



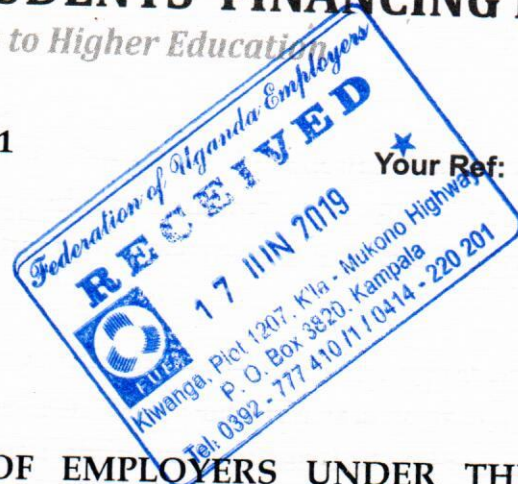
HIGHER EDUCATION STUDENTS' FINANCING BOARD

Increasing Access to Higher Education

In any correspondence on
this subject please quote: HESFB/ADM 121

12 June 2019

The Chief Executive Officer
The Federation of Uganda Employers
KAMPALA



NOTICE OF LEGAL MANDATE OF EMPLOYERS UNDER THE HIGHER EDUCATION STUDENTS' FINANCING ACT OF 2014


Following the workshop held between us and the employers at Golf Course Hotel on 9th May 2019, I wish to reiterate the following matters that were highlighted and emphasized during the workshop.

The Higher Education Students' Financing Board was established by an Act of Parliament in 2014. Under the Higher Education Students' Financing Act of 2014, the Board is mandated to handle loans and scholarships to Ugandan students who seek to pursue their higher education at accredited programmes at institutions of higher learning in Uganda.

In meeting its mandate, the Board has allowed for increased access to higher education given that prior to 2014, only government sponsorship existed. The future of several Ugandans has therefore been secured through the introduction of the Student Financing Board and critical to the operations of the Board is ensuring that the total number of students is greatly increased.

Once successful, a beneficiary is financed until the completion of their studies. Section 23 of the Act provides that a person who has received a student loan shall start repaying their loan with specified interest at least one year after completion whether or not that person is employed. Employment in the Act has been defined to mean a contract of service or a person on self-employment.

Where there is a contract of service, the employer has a role to play to the Board. This relationship has been legitimized under the Act and every employer has an obligation to the Board.

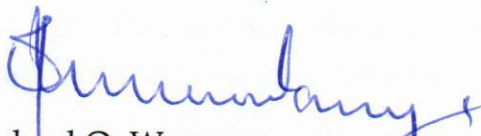
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Under section 24 (2) of the Higher Education Students' Financing Act of 2014, the repayment of a student loan shall be charged on the salary or wages or income of the person who received the student loan. This therefore means that the mandate of the Employer is very pertinent to the Board.

Section 26 of the Act provides that every employer who employs a person whose loan falls due, shall make monthly deductions from that person's salary or wages. Notably, section 28 gives priority of the student loan above any other deductions save for taxes and other statutory deductions. The Employer must therefore ensure that a deduction not exceeding 30% is made monthly till the student loan is repaid in full.

Therefore where an employer fails to make the necessary deductions or where the employer makes the deductions and fails to remit the funds to the Board, such employer commits an offence punishable by law without limitation to imprisonment. **The Employer must therefore ensure that they inquire into the circumstances of all recruited staff to establish whether or not they are on the Student Loan Scheme and once confirmed, inform the Board promptly.**

The purpose of this letter therefore is to request that this information is shared with all employers registered with FUE to enable the Board recover all loans to students. We shall be indebted to the Federation if this information is circulated promptly to all employers and we look forward to regularly engaging them on how best we can collect the due loans.



Michael O. Wanyama

EXECUTIVE DIRECTOR

- Cc. **Minister of Education and Sports**
- Cc. **Chairperson of HESF Board**
- Cc. **Legal Manager - HESFB**
- Cc. **Manager Recoveries - HESFB**