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The context

Financing higher education is an expensive enterprise – knowledge creation, knowledge dissemination and innovation do not come cheap. High-end expertise, expensive equipment and instruments, extensive infrastructure (such as labs, libraries and dormitories) and the accompanying requisite logistics (such as information technology) and a complex academic culture entail that the sector, unlike primary and secondary education, its younger sister subsectors, is costly – without comparison. An argument has been peddled on the high unit cost of higher education for so long – which somehow defies these basic and fundamental facts – it has had a direct and devastating impact on the development of the subsector in the Sub-Saharan region.

Problems surrounding the financing of higher education institutions are worldwide; however, nowhere in the world is financing higher education more problematic than in Sub-Saharan Africa. According to Johnstone (2004), the reasons for this stem from two nearly universal forces. The first is the high and increasing unit (or per-student) cost of higher education. This problem can be attributed to an historically entrenched, tertiary education production function that is both capital and labour intensive and has proven throughout the world to be especially resistant to labour-saving technology. The second force, which greatly exacerbates the financial problems of tertiary educational institutions and ministries in many countries, is the pressure for increasing enrolments, particularly where high birth rates are coupled with a rapidly increasing number of young people finishing secondary school with legitimate aspirations for some tertiary education.

The need (and concomitant pressure on national governments in Africa) to raise enrolment numbers is staggering. In countries where a decade ago ten thousand students attended higher education institutions, that figure has grown many times over to become hundreds of thousands. Uganda, which had some ten thousand students in the early 2000s, now counts more than one hundred thousand. In Ethiopia, where only two universities
operated a decade or so ago, there are now more than 30, raising enrolment figures from some forty thousand to over four hundred thousand – a whopping tenfold increase. Even with such massive expansions, the proportion of enrolment in the region stands at 5 per cent, the lowest in the world. The exploding population growth, not commensurate with economic development, will definitely continue to put even more pressure on the higher education system, even as resources are overstretched.

Building a sound higher education system has now emerged as a national imperative if a country is to develop, if not fully compete, in the highly competitive global, social and economic environment. Higher education has always been central to nation building and economic development and is thus universally conceded to be a critical economic engine for prosperity and growth. This driving dynamic is especially the case in the twenty-first century as the world shifts from an industrial-based to a knowledge-based economy, and as the developing world seeks to emerge from its historically crushing dependence on subsistence agriculture and low-wage and unskilled labour (Johnstone & Teferra, 2004).

At no time in history has it been more important to invest in higher education as a major force in building an inclusive and diverse knowledge society and to advance research, innovation and creativity. The past decade provides evidence that higher education and research contribute to the eradication of poverty, to sustainable development and to progress towards reaching internationally agreed-upon development goals, including the Millennium Development Goals and Education for All. In the emerging knowledge societies, exponential growth in the quantity of knowledge produces an ever-growing gap between those who have access to knowledge and culture – and learn to master them – and those who are deprived of such access. It is not sufficient to reduce the “digital divide” (and other inequalities in access to the world of culture); it is also necessary to reduce the “knowledge divide,” which is liable to grow exponentially (UNESCO, 2005).

According to Constructing Knowledge Societies (2002), a prominent publication of the World Bank – a critical multilateral organisation which has played a prominent, if not always constructive, role in the development of higher education in the Sub-Saharan region due to its now defunct and flawed study – knowledge has been raised as a key driver of growth and development. The study went on to say that countries with higher skill levels are better equipped to face new challenges and master technological discoveries. In Sub-Saharan Africa, qualified human capital remains scarce compared to the continent's development needs. This situation hinders growth and undermines the foundation for sustainable development. Because skills required for the knowledge economy are built at the tertiary education level, improving tertiary education systems should be high on Sub-Saharan Africa’s development agenda. African tertiary education institutions and policymakers must ensure that the workforce acquires the skills to compete,
innovate and respond to complex social, environmental and economic situations. Half a decade later, another World Bank publication, *Accelerating Catch up*, notes that despite rising enrolment in tertiary-level institutions, the number of students graduating are pitifully small and, despite reform efforts, quality remains well below par (World Bank, 2008).

Higher education is of critical importance to the long-term development of knowledge societies. Universities in particular are vital for conducting research and training researchers and are therefore important for knowledge generation and innovation to meet local and global societal and economic needs. The development and modernisation of higher education are therefore critical issues for governments and stakeholders around the world. It must be ensured that all countries have the higher education capacity to respond to domestic and global challenges in the decades to come. Achieving this aim is particularly challenging where the development of tertiary education has been deliberately neglected, as has been the case in most parts of Africa. Urgent action is needed to ensure that African countries have the necessary tertiary education capacity to respond to the local and global challenges of the future (EUA, 2010).

There is now no doubt that higher education plays a critical, yet elusive, role in development. Thus, for meaningful and sustainable development to take place in the region, there is simply no shortcut to committing adequate resources to the sector – in a sustainable and meaningful manner.

**Commitments and shortfalls**

As part of the external global paradigm to build the knowledge domain for economic success and competitiveness as well as the internal pressure to expand access and increase enrolment, some countries – such as Ethiopia, Ghana and Kenya – are spending huge amounts of their national budgets on higher education expansion and development. Despite such major commitments, the subsector continues to suffer from shortages of resources for effective generation and dissemination of knowledge. In most countries, the buildings and facilities are in disrepair, the laboratories and workshops under-equipped and academic and other staff poorly remunerated.

African higher education faces considerable, and complex, challenges because it is endeavouring to expand access while concurrently struggling to maintain quality – both objectives with considerable financial and logistical significance. Improving academic quality and expanding access do not lie on the same (if not necessarily opposite) trajectories, owing largely to the dynamics of resources.

Prior to the recent mushrooming of private providers, higher education in Africa had virtually been a full preserve of the public domain. Public universities have been deeply reliant on public coffers to offer “free” higher education to all eligible citizens without regard to capacity to pay; however,
public coffers have their limits. With the escalating cost of higher education delivery and the simultaneous declining capacity to keep up with this cost, numerous initiatives to mobilise resources – both externally and internally – have been under experimentation. At the national level, governments are vigorously pursuing the cost sharing of higher education with stakeholders, although with some level of reluctance in some countries, largely due to purported or imminent political implications and security threats.

Riding on strong arguments of more “private” than “public” benefits accruing from higher education, the sharing of higher education costs is consolidating its roots in the region. Cost sharing is now gaining ground as an acceptable mode of educational financing in countries such as Ethiopia, Kenya, Uganda and Zimbabwe, although their modalities and efficacy vary considerably. Ethiopia, for instance, has endorsed an Australian model (See Yigezu, Chapter 3) while Zimbabwe has adopted a “Cadetship Scheme” (See Mpofu, Chimhenga & Mafa, Chapter 13). In some countries, such as Malawi and Zambia, however, cost sharing has been either fully rejected or simply ignored. The Malawi case in particular is rather interesting: according to Dunga (See Chapter 8) a disproportionately high student cohort originates from well-to-do families, but the system has been slow to put effective and meaningful cost-sharing policies in place.

**Diversifying the resource base**

There is growing recognition and a general pattern of acceptance of diversifying resources for higher education beyond the public coffers. Cost sharing is the most common method of diversifying resources. Cost sharing is meant to distribute the cost of higher education across potential beneficiaries, including students, parents and guardians, employers and the public.

One of the common approaches to implementing cost sharing is establishing a loan scheme for students in financial need. The intention is to develop a revolving fund for the loan scheme to help ease the pressure on funding the national higher education system. So far, however, this has been successful in only a few African countries, such as South Africa and, to a certain extent, Kenya. This potentially major resource mobilisation effort has been stifled by numerous factors, including ineffective and poorly equipped management, non-committal executives, unenforceable policies, ineffective collecting mechanisms, poor employment environments, high inflation and devaluation.

At the institutional level, a host of resource-generation activities have been launched. The most common and visible form of resource mobilisation has been the deployment of private programs in public universities. In what is now known as “the privatisation of public universities,” programs for “private” students have become actively operational under Track1-Track 2/Mode I-Mode II regimes. In this arrangement, candidates who could not
make it into the tuition-free regular programs enrol as fee-paying students in the parallel programs. In some countries, the number of slots for the regular students, Track I or Mode I students, has over the years been shrinking while the number of fee-paying students, Track II or Mode II students, has increased considerably. For instance, the contribution of fees from Module II students to total university income rose from about 3.8 per cent in 1997–1998 to 33 per cent in 2002–2003 at the University of Nairobi. At Kenyatta University, tuition fees from Mode II students accounted for 48 per cent of the university’s revenues in 2009 (See Oanda, Chapter 5). More dramatically, Makerere University has increased its income from tuition fees from 30 per cent in the 1990s to as much as 80 per cent (Musisi & Muwanga, 2003).

Many institutions have also been establishing businesses as part of, or as entities separate from, the universities’ administration and management. Universities now commonly operate services such as bookstores, cafeterias, farms and facility rentals on a commercial basis. In more advanced cases, such as in Kenya, for example, the University of Moi has a registered limited private company, independent of the institution and run by a CEO.

Once the taboo of privatising the public higher education system was dismantled, institutions began imposing new fee regimes on a variety of services, including registration fees, exam fees, identification card fees, library fees and ICT fees. Institutions have found these internal resource-generation approaches to be less controversial than imposing hefty tuition fees, which are often subject to stiff resistance that draws undue attention from external stakeholders such as politicians, governments and the media.

One noticeable pattern of resource diversification is institutions’ tendency to be slow in effectively exploiting and mobilising initiatives. Universities tend to be less inclined to deploy their academic potential other than intensely engaging faculty in teaching. Needless to say, the tripartite functions of a university ought to be teaching, research and service; all these elements are not yet effectively deployed to enhance resources.

This present volume features the state of funding higher education in nine countries in Eastern and Southern Africa, namely: Botswana, Ethiopia, Kenya, Madagascar, Malawi, Tanzania, Uganda, Zambia and Zimbabwe. The chapters describe, analyse and critique the state and scope of higher education financing in great depth based on several sources, including surveys, interviews, focus groups and published reports.

**Botswana**

The only middle-income country represented in this study, Botswana has reached a 17 per cent enrolment rate – one of the highest in Africa. With steady economic growth and political stability for a long period of time, this country of 1.8 million people has managed to expand access over the years, with the anticipated goal of reaching 20 per cent by 2016. The government,
under pressure from the anticipated depletion of the diamond bounty, is in the process of deploying the higher education system to raise its global competitiveness (Teferra, 2012).

As part of this vigorous effort, Botswana is establishing, among other initiatives, a brand new international university of science and technology to attract students, faculty and administrators from the region and internationally. About 15 per cent of government expenditure is dedicated to higher education – quite a considerable commitment. Damane and Molutsi extensively explore the higher education terrain in the country with current data, information and analysis, with an eye on funding the system in the present and the future. In light of Botswana's already high level of government commitment to tertiary education, Damane and Molutsi firmly argue that the source of funding must expand beyond the governmental purse. They also highlight existing inefficient funding modalities in which several ministries are responsible for supporting and funding the tertiary education system.

**Ethiopia**

In the first decade of the twenty-first century, Ethiopia, the second most populous country in Sub-Saharan Africa, has undertaken a massive expansion of its higher education system, even by African standards where this has been a norm. A country with only two public universities in the early 2000s, Ethiopia had more than 30 within ten more years. Private institutions have also seen remarkable growth, from a handful in the early 2000s to more than 60 early in the next decade. The total enrolment figure rose from 40,000 in the early 2000s to more than 400,000 in 2012 (MOE, 2012).

Two chapters on higher education funding in Ethiopia are featured in this volume. Yigezu offers a comprehensive policy analysis on funding patterns, strategies and trajectories in the country, identifying their strengths and failings. He also examines the pattern of expenditure, the role and contribution of donors, the internal and external efficiency and effectiveness of public funding and the modalities of business/industry and university linkages and partnerships.

Yigezu concludes by offering recommendations to improve existing funding policies and strategies as well as strategies to diversify alternative funding mechanisms, including the diversification of the modality of cost sharing. Among other recommendations, he notes that securing sustainable financing for higher education primarily requires the efficient use of available resources, which necessitates the need for institutional autonomy and system reform in the management of budget expenditures. He emphatically argues in favour of the devolution of financial management and expenditure from the central ministry to the respective higher education institutions, a process in line with the government’s stated policy of decentralising
the education system, but which has not yet been extended to the higher education subsector.

Waweru and Abate take a focused approach to revenue diversification and resource mobilisation in Ethiopian universities. They examine the extent of resource utilisation and diversification in public universities, using data collected from the institutions. They also explore the challenges and opportunities of financing higher education institutions in Ethiopia. Waweru and Abate conclude that, despite a variety of strategies for revenue diversification, only a few institutions have so far meaningfully contributed to internally generated income; the authors therefore recommend more effort for improvement. Specifically, they recommend that universities consider establishing revenue generating enterprises headed by competitively sourced chief executives on performance contracts with a full mandate to identify and exploit revenue generation potential. In concurrence with Yigezu, Waweru and Abate also stress the need for decentralised and participatory management within the institutions.

Kenya

This volume also features two chapters from Kenya. Oanda discusses the dual-track tuition fee policy at public universities as well as the need for the adoption of holistic tuition fee policies and greater institutional autonomy for financial management. The chapter reflects on the implications of current higher education funding practices in Kenya vis-à-vis the attainment of social equity and the quality of public universities. Oanda argues that there has never been a coherent policy behind funding of public universities in Kenya, but rather historical and political imperatives, which are partly responsible for the current financial crisis in the system. He explains that the expansion of public universities has been driven more by national pride and domestic politics that prioritise quantity over considerations of quality and equity.

Oanda concludes that the revenues generated from dual-track tuition fees are treated as being supplementary to the government’s inadequate contributions, and they go toward meeting costs for salaries and infrastructural development but rarely toward enhancing quality and equity in the public higher education system. He laments that, while the number of self-sponsored students keeps increasing relative to government-sponsored students, key indicators of quality and equity are in the decline. More importantly, Oanda emphasises that the dual-track funding system as currently practiced has not adequately addressed the issue of sustainable funding of institutions, nor has it satisfied the needs of the growing number of potential students. This indicates that the problem of funding still persists, and the need for a long-term sustainable funding policy remains.
Ronoh, Mumiukha and Sang write on entrepreneurship within the higher education context. They explore the contemporary challenges facing the higher education sector in Kenya and analyse the viability of entrepreneurship as an alternative strategy to complementing the funding of higher education. They note that the quest for income generation through entrepreneurial universities should be strengthened, and the capacity of the institutions to mobilise resources should be embraced. The authors stress the need to diversify funding sources through a strategy of redefining the resource-sharing responsibilities between the state and non-governmental sectors. In their conclusion – and in concurrence with Waweru and Abate, who write on revenue diversification in Ethiopian universities in this book – Ronoh, Mumiukha and Sang warn that too many entrepreneurial activities unrelated to higher education should be a matter of concern, as they distract from the core mission of the universities.

Madagascar

Based on interviews, surveys and data collected from several sources, Randriamahenintsoa critically reviews and analyses the state of higher education funding in Madagascar, Africa’s largest island. Against the background of the country’s colonial history, the chapter provides an overview of the state of higher education in the country. In analysing the state, scope and trends of higher education funding in Madagascar, Randriamahenintsoa focuses on resource mobilisation, allocation and utilisation.

This chapter extensively discusses current challenges and opportunities of the funding system with perspectives on policy, governance and management and administration of higher education institutions. Randriamahenintsoa reckons that the introduction and effective implementation of the three-cycle degree system (LMD) may not only have positive implications to quality and relevance, but may also resolve the outstanding problem of program duplications across institutions and thus contribute to minimising resource wastage.

Moreover, the introduction of the credit system at universities may have considerable financial implications, as it will require different modalities of teacher compensation vis-à-vis curricula and programs. Randriamahenintsoa concludes that the traditional funding systems are no longer viable for universities to function normally, let alone compete globally, and recommends with some urgency consultative short-term and long-term funding policies.

Malawi

Malawi, a landlocked country highly dependent on a few agricultural products, is one of the poorest countries in Africa. The tertiary education sector is largely dominated by two public universities and has Africa’s lowest enrolment ratio, at less than 0.5 per cent. Based on extensive research of secondary
sources and first-hand accounts, Dunga discusses financing policies and strategies and, with concurrent analysis of the higher education landscape as a whole, assesses their strengths, weaknesses and levels of effectiveness. The severity of the financial shortfalls in Malawi is characterised by an unsustainable discrepancy between the university's estimated operational budget and the government’s actual funding capacity – a shortfall which amounts to as much as 50 per cent. This chapter, guided by equity and fairness, challenges the main justifications propounded by the government in maintaining current practices of unsustainable and expensive financing of the higher education system.

Based on evidence from a study, Dunga states that most university students in Malawi come from the upper-economic or upper middle-economic classes, which defies the argument for government-sponsored tertiary education for all. He makes an emphatic argument in favour of the government allowing institutions to charge reasonable tuition fees and implement cost sharing by introducing a means-tested student loan program with meaningful repayment mechanisms.

**Tanzania**

Ishengoma extensively discusses and analyses current funding models of public higher education in Tanzania by providing a rich account of the system. Laying out challenges past and the present, he proposes funding models to attain financial sustainability for higher education in the country.

In light of huge growth in the higher education system, Ishengoma posits that the current funding modality of the public higher education system is both unsustainable and unrealistic. He further argues that, while the government bears the responsibility of funding public higher education, it is encumbered by numerous competing needs that are not fully prioritised.

To better address current and future challenges, Ishengoma advises a host of new funding models and strategies for higher education in the country, including the establishment of a dedicated bank to guarantee the financial sustainability of the sector. The Higher Education Development Bank would adopt a public-private partnership model and replace the Higher Education Student Loans Board, which has so far been ineffective in loan disbursement and recovery. He goes on to argue that the proposed bank would provide loans to students at commercial, market-value interest rates for tuition fees and related costs as well as to institutions for capital development and other activities.

**Uganda**

Ssempebwa and Ssegawa examine the liberalisation of student fees in the country. Based on data collected from a cross-section of university
vice-chancellors and officials from parliamentary committees, the Ministry of Education and Sports and the National Council for Higher Education, the authors explore numerous issues surrounding higher education funding policies.

Ssempebwa and Ssegawa note that, while implementation of policy reforms provide an opportunity for several types of stakeholders to contribute to funding higher education, government interventions constrain public institutions from raising student fees, in contravention of the institutions’ autonomy as enshrined by law. The authors, charging the interventions as politically motivated, go on to criticise existing higher education student sponsorship policy as entrenching inequity in access to higher education in the country.

In another chapter on Uganda, Oboko discusses higher education funding dynamics, with special emphasis on donors’ roles and contributions to higher education in the country. The study, which surveys 13 high-level officials, also assesses the conditionalities of donors’ funding schemes and examines alternative funding sources.

Oboko acknowledges that, in light of declining government subventions to higher education, donor support has become vital for higher education development in Uganda; however, he contends that fundamental limitations exist. Outlining Uganda’s preferred aid architecture, he notes that it is currently dominated by a budget support modality accounting for nearly half of the total inflows. Although the education sector has always recognised the importance of stakeholder participation, Oboko notes that the advent of new aid modalities, particularly the sector-wide approach, has improved stakeholder participation.

**Zambia**

Masaiti provides an overview of the higher education system in Zambia with a considerable and detailed account of the state of funding in the country. The chapter outlines the chronic challenges of funding, for decades, the country’s higher education system. It also illustrates, with considerable detail, the incurred and growing debts that have strangled the institutions.

What is probably remarkable, if not deeply worrying, is the lack of synchrony between demand and supply of resources, as the government can only provide a fifth of the universities’ operational budgets. This chapter, based on responses from nearly 400 student participants, also attempts to establish views and opinions on matters such as; who should pay for higher education: privatisation of public institutions: cost sharing and student loans. In conclusion, this chapter reiterates the need to address the huge debt of institutions while developing – and implementing – a meaningful cost-sharing strategy.
Zimbabwe

Mpofu, Chimhenga and Mafa write on funding higher education in Zimbabwe and focus particularly on the experience, challenges and opportunities of the country's higher education funding scheme, known as the Cadetship Scheme. The authors explore the higher education landscape within the social, economic and political upheavals that until now have rocked the country for nearly two decades.

Based on descriptive surveys, document analysis, interviews and focus group discussions with students and administrators, the authors provide extensive information on the profile and extent of beneficiaries of the Cadetship Scheme, its inherent challenges and gaps, as well as perceptions about it.

Mpofu, Chimhenga and Mafa conclude that the Cadetship Scheme – for all its shortcomings in timeliness, magnitude, extent and scope – is the main funding strategy for the majority of students in Zimbabwe and, thus, needs to be reviewed and consolidated.

Conclusion

The chapters in this volume exhibit common patterns of chronic financing challenges in higher education systems across the region. With the massive expansion of the system due to high demand for and pressing needs of higher education, the system is under considerable strain in virtually every country. The general consensus is that delivering higher education for “free” is simply no longer tenable, even in a country like Botswana, which has attained middle-income status. Government-sponsored higher education systems characteristic of the region are now shifting toward more cost augmentation pursued by diverse policies, strategies and approaches.

Africa is facing the dual struggle of expanding access while raising quality in higher education. Both challenges necessitate considerable resources for a long period of time. As explained in this volume, the search for appropriate funding mechanisms, processes and policies and their implementation remains difficult when compared against other equally competing needs.

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