

# Innovative Resources Mobilization and Management for Sustainable Quality Higher Education

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**IUCEA's 15<sup>th</sup> Annual Conference & Meeting , JUBA – SOUTH SUDAN**

**17<sup>th</sup> to 18<sup>th</sup> July, 2024**

# Presentation Structure

- ▶ Introduction
- ▶ Resources-related Challenges Facing Higher Education
- ▶ Traditional Models for Financing Higher Education
- ▶ Some Innovative Models for Financing Higher Education
- ▶ Conclusions and Recommendations

# Introduction

- ▶ All types of resources: natural, human, financial, material/physical, technological, informational, and social are key assets higher education institutions require in order to achieve their visions and missions.
- ▶ However, these resources are always scarce while needs are abundant
- ▶ Therefore, they must be properly mobilized and managed.
- ▶ Leadership and governance is crucial as are responsible in the acquisition and efficient usage of these resources in the institutions and colleges of higher education.

## Introduction Cont.

- ▶ While all types of resources are important, they, to a great extent, depend on finances.
- ▶ Indeed, most of the key resources in academic institutions (e.g. human, physical infrastructure, materials, ICT and other technological infrastructure depend on the availability of funds for proper for their acquisition and utilisation.
- ▶ Therefore, while it highlights on other resources, this presentation focuses on finances by discussing models/approaches for funding higher education.

# Higher Education in Africa: Resources-linked Challenges

- ▶ Low participation rate and inequalities of access
- ▶ Shortage of academic staff
- ▶ Low knowledge production

## Low Participation Rate and Inequalities of Access in Africa

- Despite efforts by most African governments to expand participation and access to higher education, participation rates in higher education are still low in Africa, compared to other regions of the world.
- For example, with 48 countries and a population of over 1 billion, Sub-Saharan Africa (SSA) is one of the largest regions in the world. But the current gross tertiary education enrollment ratio is 9.4%, which is well below the global average of 38%.
- Low enrollment in higher education is a result of a combination of factors including limited physical facilities, insufficient numbers of academic members of staff as well as other educational resources and inability to afford the costs of higher education.

# Shortage of Academic Staff

- ▶ Shortage of academic staff particularly in senior positions from senior lecturer and above, is a huge challenge for African universities mainly due to brain drain (internal and external) and retiring professoriate.
- ▶ This is a critical challenge for African universities and no respite seems to be in sight. If not addressed the African academy will lose its ability to produce the requisite number of personnel to support countries' human resource needs.
- ▶ One reason for shortage of academic staff is that academics are not well remunerated compared to other positions with high social status and less academic qualifications and what academics receive as consultants and managers of donor-funded non-governmental organizations. This, in turn, is a result of shortage of financial resources.

# Low Knowledge Production

- ▶ Higher education in Africa faces a challenge of low knowledge production in terms of the number of articles published in peer review journals and books and production of PhD graduates.
- ▶ Sub-Saharan Africa is the region with the lowest research capacity and output in the world. According to Elsevier, currently, the region contributes less than 1 percent to global research.
- ▶ This is attributed to a relatively low number of experienced researchers in part due to brain drain; heavy teaching load, moonlighting by faculty, and lack of research resources—such as, library facilities, information and communications technology infrastructure, and well-equipped laboratories.

# Traditional/Conventional Models/Approaches for Financing Public Higher Education in Africa

- ▶ Full government funding model
- ▶ Cost sharing model
- ▶ Privately sponsored students programme model
- ▶ Donor contribution/Support model

# Full government funding model

- Full government funding model is an approach whereby governments assume full responsibility of financing higher education from the construction of the education infrastructure to paying for food and accommodation, tuition fees for students and covering staff salaries, other emoluments, staff training, research etc.
- This model, which was popular at independence in many African countries, has since been abandoned in many African countries, partly because it was inherently unsustainable but also due to World Bank/IMF engineered structural adjustment programmes which de-prioritised education in allocation of public funds. This was due to the misguided belief that tertiary education has little role in promoting economic growth.

# Cost sharing model

- In this model, the burden of higher education costs previously borne exclusively by the government or taxpayers, are shared by the direct beneficiaries of higher education (i.e. students and parents),
- It was adopted in the majority of African public universities in the late 1980s and early 1990s because of financial austerity as a result of economic crisis. The model has incorporated the establishment of student loan schemes and universities
- One of the challenges of this model is the ineffectiveness of the student loan schemes including lack of transparency, politicisation and a lackadaisical attitude among its implementers.
- Governments' imposition of the cap on the amount of tuition fees to be charged by institutions, even of privately sponsored students means universities cannot raise sufficient funds to finance their infrastructural development necessary for expansion.

# Privately sponsored students model

- In this model, governments sponsor a specific number of students in a public university on the basis of academic merit, and it pays for full tuition.
- Also, universities charge different tuition fees for government sponsored and privately sponsored students, usually charging high tuition fees for government sponsored students. Other students seeking admission into public universities have to pay full costs.
- This model has the propensity for exacerbating inequities in access to higher education along socio-economic status and regional lines, normally dominated by students from the rich and higher socio-economic status families, and from rich districts and historically advantaged regions.
- In so far as it is almost exclusively dependent of fees, this model can hardly meet fully the resource needs of universities.

# Donor contribution/Support model

- Another model of financing higher education in Africa has been through bilateral and multilateral donor aid to public higher education in Africa, mainly through the support of a capital-development budget for the research and operating costs. The World Bank in particular has been the lead donor
- Weaknesses lie on its modality. Bilateral, multilateral and private donors prefer to give project and programme aid, either indirect or direct. However, they are fragmented, or not synchronised to have any significant impact on the holistic expansion of higher education.
- In some cases, unco-ordinated donor aid in higher education has resulted in undue imbalances in aid inflows, leading to uneven growth of the public universities sub-sector, creating 'rich' and 'poor' universities, and 'over-funded' and 'under-funded' departments and disciplines within the same university.

# Selected Innovative Models/Approaches for Financing Higher Education

- ▶ Business model or market model
- ▶ Bonds issue
- ▶ Higher education specific financing facilities
- ▶ Credit or unit-based tuition fee financing
- ▶ Higher Education Investment Banks (HEIB) or Higher Education Development Banks
- ▶ Private-Public Partnerships (PPP)
- ▶ Performance – Based funding model

# Business model or market model

- This model assumes that a university, through corresponding new organisational forms and institutional governance structures, undergoes a significant transformation or evolution from a traditional or development university to an entrepreneurial or corporate university, though without a radical shift from the conventional mission of the university.
- Business practices and principles are injected into the running of the university's income generating and revenue - diversification activities through a limited liability company wholly owned by the respective university.
- The university acts as a parent or holding company, with decentralised centres or organs acting as the entrepreneurial or cost-or-profit centres, with the expectation that they will achieve self-sufficiency from a diversified funding bases.

# Business model Ctd...

- Inherent in the business model is the emphasis on the identification of the university resources and their potential commercial exploitation, and the assumption that universities have to vigorously market their services and products, for example, research and consultancy, and inject market principles and market-driven approaches into the financing of higher education to make it completely self-financing ,
- However, over-indulging in business and other commercial activities risks universities focusing too much on money rather than ideas, knowledge, innovation and intellectual curiosity.
- It could also result in some disciplines which are incapable of generating funds being marginalised or scrapped altogether

# Bond Issue

- Universities, particularly ones, with stable tuition cash flows, and strong track records of sound governance and management, can issue or float bonds in the market which can strengthen the market awareness of the university as a worthy institution for future investment by different investors.
- However, this model may not provide panacea for financial resources woes of institutions of higher learning in Africa most of which are private, with relatively small number of students and are heavily dependent on student fees whose flow is unstable and which, as seen above, are highly controlled by Governments.

# Higher education specific financing facilities

- ▶ The establishment of a financing facility specifically for higher education institutions is another innovative approach to financing higher education expansion.
- ▶ This facility can provide specific capital loans to higher education institutions to cover, for example, the purchase of new technologies, R & D projects, computer equipment and software, capital purchases of small plant and machinery and lab equipment, and to fund the construction of new campuses.
- ▶ In this vein, the African Union is championing the establishment of the African Education and Science Technology and Innovation Fund (AESTIF) which will be owned and managed by Africa, through the African Development Bank. AESTIF aims at pooling US\$300 million via innovative financing mechanism.

# Credit or unit-based tuition fee financing

- Charging tuition fees on credit or a unit basis allows payments in smaller amounts to improve affordability of higher education programmes for the many students from poor families who may not have enough cash or access to funds to pay full tuition costs for the whole course at local universities.
- This approach apart from increasing access, creates greater affordability and flexibility by allowing many students to study at their own pace and accumulate higher education credits while working.

## Establishing Higher Education Investment Banks (HEIB) or Higher Education Development Banks

- Higher Education Investment Banks by private investors (local and international) or other non-state actors can partner with the governments under Public–Private Partnerships arrangements to replace the Higher Education Students Loans Boards (HESLB).
- HEIB can be multi-purpose bank by giving loans to individual students, parents and higher education institutions for capital development, charging market rate interest.
- If established, all African governments can be members of this bank, modelled along African Development Bank structures.

# Private-Public Partnerships (PPP)

- Under this model, the state provides substantial funding for capital expenditure while the private sector is responsible for operational expenditure.
- The model has been employed in countries such as Zambia where Mulungushi University in Zambia was established by the Zambian government under a 35 million USD Memorandum of Understanding between the Government and Konkola Copper Mines in 2008.
- However, many types of PPP that exist and used in financing HE in many African public universities and their effectiveness are not very evident.

# Performance - Based Funding Model

- Under this model, funding is paid as part of recurrent expenditure to universities upon delivery of the required performance.
- The scheme provides incentives to institutions to implement programmes that would lead to the realisation of national development policy objectives which cannot be reinforced through enrolment-based funding instruments or any other funding instrument.
- Universities and colleges are rewarded for efficiency in teaching, research and community service and encourages competition among universities and colleges which eventually stimulate the evolution of centres of excellence.
- It makes funding allocation more transparent and more competitive through redistributive funding formulae mainly based on performance.

# Conclusions and Recommendations

- ▶ There are many models of, and approaches to, financing higher education, some traditional and some relatively novel. Africa, and the IUCEA countries in particular, should explore each and every one of these models in order to have a wide pool of strategies for mobilising resources for higher education on the continent. In doing so, it should, drawing for the experiences of the countries where these models have been applied, in order to maximise the benefits of positive experience and to avoid the negative aspects of those models.
- ▶ In relation to state funding, Africa, and IUCEA countries need to affirm the role of national Governments in funding higher education. Contrary to some perceptions that state funding of education is a feature of socialist and communist systems, the model traces its origins in the ideas of Wilhem von Humboldt, who funded the University of Berlin in 1810 and the **Humboldtian model of higher education** (Second Generation Universities) whose main features were unconditional academic freedom for academics and students, corporate autonomy of universities, and state funding of higher education.

# Conclusions Ctd...


- ▶ It is worthy noting that even in regions where the push for reduction of state funding of higher education came from, some governments continue to cover a greater proportion of the costs of higher education for their population.
- ▶ For example, public funding in higher education costs is about 90% in Austria and Italy, about 80% in Portugal and Finland, about 2/3 in the UK, Denmark, Sweden, Ireland (OECD, 2020). Most German universities are state-owned, and tuition is free of charge. At the same time, more than 30% of students receive material assistance either from the federal budget (33% of all funds), or from land budgets (45%), or from various communities (22%) (Kottmann et al., 2019)

# Conclusions Ctd...

- ▶ Donor support should, and will, continue to be one of the source for funding higher education. However, as the African Union has rightly proposed, there is a need for “improving the coordination of financing across multilateral agencies at the global level and exploring innovative financing mechanisms based on the experience of other sectors... (AU, Concept Note on Education as the AU Theme of the Year for 2024, p. 4)
- ▶ African countries, and IUCEA Member States in particular, should carefully study in detail the innovative models/approaches to higher education funding adumbrated above to determine which ones can and cannot apply in their context. They should also seek to learn from the experiences of the countries where these models have been tried in order to make informed decisions as to which ones to try out.

# Conclusions Ctd....

- ▶ Additional sustainable financing strategies which higher education institutions should consider include mobilizing resources toward equitable enrollment, improving quality and relevance of programs and generating income through fundraising from alumni, industry and charitable sources. Higher education institutions should also consider setting up endowment funds or foundations. Examples of such foundations in Africa are Ashesi University Foundation in Ghana, Makerere University Endowment Fund in Uganda, Fondation de l'Université d'Abomey-Calavi in Benin, and the Fondation Université Cheikh Anta Diop in Senegal.
- ▶ Some of the models/approaches discussed here in will require review of national policies and legislation on higher education in order in order to accommodate them in the legal frameworks.



I thank you for your attention