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Infrastructure Development Model for Students Accommodation: Internal Stakeholders (Student/Staff) Financing

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Abstract

Due to changing global trends which have put a demand on financial resources in all sectors of world economies there is need for new models of financing that are thought outside the usual financing models. Economies are unpredictable investors fear risks but by all means development has to take place. Leaders of organizations are judged by development milestones. Accommodation for students is a big challenge in tertiary education world over. Here in Southern Africa this challenge is even now threatening the higher education system. Infrastructure development financing at universities is a challenge especially in Zimbabwe as the governments is trying to stabilize the economy by focusing on other critical areas and a little is allocated to this cause. Private Public Partnerships (PPP) and Built Operate Transfer (BOT) seem to be the nearest possible solution to development of infrastructure in universities. Having noted this challenge an internal financing strategy or model known as Internal Stakeholders Financing is muted. The internal stakeholders are the students and staff; they are the financiers in this model who can contribute meaningfully towards the development of their university. This strategy adopts a business empowerment concept (methodology) for self-sustenance since investments in constructing accommodation facilities at universities is a perfect investment.

Keywords: Infrastructure development; Finance; PPP; BOT

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Overview of the Strategy/Model

Due to changing global trends which have put a demand on financial resources in all sectors of world economies there is need for new models of financing that are thought outside the usual financing models. Economies are unpredictable investors fear risks but by all means development has to take place. Leaders of organizations are judged by development milestones.

Accommodation for students is a big challenge in tertiary education world over. Here in Zimbabwe this is a challenge which is even now threatening the higher education system. Yes, it's possible for a university to operate without on campus accommodation but it is a challenge especially when the university has conventional kind of learning systems. The Zimbabwe Government through ministry of higher education adopted business development and resource mobilization (Innovation, Industrialization/commercialization) to be part of the higher education system especially in the universities so as to ease challenges of resourcing the institutions so that they can work out their surviving (development) strategies.

Infrastructure development financing at universities in Zimbabwe is a challenge as the government is trying to stabilize the economy by focusing on other critical areas and a little is allocated to this cause. Private Public Partnerships (PPP) and Built Operate Transfer (BOT) seems to be the nearest possible solution to development of infrastructure in universities but the deals are taking long to take effect due to known and unknown reasons.

Having noted this challenge an internal financing strategy or model known as Internal Stakeholders Financing is muted. The internal stakeholders are the students and staff; they are the financiers in this model who can contribute meaningfully towards the development of their university. This strategy adopts a business empowerment concept for self-sustenance since investments in building accommodation facilities at universities is a perfect investment.

Strategy Statement

To enable development of a university town at Manicaland State University of Applied Sciences using home grown solutions guided by excellence and innovation. To be dynamic game changers, challenging the status quo so that MSUAS has its rightful place amongst other universities.

What the Model Entails

The financiers or funders will be students and or staff. The students financing in adoption can be termed Graduate Empowerment Fund and Staff Investment Vehicle.

Graduate empowerment fund

In principle this can go through fees revision committee and being managed in the Division of Student Affairs – Students' Development Section. For instance, a certain amount will be added on their fees for every semester known as Graduate Empowerment Fund (this is not development levy).

How the Graduate fund works and benefits concerned parties?

The university will be collecting money every semester from students and use it to build accommodation facilities every semester according to how much they have collected. At the end of four years or by the time the student graduates the institution will give back the money to the student with at least 100% interest (real economic value) as a graduate empowerment fund to empower the student to be able to start life after the first degree. The student can venture into small projects using the fund or use it as a starting point in furthering education (i.e. over a four years' degree a student pays $50 in eight semesters, one will have contributed $400, so after graduating the university will give a Graduate Empowerment Fund of at least $800). Or if the student wants to continue with studies to a master's degree, the student can have an option to use his or her Graduate Empowerment Fund benefit to cover for fees.

(This is possible check the financial calculations and general money investment interest rates prevailing in the market)

Benefits to Students

1. Empowering them to start life after University.

2. Students can use the money to start business projects thus employment creation.

3. If one wants to pursue education to masters, it will be a seed.

4. It becomes easier for one to continue with education to a post graduate degree

5. Students' takes pride in their institution development enhances their responsibility and sense of ownership.

Staff investment vehicle

Under the staff investment vehicle, human resources office, bursary office, and or worker's representative can come to table and work on an investment plan. The contributions on the investment vehicle will be used to construct student accommodation. Contributions will be determined by financing capability and number of rooms that are viable in giving returns.

How the staff investment vehicle works and benefit concerned parties?

a. Workers will contribute according to their capacity. The money can be advanced for the project through personal savings, bank, pension manager, university, and if and only if its salary advances the university deducts the money over a very possible short period at most 12 months and minimum 3 months from salaries. After a year and after every year each worker can be entitled to receive 100% or a percentage of his contribution which is not less than 75% of his contribution depending on the decision made by the committee overseeing the investment vehicle. From the third year a member can withdraw from the investment all his funds, if one withdraws at the third year he/she gets times two the initial investment on the fourth year if one withdraws he gets times three and the longest maturity period of an investment will be seven years and at that stage existing members will get times five their initial investment.

At the close of the investment vehicle the university will take full charge and ownership of the accommodation facilities. During the life of the investment vehicle the university will contribute maintenance and repair costs of the facilities and help in collection of funds and its disbursement. The university works department will be responsible for designing and constructing the facilities.

b. Members can also opt to take it as a life-pension investment scheme that rewards annually or biannually for agreed periods of not less than 25 years and not more than 99 years.

Strategy/Model Operationalization

• This model can only be effective if construction projects take shortest possible periods.

• A year in the model means two semesters of occupation by students

• Graduate Empowerment Fund and Staff Investment Vehicles can be implemented jointly.

• Accommodation facilities will be built using modern technology and the structures sizes will be determined with money raised. The structures can be simple house, villas, dormitories, garden etc.

• There is possibility of reinvesting some proceeds which enables massive developments within a short period of time.

• Accommodation that can be built is not only for the students, but also for university employees especially those that the University is obligated to offer accommodation on campuses. The university will also pay rentals towards using the accommodation facilities.

********* The model can be extended and enable the University to acquire even movable assets (vehicles, buses, laboratory equipment etc.) after setting up considerable rentable rooms especially with the Graduate Empowerment Fund is to be in existent for years. *************

Way Forward

There is need for further testing of the model and seek common understanding with stakeholders for implementation. Committees to be established so as to implement the strategy there is need for careful analysis of business environment.

Conclusion

It is possible to build a university town starting the foundations of the town with internal stakeholders' efforts and the other development partners will follow.

Possible Financial Scenarios

OR MODEL FOR STUDENTS AND STAFF ACCOMMODATION									
RS (STUDENT/ STAFF) FINANCING									
Possible Scenarios Graduate Fund									
Graduate Funding									
500 students, each paying $50 dollars ever semester. Per semester $25000									
	Semeter	1	2	3	4	5	6	7	8
Students		500	500	500	500	500	500	500	500
Contribution		50	100	150	200	250	300	350	400