



Financing Higher Education: A Case of Some Selected African Countries

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Abstract

Education has proved to be an essential tool for the overall economic development of both developed and developing countries. As one of the most important social services, governments of countries are still financing education following different methods at the various levels of the education ladder: elementary, secondary and tertiary. The investigation of the different methods followed by different countries shows that the separately employed methods of financing higher education practiced in selected African countries were not found to be responsive to the demand for quality and relevant education.

1. Introduction

1.1 Background

History of education tells us that the growth and advancement of knowledge is still a continuous and unabating occurrence ever since the creation of man as man is endowed with the ability to learn. As a learning being, man continues to struggle untiringly to understand his environment and make life more comfortable and simpler.

Man's knowledge of science through the centuries, came up with the development of technology through different inventions. Science and technology, then, continue to advance very rapidly hand in hand and to affect man both positively and negatively. Since the positive realities act as integrating forces in the ever-changing life of man, people all over the world have high hopes that the new technologies will lead to healthier lives, greater social freedoms, more knowledge and more productive livelihood. As a result, today, there is a great rush to be part of the network age, which is the combined result of the technological revolution and globalization. The two are strongly interconnecting world markets and linking people across all kinds of traditional boundaries (Human Development Report, 2000).

Globalization has become a popular term to describe the receding of the socio-cultural

boundaries between people of the world. It describes the shrinking of the world, where by, the local becomes global and the global determines the local (David A. Smith, 1995:194). This situation exerts pressure on the people of developing countries, since they would find it difficult to adjust themselves to the prevailing technological development and keep up with the rapid change around them.

The great challenges of science has been forecasted by Alfred N. Whitehead, as early as 1916, when he said that the rule of the conditions of modern life is absolute. That is, governments and people, who do not value trained intelligence are doomed, because even though they maintain themselves some how today, science will move more steps forward and there will be no chance for reconsidering the judgment which, by then, will have been passed on the uneducated (Deter M. Keezer, 1959:9).

One of the mechanisms to empower people and cope up with the rapid scientific and technological advancement is the provision of qualitative and relevant education and training. The provision of education and training to citizens would enable them to understand science and technology and become effective and efficient producers. This however, is still not an easy undertaking for developing countries of Africa, Asia and Latin America. As a result, people fail to destroy ignorance, poverty and disease, and countries continue to lag behind in economic, social and political development.

The provision of educational service at the tertiary level follows different methods of financing the system in different countries. The purpose of this paper is to investigate the methods of financing higher education to give a short overview of the conditions in Ethiopia, South Africa, Swaziland and Zambia, and to suggest viable methods that could be tried by any interested developing country.

These four countries are selected hoping that they would provide good perspective for comparison since they have different levels of economic development. The cultural and economic development of the countries, the availability of human, material and financial resources are limitations to the aims, objectives, priorities and strategies (Aggarwal, 1987).

1.2. General Aims of Higher Education

Education is an essential tool for the overall development of any country. Every level of education has a part to play in the process of hammering out the tool for development. There is a clear chain effect between the different levels in any system of education. The quality of education at the lower level determines the quality of education at the secondary; the quality of the secondary level determines the quality of the tertiary or higher level, which leads to be more productive.

UNESCO defines higher education as organized and training activities, which include conventional universities with arts, humanities and science faculties as well as those specialized in agriculture, engineering and technology. Post-secondary institutions like polytechnics vocational and educational colleges are also classified as third level institutions of learning and training (UNESCO, 1947:7).

Higher education has a mission. In most African countries this mission has remained vague over the years. As a result, many African countries take training and research as the mission of higher education. This has acted upon intellectuals as an impetus to engage themselves in research.

Intellectuals do believe that higher education should raise society's level of productivity through the instrumentality of the professionals it produces. Furthermore, they stress that higher education should aim towards developing a culture of peace in society and building morality and social responsibility in citizens. The professionals and intellectuals produced in institutions of higher education must be able to demonstrate and insatiable desire to learn and a non-diminishing interest to conduct research that would contribute to the overall development of their country (M.K.A Edee, 1998: 103).

Higher education input helps to preserve the cultural heritage and identity of a nation and also provides the means for upward social mobility. As a result of educating and training middle and higher level scientific, technical and managerial manpower; economic development comes about by creating new knowledge through research and advanced scientific training which leads to the adaptation, transfer and dissemination of knowledge

(J. Salmi, 1991:2-3).

According to the Education and Training Policy of the Transitional Government of Ethiopia (T.G.E.), "Higher education at diploma, first degree and graduate levels, will be research-oriented, enabling students to become problem-solving professional leaders in their fields of study and in the overall societal needs" (TGE, 1994:15). This aim can be taken as ideal, but the problem is buried in the practical aspect like a time bomb, to disrupt the normal functioning of the system. This is so because the implementation can be limited by different hindrances and shortcomings, which can be reflected through failure to produce the necessary skilled professionals.

Nowadays, the distribution of scientific and technological capabilities across nations of the world is highly unequal, despite some progress in the last ten years. Developing countries have less scientists and engineers because of the low development of higher education. As a result, they have proved themselves to lag economically.

If one closely examines the aims of higher education as expressed above it is clear that there are common strings, which pulled together and tightened, would raise productivity, preserve cultural heritages and national identity, provide the means for upward social mobility, bring about an overall economic development of a country and hence solve societal problems and needs.

After taking these aims as viable, it would be pertinent and justifiable to ask whether higher education systems in developing African countries could achieve them. As it stands now, the technological and scientific gaps between developing and industrialized nations are growing wider and wider day-to-day. These gaps must be narrowed and gradually closed. It is through highly specialized knowledge acquired in higher education systems that the gaps can be narrowed and closed in developing countries. This requires the developing countries in Africa, Asia and Latin America to give special attention to higher education and its quality. It is obvious that this attention would be a pretentious act unless their financial conditions allow them to do so. As things stand now, developing countries spend only four percent of what the developed countries of the world spend on research and development. Most of these are concentrated in the newly

industrialized economies as a few large countries like India and Brazil (J. Salmi, 1991:2). This raises a question of the financial conditions of some institutions of higher education in Africa.

2. Review of Literature

2.1 Financial Conditions of Institutions of Higher Education in Selected African Countries

Many researchers have clearly pointed out the problems of institutions of higher education in Africa. One among many is the financial problem. Money is an absolutely crucial input of any educational system, because it provides essential purchasing power with which education acquires its human and material inputs (Coombs, 1968:45).

Currently, African countries are experiencing a difficult economic situation. There is an increase in external debts and their servicing, where as there is a decrease of prices of raw materials and agricultural products such as coffee, cacao and pulses, devaluation of their notional currencies, and implementation of structural adjustment policies imposed by the IMF and World Bank. The following table gives a general picture of the four selected African countries in relation to population, GDP and public expenditure on education.

Table 1 Population, Gross Domestic Product and Public Expenditure of Four African Countries for the year 1998

No	Countries	Population in million	GDP in Billion	Public Expenditure on Education % of GNP
1	Ethiopia	61.47	6.5	4.7
2	South Africa*	42.14	133.5	6.8
3	Swaziland	.972	1.2	Data not available
4	Zambia*	9.53	3.4	1.8

Source: Compiled from the Statesman's Yearbook, 2002

*These two countries have declared free compulsory education for children of 6 to 15 years of age.

The financial conditions in African higher institutions are unpleasant not only because of the difficult economic situations. Horrific miseries brought about by the unabating political turmoil, mainly related to ethnic rivalry as witnessed in Burundi, Congo, Rwanda, Liberia, Somalia, Sierra Leone, etc. and natural disasters such as drought leading to famine and disease, disrupt the normal operations of educational systems.

These disruptions waste away the meager resources dripped into the public education systems.

The condition of the human resource, as a result of political instability, is also forbidding in many African countries. In Ethiopia, during the "*Derg*" regime, a total of sixty-five academic staff (10 Associate Professors, 21 Assistant Professors, 25 Lecturers and 9 Graduate Assistants) from Addis Ababa University left the country (Seyoum Teferra 1992:35). In 1991, as soon as the present regime assumed power, Addis Ababa University discharged 41 academicians, most of them highly qualified and experienced professors. It is a big loss for poor Ethiopia. Wasting away the meager resource, which was spent on training these professional undoubtedly had an effect on the quality of education, which gradually leveled down to the lowest possible standard. And this is being complained openly by citizens nowadays.

There is serious shortage of adequately skilled manpower not only in the teaching but also in identifying the appropriate instructional inputs with reasonable costs. This in turn may lead to unwise use of the scarce resource (Lockheed *et al*, 1991:3).

It is an undeniable fact that most universities in developing countries of Africa today are faced with the problem of uncontrolled growth of enrollments and expenditures, even though the financial resources are diminishing continuously. The quality of teaching and research works has declined as a result of the overcrowding, inadequate staffing, deteriorating physical facilities, poor and out-dated library resources and insufficient scientific equipment.

Internal inefficiency and a rising graduate unemployment are additional factors to generate and apply advance knowledge that is necessary to tackle social and economic development problems. Usually as a result of economic problems, grants made by governments to universities dwindle from year to year even though the demands for the services of the institutions increase (J. Salmi, 1991:3-17). Worst of all, even the small grants from governments are entangled by budgetary policies and highly bureaucratic procedures that aggravate the problem of financing education. For instance, in Swaziland, budgetary procedures are not sufficiently adapted to the needs of the

universities (B.V. Kunene et al., 1979:6). They are earmarked and itemized rigidly requiring some bureaucratic red-tape for readjustment.

These and other types of financial constraints incapacitate developing countries from meeting the demand for educational services. These countries, however, do not take the situation as a complete defeat. They react to it through some kind of managerial strategy. For example, Tunisia, Nigeria and Ghana introduced the practice of managing enrollment through the diversification of institutions. Kenya made three national polytechnics and eleven private colleges operate alongside the public universities. In Egypt, the government addressed the issue of open access by stabilizing the growth of enrollment in its universities and by creating a large network of two-year post-secondary technical institutes for the secondary graduates who could not enter the universities. Since the institutes are not adequately financed and the quality of training varies substantially depending on the available facilities, equipment and teachers, the two-year technical institutes, however, are regarded by the citizens as academic warehouses for storing surplus students. This is aggravated by the fact that the graduates of these institutes are not well considered for employment by industries and other firms.

Ethiopia, whose per capita income is USD 100 only (World Bank, 1996), has changed its system of education since 2002, making its structure 4 + 4 (elementary), 2 + 2 (secondary) and 3 years of post-secondary education leading to first degree. According to this new structure, at the end of grade ten, students will sit for the Ethiopian General Secondary Education Certificate Examination (EGSECE) (TGE, 1994:14-15).

On the basis of the result of the EGSECE, students will be placed either to pursue academic programs leading to first degrees, or terminal vocational/technical programs leading to a certificate of six months' duration, diploma of two years' duration, or an advanced diploma of three years' duration.

The academic programs that lead to first degrees start with a two-year preparatory program for university. The completion of the two-year preparatory program will be culminated by a university entrance examination. Almost 85% of those who take this examination are assured of admission by the Ministry of Education to a public college or

university. The 15% will be left to chance.

The two bottlenecks and blocking posts are meant to sift and to let only the best students to the public colleges and universities. Whether this newly introduced system would succeed or not remains to be seen. The doubt is always there. Will this system be a means of creating gate values or "*parking lots*" or warehouses just like that of the Egyptian system?

In Ethiopia, the finance allocation for the education sector has been 4.7 per cent of the GNP (World development Indicators, 1998), and is still very low, and will continue to be far below the demand for many years to come. (TGE, 1994:9). To alleviate these problems and create some kind of outlet for accommodating low achievers, the Ethiopian government permitted private entrepreneurs to establish private colleges. Students that couldn't enroll in government higher institutions because of the "*low grades*" they score in the ESLCE are joining the private colleges as far as they can afford the payment. Unity University College, one of the first private colleges in Ethiopia, has been enrolling students that have scored a grade point average of 2.0 and above out of 4.0 in the ESLCE for its diploma and degree programs accredited by the Ministry of Education. Through its Internship and Placement Unit, the University College is doing its best to find job opportunities for its graduates and it has also recruited of some diploma graduates for internal jobs. As a matter of fact, within its five-year period of service the University College has gained fame and popularity from the public.

Except for the 22,000 square meters of land that Unity University College got from the government, most of the other accredited private colleges are not given any substantial support from the government which, on the other hand, controls their standards and other expansion initiatives. The intervention would have been worthwhile if some kind of support through financing had existed, because these private colleges are easing the burden of the government with whom the responsibility of educating citizens was identified until very recently when private educational institutions emerged.

It is quite clear that any kind of national development comes through the activities of professional and technicians with different skills. The professional skills are acquired at

institutions of higher education. Yohannes Kinfu *et al* (1989:2) suggest that leadership in governments needs to intervene and subsidize expenditure in education. C.N. Mwikias (1999:3) takes this idea further and expounds on the role of governments in education. According to this author, "The emergence of private education and training institutions and the fact that many people are able and willing to pay for private education is an indication that governments need not be the sole suppliers of education. What they need to do is to review their roles with regard to financing, provision, administration, and regulation".

The author acknowledges H. Jacques (1990:79) and summarizes the role of governments in education as follows.

Table 2 *The Role of Government in Education*

<i>Active Action</i>	<i>Criteria</i>	<i>Recommendation</i>
1. Financing	Equity /Social benefit	<ul style="list-style-type: none"> ●1 Finance to equalize opportunities; ●2 Finance the most public; i.e. the highest social benefit
2. Provision	Cost /effectiveness	<ul style="list-style-type: none"> ●1 Seek partnership between the public and private sector.
3. Administration	Costs and trade-offs	<ul style="list-style-type: none"> ●2 Target and monitor public support
4. Regulation	Quality/norms	<ul style="list-style-type: none"> ●3 Regulate delivery systems; ●4 Limit the consequences of market failures.

2.2 Review of Country Experiences in Financing Higher Education

The following are examples of current methods of financing higher education practiced in four African countries.

1) Ethiopian Experience

The financial source for higher education is mainly through annual budgetary appropriations from the government with assistance from international organizations, bilateral donations and very low internal revenue. Even though this continued to increase gradually over the years, there is still a wide gap between the unmet demand for education at any level and the available resources. As a result, the private sector has been allowed to actively participate in providing educational service (TGE, 1994:9).

2) South Africa

The higher education system in South Africa consists of eleven universities; two of

which offer vocational type career-oriented programs to take care of regional manpower needs, six technical schools, four comprehensive universities and two national institutes for higher education. In South Africa, it is the government and its appointed agencies: National Student Financial Aid Scheme (NSFAS) and the Tertiary Fund for South Africa (TEFSA) that finance higher education. TEFSA was established in 1991 to support Historically Disadvantaged (HD) Students with academic ability to pursue higher education. The private sector also plays a significant role in financing higher education (Ishengoma, 2002:6). According to the documents of the National Commission on Higher Education of South Africa (NCHE), government financing is guided by the principles of cost sharing, equity and redress, and development (Ishengoma, 2002:6). The principle of cost sharing requires the government and students and/or their parents to share the costs of higher education. This does not apply to nursing, teacher and police training colleges, which are totally financed by the government. The principle of redress sees to it that government financing of higher education system becomes equitable and that unjustified inequities of access and opportunity in terms of race, gender, and social class are eliminated. The principle of development, which hinges on the human capital theory, connects higher education financing to the production of critical human resources for the socio-economic development of the country. Other principles include: efficiency, sustainability, quality and democracy which is the involvement of all stakeholders in decision-making concerning the allocation of funds to the higher education sector (Ishengoma, 2002:6).

According to the principle of equity, academically outstanding students but without financial resources get loans, and are provided with financial aid schemes, so that they meet their own and South Africa's development needs. From 1994 up to 2001, the government had allocated a total of 2107.7 (two point one billion) Rand (Ishengoma, 2002:8). Bursaries and loans are also available from private companies and commercial banks. Some companies can also apply for funds to the Ministry of Education and then give loans to needy students according to their own terms and conditions of agreement.

c) Swaziland

The University of Swaziland is financed by the government. A yearly budgetary allocation is the source of the financing. Recurrent funds are released quarterly; this

practice is not sufficiently adapted to the needs of the institution. Since government funding is inadequate to cater for all the community needs, communities and individuals fund institutions of higher education locally.

d) Zambia

The two universities in Zambia, the University of Zambia in Lusaka and the Copper Belt University in Kitwe are autonomous, even though they depend on government grants. The share of government expenditure has been continuously increasing. Private financing is minimal, even though private institutions sponsor some university students through university bursaries for technical and professional courses (Mwikisa, 1999:4). In the above four examples, the major financing agents of higher education are the governments. The question, then, would be the sustainability of this method.

2.3 Review of Attempts in Solving Financial Problems in Higher Education

To overcome the limitations of financing higher education, some African countries introduced certain strategies such as managing enrollment through the diversification of institutions and inviting investors to establish private institutions of higher learning. Except for the private investment on higher education, the other managerial strategies have proved to be temporary. Usually, private investors on any kind of business undertaking develop different types of financial strategies. The broad alternatives they follow include obtaining additional capital from shareholders, selling stock to the public, borrowing money from banks, securing credits from suppliers of materials and deciding how to use profits before declaring dividends to share holders.

Currently, public and private higher education in Africa is financed in several different ways which include self-help, student loan programs, private contributions of equipment and other materials, tuition fees paid by students or their parents and government funding supported by international aid donors.

2.4 The Sustainability of Government Financing of Higher Education in Africa

Financing higher education anywhere in the world has been and is still in many countries a responsibility of governments that cannot be shoved aside. It is believed that a

government that does not value education as a means of training the intelligence of the people during this period of scientific and technological advancement is doomed. The rationale behind this belief is that if people are able to maintain themselves today, science, not willing to coordinate its speed of advancement with them, will stride forward at an extremely rapid pace and there will be a lot who will be pronounced uneducated.

But even though the right to education is universal, the financial conditions in African higher institutions of education are unpleasant not only because of the difficult economic situations. Horrific miseries brought about by un-subsidizing political turmoil, mainly related ethnic rivalry as witnessed in Burundi, Congo, Liberia, Rwanda, Sierra Leone, Somalia, etc., and natural disasters disrupt the normal operations of educational systems.

It is clear that higher education that focuses on quality rather than quantity would enable African nations to succeed in effectively facing the challenges of modern times. If external supports and internal improvements lag behind the need for qualitative higher education, the result will be a mysterious erosion of quality which may go undetected by the general public until it is too late to reclaim the loss.

3. Conclusions and Recommendations

3.1 Conclusions

The different approaches to financing higher education employed by four African countries have been found to be incapable to answer the demand for qualitative, equitable and relevant education particularly, since government financing of higher education in Africa as a single-handed undertaking is not and cannot be sustainable. In fact, at present governments have reached a stage where they are unable to provide free education at all of the three levels. Even at the elementary level, it is only two countries out of the selected four that are able to provide free compulsory education to their citizens.

Whatever they provide is supported by international aid donors and tuition fees.

Researchers stress that it is possible that the total contribution which a government in

Africa is able to make to higher education will not increase substantially in real terms probably over the next 5 to 10 years. The situation of higher education in Ethiopia clearly shows this fact. Government universities and colleges are unable to accommodate all students that complete secondary schools every year because of shortage of budget. The student loan system which the government designed and publicized has not been yet implemented.

On the other hand, as a step forward, the Ethiopian government has involved private entrepreneurs in the higher education system. A total of nineteen private colleges have been established and accredited* and some others are on process. If among these, Unity University College which is the pioneer, and at least five others: Admas, Micro-Link, Royal and Saint Mary's Colleges are encouraged through moral and material incentives from the government, such as financial aid and /or institutional subsidies for students enrolled, others that have just sprouted and are on the process of accreditation would aspire to emulate their forerunners, and thus minimize the burden of the government. Since external aid donors have been proved to trust governments more than private institutions, the continuous search for external sources of funding is not that much fruitful for private institutions of higher education particularly in Ethiopia.

3.2 Recommendations

1. African countries must review the shape and size of their higher education system as well as its funding. African institutions of higher education should set clear, general and specific as well as attainable aims and mission of higher education.
2. Governments have to target and continuously monitor inputs of and supports from any sources for higher institutions and see to it that these really become contributory to the provision of relevant, equitable and qualitative education. Program Evaluation and Review Techniques (PERT) can be employed, periodically, every two or three years to correct internal inefficiencies of the institutions. Internally, African institutions of higher education should have a clear financial policy that allows for an efficient budget implementation and cash management, an appropriate financial accounting and control system, and an effective revenue generation scheme.
3. It is clear that the economic capability of most African countries is limited.

Therefore, governments have to try to:

- encourage partnerships between the public and private sectors;
- regulate the delivery systems of both public and private institutions by accompanying their regulatory moves with incentives such as subsidies, tax reduction, promotions and other support mechanisms;
- limit the consequences of market failures by carefully planning for an overall economic growth that would absorb a significant number of skilled professionals trained in higher institutions of education.

In preparing aid project proposals to be submitted to external aid donors, ministries of education of African countries must include the financial support that the new private institutions of higher education need.

4. Both public and private institutions of higher education must try to secure external sources of funding; and whatever external aid governments secure in the name of higher education must be distributed to both institutions proportionally on the basis of their needs, level of development, and the comparative excellence of the service they give to society.
5. Both public and private institutions of higher education must try to generate as much income as possible from different internal sources: bookshops, publishing houses, consultancy services, workshop and short training services, cafeteria, physical fitness gymnasias, etc.
6. According to many researchers in the field of educational finance, the total budgetary allocation and generated income must be earmarked in such a way that academic activities are given priority: 60 percent of the total for academic activities; 30 percent for administrative and other supportive activities; and the remaining 10 percent has to go to reserve fund. This is what African institutions of higher education must implement if they want to survive and be productive.
7. African governments and institutions of higher education should create some ways and means of sharing experiences related to the provision of relevant, equitable and qualitative education.

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