

FUNDING MODELS FOR HIGHER EDUCATION IN AFRICA

PETER A. OKEBUKOLA

The Mastercard Foundation-AAU Consultation

November 21-22, 2016

Meeting Objectives:

The consultative meeting on higher education has two main objectives:

- Develop a common understanding of the priorities and approaches that should be adopted to improve the relevance and quality of higher education in Africa.
- Develop a common understanding of how development partners can complement ongoing efforts, with a view to improving the relevance and quality of higher education in Africa.

Where does the shoe pinch?



The Shabani (2013) and Okebukola (2015) studies

- *Ranking of Challenges Facing Higher Education in Africa*
- *Survey of African higher education stakeholders from all sub-regions*

Findings: Top 7 Challenges

1. Depreciating quality of higher education teachers
2. Research capacity deficit
3. **Inadequacies in funding**
4. Infrastructural/facilities inadequacies
5. Capacity deficit of quality assurance agencies
6. Management inefficiencies
7. Poor quality of entrants into higher education from the secondary level

“Money cannot solve all of higher education’s problems, but without money, no solution is possible”

[HOME](#) » [NEWS](#) » **ASUU strike paralyzes activities across varsities**

ASUU strike paralyzes activities across varsities


ON NOVEMBER 18, 2016 10:10 AM IN [NEWS COMMENTS](#)






FEES
MUST
FALL!

FREE QUALITY
EDUCATION
2016
#FEESMUSTFALL

- 
- In the face of recession funding cuts loom

The Armageddon scenario of 2063

- Unimaginable depression in quality if new funding models are not in place in earnest.



Thanks to AAU for seeking sustainable funding models in response to the need expressed by its members.



Association of African Universities
Association des universités africaines
رابطة الجامعات الأفريقية



TOWARDS INNOVATIVE MODELS FOR FUNDING HIGHER EDUCATION in **Africa**





No one-size-fits-
all

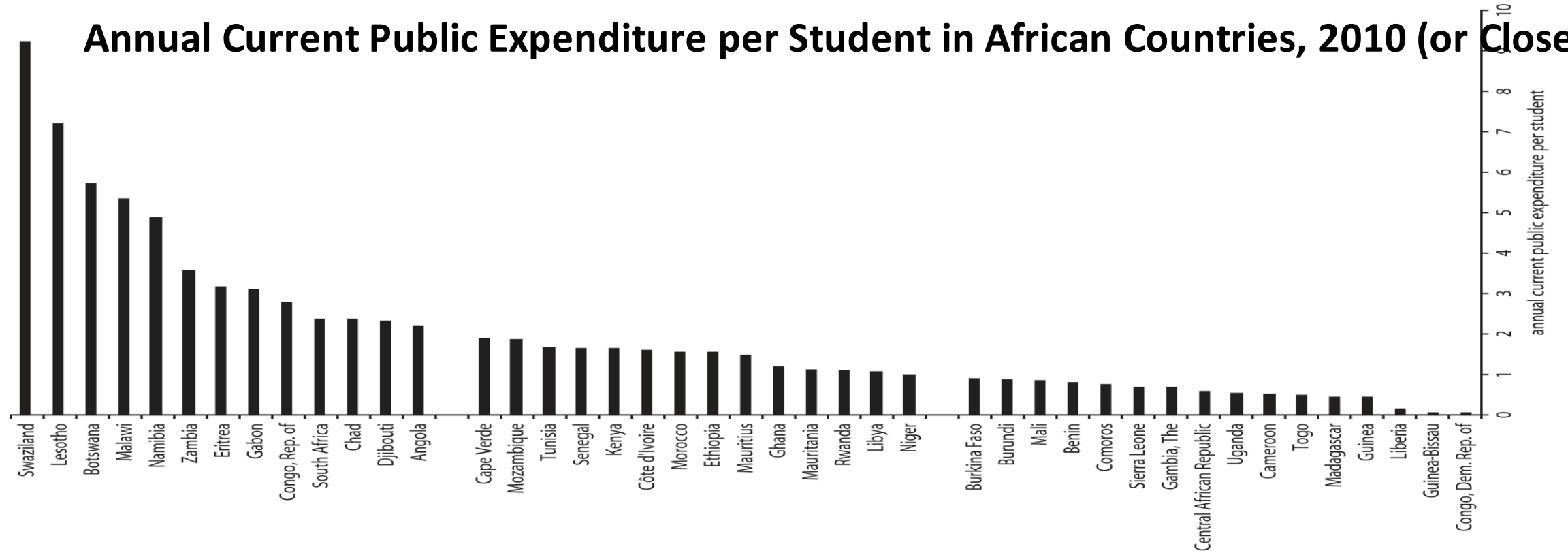
Historical antecedents

- Pre-1960s colonial funding models
- Post-independence models

- Africa accounts for only **0.6 percent of Global Gross Expenditure on Research and Development**, with South Africa's share representing as much as 90 percent of this contribution.
- **Less than 2% of world researchers and about 1.5% of the world share of scientific publications** were provided by Sub-Saharan African countries in 2014.

GAP ANALYSIS

Annual Current Public Expenditure per Student in African Countries, 2010 (or Closest Year Available)



Major challenges facing funding of higher education in Africa

- **Enrolment growth has outpaced funding capabilities**
- **Inefficient application of funds by both government and higher education institutions often dilutes the impact of funds provided**
- **Increasing decline in public expenditure per student**
- **Research and quality investment are largely underfunded**

Shabani, 2013; Okebukola, 2015

Case studies of addressing the challenges

- Ghana
- Kenya
- Nigeria
- Senegal
- South Africa

Ghana- Emmanuel Newman and Mahama Duweijua

- Combination of earmarked grants for higher education and performance funding
- GETFund support
- Student loans and bursaries

Kenya- Crispus Kiamba

- Universities Act 2012 established the University Fund
- Student loans and bursaries



Nigeria

- Envelope system + TETFund



Senegal- Bhen Sikina Toguebaye

- Performance contract funding



South Africa-Basseyy A. Antia

General Features

- **Goal-oriented and performance-related:** government grants distributed to institutions according to national goals and approved institutional plans. Payment for services and outputs
- **Improvement-oriented:** rather than necessarily being punitive, it has instruments for encouraging improvements when targets not met
- **Caveat!** On-going reviews, changing benchmarks*. Examples drawn largely from funding architecture, categories and benchmarks of the first triennium of the new funding framework (2004/5 – 2006/7)

Financing South African higher education (HE) and research in theoretical perspective

- The new funding framework for HE and other interventions from actors in the National System for Innovation, especially the NRF, confirm that, internationally, government allocations to the HE sector consists of
 - Block grants (based on formulas) to support teaching, research and other operational costs
 - Allocations to support loan schemes for students
 - Ad hoc, earmarked and/or competitive allocations

Importance of Intervention Funds

- TETFund (Nigeria)
- GETFund (Ghana)
- others

PRACTICAL AND SUSTAINABLE FUNDING MODELS

1. Performance-based Funding Model
2. Access-Equity-Cost-Sharing Model
3. Contextualised Formula-Funding Model
4. Host-Proprietor-University-User-Funding Model

UNIT COST OF UNIVERSITY EDUCATION=Heart of the Matter

$$U.C = \frac{TRC + TCC + SLE}{TSE}$$

Where,

| | | |
|-----|---|-------------------------|
| U.C | = | Unit Cost |
| TRC | = | Total Recurrent Costs |
| TCC | = | Total Capital Costs |
| SLE | = | Student Living Expenses |
| TSE | = | Total Student Enrolment |

2014 Unit Costs

| Discipline | Observed Unit Cost (N) | Expected Unit Cost (N) |
|------------------------|------------------------|------------------------|
| Administration | 525,000 | 719,250 |
| Arts | 555,000 | 760,350 |
| Agriculture | 690,000 | 945,300 |
| Education | 555,000 | 760,350 |
| Engineering | 645,000 | 883,650 |
| Environmental Sciences | 735,000 | 1,006,950 |
| Law | 594,000 | 813,780 |
| Social Sciences | 549,000 | 752,130 |
| Science | 615,000 | 842,550 |
| Medicine | 906,000 | 1,241,220 |
| Pharmacy | 735,000 | 1,006,950 |
| Veterinary Medicine | 735,000 | 1,006,950 |

Performance-based Funding

- This rewards universities for efficiency in teaching, research and community service and encourages competition among universities which will stimulate the evolution of centres of excellence. It **makes funding allocation more transparent and more competitive through redistributive funding formulae mainly based on performance.** (The funding formula is kept simple, with unambiguous metrics, so expectations are clear to everyone.). The Block Grant to a University (**BGU**) is given as

$$\mathbf{BGU = CC \times .60AUC \times APR \times DSE \times 4GR \times GER \times RSO \times EGO}$$

Access-Equity-Cost-Sharing Model

- This demands the lowering of financial barriers to higher education while ensuring equity in sharing of the funding burden by different stakeholders based on ability to pay.

Contextualised Formula-Funding Model

Fund universities based on a **formula which factors in individual peculiarities and current state of physical development and a desire to encourage programmes in science and technology with potential to accelerate impact on socio-economic development.**

Calculate Total Funding Need of each university (UTFN) through a series of consultative processes with each public university using the formula:

$$\text{UTFN} = \text{PNAS} + (\text{CC} \times .02\text{AUC} \times \text{FST} \times \text{RA} \times \text{GS}).02\text{AUC} + \text{K}$$

Host-Proprietor-University-User Funding Model

This model implicates all beneficiaries of the location and service of the university in contributing to funding the university.

Preference of African Vice-Chancellors

Performance-based
funding model (65%)

Securing improved funding: The African Model

- Strong-arm tactic
- Dialogue with the top leadership of government
- Vigorous exploration of non-proprietary sources (endowments, PPP)

Last line: Sustainable model

Tertiary Education Trust Fund

Message for this Consultation

- **The Mastercard Foundation and AAU to commission a study on the impact of existing national tertiary education trust funds (and other models of funding) on delivery of higher education in Africa.**
- **Use the findings of this study as advocacy tool for convincing African governments on selection of appropriate funding models.**

Just before I go...

12 Tips for running a
university on lean budget

<https://www.youtube.com/watch?v=eUgz3DX6Wvg>



Thank you