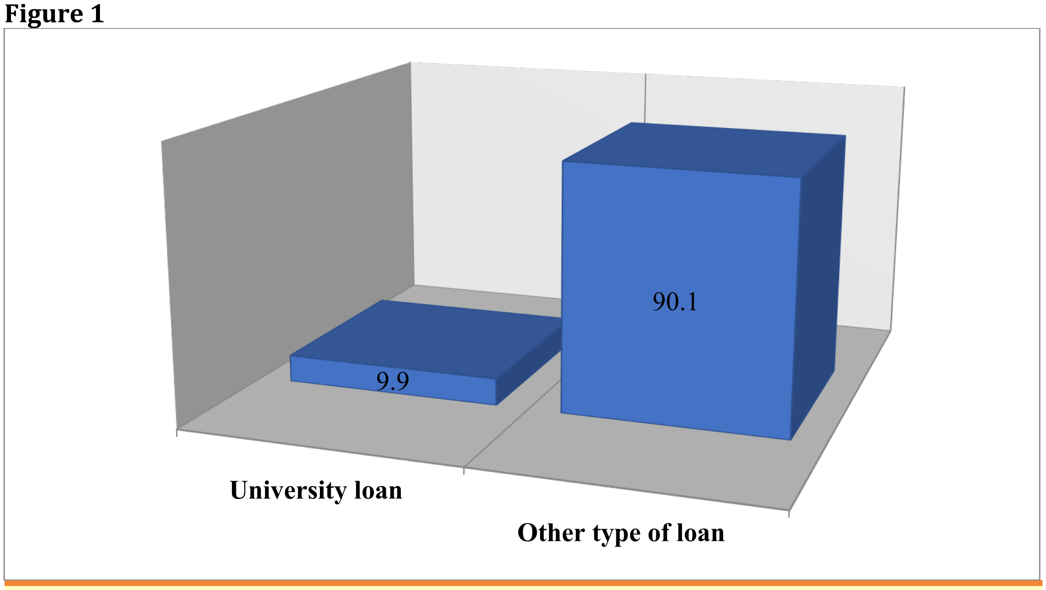

Figure 1 Type of Loan Taken Out (%)

Source: Produced by the Authors.

Concerning the entities where the students obtained the loans, the majority of students (53.8%) also chose the option *Other*. This category encompasses formal means, such as government institutions, some institutions such as Micro finance banks, and also informal means, such as *Xitique*[1] and personal loans.

In addition to other means, students also use commercial banks, such as *Banco Millenniumbim*, with 23.1%, *Banco Comercial de Investimento-BCI*, with 19.8% and, finally, *Banco Mais*, with 3.3%.

The fact that many students resort to other sources of loans to pay for their higher education studies, as shown in Figure 2 below, may reveal that potential loan packages for students subsidized by the State would be a positive alternative to diversifying social support for studies.

[1] It is a form of informal association, in which a group of people who are usually close to each other contribute with monetary values regularly so that each one receives all the contributed values on a rotating basis.

Figure 2

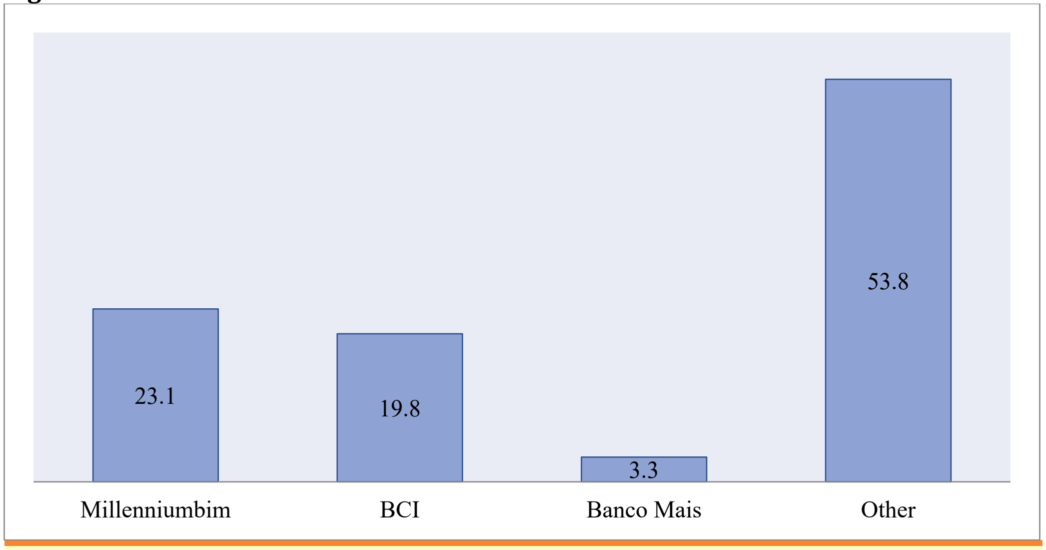

Figure 2 Entities that Granted Loans to Higher Education Students

Source: Produced by the Authors.

The teaching sector that showed the highest number of students who have taken out the loan in various entities presented above is the Public University sector (20%), followed by the Private University sector (17.8%). Private Polytechnic students did not take out any loans, whereas 12.7% of Public Polytechnic students did, according to Table 1. However, the differences between students who took out loans and those who did not are statistically significant ($\chi^2(3)=3{,}955$; $p>0{,}266$).

Table 1

Table 1 Relation of the Loan Application According to the Sector and Type of Education

	Yes		No		Total	
	N	**%**	**N**	**%**	**N**	**%**
Public University	43	20.1	171	79.9	214	100.0
Public Polytechnic	15	12.7	103	87.3	118	100.0
Private University	27	17.8	125	82.2	152	100.0
Private Polytechnic	0	0.0	5	100.0	5	100.0
Total	85	17.4	404	82.6	489	100.0

Source: Produced by the Authors.

Regarding the sector and type of education, despite having been verified in Table 1 that the largest number of students who applied for a loan were attending the public sector, students enrolled in Private University Education contracted, on average, loans with higher values (87,388.00 MT) vis-a-vis students from Public University (45,576.00 MT) and Public Polytechnic (17,487.00 MT). For Private Polytechnic education, as shown in Figure 3, column 3, there is no indication of loans made by students.

Figure 3

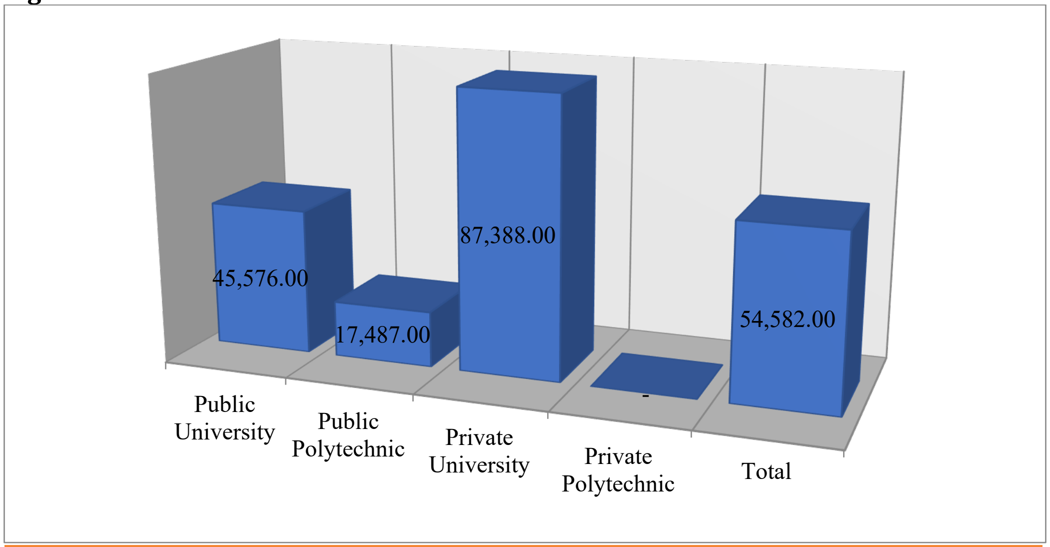

Figure 3 Amount of Loans Taken Out by Higher Education Students by Sector and Type of Education (MT)

Source: Produced by the authors.

As already mentioned concerning the type of loans that students use, while it is not a loan in the way that has been developed in many countries around the world, 30% of the students responded that they had taken out loans to cover tuition-related expenses, then 16% to cover transport expenses, 11% responded to cover food expenses, acquisition of teaching materials and other means of studies, and only 2% responded they had taken out the loan to participate in a mobility program Figure 4.

Figure 4

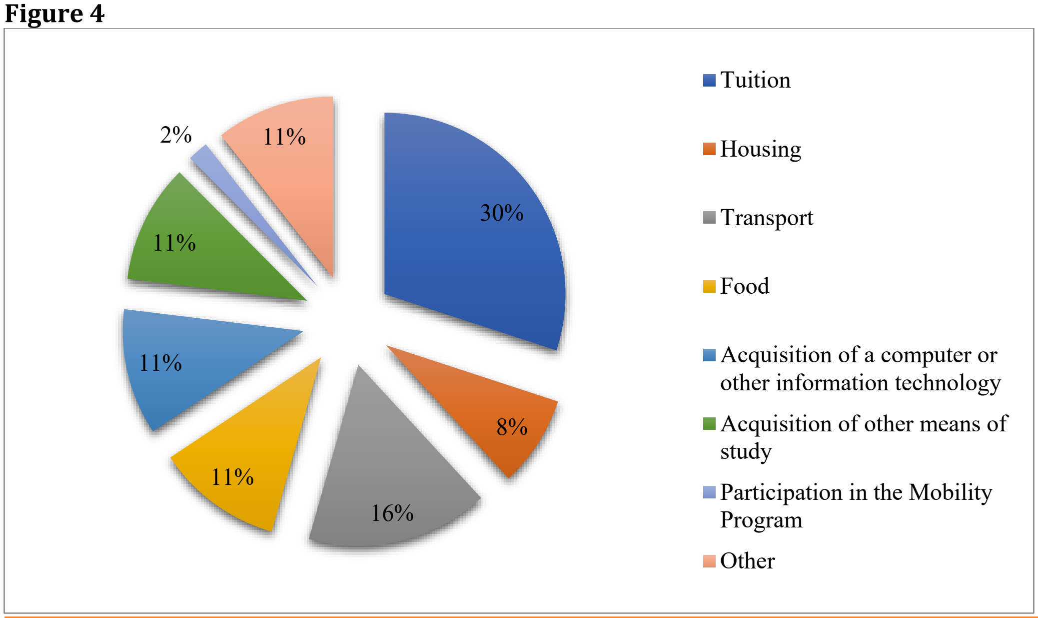

Figure 4 The Reasons that Led Students to Take Out the Loan

Source: Produced by the Authors.

When asked whether they would have taken out a larger loan if they could, most students (45%) replied that they would not have. However, an also expressive percentage of students (41%) stated that they would have taken out a higher amount. Only 14% said that they did not know whether they would choose to ask for a higher amount or not, as shown in Figure 5.

Figure 5

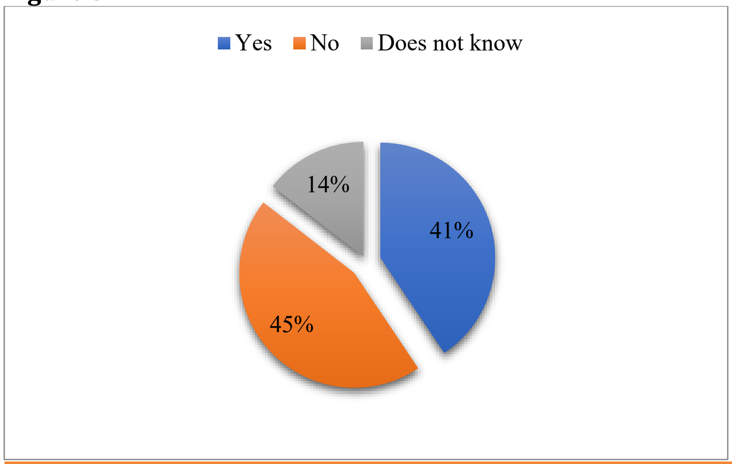

Figure 5 If I Could, I Would have Taken Out a Bigger Loan

Source: Produced by the Authors.

Regarding the students who answered not having taken out a loan, there are several reasons for that; among them, they did not feel the need to do so (44.4%), they were not in financial conditions to do so (30.4%), and they feared getting into debt (31.8%) Figure 6.

The issues related to the fear of indebtedness from loans have been put forward by several authors, namely Usher (2018), Vossensteyn (2009), and Barr (2005), as previously stated. However, as a way of minimizing these constraints, some authors, such as Vossensteyn (2009), advise making it very clear to students/families from the beginning of the process, depending on the type of loan, especially when it comes to state-subsidized loans, that they will not have to worry about paying until they have a source of income.

Figure 6

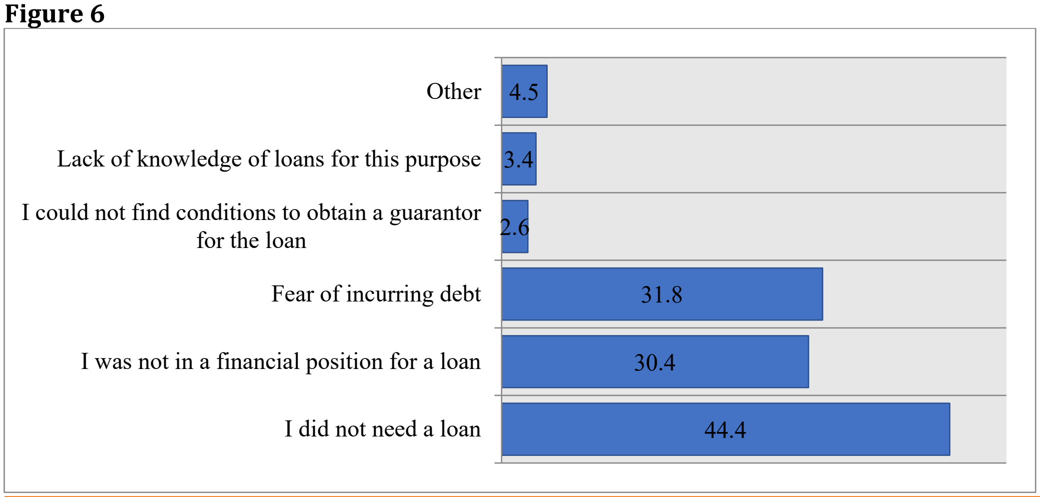

Figure 6 Reasons for not Having Taken Out a Loan

Source: Produced by the Authors.

Most students who stated they did not need a loan to pay for their studies are enrolled in the private higher education sector (56.5%) versus 38.7% in the public sector. The majority of the students who were not in a financial position to ask for a loan are enrolled in the public sector (33.3%) against 25.2% in the private sector. Most of the students who were fearful of incurring debts are also enrolled in the public sector (35%) compared to the private sector (26%) Figure 7.

Figure 7

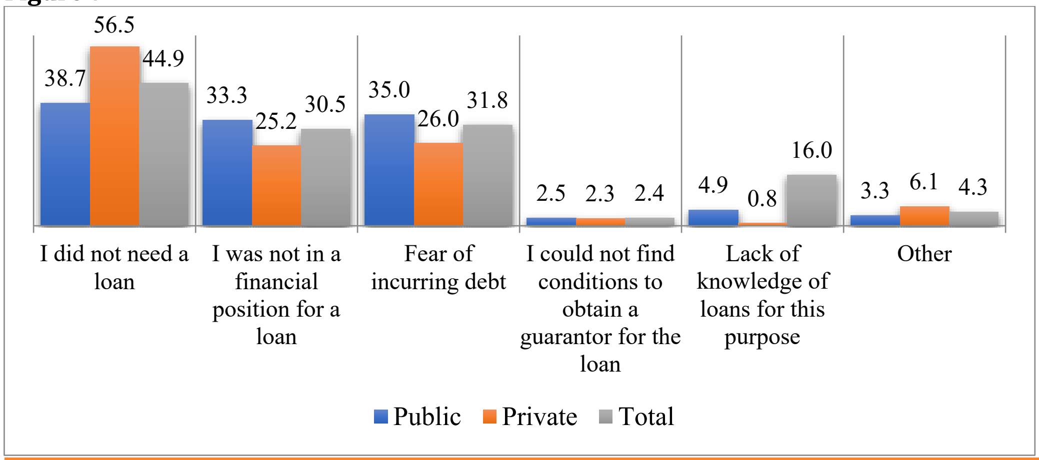

Figure 7 Reasons for not Having Taken out a Loan

Source: Produced by the Authors.

Thus, the loans taken out by students in Mozambique are loans without State co-payment, unlike other countries that have loan policies specifically for university students. This attitude of students to resort to commercial loan modalities to pay for their studies should lead to a reflection on a possible introduction of the specific loan modality to support students who want to pursue their studies after concluding secondary school. This could broaden the range of funding sources for higher education in Mozambique besides scholarships.

Information from the report on the implementation of reforms in the financing of higher education in Mozambique reveals that the establishment of a student loan scheme in Mozambique is still in the research and pre-project stage; student loans will come into operation once the project is tested Fonteyne and Jongbloed (2018).

However, its implementation should take into account the experiences reported in studies carried out in different contexts so that its introduction is appropriate to the economic and social context of the country and the families.

Loans in the context of African countries are already a reality, according to data from ICHEFAP (2007), in a comparative study of cost-sharing programs, which indicates that student loans started in some African countries in the 1970s and early 2000s, according to Table 2.

Table 2

Table 2 Cost-Sharing Program in Some Countries on the African Continent

Countries	Cost-sharing policies	Student loan program
Ethiopia	Dual tuition fee teaching: enrolment tuition, housing and food covered by regular students. After-work education: students pay all expenses.	In 2003, the Australian model loan program began.

Kenia	Tuition fees, housing and food fees were introduced in 1992, but the tuition fee was reversed due to disputes. Dual fee courses started in 1997 at the University of Nairobi.	A comprehensive loan program was introduced in the 1970s but failed without recovering values. The program restarted in 1995 with a Higher Education Loan Board with greater self-sufficiency vis-a-vis the first program.
Tanzania	Cost-sharing officially started in 1992 but at a slow pace. Maintenance allowances, housing allowances, and food were reduced in the mid-90s. It also introduces dual-rate tuition teaching.	Introduction of a loan scheme implemented in 1993-94 as part of phase II of cost-sharing to cover a portion of housing and food costs. As of 2003, no interest rate, no collection strategy and no recovery of values were stipulated.
Uganda	The University of Makerere is famous for being aggressive and successful in its teaching dual-fee system, with over 75% of students paying a fee, which has brought financial benefits to the institution.	Under discussion: no operational student loan program since 2003.
Botswana	Limited cost-sharing measures were introduced in 2002-3, along with efforts to improve loan collection.	Under discussion: no operational student loan program since 2003.
South Africa	Tuition fees and cost-sharing have fees ranging from US$1000-3500.	An income-tested loan program collected by employers. It reaches around 20% of the student population, 2% real interest, and repayment is 3-8% of income above the threshold.
Ghana	Cost-sharing is limited to small fees for housing and food usage, with no tuition fees.	After the collapse of the 1970s plans, a new scheme was put in place in 1988. High subsidies and difficulties in collecting values persist.
Nigeria	The government expects 10% of costs to come from other income sources, but cost-sharing is controversial, with nominal fees for housing, food and monthly tuition at state – but not federal – universities.	As in Ghana, the Student Loan Board failed to collect and was suspended in 1992. A new bank is building measures to increase collections and interest rates.
Burkina Faso	Despite the French-speaking tradition of no fees, the country began cutting back on donations and starting with a modest tuition rate in the 1990s: an increase from about US 12 to 24 in 2003, which brought strong student opposition.	Small loan program. Resource-tested loans managed by Prets FONER[2], started in 1994 for 2nd and 3rd cycle students. Subsidized and contingent income of 1/6 of salary. With little recovery so far.

Source: Adapted from ICHEFAP (2007)

As can be seen, studies have revealed that the student loan system around the world raises many controversies and few African countries have a solid system in terms of organization and social acceptance.

Controversies have also created a certain division among researchers, with groups in favour and groups against the student loan system.

As can be read in Cerdeira (2008) doctoral thesis referring to Woodhall (2004), some groups are in favour of the student loan system and justify that they can bring some efficiency and equity. They can be part of the burden on the government

[2] NatiAonal Education and Research Fund.

budget and taxpayers, and provide additional resources to finance the expansion of higher education so as to broaden access and make students aware of the costs of higher education, thus forcing them to assess costs and benefits in light of the obligation to repay their loans.

According to Woodhall (2004), those who take on an opposing stance argue that higher education is a profitable social investment and, therefore, should be financed by public and not private funds, due to the complexity and high costs of administration in collecting loan repayments, the risk of non-reimbursement for a variety of reasons, the danger of distorting students' choices in terms of professional careers to pursue, encouraging them to opt for high salaries rather than study programmes or jobs that may be socially valuable but offer prospects for low profits.

When looking at most of the African context, the challenges become even greater. First, because of the challenge of unemployment, which makes students take a long time to start returning the amount spent studying; second, as a consequence of the first, the existence of many income flows, usually informal and often undeclared and difficult to trace, which are characteristic in developing countries Johnstone (2003).

The other challenge to take into account, which may go unnoticed at some point, is related to the cultural issues that may be raised by reimbursable social support to finance higher education, as already mentioned by Usher (2018). Studies in some contexts have revealed that families adhere more to loans to purchase material goods and less to studies, which are long-term investments.

This attitude is motivated by cultural symbolic values regarding the importance people attach to money to buy something visible or invest in something with immediate returns. Since education is a long-term investment, people tend to resist this type of investment, leaving it to the State to handle.

5. CONCLUSION

With the need to expand the social support system, several countries have resorted to student loan policies as an alternative. This study revealed that, despite the already known social and economic conditions that characterize a majority of the Mozambican population and the fears about taking out the loan shown by some students, a significant number of students mentioned resorting to both formal and informal financial institutions to apply for loans as a way to fund their higher education studies.

This may reveal some interest on the part of students and families, especially if the loans are co-paid by the State, given that the majority of students revealed that they use loans to defray the expenses related to studies, i.e., in the payment of tuition fees, subsistence expenses and transport.

However, its implementation should take into account the constraints that characterize developing countries and that relate to the flow of income, which is generally informal, undeclared and difficult to trace. First, it will require designing a loan model that is affordable, considering the social and economic conditions of most Mozambican families. Second, conditions must be created for legal authority, equipped with the technology to keep accurate records and with consultants and advisors who follow up with borrowers, are in charge of lending and collecting loans and have the ability to mobilize both government institutions that charge taxes and employers on the reimbursement of the loans.

CONFLICT OF INTERESTS

None.

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