Financial constraints that face most developing countries has forced governments to find ways of sizing down the public budget, while mobilizing and rechanneling resources to priority areas. One feature of this practice has been increased transfer of costs for services rendered to the recipients and encouraging greater private sector participation in the economy. In the education sub-sector, the evolving trend has been movement from direct government funding to student based funding strategies. For diverse and varying reasons, student loans have been favoured by most government. Such diverse and varying reasons, student loans have been favoured the government, the student, the parent, the education agency, the administering body as well as the donor-in a rich mix of issues such as efficiency, effectiveness, equality and equity. These issues are often viewed from two prisms: the professional economic perspective on the one hand and the 'humanitarian' social service dimension on the other.

The study set out to undertake a performance evaluation of the loan programme in Kenya to determine the issues cited above and identify the possible intervention measures for policy reforms. In this regard, a case for the study was established in chapter one while in chapter two, literature was cited on similar programmes in different parts of the world and the concern expressed on individual country programmes and features of loan schemes in general. Approaches to carrying out evaluation studies are also cited. The study respondents were drawn from the Ministry of Education, two public and two private universities, Kenya Commercial Bank and National Bank of Kenya, the World Bank and Higher Education Loans Board (HELB). The questionnaire was the basic tool for gathering data. Data were also gathered by documentary analysis.

The gathered data are enumerated, tabulated and discussed in chapter four. This section showed that deep efficiency and equity issues have emerged, which indicts the performance of the loan programme hitherto. It also emerged that the loan programme in Kenya has existed on "its' own" and has not taken into consideration the other issues of higher education such as admission policies, the curriculum, freedom of choice (for the student) and labour market considerations which, from an efficiency and effectiveness perspective, are inseparable from the funding strategy. While some of the programmes aims have been met, a number are yet to be realized. Indeed, some of the practices outside the programme, but within higher education itself, are in direct conflict with the aims of the programme.

The study concluded and made recommendations in Chapter five. It is noted that the loan programme in Kenya exhibits elements of inefficiency and ineffectiveness and such goals as attaining self-sustainability will not be achieved in the next ten years at the very least. The failures of the loan programme are seen in the low loan recovery ratio, restrictive admission policies and a traditional, non-innovative curriculum offered by institutions not response to labour market incentive and distinctive structure, and over-dependence on one source of revenue, among others.

Consequently, the study recommended a professional-economic approach in the management of the loan programme and setting up workable policies. These include personnel recruitment and retraining; full computerization of records, follow-up activities and tracer studies; the need for liaison between the universities, the banks and the administering agency, (HELB); injecting a market mechanism in the education institutions (universities); and an overhaul of the admission
system and policies. It also recommended that the universities should charge economic fees for the academic services; that HELB should either charge a realistic interest rate on the loans or adjust the loans by a selected factor index e.g. rate of inflation in order to recover the real value of the loans, that the repayment be income contingent and that employers be charged a graduate training levy to support the programme.

Finally, the study enumerated the areas that need to be researched further and that are crucial for effective management of the loan programme.