

# Factsheet of the **Students Loans Act, 2023**

## Background

---

This document seeks to highlight the major provisions of the Students Loans (Access To Higher Education) Act, 2023. The Students Loans Bill was proposed in 2016 by the former Speaker of the 9th House of Representatives, Femi Gbajabamila, now the Chief of Staff to the President of Nigeria as part of the measures towards addressing the funding gaps in the country's Tertiary Education Subsector.

Furthermore, as part of his manifesto as the presidential Candidate for the All Progressives Congress (APC), President Ahmed Bola Tinubu promised to pursue the establishment of the Education Bank towards enhancing access to quality education at the tertiary level. The bill was passed by the lawmakers in late May, 2023 and was signed into law on Monday, June 12, 2023, to provide interest free loans from the Nigerian Education Loan Fund to indigent Nigerians seeking Higher Education in the country.

For the purpose of this analysis, below are the key provisions of the Act;

# Key Provisions of the Students Loans (Access To Higher Education) Act, 2023

## 1. Students Loans and Access to Higher Education



### Key Provisions of the Act

The Act offers loans to indigent Nigerian Students seeking higher education in Government-owned universities, polytechnics and colleges of education in the country.

### Effect of the Provision

The loan is available to only students in higher institutions within the country.

## 2. Equal Right to Access the Loan



### Key Provisions of the Act

The Act enables all indigent Nigerian students seeking higher education in any public institution equal right to access the loans without any discrimination arising from gender, religion, tribe, position or disability of any kind.

### Effect of the Provision

There is equal access to the loan provided in the Act. No undue advantage is conferred on anyone.

### 3. Purpose of the Loans



#### Key Provisions of the Act

The Act states that the loan shall be given to indigent Nigerian Students only for the payment of tuition fees.

#### Effect of the Provision

Other important expenses necessary for quality education are excluded.

### 4. Requirements for the Loans



#### Key Provisions of the Act

The Act provides that the grant of the loan to any student under the Act shall be subject to the students or applicants satisfying the requirements and conditions set out under the Act.

#### Effect of the Provision

There is equal access to the loan. However, it is not automatic, as certain conditions must be satisfied before the loan is granted.

### 5. Establishment of the Nigerian Education Loan Fund



#### Key Provisions of the Act

The section establishes the Nigerian Education Loan Fund with the objective to provide education to all Nigerians in matters pertaining to loans.

#### Effect of the Provision

It is this Fund established here that provides the loans to Students.

## 6. Functions of the Fund



### Key Provisions of the Act

The section states that the Functions of the Fund are to;

- a. Implement the provisions of the Act
- b. Supervise, coordinate, administer, and monitor the management of the students loan in Nigeria
- c. Receive applications for students loans through higher institutions in Nigeria on behalf of the applicants, screen the applications to ensure that all requirements for grant of students' loans under the Act are satisfied in compliance with the provisions of the Act
- d. Approve and disburse loans to qualified applicants
- e. Control and monitor and coordinate the students loans account or Fund domicile with the Central Bank of Nigeria and ensure compliance in respect of disbursement
- f. Monitor academic record of grantees of the loans to obtain information on their year of graduation, national service, employment and to ensure that grantees of the loans commence repayment of the loans as at when due
- g. Liaise with the employers of the grantees and conclude documentation with employers to ensure that the required sum to be deducted is deducted from the grantees salary and remitted to the Fund or account as directed by the Committee
- h. Provide financial advice on educational matters to institutions of higher education and to parents and educational investors
- i. Ensure adequate security on any loan granted
- j. Engage and participate in other banking business
- k. Exercise all legal rights towards recovering all loan and enforcing the provisions of the Act
- l. Quarterly issue a report to the President on the performance of the students loans
- m. Without prejudice to the provisions of this Act or any other enactment provide rules and guidelines including method of application to ensure better performance at all times and prevent the emergence of ghost students applications

- n. Employ and pay the staff of the Fund salaries and other benefits using the scale as applicable to industry of similar status
- o. Enter into any negotiation, agreement and contractual relationship such as may be necessary or expedient for the functions of the Commission
- p. Conduct studies, researches, and investigations that may further the attainment of the goal and development of the students loans regime in Nigeria and
- q. Do anything necessary to be done to facilitate the performance of its functions

### **Effect of the Provision**

The Fund established is responsible for the administration of the loan provided in this Act.

## **7. Membership of the Special Committee**



### **Key Provisions of the Act**

The section establishes for the Fund a Special Committee (in the Act referred to as the Committee) which shall be responsible for the performance of the functions of the Fund.

The Committee shall consist of;

- a. The Governor of the Central Bank of Nigeria as the Chairman
- b. The Secretary of the Fund who shall be appointed by the Chairman
- c. The Minister responsible for Education
- d. The chairman, National Universities Commission (NUC)
- e. A representative of Vice-Chancellors forum of all Nigeria Universities
- f. A representative of the Rectors Forums of all Nigerian Polytechnics and Provosts forum of all Colleges of Education in Nigeria
- g. The minister responsible for Finance or his representative
- h. The Auditor-General for the Federation

- i. A representative of the Nigerian Labour Congress
- j. A representative of the Nigerian Bar Association and
- k. A representative of the Academic Staff Union of Universities (ASUU)

### **Effect of the Provision**

The Special Committee performs the functions of the Fund.

## **8. Tenure of Office**



### **Key Provisions of the Act**

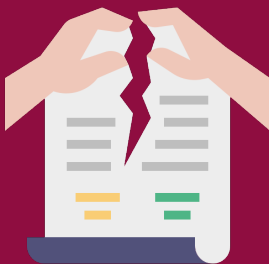
The Act provides subject to the provisions of Section 7 of the Act, the Chairman and members of the Board shall hold office for the term for which they hold their substantive offices and shall automatically be replaced by his successor;

Provided that the appointment of the Secretary shall be at the pleasure of the Chairman of the Fund

### **Effect of the Provision**

The term of office of the Chairman and Members of the Special Committee is determined by the tenure of their substantive offices by virtue of which they are members of the Special Committee.

## **9. Cessation of Office**



### **Key Provisions of the Act**

The Act states that a person shall cease to hold office as a member of the Committee if he;

- a. Dies
- b. Becomes bankrupt
- c. Is convicted of a felony or any offence involving dishonesty or fraud
- d. Becomes of unsound mind or is incapable for any reason of discharging his duties

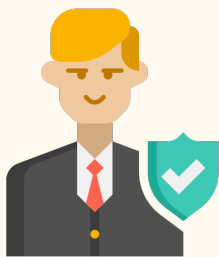
- e. Is guilty of serious misconduct in relations to his duties or
- f. Resigns his appointment by written notice under his hand to the president

Where there is a vacancy in the membership of the Committee as a result of any of the causes mentioned in subsection(1), it shall be filled by the person next in rank to the affected member pending the appointment of a substantive successor to his office.

### **Effect of the Provision**

Membership of the Special Committee is terminated when any of the factors occurs.

## **10. Power to alter or give directive**



### **Key Provisions of the Act**

The President shall have power to alter the decision of the committee or give such directive to the Committee as he deems fit if he is satisfied that it is in the interest of the Committee or the public.

### **Effect of the Provision**

The President can alter or overturn decisions of the Special Committee.

## **11. Allowances and Expenses**



### **Key Provisions of the Act**

The Act enables a member of the Committee to be paid such allowances and expenses as may be determined by the Governor of the Central Bank of Nigeria.

### **Effect of the Provision**

Only the Governor of the CBN determines allowances to be paid to a member of the Committee.

## 12. Sources of the Fund



### Key Provisions of the Act

The Act stipulates that the sources of the Fund shall consist of;

- a. Education bonds
- b. Education endowment fund schemes
- c. 1% of all taxes, levies and duties accruing to the Government of the Federation from Federal Inland Revenue Service (FIRS), Nigerian Immigration Service and Nigerian Customs Services
- d. 1% of all profits accruing to the Government of the Federation arising from oil and other minerals and
- e. Other revenue accruing to the Fund from any other source

### Effect of the Provision

These are the sources of funds to be used in implementing the provisions of the Act.

## 13. Aims and Objectives of the Fund



### Key Provisions of the Act

The Act states that the aims and objectives of the Fund shall be to:

- a. Facilitate the mobilization of funds to provide interest free loans to students of institutions of higher learning in Nigeria for the payment of tuition fees and
- b. Ensure constant supply of loans to qualified students applicants for the purpose of providing education to all Nigerians

### Effect of the Provision

The Fund is required to ensure a sustainable loan scheme to qualified Nigerian students.



## 14. Eligibility of Applicants



### Key Provisions of the Act

The Act provides that students applying for the loan under the Act must apply as provided under Section 17 of the Act on satisfaction of the following conditions:

- a. Applicants must have secured admission into any of the Nigerian universities, polytechnics, colleges of education or any vocational school established by the Federal Government or the Government of any state of the Federation.
- b. Applicant income or family income must be less than N500,000 per annum
- c. Applicant must provide at least two guarantors, and each shall be a civil servant of at least level 12 in the service, lawyer with at least 10 years post-call experience, judicial officer or justice of peace

### Effect of the Provision

The loan provided in this Act can only be granted to a student who satisfies these requirements.

## 15. Disqualifications



### Key Provisions of the Act

The Act states that a student is disqualified from accessing the loan if:

- a. He is proven to have defaulted in respect of any previous loan granted by any organization
- b. He has been found guilty of exam malpractice by any school authority
- c. He is convicted of a felony or any offence involving dishonesty or fraud
- d. He has been convicted of drug offences or
- e. Any of the parents has defaulted in respect of students loan or any loan granted to the person

### Effect of the Provision

Existence of any of these factors disqualifies an otherwise qualified student.

## 16. Method of Application



### Key Provisions of the Act

The Act states that all applications must be submitted through the applicant's bank to the Chairman of the Committee established under the Act accompanied by a cover letter signed by the vice-Chancellor or rector or the head of the institution and the students affairs officer of the institution

Each application shall be accompanied by:

- a. Copy of the student's admission letter
- b. A letter by the guarantors addressed to the Chairman of the Committee established under the Act recommending the student for the loan and stating that he accepts liability in the event of defaults
- c. Two passport photographs from each of the guarantor's name of employer and evidence of being so employed by the named organization
- d. Particulars of the guarantor's business registration with the Corporate Affairs Commission or any other appropriate authority and his bankers, where the guarantor is self-employed

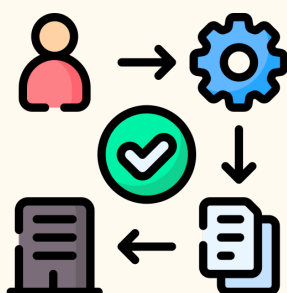
The Committee shall communicate to the applicant on the status of his application within 14 days of the receipt of any application (Subsection 3).

Disbursement shall be on availability of funds (Subsection 4)

### Effect of the Provision

Every student who applies for a loan must have a bank account. The procedure stated here must be strictly complied with.

## 17. Disbursement



### Key Provisions of the Act

The Act states that processing of any applicant's application and disbursement shall be within 30 days of the application reaching the Chairman of the Committee subject to Section 18(4) of the Act.

### Effect of the Provision

An application shall be processed and the loan disbursed to the applicant within 30 days from the date the Chairman receives the application.

## 18. Repayment



### Key Provisions of the Act

- a. The Act provides that any beneficiary of the loan to which the Act refers shall commence repayment two years after completion of the National Youth Service Corps (NYSC) programme (1)
- b. Repayment shall be by direct deduction of 10% of the beneficiaries salary at source by the employer and credited to the Fund (2)
- c. Any change of job shall be communicated to the Chairman of the Committee within 30 day of resuming with his new employer with details of the new job (3)
- d. Where the beneficiary is self-employed, he shall remit 10% of his total profit monthly to the Fund (4)
- e. For the purpose of subsection (4) a self-employed person shall within 60 days of assuming that status submit all information such as name of business, address and location, registration documents, if registered, name of bankers, names of partners, name of directors and shareholders to the Committee (5)
- f. Any one in default of the provisions of subsection (5), or found to be aiding the default of subsection (5), commits an offence and is liable on conviction to a fine of N500,000 or imprisonment for a term of two years or both.

## Effect of the Provision

A beneficiary is given enough time to plan for repayment, which is by instalment.

# 19. Application of the Public Officers Protection Act



## Key Provisions of the Act

- a. The Act states that the provisions of the Public Officer Protection Act shall apply in relation to any suit instituted against any officer of the Committee established under the Act (1)
- b. A suit shall not be commenced against a member of the Committee or the Secretary before the expiration of a period of one month after writing a notice of intention to commence the suit which shall have been served on the Committee by the intending plaintiff or his agent (2)
- c. The notice referred to in subsection (2) shall state, the cause of action, particulars of claims, the name and place of abode of the intending plaintiff and the relief, which he claims (3).
- d. A notice, summons, or other documents required or authorized to be served on the Committee under the provisions of the Act or any other law or enactment may be served by delivering it to the Secretary or by sending it by registered post and addressed to the Secretary at the head office of the Central Bank of Nigeria. (4)

## Effect of the Provision

Members of the Special Committee are deemed to be public officers.

## 20. Annual Report



### Key Provisions of the Act

The Act states that the Committee shall not later than four months after the end of year, submit to the President a report on the activities of the Fund and its administration during the immediate preceding year and shall include in the report the audited accounts of the Fund and the auditor's comment on the report.

### Effect of the Provision

The Committee must submit an annual report and audited account to the President.

## 21. Repeal and Savings Provisions



### Key Provisions of the Act

The Act states that the Nigerian Education Bank Cap. N104 Laws of the Federation of Nigeria, 2004 is repealed (1)

All assets, funds, resources and other moveable properties which immediately before the commencement of this Act were vested in the repealed Act shall by virtue of the Act be vested in the Fund established under the Act.

### Effect of the Provision

The Nigerian Education Bank Cap. N104 Laws of the Federation of Nigeria, 2004 is no longer law in Nigeria. However, it does not affect assets, funds and properties in existence under the repealed Act.



**Yiaga Africa**

Plot 54, Casdastral Zone, Idu, Karmo 900108, FCT-Abuja

**E:** [Info@yiaga.org](mailto:Info@yiaga.org)

**P:** +234 808 941 9922

**W:** [www.yiaga.org](http://www.yiaga.org)

