

LOAN INITIATIVE *for* TERTIARY EDUCATION (LITE)

PROBLEM STATEMENT

The leaders and members of the Old Murialdo Boys Association (OMBA) are engaging in discussions on how to start a financial loan program for alumni pursuing university education in Sierra Leone. This program will supplement the effort of parents, government and other agencies that are assisting needy students complete university education. To make our discussions tangible, this document will briefly outline the challenges faced by students pursuing university education in Sierra Leone. How difficult it is to keep up with good academic standings and simultaneously manage life outside of the lecture rooms? The document will provide suggestions on loan amounts and a payment plan for alumni after graduation from the university.

The government and the department of education in Sierra Leone are struggling with the challenges on how to make education affordable to all Sierra Leoneans. But given the current economic situation in the country, this challenge is monumental and has left many Sierra Leoneans uneducated. A 2010 UNESCO report found that about 43 percent of Sierra Leoneans are illiterate. This is almost half the population (at most 6 million) of the country.

Life at the University of Sierra Leone is very expensive, frustrating, and agonizing as students grappled with the realities of academic and daily activities. This document will not contain a record of how many students are falling off the tracks of university education due to financial difficulties. However, students' unrest and other physical indicators at the University of Sierra Leone are sufficient to reach a conclusion of substandard and untenable living conditions on campus: lack of regular meals, unavailability of study materials, improper students' housing, the nonexistence or difficulty to access the internet for research and course exploration to mention just a few. Students at the University of Sierra Leone are left alone to deal with many uncertainties. As a result very few are hopeful about earning their degrees. Poor living conditions correlate to an unsustainable academic life. OMBA strongly believes that one solution to this problem is to make financial assistance available to students. This will reduce the burden of the many unsolved social and academic issues surrounding them.

The fact remains that, education is an expensive commodity regardless the location of its consumers. In Sierra Leone, where this program will be implemented, education is not affordable by many citizens. The cry for help by many parents to educate their children is overwhelming. The Sierra Leone government as stated above is faced with many social service challenges that are equally important as education. Like in many countries around the world education is paid for either directly or indirectly at all levels: from kindergarten to college level. As a result, a

reasonable percentage of citizens in Sierra Leone are illiterate. Many Sierra Leoneans who went through education up to college level will barely mortgage their future to relatives who had contributed to pay for tuition and other education charges. Such gestures are expected to be reciprocated by elites whose salaries may not be enough to feed the family that they have started. This is just one example out of the many social and economic issues that are affecting many Sierra Leoneans. As citizens, we cannot continue to blame government for every economic or social difficulty that our compatriots are facing. The Old Murialdo Boys Association (OMBA) wants to partner with government in its effort to reduce illiteracy in Sierra Leone. OMBA have seen the challenges that government and the education sector are facing as an opportunity to participate in the development of education in Sierra Leone. Therefore, the **Loan Initiative for Tertiary Education (LITE)**, will be introduced as a supplemental program to reduce the financial burden of alumni at the University of Sierra Leone.

AIM

Providing access to financial loans for all alumni (old boys and girls) of Murialdo Secondary School that are advancing their education at tertiary institutions in Sierra Leone

SPONSOR/s

The major sponsor of this program is the Old Murialdo Boys Association (OMBA). However, OMBA will solicit the support of local and international organizations; philanthropists; government and non- government organizations; local leaders; religious institutions with interest in education; entrepreneurs and any individual or group of individuals interested in the education of alumni of Murialdo Secondary School.

PROGRAM OPERATION

At the beginning of this program OMBA will offer financial services to a minimum of 10 students attending university/colleges in Sierra Leone. Also, at inception, the program will be restricted to students that are in the first year of their university/college education. The main reason for the restriction is that OMBA will start this program with very limited financial resources. More students will be added to the program from other levels as the funds become available. All vetted and approved students will be able to acquire a loan amount of up to **6 Million Leones (\$1,186.47)** per school year. All loans will be repaid by installment with a reasonable interest of 10% beginning six months after graduation. If students in their final year of college are provided with a loan, those students are expected to spend about 9 months of the school year and another 6 month of grace period before collection of loan repayment begins. Each year the application process will be opened on May 1st and closed on June 30th.

Application documents processing will start on July 1st and ends on August 15th each year. Loan recipients will be informed during the last two weeks of August of each year.

At the beginning the loan program will be limited to only 10 first year students at universities around the country. This restriction may be held for at least two years after the commencement of the LITE program. Again, the emphasis on the limit of loan beneficiaries is highly dependent on the availability of funds in the loan program.

It is very important to note that 100% repayment of loans may not occur as stated in this proposal. It is probable that some loan recipient will be delinquent in their payment. Notwithstanding, it is expected that repayments of loans for the first set of recipients will start at least 6 months after graduation. If repayment of loans happens as expected then funds collected will allow more cash flow into the LITE program. Hence, the possible inclusion of more eligible students at subsequent rounds of loan disbursement will almost be certain. In the event of delinquent payments the budget will make provisions for the program to continue with the minimum target number of LITE recipients.

COMMENCEMENT AND BUDGET

With timely approval and very serious commitment by OMBA, this program is expected to start at the beginning of the 2020/2021 school year. A minimum of **150 Million Leones (about 30,000 US Dollars)** will be raised to start this loan program. Revenue collection for this program is expected to start at most 5 years after the disbursement of the first set of loans. That is, if the LITE program should start in September of 2020, then we expect to collect the first loan repayments by July of 2025.

BUDGET BREAKDOWN

SCHOOL YEAR	NUMBER OF STUDENTS	AMOUNT PER STUDENT		AMOUNT TO BE PAID IN LOCAL CURRENCY	AMOUNT IN US DOLLARS
2020/2021	10	Le 6,000,000		Le 60,000,000	\$11,864.74
Office staff	1	7 MONTHS	Le 600,000/mo	Le 4,200,000	\$830.53
Miscellaneous				Le 3,000,000	\$593.24
Total				Le 67,200,000/yr	\$,13,288.51/yr

*1 USD = Le 5,057 as of date of document (7/30/2016)

OFFICE EQUIPMENT BUDGET

ITEMS	COST
Computer	Le 2,000,000
Printer / Scanner	Le 600,000
Stationery	Le 400,000
Miscellaneous	Le 400,000
Total	Le 3,400,000 (\$672.34)

REVENUE COLLECTION (LOAN REPAYMENT)

If this program starts in 2020, the first repayment plan for a first year students will be about July of 2025. Loan repayment will be spread out in 24 installments at 10% simple interest. Students will be open to the option of a one-time repayment of their entire loan at 10% of the principal. The interest collected from students will be the same regardless the preference of payment. The repayment period will remain the same. However, if a student receives loans for three years or more, their loan repayment plan will be determined by their income. The interest rate for all loans will remain at 10%

LOAN REPAYMENT ANALYSIS

Loan Amount (Le)		Interest Rate	LOAN AMOUNT	Interest	TOTAL
6,000,000		10%	Le 6,000,000	Le 600,000	Le 6,600,000
OR					
24 Installment Payment		Interest Rate	Interest Amt paid	Interest	TOTAL
Each payment	Le 250,000	10%	Le 25,000/mo	25,000x24mos Le 600,000	Le 6,600,000

ELIGIBILITY

Eligibility for a loan will be placed at a reasonable scholarly level by a LITE program committee. In addition to other LITE program committee requirements, eligibility for a loan will be based on but not limited to the following criteria:

1. Applicant must be alumni of Murialdo Secondary School

2. Must be a full time students at any university/college in Sierra Leone
3. Must be in good academic standing with a Grade Point Average of 2.5 (85%) or better
4. Must have left Murialdo Secondary School in good behavior and show proof of participating in community development project and OMBA activities
5. Students with disability and minority (like female students) may be given preference if they meet some of the above requirements

STUDENT RESPONSIBILITIES

1. All loan recipient must be in good academic standing
2. Student must communicate with the loan office at the end of each term about changes in their personal identification (like name or address changes)
3. Student must send a copy of their transcript at the end of each term to the loan office located at Murialdo School in Lunsar
4. Any recipient dropping out of college must inform the chairman of the loan committee immediately. The committee will arrange a meeting with the student to determine when loan repayment will commence and find out the possible reasons for their decision to drop out of college
5. OMBA will report to its legal representative any irresponsible or delinquent behavior by loan recipient.
6. Students should be aware that repayment of all loans will begin 6 months after graduation. It is the responsibility of the student to contact the loan office about their employment situation

LOAN COMMITTEE

OMBA will select a five-man committee to run this program. Applicants to the LITE program must make available all required documents to the committee. The committee will authenticate all documents thoroughly and vet all candidates to the best of their ability. The committee will follow the eligibility criteria strictly to ensure a fair or nondiscriminatory selection process and disbursement of funds to students. All loan documents will be signed by authorized committee representatives, student and parent. Copies of all approved and signed documents will be sent to OMBA's legal representative.

RESPONSIBILITIES OF LOAN COMMITTEE

This committee will be bestowed with the most serious and critical task of running the LITE programs. Their responsibilities are as, but not limited to the following:

1. The committee shall determine eligibility for LITE students and disburse funds appropriately
2. Ensure that students approved for loans receive cash payments only at the start of the school year
3. Will reach out to OMBA members, branches and other prospective donors to solicit funds for the program
4. Shall organize at least 2 fund raisers within a 12 months period
5. Shall be accountable to OMBA's national executive and other branches of the association
6. Shall convene an annual meeting with OMBA, donors and students to report on the successes and possible challenges of the program
7. Shall provide a detail annual report on the project status for distribution to donors
8. Shall provide testimonies from beneficiaries of the program for distribution to donors

OFFICE STAFF

OMBA will employ a staff to handle daily clerical duties. The clerk position will be seasonal running from May 1st to October 30th each year. The office clerk position will attract a monthly salary of Le 600,000. The budget total for this position will be Le 4,200,000.

BANK ACCOUNT

OMBA will open a bank account in Lunsar. This bank account will carry the names of three signatories: the President of OMBA national, financial secretary (both will also be designated program committee members) and an adviser of any current executive of OMBA. This account may not warrant any withdrawals. All LITE recipients and office staff will be paid in checks. The bank will be advised not to honor any check that has less than three signatures. Monthly bank statements (preferably online statements) must be made available to the program committee and the two major branches of OMBA (OMBA-NA and OMBA-UK). OMBA will discontinue relationship with any bank that fall short of it book keeping records or fails in its communication commitment to OMBA.

LOAN PROMISSORY NOTE

A promissory note is a legal document stating the terms of a loan and the consequences the borrower shall face when their actions are deemed contrary to the terms of the loan. Every student approved for a loan shall sign and carry a copy of a promissory note. The original of the promissory note shall be released to the borrower by OMBA only at the completion of loan repayment. This document could be used in a court of law to prosecute delinquency to a loan.

HOW TO SUSTAIN THIS PROGRAM

LITE is a program that is expected to be self-sustaining after a minimum of 5 years of operation. To make this claim clear, please look at the interest calculation above for only 10 students. Also, it is expected that students benefiting from the LITE program will repay their loans and possibly become sponsors of the program. However, the program will depend on member donations and solicitation between 2020 and 2025. By 2027 collections of loan repayments will make the LITE program less dependent on donations.

DELINQUENT STUDENTS

If a loan is declared bad due to lack repayment, the committee will assign such a loan to a collector. This collector will follow the delinquent student carefully only for the purpose of loan repayment. Additionally, OMBA shall reserve the right to execute legal proceedings of the promissory note if payment is not made. The outcome of a legal judgment may allow OMBA to sell bad loans to third parties at a discounted rate.

DEATH OF A LOAN RECIEPIENT OR AILMENT

In the event of death or ailment, the loan will automatically be written off the accounting books. The committee will correspond to the family of the diseased about it decision to cancel all payments on that debt. Also the committee will return the promissory note to the bereaved family. This section of the proposal will be well handled by a legal professional. OMBA will retain an attorney for this purpose. Such retained attorney is usually paid a small fee because their service is only used sparingly.

PROGRAM BENEFITS

1. It promotes access to both secondary and tertiary education in Sierra Leone
2. It supports and improves the rate of literacy in the country
3. Ensure equal education opportunities to all citizens, particularly those attending Murialdo Secondary School

4. Decrease the country's rate of child labor
5. Ensures good quality education to the future leaders of Sierra Leone
6. Encourages community participation and active engagement in the activities of OMBA
7. Both current and ex-students of Murialdo will develop stronger ties with OMBA and this may lead to active participation and support for the continuation of this TAP and LITE program
8. It will prevent forced, arranged and unwanted early marriages for girls that are interested in pursuing higher education.