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Funding Higher Education in Uganda: Modalities, Challenges and Opportunities in the twenty-first Century

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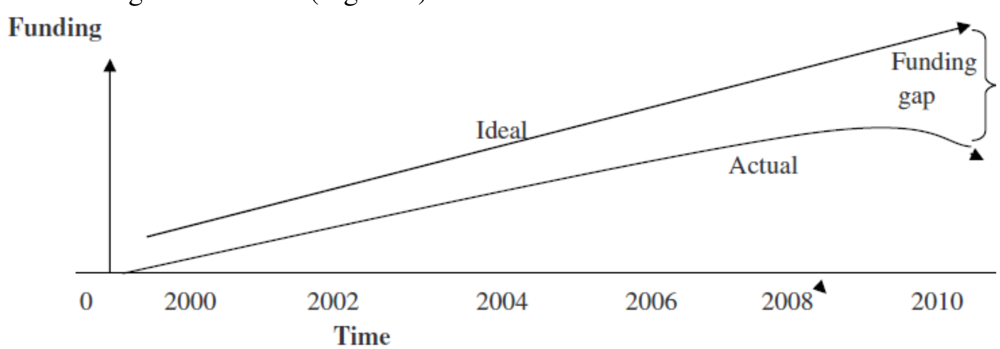
Abstract. This century is faced with many challenges which require investment in higher education to provide a sense of direction. This research was undertaken to specifically identify the funding modalities, effectiveness, challenges and opportunities in Uganda. The research employed the qualitative approaches. The two commonest funding models are the public model and the market model. The challenges to funding higher education in Uganda include the increasing demand for primary and secondary education, among others. The major conclusion was that there has been a general decline in the funding of higher education over the last two decades. There has indeed been a widening gap between actual funding and ideal funding, with a serious impact on educational outcomes. However, it has been noted that Uganda has a lot of opportunities in this century to improve funding of its higher education. It is recommended that, among other initiatives, Uganda should encourage private funding of higher education.

Keywords: Higher education funding, Reform, Quality assurance

1 Introduction

In this 21st century investment in higher education is one of the ways to offer a positive trend for humanity. In all countries, the education industry is one of the largest. Unlike most other industries, it is one where governments of all ideologies intervene pervasively (Appleton, 2001a). In industrialised countries, it is promoted partly for its perceived benefits in creating and utilising new technology – the engine of economic growth. In developing countries, it is generally seen as both economically productive and also as a dimension of development in itself. Appleton (2001a) reports that, despite its growing importance in economic debates, the post-World War II consensus that education is best funded and provided by the state has been increasingly challenged. In African nations in general, there is a general realisation that all is not well with the higher education system. Adjustment is the battle cry everywhere (Obanyan, 1999). There is no doubt that education, including the higher education sub-sector, has to be adjusted along with the economy. What is open to debate is what forms such a process of adjustment should take (Obanyan, 1999). This study acknowledges that no meaningful adjustment can take place without talking about funding. Therefore, the aim of this study is to explore the funding of higher education in Uganda – its modalities, opportunities and prospects for this century.

The higher education system in Uganda comprises universities, national teachers' colleges, colleges of commerce and technology, and other schools and colleges, both private and public (Obwona & Ssewanyana, 2007). The duration of undergraduate courses ranges from two to five years. Individuals are admitted into these institutions after the completion of their secondary education or its equivalent. National and higher education sector-specific reforms implemented over the last three decades have had both positive and negative effects on the overall higher education sector (Obwona & Ssewanyana, 2007). First, the liberalisation reforms have encouraged the participation of the private sector. This explains the rapid expansion of higher education institutions since the 1990s. The number of universities has increased from three in 1997 to 24 in 2012, of which only 5 are public.[1] Second, government has shifted focus to primary education since 1997, when Universal Primary Education (UPE) was introduced, so government spending on higher education has reduced. In the early 1990s, less than 40 per cent of the education budget was allocated to basic/primary education; by 2002/3, more than 60 per cent of the budget went to this sub-sector. This suggests a declining trend of funding towards higher education (Figure 1).



[1] The five public universities in Uganda are: Gulu University, Makerere University, Mbarara University of Science and Technology, Busitema University and Kyambogo University.

Figure 1: Hypothetical funding gap in Uganda's higher education (2000 to 2010)

Figure 1 shows that the gap between the ideal and the actual funding situations appears to be increasing with every successive year. This study is thus undertaken to: a) establish the modalities of funding higher education; b) assess how effective these models have been; c) examine the challenges of funding higher education; and d) examine the opportunities for funding higher education. It is hoped that by focusing on these objectives, the study will help stakeholders to re-evaluate their commitment in respect of higher education.

2 Methodology

The study adopted a non-experimental, descriptive and exploratory design. It is descriptive as it describes situations and events in respect of higher education in Uganda. It is also explanatory in that it attempts to explain why certain actions/decisions are taken in this sector by the relevant authorities. This study used qualitative approaches of data collection and analysis. Data were obtained from relevant books and periodicals, government publications, statistical abstracts, the media and reports. The key search terms used were "higher education, Uganda". The search resulted in 89 appropriate citations, and out of these the 25 most relevant were extensively reviewed. The search results were limited to English only. The reference list of the benchmark literature was searched for other potential sources. The data sources were mainly from the Makerere University library hyperlink (http://www.mulib.mak.ac.ug) and included AGORA, Project MUSE, Ebsco, Jstor, Google Scholar, Proquest and PsychInfo.

The data collected were analysed using content analysis, which was conducted by the researcher using a manual decision support system. While using the system, the researcher highlighted each theme as it occurred in the raw data. Each highlighted segment theme was given a theme code and the theme code name was written in a data index, so that a record of the list of themes was kept. Thereafter, the highlighted segments were collated into separate files, so that each of them had a collection of quotes.

The validity and reliability of the data are enhanced by the fact that most of the citations reviewed were from credible sources such as the World Bank (2010), UNESCO (2011), including recent reports on Uganda's higher education such as the National Development Plan (NDP) (2010), and the National Council of Higher Education (NCHE) (2009). Empirical data from sources such as Obwona and Ssewanyana (2007) and Bloom, Cunning and Chan (2006) as well as prominent educationalists such as Ssempebwa (2007) and credible national newspapers, have all been useful.

3 Theoretical Perspectives on Funding Higher Education

There are two common models of funding higher education, at least in the context of African higher institutions – the public and the market-based models. All other forms lie along the continuum. In the public model, the funds come from the central government. This model allows the allocation of government funds to individual institutions in accordance with both the budget made available by government and with government's policy priorities (Pundy, 2003). Higher educational institutions can receive the following: a) block funds, which are undesignated amounts made available to each institution and consist of research, teaching and institutional factor funds (Pundy, 2003) and b) earmarked funds, which are designated for specific purposes. The components of these vary from country to country. For example, in Tanzania the government does not only finance public higher education institutions through subventions to cover recurrent and capital development budgets. It also finances tuition-dependent private higher education institutions through providing interest-free loans to cover tuition fee and related costs to students enrolled in private universities and those enrolled in privately sponsored programmes in public universities through the Higher Education Students' Loans Board (HESLB) and the Tanzania Education Authority (Ishengoma, 2008). The other challenge to this model in most African economies is the consistent deficit pattern between government revenue and expenditure due to donor dependence, leading educational institutions to consistently receive less funding than they request from government for both recurrent expenditure and capital development (Ishengoma, 2008).

The second, and increasingly popular, model is the liberalised or market model of funding of higher education (Lamptey, 1994). The market model advocated by Oketch (2003) and Lamptey (1994) stresses the injection of the market principles and market-driven approaches into the financing of higher education to make it completely self-financing. While Oketch views the market model of financing higher education in terms of financial diversification and partial privatisation of public universities, Lamptey advocates the adoption of the contemporary marketing concepts of product, price, place and promotion (the 4 Ps) in higher education. The market model for financing public higher education in Africa is justified when we consider the higher education sector to be composed of market segments and therefore as having the possibility to be marketed using an effective marketing mix through opening up dialogue with potential markets ready to finance higher education because they are beneficiaries and consumers of higher education products (Ishengoma, 2008). While the market model of financing higher education has been criticised and branded as academic capitalism driving universities into entrepreneurial competition (Levidow, 1998), if cautiously adapted it can turn around the finances of government and donor-dependent public higher education institutions.

Ssempebwa (2007) states that higher education liberalisation is expressible on a continuum with each of the two at either end, meaning that higher education funding is a function of government, the market or both, depending on the extent of its liberalisation. Lipsey *et al.* (1999, as cited in Ssempebwa, 2007), however, asserts that both government and the market are fallible. This fallibility, too, is expressible on a continuum, with success and failure at either end. Plotted against each other – on an X, Y graph – these continuums reveal government-market (X, Y) combinations that assure adequate funding and, conversely, those associated with underfunding, providing us with a framework, delineated in Figure 2, within which the irony of underfunding despite liberalisation might be understood.

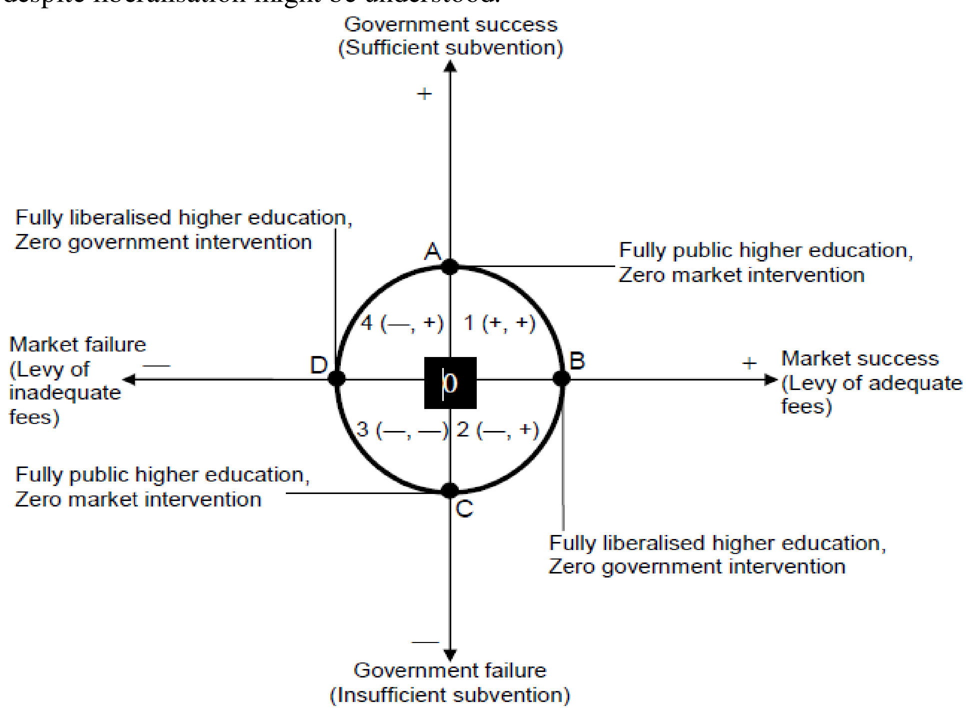


Figure 2: Degree of higher education liberalisation and adequacy of funding
Source: Ssempebwa (2007)

In the model, the conventional X, Y coordinate is utilised. Positive and negative sections respectively represent adequate and inadequate funding. The circle, conceptualised as the "liberalisation curve", shows the adequacy of funding as we move between government and market-based higher education. Along the curve the points A, B, C and D are salient. At A higher education is completely public and adequately funded through government subvention. At B, higher education is completely market-based and is adequately funded through the levying of fees. Along AB, quadrant 1, therefore, all government intervention is successful (+) and all market basis is successful (+) hence any mix of government intervention and market basis ensures adequate funding (+, +). Along BC, CD and DA, quadrants 2, 3 and 4 show the cases of inadequate funding, depending on the mix of the two models.

The author agrees with Lepori (2007) that the choice between allocation models is essentially a political choice regarding the goals to be achieved and the wished configuration of the higher education system, for example between the efficient use of public means, the development of research, the quality of education and, finally, access to education. Accordingly, the prospects for increasing or improving funding remain open, as the higher educational learning contexts change with changes in demographics, and with new political and economic developments and alignments, including the global imperatives. The main concepts in the study are illustrated in Figure 3.

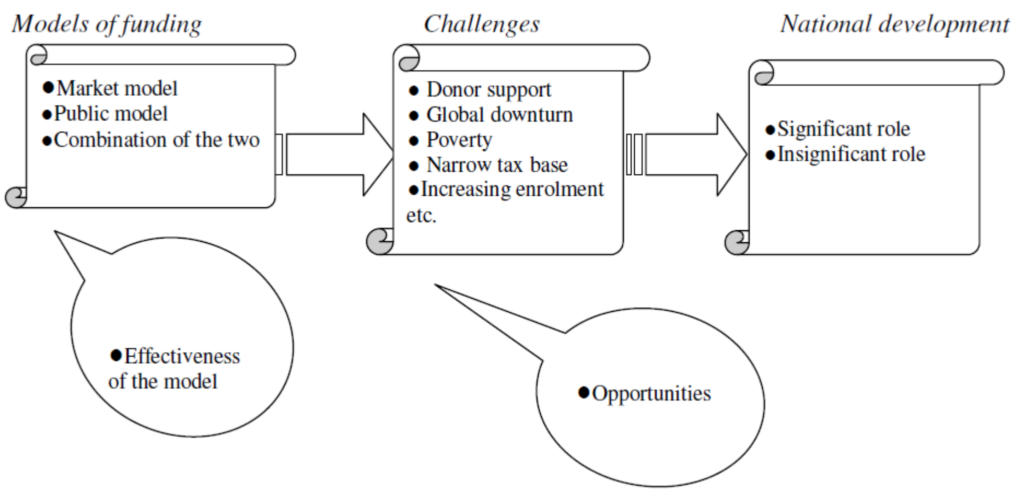


Figure 3: Dynamics of Higher Education Funding

The conceptual framework above depicts the main concepts that emerge from the theory in this current research. The concepts are embedded in the models, effectiveness, challenges and opportunities for funding. The figure suggests that for higher education to contribute to national development, it must be implemented within some models – public, market or a combination thereof. The effectiveness of the model applied has a great bearing on the educational outcomes. Implementing any of the models in higher education delivery involves challenges and opportunities.

4 Literature Review

4.1 Models of Financing Higher Education in SSA

The World Education Forum, held in Dakar, Senegal in 2000 proved to be a momentous occasion. The international community formally pledged that "no country shall be thwarted from meeting the [Education for All (EFA)] goals due to lack of resources" (UNESCO, 2011). Since then, national governments, international organisations and various stakeholders have been seeking to address the gap in resources which are required to reach these goals (UNESCO, 2011). Accordingly, various models have been attempted to address the gap, including in Uganda, with different levels of effectiveness and with different challenges.

The two major sources of higher education funding in sub-Saharan Africa (SSA) have been government and households. In most countries, education is largely financed by the government. However, the inadequacy of public resources has proven to be a serious constraint on the public provision of educational services. Many SSA countries have a relatively weak public resource collection capacity, and this also affects resource allocation for education. Many SSA countries find it very difficult to raise public revenue because of macroeconomic and growth instability, high debt ratios, weak tax administration and large informal sectors. Resource-rich SSA countries exhibit relatively strong revenue collection performance, yet domestically generated revenue for many countries is less than 20 per cent of GDP (UNESCO, 2011).

Despite increased governmental and international aid funding towards the education sector under the auspices of the MDGs, funding towards higher education is not being prioritised (UNESCO, 2011; AfDB & OECD, 2009).

4.2 Challenges of Funding Higher Education in SSA

The challenges of funding higher education, at least in developing countries, hinge on the following: a) the increased social demand to expand post-primary education; b) the recent global economic downturn; c) and changes in donors' priorities and behaviours (Hinchliffe, 2010), among others.

4.2.1 Increased Social Demand for Primary and Secondary Education

Many reforms have been implemented in the education systems of SSA of late. At the primary level, for example, school fees have been abolished by many governments, including in Kenya, Tanzania, Malawi, Ghana, Ethiopia and Mozambique (Hinchliffe, 2010). The universal surge in enrolments following abolition of fees has led to a requirement for a rapid expansion of public funding for new classrooms and teachers and for grants to schools to compensate for the lost fee income. Following these reforms, the Gross Enrolment Ratios (GER) (%) in SSA have witnessed marked changes in all the three levels between 1999 and 2007: in the primary from 78 to 99; in the secondary from 24 to 34; and in the tertiary from 4 to 6. Statistics show that as a response to this state of affairs, most SSA governments have allocated primary education the largest share of the education budgets, though the average fell from 49 per cent to 45 per cent between 1999/2000 and 2005/6 (Hinchliffe, 2010). According to the same source, the share was 55 per cent and over in countries such as Burkina Faso, Ethiopia, Madagascar, Niger, the United Republic of Tanzania and Zimbabwe. Available data for 2007 suggests that for 28 SSA countries, the average share of total education expenditure allocated to secondary education was 28 per cent (UNESCO, 2010). While the last 15 years witnessed tripling of enrolment in higher education, the funding allocation has not been at par with this trend. For example, over the same period, the continent allocated an estimated 0.78 per cent of its GDP to higher education. In the poorest part of Africa, the share dropped to 0.63 per cent (World Bank, 2010).

4.2.2 Global Economic Downturn

Parallel to changes in the social demand for education, the main challenge to future levels of public expenditure on education generally are increases in GDP and the ability of governments to capture part of those increases for overall public expenditures. In 2007, the year preceding the beginning of the recent global economic recession, GDP across SSA rose by 7.0 per cent, with many countries in most sub-regions recording high rates (IMF, 2009). In 2008, the growth rate decreased to 5.5 per cent as a result of the recession intervening during the second half of the year, and for 2009 the growth rate fell to just 2.0 per cent. The impact has been felt most strongly in those countries most closely connected to global financial and commodity markets – such as South Africa, Angola, Nigeria and Botswana. Such an economic crisis slows down the growth of the economy, including limiting the budget for higher education.

4.2.3 Donor aid and Behaviours

Globally, the share of aid which goes to education has remained close to 10 per cent since 2000 (UNESCO, 2010). According to the same source, between 2000 and 2004, aid commitments for education increased by 58 per cent but were then constant through to 2007. SSA is the largest regional recipient of aid for education, receiving 34 per cent of the total in 1999 and 30 per cent in 2007. However, the distribution of aid across the different levels differs considerably within this group of donors, with France and Germany in particular focusing on post-secondary education and the International Development Association (IDA), The Netherlands, the United Kingdom and the United States giving greater priority to basic education. Several of the smaller donors give high priority to education – over 20 per cent of total aid from Australia, New Zealand, Greece and Portugal goes to education – and to basic education, in particular, which receives over 50 per cent of the education aid budget of Canada, Denmark, Finland, Ireland, New Zealand, Norway, Spain and Sweden (Hinchliffe, 2010). It can be observed that the decline in donor aid and behaviours does not favour setting up effective higher education systems.

4.2.4 Trends in Enrolment

The World Bank (2010) states that the demand for higher education has expanded significantly on the African continent as a whole and that African institutions have responded by admitting greater numbers of students each year. Between 2000 and 2006, the total number of students increased from 6.0 million to 9.3 million. This can be compared to the 1994-2000 period, in which 2.5 million new students registered. A projection of the recent trends in individual countries suggests that the entire continent will have between 18 million and 20 million students by 2015 (World Bank, 2010). Because the projection is based on the most recent expansion rates identified in the countries concerned, these numbers are likely to be attained. In other words, by 2015 and at the current rate of expansion, the African continent is expected to have twice as many students as in 2006. This projection is conservative in that it underestimates the possible expansion of secondary education in conjunction with the strong demographic pressure that the continent is experiencing. As a result, the gross access rate at the end of upper secondary education in Africa has more than doubled since 1990, increasing from 9 per cent in 1991 to 19 per cent in 2005 (UNESCO, BREDA, 2005, 2007). The access rate, however, varies considerably from country to country. In approximately 10 countries, the number of students in higher education in 2015 will be at least triple the current level. In approximately 20 countries, the number of students is expected to increase by a factor of between 2 and 3, compared to the 2006 level (World Bank, 2010). For the remaining group of approximately 20 countries, that factor is expected to be less than 2. The demographic pressure is due to the 2.4 per cent population growth rate (Nomura & Wolff, 2010). In any case, the increasing numbers of students are an obvious challenge to African countries, which are already constrained by weak infrastructure, poorly paid lecturers and poor-quality educational service.

4.2.5 Narrow tax base

The narrow tax base is a critical factor in the funding of higher education in Africa, even as enrolment soars. The narrow tax base of most African countries translates into more limited availability of public resources. According to the World Bank (2010), the public revenue for African countries in recent years has amounted to only 18 per cent of GDP compared to 29 per cent in the continent's middle-income countries. Accordingly, the predicted cumulative financing gap expected for the period 2004–15 would amount to US$6.75 billion for the 27 countries studied by the World Bank, corresponding to an average annual gap of US$613 million. This is only a "virtual" gap. Indeed, under current budgetary trade-offs in favour of higher education and the share of the private sector in higher education enrolment, there will be an adjustment in the level of unit costs. The current expected amount of resources that could be mobilised suggests that unit costs should "progressively" reach half of their current level by 2015 (World Bank, 2010). This simple scenario shows that maintaining the current rates of expansion of higher education will be enormously challenging for most African countries. The aforementioned sizable increase in the number of students would lead to a cumulative level of current expenditure 75 per cent higher than the volume of public resources that may be mobilised. This financing gap would gradually widen at the rate of expansion of the systems themselves.

4.2.6 Poverty

Governments are usually the main funders of education in SSA, but they are not the only source. Government funding is often complemented by inputs from external partners, students and households, and private entities. Private financing can complement government funding in public education institutions and it can also finance private schools. The largest proportion of private funding for education in SSA comes from households – students, families, individuals and community inputs. Their contribution to total education expenditure is around 25 per cent (Nomura & Wolff, 2010). This proportion from families comprises: registration or tuition fees for public institutions; dues or contributions to parents' associations; tuition fees for private institutions; and direct spending on textbooks, school supplies and uniforms associated with attending school (Peano, 2010). However, this proportion decreases to 22 per cent in tertiary education, implying a very large government contribution to this level. With high levels of poverty among households in many countries, it is unlikely that households in most African states will continue to effectively fund higher education.

4.3 Funding Opportunities for SSA

In the available literature, the measures generally recommended by many aid agencies and economists are aimed at either the use of existing resources through the modification of the parameters for producing an education service, improvement in the administration and management of the system, or recourse to new sources of funding.

4.3.1 Mobilisation of Household Resources

While the motivation and modalities of their involvement vary, it is well documented that the growing role of private contributors brings a new opportunity for education financing in SSA (Nomura & Wolff, 2010). Household resources can be mobilised from parents, extended families and students. Currently, the share contributed by households varies widely, from less than 10 per cent in Mali, Chad, and the Republic of Congo to about 60 per cent in Guinea-Bissau (World Bank, 2010). The Guinea-Bissau's example shows that there is still potential for other countries. However, governments need to provide a framework to regulate and monitor the household resources so that they coincide with national development goals.

4.3.2 Development of Private Higher Education Sector

Private higher education has experienced spectacular growth in Africa. In 2006, it accounted for 22 per cent of higher education students on the continent (World Bank, 2010). This expansion occurred in response to excess and differentiated social demand (Varghese, 2004). Generally speaking, private higher education institutions endeavour to grow by offering training courses that are different from those available in the public sector and by organising short vocational courses in disciplines requiring limited technological equipment to keep prices attractive. The appeal of such institutions depends largely on their capacity to adapt and respond to labour market needs and trends, thereby enhancing students' employability. The development of the private higher education sector is an opportunity which offers an alternative to the public sector which could be limited by space and funds.

4.3.3 Student Financial Assistance

Giving financial assistance where it is not yet operational is yet another opportunity. Financial assistance policies are already a critical component of cost-sharing policies in Africa (World Bank, 2010). The same source reports that it is mainly in the Francophone countries (with some exceptions) that all students receive financial assistance, in the form of fees waiver, coupled with grants for living expenses. However, the same source warns that means-tested financial assistance based on some criteria, such as parental income and student loans, saves the process from abuse.

4.3.4 Loans

This is one of the prospects of funding higher education where the programme has not been implemented before. It can help, for example, privately sponsored students to cover tuition fees. The concept of student loans has existed in Africa for more than 50 years, with loan programmes having been proposed as early as 1952 in Lesotho and 1966 in Botswana (World Bank, 2010). The first full-fledged loan programmes were introduced in Nigeria in 1973 and Kenya in 1974 (Woodhall, 1991). From 2008, at least 13 African countries have had operational loan programmes, and several more, including Burundi, Mauritius, and Mozambique, are considering establishing programmes (World Bank, 2010). The success of these loans must be measured not only by whether they meet their specific programme objectives, but also by whether they are financially sustainable (Ziderman, 2004). A loan's political acceptability is also critical for its long-term survival (World Bank, 2010). However, the greatest challenge of loans management is the difficulty of recovery and ensuring financial sustainability (World Bank, 2010). The improvement of the efficiency and sustainability of student loan programmes also offers a huge potential in improving funding of higher education.

4.3.5 Donor aid

External assistance to higher education in SSA still presents a huge opportunity for funding this sector. Over the period 2002–06, external donors allocated about US$600 million annually to higher education in SSA (World Bank, 2010). Most bilateral and multilateral donors contributed to financing higher education in Africa. The aid is either in the form of direct or indirect assistance.[2] Unfortunately, according to the same source, less than 30 per cent of this amount directly benefited African universities. Most of the balance never made it to SSA since it was primarily spent at the donors' universities to compensate them for the cost of educating African students. This imbalance in

[2]Indirect support occasionally takes the form of scholarships, but most often the amount of aid is determined by imputing the cost of educating these students in foreign universities. Direct aid to higher education supports universities and research centres in implementing their research and teaching programmes. It can take the form of supply of equipment (IT, books), building of infrastructure, or financing of technical assistance to develop programmes and curricula (World Bank, 2010).

aid to higher education certainly limits its impact and makes its current allocation questionable. Two things need to be done to improve on this donor aid: a) Donors need to ensure that the share of aid that directly supports the development of higher education systems in SSA increases significantly. b) Clear national strategies in favour of higher education would certainly increase the likelihood of donor support (World Bank, 2010).

4.3.6 Foundation support

The World Bank (2010) asserts that in addition to bilateral donors, foundations have played a growing role in financing higher education in Africa. Since 2000, seven American foundations (namely the Ford, Carnegie, Rockefeller, MacArthur, Hewlett, Mellon, and Kresge foundations), besides the Partnership for Higher Education in Africa, have made significant investments in African universities. Between 2000 and 2008, the partnership foundations contributed an aggregate of US$354 million towards higher education initiatives in Ghana, Kenya, Nigeria, Mozambique, South Africa, and Tanzania and on an Africa-wide basis (World Bank, 2010). The most significant focus of the partnership has been the development of universities' physical infrastructure and human and organisational capacity. Information technologies and connectivity to the Internet are at the core of these efforts, with investments to date amounting to more than US$30 million. Outcomes from partners' investments range from more and cheaper Internet bandwidth for universities and the establishment of research and training networks in the sciences and social sciences to the launch of a new Internet gateway for the collection and dissemination of research. According to the same source, examples of South-South cooperation are also growing. In 2001, the Aga Khan Foundation supported the creation of the Advanced Nursing Studies Programme in Kenya and Tanzania. The aim was to provide relevant, accessible, affordable, and needs-based training programmes for nurses and midwives. There is no doubt that foundations offer a huge opportunity for sponsoring higher education in general. Attempts should, however, be made to make use of local or indigenous foundations where they exist in order to reap the benefits of proximity.

4.3.7 Diversification of Institutional Resources

Diversification of financial sources is an opportunity that can still be exploited by many higher education institutions. Diversified financing implies that higher education institutions are capable of generating their own resources. Institutions may generate considerable financial resources by offering attractive vocational education programmes whose costs candidates are willing to share provided that they are certain of employment upon completion of training. Institutions may also develop continuing education programmes (whether or not leading to a degree) in which enterprises or individuals are ready to invest. Lastly, they may provide expert or research services. Many universities in Africa are developing these kinds of activities (World Bank, 2010). Higher education institutions should have sufficient autonomy to develop income-generating activities. They should manage their own budget and use the resources they generate in accordance with their development objectives. Moreover, incentive measures are necessary to mobilise both the actors operating the services in question and the institution. With this aim in view, bases of apportionment should be drawn up for a balanced and equitable redistribution of the resources generated, to the benefit of the university community as a whole. For instance, the University of Parakou in Benin has decided to redistribute revenue from education activities as follows: 60 per cent to the income-generating unit, 15 per cent to the university's general administration, 5 per cent to research, 5 per cent to the central university library, and 5 per cent to the library of the income-generating unit (World Bank, 2010).

4.3.8 Streamlining Students' Support Services

This offers another opportunity for improving the funding of higher education. This involves cutting down on mainly social support systems such as government scholarships to universities abroad or limiting scholarships to programmes that are key to national development so as to free up money for core budget items. The criteria for allocating direct financial assistance should also be in line with equity or efficiency goals. Unfortunately, in much of SSA, these criteria fail to target the neediest students (World Bank, 2010). Worst of all, grant and scholarship legislation in SSA often does not provide for limits on the number of beneficiaries because such facilities are allocated according to academic criteria rather than the number of places available at the universities. If support services are to be efficient, the rules governing scholarships must be clear and strictly followed to avoid budget overruns. The World Bank (2010) provides two rules for avoiding overruns: First, defining annual allocation quotas for scholarships and grants by type of institution, discipline, and year of study, as a function of government priorities and available budget resources; defining allocation criteria that, depending on established allocation policy, include parameters such as academic achievement, age, gender, and family situation; weighting each criterion and establish a ranking of candidates each year. Second, having an impartial and recognised commission allocate grants and scholarships on the basis of the candidates' ranking and the applicable quotas, have scholarships and grants allocated for one academic year, and ensure that every year the number of beneficiaries is a function of the respective annual budget. Scholarships abroad should be limited strictly to studies of essential relevance to national development. If a limit is placed on such scholarships, the resulting savings may be used to build and offer quality local education (World Bank, 2010).

From the literature section there are areas of common experience in terms of models, challenges and opportunities which Uganda could learn from as examined in the following sections.

5 Findings

The total number of higher education institutions in Uganda in 2006/7 was 145, up from 139 in 2005/6. The total enrolment was 154, 023, representing a 12.3 per cent increase from the 137,190 students in 2005/6 (NCHE, 2009). The same source indicates that enrolment in all universities, both public and private, including affiliated colleges, was 107,728 or 69.5 per cent in all higher institutions. This has already surpassed the government's long-term plan for tertiary education of raising the student numbers to 126,396 by 2015, of whom half should be at the universities and half female (MoES, 2004). Just as in other countries, funding of higher education covers many activities such as research, fees, institutional development and technology innovation transfers.

5.1 Modalities of Funding

Uganda is pursuing private sector-led economic growth. Like in many higher education institutions in Africa, the private-public models are dominant in funding higher education in Uganda. In the five public universities in Uganda, both models operate side by side while purely private funding operates in private institutions. At Makerere University, the oldest and main public university, government financing is maintained for a limited number of students and a private entry scheme, introduced in 1992, covers the remaining demand. Public financing remains for government-sponsored students and only one out of four students in public universities is sponsored by government (World Bank, 2010). In Uganda, public funds for each higher education institution are provided in three blocks: one for baseline salaries, one for development costs, and one for operating expenditure (based on a set amount per student per day and intended to cover mainly food and housing for students) (World Bank, 2010). There has been a steady decline in public expenditure on higher education, from 12.13 per cent in 1997/8 to 8.42 per cent in 2003/4 (Obwona & Ssewanyana, 2007).

The private universities rely exclusively on tuition fees received from students and other well-wishers.[3] The private source can be any one of these: parents, students, donors or the business sector. Given that there are more private institutions than public and the decreasing level of funding of public institutions, it is obvious that the greatest source of funding higher education remains private. The well-wishers are both foreign and domestic. Reliance on well-wishers has always been a source of problems in cases where funds do not come in time. Generally, the introduction of privately sponsored programmes, especially in public universities, has helped to reduce the funding gaps. Uganda's Makerere University has also improved its financial situation. By encouraging privately sponsored students – 70 per cent of students now pay fees – and commercialising service units, it has reduced its dependence on state funds and generates 30 per cent of its running costs (Bloom, Cunning & Chan, 2006). However, many people believe that the introduction of these programmes has opened the gates to university education to all manner of people who can afford it, regardless of their ability, thus impacting negatively on the quality of education.

Because the public universities do not obtain sufficient funds from both the students and the government, they are being encouraged to generate resources of their own and because of this they are making several innovations. For example, Makerere University hires out its facilities to the public – transport, halls etc. – as deemed appropriate. Consultancies and research work are also taxed and the money used in the unit responsible to support its budgets.

Collaboration and networking have helped universities to support various programmes.[4] For example, under the Areas Global TB Vaccination Foundation, the European and Developing Countries Clinical Trials Partnership (EDCTP), the Infectious Diseases Institute (IDI) and the Makerere University College of Health Sciences, through the Department of Microbiology, have started work to evaluate various TB vaccines. The Word Bank has given the College of Health Sciences US$ 10 million to establish centre-of-excellence laboratories in Mbale, Gulu, Mbarara and Arua. The Rockefeller Foundation supports many programmes at Makerere. The Welcome Trust, a UK charity organisation, is working with the College of Health Sciences to pioneer the treatment of drug-resistant TB. For example, it has just invested US$ 300,000 in the Faculty of Computing and Informatics Technology at Makerere to help

[3] Some of the prominent private universities in Uganda are: Kampala International University, Ndejje University, Bugema, St Lawrence University, and Uganda Martyrs University.

[4]http://www.mak.ac.ug/index.php?searchword=+Donars+to+makerere+&option=com_search&Itemid=5 for more details.

set up a national software incubation centre (NSIC). The Carnegie Corporation of New York, the Swedish International Development Agency (SIDA) and the Norwegian Development Agency (NORAD) are providing support to Makerere University's capacity-building initiatives. These are some of the key supplementary funding support initiatives to higher education in Uganda. Many such support initiatives are available, not only for Makerere but also for other public and private tertiary institutions and universities. The levels of support, however, do vary. All these indicate that funding of higher education in Uganda is no longer dominated by the government.

Some private institutions give bursaries to their students. Kampala International University, for example, pays bursaries to their students, which normally covers 50 per cent of tuition fees (*The New Vision,* 2011, July 11). The newly opened Fairland University planned to give 700 bursaries to students from different kingdoms and chiefdoms in Uganda when they started their first semester in August 2011.[5] The bursaries are expected to target bright but poor students from peasant families countrywide. Apart from being inadequate, bursaries can be abused to the extent that the rightful beneficiaries may miss out on them. Moreover, they can be programme-specific, thus not all students are potential candidates for accessing them. For example, at Fairland University, the scheme is accessible to applicants for Information Technology, Mass Communication, Business Administration, Education, Development Studies, Public Administration and Counselling and Guidance (*Daily Monitor*, 2011, June 8).

5.2 Effectiveness of the Funding Modalities

To gauge the effectiveness of the funding modalities in higher education institutions in Uganda, we have to first understand the cardinal goals and objectives of higher education. At national level, Uganda's vision, mission, and goals are set out in *The Strategic Plan for Higher Education 2003-2015*, which lists a number of themes including "…enhancing quality and access, efficiency and effective higher education based on reformed financing for higher education, improving governance in higher education and prevention of HIV/AIDS" (MoES, 2004, pp. 4-5). For purposes of illustration, let us look at a few of the implications of these goals (MoES, 2004):[6]

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[5]Source: http://allafrica.com/stories/201106272099.html.

[6] Contained in Fred, M. Hayward (2004) paper entitled "Making the Case for Higher Education Support" that resulted from a series of presentations to workshops supported by the National

- Greater budget support from the government and other stakeholders to rehabilitate, construct, and improve facilities so that tertiary education can grow from approximately 80,000 students to 126,396 by 2015.
- Funding to expand ICT equipment, capacity, curriculum and staffing.
- Establishing a salary package based on staff training.
- Setting up a research fund at each institution that constitutes 3-5 per cent of the wage bill.
- Providing quality higher education accessible to all qualified Ugandans by 2015.
- Improving access for students from poor families.
- Improving gender equity with a target of 51 per cent women by 2015.

This is a small sample of the very impressive list of goals from the Strategic Plan. Added to these are the creation of knowledge societies and national and regional development. All of these require resources from some sources – government, students, parents, donors and business. Each requires substantial changes at colleges and universities, in funding, and in some cases the method of funding. The question is how effectively have these goals been pursued?

Though the number of students at Makerere University has been increasing steadily, the financing in the university budget has changed profoundly. For example, between 1997 and 2006 the number of students multiplied by 2.4, increasing from 14,400 to 34,500, and during the same period the share of private financing in the university budget grew from 30-60 per cent (World Bank, 2010). The public and private resources per student have decreased by 10 per cent since 1997. According to the same source, the average public resources per student have generally decreased by 50 per cent since then. Poor funding has made universities sink into debt. As of financial year 2005/6, Makerere University had an accumulated deficit bill of USh15.4b for salaries, bandwidth, utilities, statutory obligations etc. (*The New Vision,* 2011, July 11). According to the same source, at Makerere the expected total accumulated deficit for the year 2006/07 was USh 63.7b. Kyambogo University had accumulated salary arrears of USh 2b and was expected to register a deficit of USh 3.8b in 2008/9. Gulu University registered USh 2b in deficits in 2007/8. The new Busitema University was burdened with a funding gap of USh 2.4b in 2008/9. The former State Minister for Higher Education, Rukutana Mwesigwa, while speaking at the handover of his office to the new minister early in June 2011, admitted that

Council of Higher Education, Uganda, the Carnegie Corporation, Ford Foundation, and USAID, 20 October 20.

the higher institutions of learning are terribly underfunded.[7] Studies show that the contribution of government to public universities has averaged only 0.3 per cent as a percentage of GDP, compared to Kenya 0.9 per cent and Tanzania about 1.0 per cent as a percentage of GDP in the same period (*The New Vision*, 2011 July 11). The same source reports that at most Ugandan universities, students pay about 30 per cent to 40 per cent of the unit cost of the programmes for which they are registered.

It is widely believed that university education in Uganda is hanging by a thread as a result of compromises over the quality of education and the range of academic programmes offered, all because of insufficient funding. Shortened school practices, congested lecture rooms, food rationing in university kitchens and reduced allowances, are just a small part of what goes on in Uganda's universities (*The New Vision*, 2011 July 11).). Paying lecturers low salaries, hiring inadequate staff, failure to expand and ignoring staff development plans are just part of what universities are going through as they attempt to keep afloat in the face of low funding. Government institutions, with decreasing government budget allocations, deteriorating infrastructure, decreasing ability to purchase inputs and increasing student numbers, are unlikely to provide quality higher education for a sustainable period in the future. Other results of the financial crisis are mismanagement and brain drain (*The New Vision*, 2011 July 11). Charging of tuition is also a barrier for talented students from lower socioeconomic backgrounds to join higher education institutions. This perpetuates inequalities, both spatially and by gender. Despite the existence of appropriate laws, discrimination against women is rife and the situation of Ugandan women is further aggravated by deeply rooted patriarchal traditions and years of armed conflict.[8] HIV/AIDS prevalence stands at 6.5 per cent among adults and 0.7 per cent among children. Though this is much lower than the 29 per cent rate in urban areas in the 1980s at the peak of the epidemic, it is feared that the current rate is rising after a sharp decline in the 1990s.[9]

Because of declining support from government and a still low proportion of funding from the private sector, funding outcomes such as rehabilitation, quality, access, equity, construction and improving facilities cannot be effectively attained. It is no surprise that the quality of higher education and

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[7]Source: http://allafrica.com/stories/printable/201106130967.html .

[8] Generally family code, physical integrity. Ownership rights and civil liberties are areas where women are most discriminated against. (http://genderindex.org/country/uganda.

[9] The majority of the HIV/AIDS victims today are women and the increasing prevalence rate is partly due to complacency among the population. Visit (http://www.avert.org/aids-uganda.htm for more details.

training in Uganda is worryingly declining (NCHE, 2009). The indefinite closure of Makerere University on 2 September 2011 over the lecturers' demand for a pay rise and the USh 16.7 billion[10] pension due to them from National Insurance Corporation best illustrates the plight and dilemma of higher education institutions in Uganda.

6 Challenges of funding higher education in Uganda

6.1 Increasing demand for primary and secondary education

The introduction of UPE in 1997 significantly increased access to primary education as total enrolment tripled from about 2.7 million in 1996 to 8.2 million in 2009. The GER reduced from 128 per cent in 2000 (132 per cent for boys, 124 per cent for girls) to 115.1 per cent in 2009 (118.1 per cent for boys, 112.1 per cent for girls). A significant number of teachers have also been trained and recruited. The number of qualified teachers has more than doubled from 74,000 (1995) to 158,110 (2009). Between 2000 and 2005, the average pupil-books ratio is reported to have increased from 4:1 to 2:1 (NDP, 2010).
According to the same source, the introduction of Universal Secondary Education (USE) in 2007 increased secondary school enrolment (S1-S6) by 30 per cent from 814, 087 in 2006 to 1,165,355 in 2009. As a result of USE, the GER improved to 29 per cent, the Net Enrolment Ratio (NER) to 24 per cent in 2008 and the Gross Intake Rate (GIR) for S1 to 33.3 per cent in 2008. The improvement of the GIR increased the proportion of S1 in the total enrolment to 29 per cent. In addition, the transition rates from P7 to S1 have increased since the introduction of USE. The trend is observed in the transition rates from S4 to S5 between 2005 (39 per cent) and 2009 (48 per cent). The number of classrooms constructed for secondary schools also increased from approximately 14,760 in 2005 to about 33,512 in 2009.

In the 2010/11 financial year, the government achieved the following in the secondary sector (*Daily Monitor,* 2011, June 8): it provided funds to complete and equip some technical institutions; it established fully equipped ICT laboratories in nine traditional secondary schools; it constructed five seed

[10] The dollar rate has fluctuated sharply from USh 1,645 per dollar in September 2008, to USh 2,050 per dollar in July 2009 to USh 2, 823 in August 2011 http://bloomberg.co, news.

secondary schools; and it rehabilitated, expanded and re-equipped five existing traditional secondary schools.

The above positive trend and commitment on the part of government shows that primary and secondary education consumes a high proportion of the education budget. This had consistently been the trend in previous budgets. For example, in the 2008/9 budget, USh 899.3 billion was allocated to education, of which USh 417 billion went to the primary level, USh 165.8 billion went to secondary and the remaining USh 316.5 billion (35 per cent) went to all the public universities (MoFPED, 2008). In the 2011/12 financial year, out of the USh 115.9 billion allocated to education, a great proportion was allocated to maintain and consolidate the success of UPE and USE (*Daily Monitor*, 2011, June 8).). The increasing demand for pre-university education and government commitment to it provides a great challenge for funding higher education.

6.2 Global Economic Downturn and Trade Deficit

The recent economic downturn posed one of the greatest challenges to financing education. It negatively affected investments through reduced remittances, foreign investment and loans (NDP, 2010). Foreign direct investment dropped from 5.3 per cent of GDP in 2007/8 to 4.6 per cent GDP in 2008/9 (NDP 2010). The global crunch affected Uganda's economy in four critical ways (Omona, 2010). First, export demand for Uganda's goods fell on the world market and commodity prices plummeted. Second, there was reduced private capital inflow as investors became more cautious. Third, economic growth prospects slowed down throughout the region and stagnated globally. Fourth, there were reduced remittances from Ugandans abroad. For example *The New Vision* (2009, July 12), reported that remittances fell by 47 per cent to US$ 267.3 million in July-December compared to the same period in 2007/8. The continued depreciation of the Ugandan shilling reflects increased demand in the face of weak export performance that has not fully recovered from the downturn (*Daily Monitor*, 2011, June 8). Uganda's trade deficit has been widening despite improvements in the composition and value of exports. The trade deficit as a percentage of GDP declined from an annual average of 12.9 per cent for the period 2000/01 to 2003/2004 to 13.5 per cent for the period 2004/2005 to 2007/2008. The balance of payments has also been unfavourable, with a deteriorating trend in recent years. These results could partly be due to lower demand for Uganda's exports in advanced economies. Table 1 shows the worrying trend, though the regional trend offers some comfort.

Table 1: Percentage share in export by region of destination

Region	2003	2004	2005	2006	2007
COMESA	27.7	26.8	30.7	29.5	37.9
Other Africa	8.6	5.7	4.8	3.9	6.6
EU	26.3	27.3	31.1	27.4	24.3
Other Europe	14.8	17.1	10.1	5.1	6.8
North America	2.7	2.9	2.3	1.7	1.8
Middle East	3.5	5.6	10.8	20.6	14.3
Asia	9.3	8.9	7.5	7.8	5.4
South America	.1	.1	.1	.1	.2
Rest of the world	.4	.1	0	0	0
Unknown region	6.6	2.5	2.5	3.8	2.8

Source: NDP (2010)

This downturn has had a serious impact on the economy. The most indirect impact on higher education is that it is affecting the government budget for this sub-sector.

6.3 Donor Aid and Behaviours

Uganda's position on Official Development Assistance (ODA) is spelt out in the partnership principles between government and its development partners of 2003 (NDP, 2010). In addition, Uganda and its main development partners (DPs) are signatories to the Paris Declaration on Aid Effectiveness (2005) and the Accra Agenda for Action (2008). ODA provided by partner governments and international organisations to Uganda has played an important role in the country's recovery, growth and poverty eradication efforts. For example, over the 2003-2007 period, 43 different development partners disbursed aid to Uganda. This included 29 bilateral development partners and 14 multilateral development partners, of which eight were UN agencies and two were Global Programme Fund targeting specific themes, such as HIV/AIDS prevention (NDP, 2010). Some of these funds supported the budget while others were project- and programme-specific. The education sector benefited from this foreign financing to the tune of approximately 50 per cent of the total annual budget (Ward, Penny & Read, 2006). The major concern about donor funding is that it is dwindling, apart from its untimely disbursement and having some political strings attached. For example, of the US $ 6.7 billion ODA disbursed to Uganda over the 2003-07 period, half was disbursed by just three DPs (the World Bank, US and UK), while more than 90 per cent was disbursed by 12 DPs. Thus 30 DPs disbursed less than 10 per cent of ODA to Uganda over the 2003-2007 period (Ward, Penny & Read, 2006).

6.4 Enrolment Trend in Higher Education

Uganda's liberalisation of its economy in 1997 opened up the education sector to private providers. The World Bank (2010) asserts this has led to an upward trend in enrolment in higher education institutions in Uganda. The available statistics show that enrolment in higher education institutions in Uganda stood at 137,011 in 2006 and is projected to be 248,500 in 2015. This gives a ratio of 2015 to 2006 of 1.8. Yet the average annual resource envelope for higher education in Uganda stood at US $ 58.5 million in 2004 and this is expected to climb to 87.5 in 2015, leaving a funding gap of US$ 29 million. Privately sponsored student numbers in both private and public institutions have increased enormously. By 2005/6, the share of private fee-paying students in public universities was 80.2 per cent (9,592 students) as compared with 19.8 per cent (11,786 students) government-sponsored ones (NDP, 2010). The increasing rate of enrolment with such a higher funding gap is a big challenge. This will raise questions such as how to expand higher education systems with respect to classrooms, laboratories, libraries, lecture halls and improvement in administrative capacity. It will also raise questions about how to employ a sufficient number of senior faculty members (namely professors and assistant professors), who are necessary for undertaking research, raising the scientific and pedagogical level of other instructors, and preparing future generations of instructors and research scientists (World Bank, 2010). The current staffing ratio of 1:20, representing only 53 per cent of total needs, is far lower than the ideal set by the NCHE. Moreover, about 47 per cent of academic staff work part-time, which is inconsistent with what is required to maintain high quality education and training standards (NDP, 2010).

6.5 Narrow Tax Base

Uganda still has a narrow tax base though recent attempts have been made by government to improve this. These attempts have contributed towards improved tax revenue performance but more still needs to be done. Improved revenue collection sounds promising for all sectors, including higher education. It can be used for developing infrastructure in institutions, research and professional skills development. Unfortunately, even if revenue improves, there is no guarantee that higher education would benefit from this. For example, of the oil revenue realised in the 2010/11 financial year, about 90 per cent was allocated to fund the Karuma hydro-power project (*Daily Monitor,* June 8). The education sector in general did not feature among the top three priority areas for funding by government in the last financial years, having been dominated by infrastructure development, agricultural production and productivity, the promotion of science, technology and innovation and employment creation (*Daily Monitor*, 2011, June 8).

6.6 Poverty

With a population of 30.7 million[11] Uganda is still one of the poorest countries in the world. Though much effort has been made by government to alleviate poverty in the last two decades, poverty still presents a serious challenge to government. After falling from approximately 56 to 34 per cent between 1992 and 2000, the proportion of the population living in poverty rose to 38 per cent by 2003 before declining to 31 per cent in 2006 and 24.5 per cent (7.5 million) by 2010 (Uganda, 2012; NHS, 2010). However, the Uganda (2012) poverty report states that inequality is high, with a Gini coefficient of 0.426 in 2010/11. This is, however, comparable to that of Kenya (0.425 in 2008) and lower than that of China (0.48 in 2010) (Uganda, 2012). The UNDP (2008) report shows that the poorest 10 per cent of the population only have a share of 2.3 per cent of the national income whereas the richest 10 per cent have a share of 37.7 per cent. The proportion of the population living in poverty is also much higher in some areas of the country than in others, suggesting that the process of poverty alleviation has been highly uneven, both geographically and sectorally (Uganda, 2012). For instance, the reports say that 77 per cent of the population of Kampala is middle class whereas 76 per cent in the northeast is poor.

The poverty scenario provides a big challenge to funding higher education since a good proportion of households are poverty-stricken. Policy-makers are always in a dilemma regarding how to adequately apportion the budget for higher education without crippling other sectors that are also essential in fighting poverty. Experience has shown that in such a situation, higher education has not been a priority in the annual budgeting. This is consistent with Appleton's (2001b) finding that government expenditure is disproportionately directed to the primary education level where social returns are higher than at any other level.

6.7 Democracy and Governance

These present a great challenge to the current government. Although institutionalising democracy has assumed top priority in most African countries, some Ugandans are dissatisfied with the current political developments. At the moment pluralistic politics is very fragile as the political

[11] Population estimated during the 2009/2010 Uganda National Household Survey by Uganda Bureau of Statistics.

system has become militarised over the years (Uganda, 2009). The militarisation of politics has undermined the checks and balances of power among key organs of the state. The representation of the military in Parliament in a multiparty democracy, which was introduced in Uganda after the 2005 national referendum, undermines the role of Parliament in holding both the executive and the security establishments accountable. Whereas democracy calls for freedom of expression, this is becoming a rare commodity in Uganda. The opposition is not allowed to freely express their discontent. The absence of public spaces in Kampala has led to serious confrontations between demonstrators and government forces when people tried an alternative vehicle for expressing their grievances in the form of "Walk-to-Work" protests. In this series of protests which started on 11 April 2011, the police violently dispersed stone-throwing crowds using teargas.[12] There is increasing evidence that the government is consolidating its position in power by becoming increasingly militarised. On every major highway leading into and out of Kampala city today, it is not uncommon to see heavy deployment of police vehicles. Funding and maintaining such militarisation and "undemocratisation" processes blocks the avenues for funding other sectors, such as higher education.

In terms of governance, corruption in government has become institutionalised. It is widely known that corruption in Uganda is endemic and widespread (Uganda, 2009). The mainsprings of such corruption are societal attitudes, political greed, weak institutions, weak and faulty accounting systems, low remuneration and poor employment benefits in the public sector (Uganda, 2009). Corruption is rampant in the political sphere, manifesting itself in various ways including fraud, embezzlement, misappropriation of public funds and assets, and the use of public resources or assets for private gain. Some of this corruption takes place directly in higher education institutions, thus adding insult to injury. Indirectly, it drains public funds that could have been used for furthering the cause of higher education.

7 Opportunities for Funding Higher Education in Uganda

7.1 Encouraging the Contribution of Households

The role of households in financing higher education is not insignificant (World Bank, 2010). Households in Uganda are able to contribute to financing higher

[12] BBC News "Kizza Besigye held over Uganda Walk-to-Work protest", 12 April 2011. http://www.bbc.co.uk/news/world-africa-13033279.

education by meeting the costs of educating their children either in part or in full. The prospect seems brighter as the level of poverty has seen a marked decline since 1986 (NDP, 2010). This implies that the welfare of households is getting steadily better. The government's continued policy of improving the welfare of the people through programmes such as Northern Uganda Social Action Fund (NUSAF), Peace Recovery and Development Plan (PRDP) and the general expansion of the social protection programmes[13] are all avenues for putting money in the hands of ordinary people. The government only needs a strong policy that ensures that the money earned by households is put to good use, including supporting higher education initiatives.

7.2 Development of Private Higher Education

The liberalisation of the economy and the pursuit of private sector led-growth (Obwona & Ssewanyana, 2007) has greatly enhanced the prospect of increasing the financing of higher education as more private institutions can be licensed to meet the increasing demand for higher education. The high enrolment of foreign students in Uganda's higher education institutions, which stood at 12,930 (9.4 per cent) in 2005/6 (NCHE, 2009) is a positive development. The Ugandan government can further encourage the growth of higher education provision by the private sector that meets market needs through having a strong regulatory framework and incentive measures. This approach has already had a positive impact on the development of the private sector in Cote d'Ivoire (World Bank, 2010).

7.3 Widening the Tax Base

There are three areas that can still be used to increase tax revenues: expansion of the base of taxation; reforming the structure of taxation; and extensive re-organisation of the institutions that administer the taxes in the country to improve tax collection efficiency and compliance (NDP, 2010). In the Uganda National Development Plan (2010/2015), the government plans to raise tax revenues by ensuring continued stability of the tax system and improvement in collections from other revenue sources, especially non-tax revenue (NTR) which currently contributes only about 1 per cent of total domestic revenues. To raise additional revenue from NTR, the government plans to review all its

[13] Social protection programmes are being implemented by the Ministry of Gender, Labour and Social Development with assistance from partners such as UKaid, Irish Aid and UNICEF.

rates. It also plans to streamline existing exemptions and tax incentive polices. In addition, improvements will be made to tax administration to enhance the compliance rate and focus on the retail sales end of value added tax (VAT) (NDP, 2010). According to the same source, the revenues from Uganda's oil deposits, which are expected to materialise during the implementation of this NDP, should significantly improve Uganda's domestic revenue base, and this should result in a lower fiscal deficit in the medium term. The government also plans to include the large subsistence and informal sectors of the economy in the taxable bracket. In addition, the researcher has identified the re-introduction of graduated tax,[14] which was abolished by government in 2005, as another possible avenue of taxation.

According to the 2011/12 budget, some of the planned increase in the tax base has started bearing fruit. Oil revenue collected in 2010/11 amounted to USh 1,008 billion (*Daily Monitor,* 2011, June 8). NTR collections amounted to USh 86.3 billion, which is equivalent to about 1.7 per cent of the total domestic revenue. Several reforms in tax administration have been undertaken during the year to enhance the efficiency of tax administration and reduce the costs of compliance. These reforms include rolling out on-line tax services in the Jinja, Gulu, Kampala, Mbale and Mbarara stations.[15] These developments allow taxpayers to register, file returns and pay taxes on-line, once they access the internet. Other improvements include quicker customs processes and improvements in the management of bonded warehouses. What should be noted very seriously is that government should show commitment in enforcing the planned revenue generation programmes and appropriately spend on all sectors, including higher education. More areas of tax reform should also be explored.

7.4 Student Finance Assistance and Loans

In Uganda, provision of assistance to students is still rare. A few students, however, have had access to State House-administered scholarships that are meant to benefit student from needy households. However, there is serious public concern about the effectiveness of this scheme because of its political implications. Nevertheless, there is still room for state provision of student

[14] Graduated tax used to be levied by government on the income of citizens to raise money for government programmes and services. Local government used to raise about 75 per cent of its revenue from this source. Unfortunately, because of the political ambitions of the ruling government then, it was abolished in 1995 without considering its repercussions.

[15] Apart from Kampala, the capital city, the rest are regional towns with municipal status.

assistance but, in the interest of fairness, such assistance should be means-tested and should not have political strings attached. If the management of such assistance is left to an institution such as the NCHE, the entire scheme could prove to be more effective. As already noted, in Francophone countries (with some exceptions) all students receive financial assistance in the form of exemption from tuition fees payment coupled with the provision of grants for living expenses (World Bank, 2010). Means-testing software programmes have been developed in Rwanda, Kenya, and South Africa to determine what individual students can reasonably afford to pay for higher education (World Bank, 2010). These ideas can be borrowed by Uganda. The provision of loans to students to access higher education has been long overdue. Although this exists in a proposal form (NCHE, 2009), it needs now to be operatinalised. As already noted, the concept of student loans has existed in Africa for more than 50 years (Woodhall, 1991). Loans, therefore, provide a good prospect for financing higher education in Uganda.

7.5 Donor Aid and Behaviour

Though we have noted that donor aid and behaviour are not favourable for Uganda, there is still a glimpse of hope for financing higher education. As the world is recovering from the global economic and financial crisis that swept across the world beginning 2007 (Ortiz, 2011), there is hope that donors will begin to honour their pledges to Uganda. To enhance the chances of getting more support from donors, Uganda needs a clear national strategy in favour of higher education. In addition, pursuing the higher education national goals in line with donor aid priorities creates an opportunity for receiving donor aid. If the chances of getting donor aid from the traditional western countries are slim, Uganda can still make use of South-South cooperation as an avenue for bridging the gap created by lack of donor support from the West. China is potentially a good partner in this regard. Though still minor in amount, South-South transfers are already occurring in three main forms: (i) bilateral aid, (ii) regional development banks and (iii) regional integration(Ortiz, 2009).

7.6 Diversification of Sources of Funding

There are opportunities for diversifying funding sources by the respective higher education institutions in Uganda. At the moment, the proportion of own resources generated at public universities stands at about 56 per cent (World Bank, 2010). Higher education institutions should continue to exploit every opportunity for expanding their resource base through internal management reforms and innovations. Benin's two public universities, where fee-based vocational training courses generate approximately 40 per cent of their operating budget (excluding salaries), are a case in point (World Bank, 2010).

These supplementary resources would augment effective public expenditure per student and could be used to improve on quality, among other outcomes. Efforts should be made to identify more and reputable foundations and partners, as their role in capacity-building and institutional development is well documented in SSA (World Bank, 2010).

7.7 Streamlining Students Support Services

This is one area, especially in public universities, where government can save money to spend on core activities. Supporting student services, such as feeding and accommodation, can be streamlined and the money used for capacity-building and institutional development. Though Makerere University Council cancelled free meals for government-sponsored students and instead, with effect from the 2009/10 academic year, started giving USh 2,000 to each student as a daily meal allowance, this can be abolished altogether and the money used for capacity-building or topping up the salaries of lecturers, who have frequently locked horns with government over demands for a pay rise. In Tanzania, students became responsible for their own food and housing costs, student union fees, and housing deposits starting in 1993. In 2002, Malawian students became fully responsible for the cost of boarding as part of the country's higher education cost-sharing policy (World Bank, 2010). Government scholarships abroad should be limited strictly to studies of essential relevance to national development. Savings can thus be realised for spending on domestic higher education.

7.8 Prioritisation of Science and Technology Related Disciplines

The Ugandan Parliament has endorsed a government policy to direct scholarships to public universities increasingly towards scientific and technology disciplines, with up to 70 per cent of the scholarships being earmarked for S&T and other areas of study deemed to be of critical economic importance (World Bank, 2010). Public universities that will reorganise their curriculum and focus on science- and technology-related courses will automatically benefit from this scheme, which provides a reliable source of funding.

7.9 ICT

The increasing innovation in ICT the world over represents an opportunity for improving the funding of higher education. Through this, institutions of higher learning can be encouraged to develop distant learning programmes which are less costly. Distance education is developing rapidly in all regions of the world, especially thanks to the flexibility that it offers, which allows, among other advantages, the promotion of lifelong education. Under certain conditions, distance education also makes it possible to respond to steep increases in the number of students at a marginal cost that is significantly lower than that of face-to-face teaching (World Bank, 2010). Burkina Faso has included in its development strategy a distance education course list that is expected to double the number of students enrolled in five years (World Bank, 2010).

7.10 Discovery of Oil

The discovery and exploitation of oil in the Lake Albert region (Pagnamenta, 2009) should provide a great prospect for increasing government revenue, including spending on higher education. Some of the hype surrounding the discovery of oil suggests that when exploitation begins, the country will be earning US$2 billion a year in oil revenues.[16] It is hoped that Uganda will not fall prey to the African "oil curse" that afflicts Congo and Nigeria, two massive treasure troves of natural resources that have been squandered owing to greed and bad leadership.

8 Conclusion, Limitations and Policy Implications

From the literature, it can be concluded that higher education is a global concern, particularly in SSA, of which Uganda is a part. The analysis proves that in Uganda higher education is being choked by serious under funding – unfortunately when enrolment is increasing at all levels. Despite impressive economic growth which higher education contributes to, it is not receiving the proportionate share of the growth benefits in terms of budget allocations. Meeting the ultimate outcomes of funding higher education requires fundamental shifts in spending and the prioritisation of national budgets as well as exploiting other potential opportunities.

First, the research is limited in that it relied only on qualitative methods. In future, a combination of both qualitative and quantitative approaches needs to be employed to arrive at a comprehensive dynamics of funding in this sector. Secondly, though mentioned in the conceptual framework, the role of higher

[16] http://business.blogs.cnn.com/2011/08/18/can-uganda-avoid-the-oil-curse? Posted by Robyn Curnow.

education in national development was not examined as this was considered outside the key objectives of the research. However, the current analysis provides an up-to-date and informative scenario of higher education in Uganda on the main concepts identified.

Uganda needs to seriously address the under listed issues of funding higher education if this sector is to continue contributing effectively to national development:

- Intensifying the implementation of poverty alleviation programmes and consolidating the gains made as doing this brings money to households who may then spend the benefits on higher education.
- Encouraging the growth of private-sector higher education through the creation of investment-friendly conditions. Doing this creates alternative avenues for people who fail to get admitted to public-funded institutions. The current modest policy is already seeing the influx of foreign students to Uganda.
- Giving financial assistance in the form of bursaries to students. This needs to be a policy priority for all institutions. This creates an opportunity for bright student from disadvantaged backgrounds to gain access to higher education.
- The loan proposal which has remained on paper needs to be implemented. Doing this would open the doors of higher education to those who would otherwise not access it.
- Donor aid can still be harnessed to support higher education. Appropriate fulfilment of donor conditions and improvement in the management of donor funds are avenues for attracting the funds. South-to-South cooperation is particularly encouraged in the face of decreasing support from the North.
- More and better foundations should be identified and partnered with, either at institutional or national level as they appear to be a reliable source of funding.
- Universities and other tertiary institutions should be innovative enough to diversify the sources of their funding. Hiring the institutional facilities out to the public is one such avenue.
- Streamlining student support services by eliminating "unnecessary" costs, such as on accommodation and feeding, are avenues for saving money for capital development.
- The higher education institutions should, as much as possible, re-design their curricula to reflect government priorities. Focusing on science-related courses could attract more support from government.
- Ugandan higher education institutions should exploit the ever-increasing use and application of ICT to improve on delivery.

Developing distance education courses are critical in this respect for capturing the growing regional market.

- The Ugandan government should prioritise the utilisation of oil revenue and higher education should be among its top priorities

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