Universidade de Aveiro Departamento de Ciências Sociais, Políticas e do Território
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ANALYSIS OF HIGHER EDUCATION COST SHARING IMPLEMENTATION IN ETHIOPIA

ANÁLISE DAS POLÍTICAS DE PARTILHA DE CUSTOS NO ENSINO SUPERIOR ETÍOPE

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Dissertação apresentada à Universidade de Aveiro para cumprimento dos requisitos necessários para obtenção do grau de Mestre em Ensino Superior - Erasmus Mundus, realizada sob a orientação científica do Dr. Pedro Nuno Teixeira, Professor Associado da Faculdade de Economia da Universidade do Porto

Thesis submitted to University of Aveiro for meeting the necessary requirements for the degree of Master of Higher Education - Erasmus Mundus, held under the scientific guidance of Dr. Pedro Nuno Teixeira, Associate Professor at the Faculty of Economics in the University of Porto.

Dedication

This study is dedicated to my late mother Emahoy Worqnesh Kassaye. Emma, if you were with me, I would have been far stronger than I am now. Emma, I really missed you. God Bless you!

o júri

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Palavras-chave Educação Superior, da massificação, da partilha de custos, política de taxa de matrícula, do empréstimo de estudante, custo de implementação da política de partilha, na Etiópia

Resumo

Um grande problema dos governos dos governos do mundo e particularmente dos países em desenvolvimento têm enfrentado é a questão de como a reforma do financiamento do ensino superior em resposta às pressões crescentes interligada de inscrição do ensino superior (massificação) e do orçamento incompatível público. Os últimos três ou quatro décadas testemunharam grandes mudanças na maneira como a educação tanto nos países desenvolvidos e em desenvolvimento maior é financiado. Os governos e as instituições de ensino superior têm se confrontado com o problema do financiamento massificada sistema de ensino superior, enquanto a despesa pública para a educação não conseguiu manter o ritmo ou, em alguns casos diminuiu.

Apoiado por esses objectivos e argumentos econômicos como as taxas de retorno do ensino superior, equidade e eficiência, a massificação do ensino superior tem provocado profundas, o país ea instituição específica, os processos de reforma turbulento e uma delas é a reforma do ensino superior financeiros. Massificação exerceu pressão financeira sobre a receita pública e causou a austeridade de ensino superior inescapável financeira, que é mais pronunciado e exibido em países em desenvolvimento.

A percepção ea subsequente introdução da partilha de custos, na forma de propinas, taxas e outros encargos do usuário onde o ensino superior foi anteriormente oferecido gratuitamente eo aumento substancial das propinas em vários países onde existiam anteriormente, é em parte resultado da maior pressão de educação financeira. Este tem sido o produto de uma escalada de matrícula do ensino superior, menos receitas, bem como a subida do custo unitário. Indiscutivelmente, a partilha dos custos tem sido respeitado e favorecido por seu papel na promoção da eficiência e equidade do ensino superior também.

Quatro partidos estão na linha da frente na distribuição dos custos do ensino superior. Estes são os alunos, pais, governos e doadores. Os investidores privados também partilhar os encargos da demanda crescente de educação superior. A tendência de introdução de pagamentos para o ensino superior, um aumento significativo das propinas ea alteração dos regimes de auxílio estudantil de subvenções ao crédito tem sido fonte de controvérsias e debates, que tornaram-se os dotes negativos para a execução da política de partilha dos custos, em muitos países. Além disso, o esforço de implementação da política de partilha de custos, em muitos países em desenvolvimento tem sido frustrados por muitos outros factores nacionais e internacionais.

Este estudo é tentar analisar, a análise comparativa dos países em desenvolvimento e com referência específica à Etiópia, o conceito de partilha de custos, as lógicas de partilha de custos e destaca as principais características de implementações de políticas de partilha de custos.

Keywords **Higher Education, Massification, Cost sharing, Tuition fee policy, Student loan, Cost sharing policy implementation, Ethiopia.**

Abstract

One major problem governments of the world and particularly governments of the developing countries have faced is the issue of how to reform the finance of higher education in response to the interconnected pressures of rising higher education enrollment (massification) and the incompatible public budget. The last three or four decades have witnessed major changes in the way both developed and developing countries' higher education is financed. Governments and higher education institutions have grappled with the problem of financing massified higher education system while public expenditure for education has failed to keep pace or in some cases declined.

Backed by such objectives and economic arguments as higher education rates of return, equity, and efficiency, higher education massification has caused far-reaching, country and institution specific, turbulent reform processes and one of these is the higher education financial reform. Massification has exerted financial pressure on the public revenue and caused the inescapable higher education financial austerity, which is more pronounced and exhibited in the developing countries.

The perception and the subsequent introduction of cost sharing, in the form of tuition fee, other fees and user charges where higher education was previously offered for free and the substantial increase in tuition fees in several countries where they did previously exist, is partly the result of the higher education financial pressure. This has been the product of escalating higher education enrollment, less revenue, and the rising of unit cost. Arguably, cost sharing has been adhered and favored for its role in promoting higher education efficiency and equity as well.

Four parties are in the frontline in sharing the cost of higher education. These are students, parents, governments and donors. Private investors also share the burden of the growing higher education demand. The tendency of introducing payments for higher education, significant increases in tuition fees, and the change of student aid systems from grants to loans has been the source of controversy and debates, which have become negative dowries for the implementation of the policy of cost sharing, in many countries. Moreover, the effort of cost sharing policy implementation, in many developing countries has been frustrated by many other national and international factors.

This study is trying to analyze, benchmarking developing countries and with specific reference to Ethiopia, the concept of cost sharing, the rationales of cost sharing and highlights the major features of cost sharing policy implementations.

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CHAPTER ONE

INTRODUCTION

1.1. General Overview

Over the past half century, tertiary education has been transformed from a privilege for the elites to a global enterprise where student annual enrollment has become exceedingly larger and more inclusive. This growth, especially striking in developing countries, has been rapid since the last decades of the 20th century. In 1991, the global tertiary student population was 68 million. By 2004 it had nearly doubled to 132 million and is projected to reach 150 million by 2025 (Kapur and Crowley, 2008). Gross enrollment ratio in Latin America rose from 1.6 percent in the 1960s to 29 percent in 2002. Gross enrollment ratio in higher education in China have climbed from barely 2 percent in 1990 to about 16 percent in 2005 and in Vietnam the population of higher education students grew from 190,000 in 1991 to nearly 1 million in 2002. Enrollment ratio in the Sub-Saharan Africa has developed from 1.7% in 1980 to 3.9% in 1997. The ratio reached 5% by 2004 (Guri-Rosenblit and et.al, 2007 and Kapur and Crowley, 2008).

The rapid growth in tertiary education's enrollments seems to have been caused by shifting demographics, changing economic structures and significant improvements in access to primary and secondary education. By the late 1990s, 75 developing countries had primary enrollment rates over 90 percent. Between 1965 and 1995 secondary gross enrollment ratio increased from 16 to 47 percent in Brazil, from 2 to 32 percent in Nigeria, and from 13 to 30 percent in Pakistan. On average, between 1995 and 2003 upper secondary enrollment grew by 39 percent in countries participating in UNESCO's World Education Indicators (WEI) program. The program includes such countries as Argentina, Brazil, Chile, China, Egypt, India, Indonesia, Jamaica, Jordan, Malaysia, Paraguay, Peru, the Philippines, the Russian Federation, Sri Lanka, Thailand, Tunisia, Uruguay and Zimbabwe (Kapur and Crowley, 2008). The increasing numbers of students graduating from secondary school has led to subsequent pressures in the demand for post-secondary education.

Although gross enrollment ratios in developing countries still lags far behind from industrialized countries, the financial constraint is stronger. The deplorable condition of higher education in developing countries is partially due to a paucity of resources. Tertiary education in developing countries has long been poorly funded. While it may be understandable that expenditures per student are far below those in industrialized countries, even their share in GDP is far less. It further became finance-thirsty by the process of expansion and less governmental attention (Mohamedbhai, 2008 and Oketch, 2003).

In spite of the demand and the imperative socio-economic and cultural and political role of higher education, when compared to basic and secondary education, this sector has got less emphasis and less financial support from the public resource in many developing countries. The assumption that higher education yields lower social returns relative to other investments, especially basic and secondary education, has been the reason behind the low consideration of higher education in Sub-Saharan Africa. This assumption has been advocated by some international agencies such as the World Bank, who have advised governments of developing countries to concentrate on basic education (Woodhall, 2003). A review of 98 countries from 1967 to 1997 has manifested that the rate of return from primary schooling was 18.9% where as the rate of returns from higher education was estimated to be 10.8% (Psacharopoulos and Patrinos, 2002). The financial problems of higher education have been further aggravated by the increasing enrollment, the rising of per student cost, and the labor extensive nature of higher education (Johnstone, 2004a and Teixeira, 2008).

As a result most higher education institutions suffered from serious financial problems that could be explained in terms of incapacity to repair plants, depletion of libraries and laboratories, moral deterioration of the staff, crowded lecture halls, to mention few manifestations.(Johnstone, 2004a)

Despite the assumption of lower social return rates, higher education has got importance as one of the main vehicles to development endeavors in countries of the world. In addition to its importance in development, the role of higher education has been attached to sovereignty and freedom. Black leaders, who have been educated in the colonial metropolitan, have the conviction that higher education will have the effect of socialization in producing new nationalist elites (Kapur and Crowley, 2008).

Governments have begun to reconsider their financial policies due to the principle of higher education rates of returns, where the social/public rates of return from higher education are presumed to be lower than private rates of return. The attempts to resolve the financial austerity have reconsidered the cost-side or the revenue-side or both (Teixeira, 2008). And most countries have introduced higher education cost sharing in various forms or increased tuition fees to be borne by the government, parents, students and philanthropists. And, to minimize the political pressure and to maximize the economic advantages, governments and institutions claim that the rationales for higher education cost sharing to be equity, access, efficiency and revenue diversification and supplementation. However, this alone could not enable public universities to enroll all who applied for higher education. Hence, the role of the private higher education as well became an alternative in absorbing the steadily growing demand for higher education.

Likewise, in 1994, the Ethiopian government has produced a new education and training policy by which it recognized that the Ethiopian education has been “entangled with complex problems of relevance, quality, accessibility and equity” and promised to enhance the education participation of disadvantaged sections of the society and to “create the necessary conditions to encourage and to give support for private investors to open schools and establish various education and training institutions.” (FDRE, 1994) Moreover, the policy proclaimed that “… government financial support will be up to the completion of general secondary education and related training with increased cost-sharing at higher levels of education and training” (FDRE, 1994).

In many ways, however, the policy implementation of cost sharing is not as easy as the introduction of cost sharing. Many experiences attest that cost sharing policy implementation, particularly in developing countries, has been entangled with many problems. Therefore the focus of this study is to analyze cost sharing and policy implementations. The discussion will take place centering the Ethiopian context.

1.2. Statement of the Research Problem

Ethiopia is one of the largest and poorest developing countries and has more than 74 million people. And 80% of its population has engaged in agriculture (Saint, 2004). Given the poor economic ground, the growing demand for higher education and the prevalence of incompatible tertiary education institutions, the problems surrounding higher education have become numerous and complex.

The country has embarked up on ambitious expansion program of higher education. Within a decade the universities of the country have grown to eight and by now Ethiopia possessed more than 22 public universities. The growth of fee-dependent private tertiary education institutions is also remarkable. The public institutions have been built by the very scarce national resource, international aid and credits. The major intention of institutional expansion is to absorb the growing demand, satisfy the national demand for human capital that could enhance the all-round national development endeavors, and to open equal access opportunity for those disadvantaged sections of the society.

However, higher education finance proved to be insufficient with the growing demand, the rising unit cost, the ‘cost-disease’ nature of higher education, and the poor economic capacity of the country. Higher education financial problems are further aggravated by the voracious competitions of other public services that badly need public finance, the prevalence of all sorts of corruption, poor tax collection system. All have contributed to higher education financial austerity. Moreover, the idea of rates of return, which has been strongly advocated by the international agencies, has forced the government to reconsider its financial policy for higher education.

Until 2003, education including higher education has been free in Ethiopia. Free higher education includes such expenses as lodging, health care and boarding. The 2003 “Higher Education Proclamation No. 650/2009”, states that “Any Ethiopian student studying in a public institution and who is not required to pay tuition fee... shall contribute, in cash or in service, to cover the cost of his education” (FDRE, 2009). The Council of Ministers also declared the cost-sharing regulation in 2003. This regulation states that “all beneficiaries of public institutions of higher learning shall share full costs related to boarding and lodging and a minimum 15% of tuition related costs” (FDRE, 2003).

The cost-sharing scheme has been envisaged as "graduate tax" which is a variant of the income contingent loan whereby the beneficiary or the graduate student must pay income surtax, generally for the rest of his or her earning lifetime. The Ethiopian graduate tax has some common elements with the concept of income contingent loan. Actually, it has been modified. The Ethiopian brand of graduate tax is not a lifetime payment. The Council of Ministers' regulation decided that the "... completion of repayment of amount owed by beneficiaries shall, depending on the type and duration of program, not exceed 15 years" (FDRE, 2003). The scheme is an adaptation from the Australian Higher Education Contribution Scheme (Teshome, 2005).

The success of this scheme could be measured mainly by the attainment of its rationales from where it emanates. Some scholars argue that this scheme has some problems to be implemented in developing countries. Internally, there are resentments against cost sharing. This is because cost sharing is a new scheme for a country that had experienced a long tradition of free education. Others are pessimist of the realization of the scheme because the country is not as ready as Australia. And still other complain that higher education payment further deny the less advantaged sections of the society access to higher education (Teshome, 2007).

The Ethiopian government has introduced a 'graduate tax' cost-sharing scheme in an atmosphere of vivid intellectual arguments and mixed feelings from domestic public opinions. It has been introduced without making visible institutional or organizational adjustments. Today, the scheme is eight years long. So, it is important to assess and analyze the implications and rationales behind the scheme and to reflect on the cost sharing policy implementation of the country.
Given the above scenarios under which cost sharing has been introduced, the main purpose of this research is to analyze forms of cost sharing, rationales, and to reflect on implications and cost sharing policy implementations in Ethiopia. In other words, this research is intended to investigate the **What** (**forms/types and implications of cost sharing**) **Why (rationales),** and **How (implementation)** of the Ethiopian cost-sharing**?**

1.3. Objectives of the Study

The general aim of this research is to analyze cost sharing and reflect on policy implementations in the Ethiopian public higher education.
Specifically, the research has the following objectives:

1. Analyzing cost sharing and its features in the Ethiopian context
2. Exploring the rationales
3. Describing some implications of cost sharing
4. Reflecting on cost sharing policy's implementations in Ethiopia as compared to other neighboring countries

1.4. Research Questions

In light with the above statement of the research problem and to attain the research objectives, the following three specific research questions are formulated:

1. What are the features and implications of cost-sharing in Ethiopia?
2. What are the rationales of cost sharing in Ethiopia?
3. In line with expectations and practices, what are the challenges of cost sharing implementations in Ethiopia?

To achieve the objectives and find answers to the research questions mentioned above, a comparative perspective will be used. This means that the analysis of cost sharing in Ethiopia, its rationales, forms, implications, will take into account the international general foundations revolving around cost sharing. The analysis will give particular attention to the experiences of other developing countries with cost sharing, namely of other countries in the region of Africa.

1.5. Research Methodology

Research Design

Two research approaches are identified. These are qualitative and quantitative. Qualitative emphasizes in the process of collecting and analyzing data and apply words than statistics. On the other hand, quantitative method gives attention to the analysis of statistical data and it is more of numerical compared to qualitative method (Bryman, 2008).

The research method that fits to this study is qualitative method and approach. This is because of the nature of the topic and the sources needed to reconstruct and analyze the aforementioned issues. The major interest of the researcher is to develop deep understanding of concepts and applicability of cost sharing and related issues in general and in the Ethiopian context. The analysis of cost sharing rationales and reflections on policy implementations needs the deep understanding of the concept and theories of cost sharing and related ideas and philosophies. The role of related literature is important to understand the conceptual and/or theoretical framework of cost sharing and related issues. Policy document analysis will be imperative to discuss and analyze issues of implementation and implications of cost sharing.

Epistemologically, the study of the concept and application of cost sharing in a specific context will enable the researcher understand the trends of cost sharing in Ethiopia. Ontologically as well, the reality under which cost sharing is conceived, experienced and operationalized in Ethiopia may vary. It is thus through a qualitative analysis of related literature that issues related to Ethiopian higher education cost sharing could be best explained.

The qualitative consultation of related literature and policy documents is the major way of discussing and analyzing this research. This does not actually mean that the research will avoid all numerical evidences. It applies numerical and statistical figures to illustrate some issues. These are some of the reasons behind choosing qualitative design of research for this particular thesis.

Data Collection

Based on the above rationale, data collection for this research will be more of qualitative in nature. Qualitative data collection comprises varies approaches. It includes in-depth interview, direct observation and written document consultation (Bryman, 2008 Babbie, 2008, and kvale, 1996).

Interview: The literary sources will be complemented by some unstructured discussions with some key actors.

Direct Observation: Direct observation differs from interviewing in that the observer does not actively query the respondent. The researcher rather consciously watches circumstances. It can include everything from field research where one lives in another context or culture for a period of time to photographs that illustrate some aspect of the phenomenon. The data can be recorded in many of the same ways as interviews (audio, and video) and through pictures (photos or drawings). In this respect, the researcher has served as Dean of Students for a little more than two years, Department Chair and lecturer in one of the higher education institutions (university) and had the opportunity to observe some situations related to cost sharing. This could also be applied where ever necessary in the course of the research analysis.

Primary sources: Usually this refers to the existing first-hand documents. It can include newspapers, magazines, web sites, memos, transcripts of conversations, annual reports, and proclamations, regulations, policy papers, and so on. Usually written documents are analyzed with some form of content analysis. Such sources could be analyzed in thematically or/and qualitatively. Government proclamations, policy papers and statistical abstracts could be utilized in the course of the study.

Secondary sources: Secondary source makes use of already existing sources to support ideas and assumptions and analysis. In this research, articles related to higher education and cost sharing have been exploited as much as possible.

Qualitative analysis can be inductive or deductive. Inductive analysis tends to be more useful in cases where there are no previous studies dealing with the phenomenon or when they are fragmented. The concepts are derived from the data in inductive content analysis. Deductive content analysis is more frequently used when the structure of analysis is operationalized on the basis of previous knowledge or if the general aim is to test a previous theory in a different situation or to compare categories at different time periods. This study employs deductive content analysis because its analysis depends on previous knowledge but in a different context. It tries to survey the situation in the world and the developing countries so as to understand the position of Ethiopia in respect to higher education cost sharing and its policy implementation.

The advantage of the above approach is that the data analysis enables the researcher to take unobtrusive measures. This means the researcher is not required to involve and interact with the population under discussion. Precaution will be made to consciously avoid the limitations of both primary and secondary sources analysis.

Spatially, some sources are located in Ethiopia particularly in the Ministry of Education and other agencies. Cost sharing related decrees, proclamations, legislations, rules and regulations.... are important official documents to analyze issues. Some of these documents and related literary works are also found in web pages and in university and research center libraries. Discussion with researchers of the field will enrich the data and strengthen the study. In this case the professional role of supervisor(s) is imperative. Generally data collection mechanisms include

1. Related literature review
2. Analysis of official documents
3. observations
4. interviews, and
5. Discussion with the supervisor

Data Analysis and Organization

The general track of the research thoughts or data analysis is qualitative approach**.** Qualitative design describes the method of data analysis as well. There are four qualitative approaches namely, ethnography, phenomenology, field research and grounded theory (Mayring, 2000).

This research is not certainly ethnographic, which mainly deals with cultural issues and where the researcher is a practitioner or participant observer in the research process. Phenomenology is an approach in which the researcher tries to understand how the world appears to others. This approach may slightly appear in this research due to its contextual analysis. Field research requires the physical presence of the researcher(s) in the particular focus area of the research and tries to observe the phenomenon in its natural state of existence and conditions. It takes note of the observation. Obviously, this research applies less of this approach because it basically manipulates with the qualitative analysis of literary texts. This does not mean that some practical observations are not used. Ground theory is certainly helpful for this research. It is a complex iterative process in which relevant theoretical concepts are identified in the course of data collection. These will be linked to the data gathered to analyze the issue contextually. Grounded theory involves three analytical strategies: Coding, memoing and integration. Sequentially, these strategies are data categorization, recording of thoughts and ideas in the course of the study, and pulling of the detailed issues to integrate thoughts and ideas. Grounded theory approach is an analytical explanation of issues in relation to the contextually relevant detailed data collected.

The information collected from literature and official documents will be treated separately and then pooled together according to the issue each deals with. It will be then reviewed, organized and categorized into a coherent integral. Accordingly, first, the data collected from the literature will be classified in line with the content of the thesis. Second, data collected from official documents will be categorized according to the content. Then, a systematic qualitative and integrated data analysis will follow. A thorough analysis of the data gathered from the literature and official documents, supplements by some observations and interviews will be employed to understand the higher education cost sharing rationales and the trend of cost sharing policy implementation in Ethiopia.

Moreover, before writing up the final paper both formal and informal discussion and consultation have been made with the supervisor.

Conclusively, this research has employed qualitative method of data collection and analysis that is based on grounded theory and deductive analysis. The analysis work is more of thematic and coherent. Related literature, policy documents and other sources are integrally treated and analyzed to understand the Ethiopian context and finally to make some sort of conclusion.

1.6. Organization of the Research

This research is organized into five chapters. Chapter one is the introduction and consists of two major issues of general review and the methodology of the study. The challenges of higher education massification in

developing countries are discussed in chapter two. This chapter tries to shade light on the concept of massification in the context of developing countries, and the financial challenges of massified higher education, and inducts briefly the responses of governments and institutions to the financial challenges.
The third chapter emphasizes on the rise of cost sharing in higher education. The discussion focuses on the general experiences of developing countries. The concept of cost sharing, the rationales of cost sharing (Equity, access, efficiency, and revenue), tuition policies, forms of cost sharing, student supports in cost sharing and the experiences of the developing countries in the context of the above issues have been briefly addressed in this chapter.

Chapter four enunciates the Ethiopian higher education policy of cost sharing in the context of massification. The Ethiopian education system and the evolution of the higher education are briefly introduced to be followed by such issues as educational policy endeavors, sources of mass higher education finance, financial challenges, the introduction of cost sharing, cost sharing rationales in the Ethiopian context, public responses to cost sharing, forms of cost sharing, student supports, and reflections on cost sharing policy implications and implementations. Neighboring Kenya has been taken as a comparison to discuss issues of cost sharing implementations.

The last chapter winds up the study. It presents the summary, conclusion and recommendations of the study. The summary section reviews the general themes in the study and conclusion tries to identify the major findings of the research. The final section brings to light some important points that could be helpful for cost sharing practices in developing countries.

CHAPTER TWO

CHALLENGES OF HIGHER EDUCATION MASSIFICATION IN DEVELOPING COUNTRIES: Focus on Sub-Saharan Africa

2.1. Introduction

For a long period, higher education has been elitist in enrollment. Higher education institutions used to enroll the most privileged sections of the society. The period after the second half of the 20th century, however, has witnessed a major change to that tradition in the sense that higher education has been massified.

Fullan (2009) has described the last four decades of the 20th century as characterized by major "change forces" that have affected the public sectors including higher education. The broad change forces are like global warming, resource scarcity, information technology, fractious divisions, and 'exit of baby boomers.' Change forces specific to higher education include massification, scarcity of funding, new style of international/global competition, maintaining standards, diversification, and others.

Castells (2001) and Barrow (2003) have supplemented to the aforementioned reasons to the changes in higher education by referring to the period of industrialization and the subsequent developments. The rise of knowledge society and the demand of the economic sector for massive general and specialized labor force have necessitated for a new mode of production, services, relations and distribution systems. The 'social need' for socio-economic and political transformation through education particularly through tertiary education has been another impetus.

Movements against racial and gender discrimination and for socio-economic and political equality and equity are also stimulating forces in higher education changes. For instance, the strong black movement has stimulated black student access to American white institutions and the formulation of new curriculum that suits black interests (Slaughter, 2002, Flacks and Thomas, 2007).

However, the degree and intensity of changes varies between countries and between higher education institutions in a country. Among other things, although not in the same way everywhere, the above 'change forces' consequently have impacted the higher education enrollment, management, finance, function…. Specifically, higher education finance has been impacted by the following global factors: (OECD, 2008)

1. Increased enrollment and expansion of tertiary education systems
2. New funding arrangements
3. Increasing focus on accountability and performance
4. New form of higher education governance
5. Global networking, mobility and collaboration

This chapter deals with the features of higher education in developing countries in terms of enrollment, massification, and its financial implications.
The next section draws attention to the meaning of higher education massification and its financial implications for developing countries.

2.2. Higher Education's Massification

Typologically, Trow (1973) has provided us the terms elite, mass and universal higher education. Elite represents the gross enrollment ratio up to 15%, mass up to 50% and universal above 50% of the cohort age. Literally, massification is the rapid increase in higher education student enrollment and institutions that took place since the second half of the 20th century. Massification has become a global phenomenon during the second half of the 20th century (Altbach, 1999).
Scott (1998) has explained massification from four broader dimensions.

1. Socially, higher education institutions and the system in general became inclusive. A large student population and staff have joined tertiary education.

2. Massification is the diversification of student educational, cultural, economic, social background, interest and scope.
3. Massification is also the enlargement and diversification of higher education system and institutions.
4. It is also diversification of the process of teaching and learning: curriculum, system of credit transfer, pedagogy, new quality standards, programs and courses, and the like.
5. To add one more, massification is also multi-dimensional and new way of global competition for scholarship, funding, ranking, reputation.

Higher Education massification is thus a global phenomenon where the number and brand of students in higher education institutions increased tremendously and have caused the expansion, differentiation and competition of institutions and programmes. This development has created competitive and reform circumstances where individual scholars and institutions maneuver in an environment of frustration or hope. It also posed critical financial austerity due to the incompatibility of demand and revenue.

Higher education enrollment in the developing countries grew from 28 million in 1980 to 47 million in 1995 and to 85 million in 2006 (Altbach, 2004a, Guri-Rosenblit and et.al, 2007). Average annual growth in tertiary enrolment over the period 1991-2004 stood at 5.1% worldwide (Segrera, 2009).

Table 1: Global Student Population Increase

Years	Numbers of Students in higher education institutions
1960	13 million
1970	28.6 million
1975	40 million
1991	68 million
1995	Over 80 million
2000	100.8 million
2004	132 million
2005	137 million
2006	144 million
2007	152.5 million

Source: (composed from Segrera, 2009, Altbach, 2004a, Guri-Rosenhlit, et.al, 2007, Villiers and Nieuwoudt, 2010)

The above table clearly manifests the growth of the number of students in higher education institutions in a global level. For instance, it has increased by 27 million within fifteen years from 1960 to 1975.

Table 2: Regional HE Gross Enrollment Ratio (1991, 1999, 2002 and 2005)

Regions	Percentage of Gross Enrollment Ratio			
	1991	1999	2002	2005
Arab states	-	19	20	22
Central and East Europe	32	39	50	57
Central Asia	29	19	23	26
East Asia and the Pacific	-	14	19	24
Latin America and the Caribbean	-	21	26	30
North America and Western Europe	51	61	67	70
South and West Asia	-	-	9	10
Sub-Sahara Africa	-	4	5	5

Source: (Mohamedbhai, 2008).

The table above illustrates the global dimension of the growth of higher education percentage of gross enrollment ratio in the years between 1991 and 2005. By 2005 countries in North America and Western Europe had attained the level of universal higher education where as countries in Central and Eastern Europe had reached mass higher education. However, the increase in the enrollment ratio and the gross enrollment ratio for the region of Sub-Saharan Africa had been very low compared to the rest of the world from the years 1999 to 2005. The increase was only one percent between 1999 and 2002.

In a country level, the USA, South Korea and Finland have already reached 60% participation rates in higher education and this is universal level in gross enrollment ratio. In many developing countries of Asia, Africa and Latin America, the number of higher education students tremendously increased, even though some were not in a position to increase the participation rate of the cohort age (Maassen and Cloete, 2002). Among the "new world players", China has significantly increased its higher education institutions and student enrollment. There were 205 institutions enrolling 116,000 students in 1949. This number grew to 1022 institutions and more than 3 million students in 1998. The gross enrollment ratio grew from 3.4% in 1990 to 9.8% in 1998 (Libing, 2006).

2.3. Developing Countries' Experiences of Higher Education's Expansion: Focus in Africa

General Features of African HEIs

Higher education internal developments have begun to exercise new trends due to the influences imposed by the colonial institutions of Europe (Altbach, 2004b, and Mohmedbhai, 2008). Thus, the modern higher education institutions of Africa have followed the model of the western world.

> *The history of the modern African University, as it is now known, can be traced back to the period between 1930 and 1960, when the few African western-educated elite, who saw European education as a strong tool to fight against colonialism, demanded the creation of European systems of education in Africa firmly believing that anything that was good for the Europeans was also good for the Africans. Most of the countries in Sub-Saharan Africa eventually had universities created but, in the majority of cases, it was after they had attained independence from their colonial masters. Most of these African universities were, however, modeled on specific institutions of the colonial powers and during the period spanning the beginning of the 20th century and the 1950s, all higher education programs in Africa reflected the major trends in philosophical discourse and policy debate among the major western powers i.e. the colonial powers and the USA.* (Mohamedbhai, 2008)

African institutions of higher education during the colonial period were considered as specific campuses of a certain university in the colonial country. For instance, the strong influence of the University of London has been manifested in such higher education institutions as Fourah Bay College in Sierra Leone, (which was a College of the University of Durham), University of Ibadan, University of Ghana and Salisbury (the modern Harare University), and College of Rhodesia (now College of Zimbabwe). French Universities also have 'African campuses' such as University of Dakar, Yaoundé, Abidjan and Brazzaville (Mohamedbhai, 2008).

In the post-independence period, particularly until the 1990s, African higher education institutions have played important role in the socio-economic and cultural developments of the continent. Financially, African universities have been supported by the ex-colonial countries (Mohamedbhai, 2008). However, in the 1980s and 1990s, due to the special attention given to basic and secondary education, higher education in the Sub-Saharan Africa has suffered seriously due to lack of attention and lack of financial support. This problem has been further aggravated by massification or expansion of higher education participation (Johnstone, 2004a). Africa has begun to experience increased demand for higher education since the late 1970s and early 1980s.

Expansion

In Africa, in 2005, the gross enrollment ratio in Ghana was 5%, in Kenya 3%, in Mozambique 1% and in Senegal 6% (Mohamedbhai, 2008). None of these African countries have achieved Trow's standard of massification. However, in comparison all of them experienced a significant high participation rate or expansion in higher education.

Over the last 25 years, the average enrollment rate in primary, secondary and tertiary education in Sub-Saharan Africa has increased substantially. Between 1960 and 1970 enrollment of primary, secondary and tertiary education grew at annual average rates of 5.4, 13.4, and 11.5 percent respectively (Hinchliffe, 1987). The following table shows the enrollment percentage in the three levels (Primary, Secondary and Tertiary levels of education) in some selected African countries. The table clearly shows the country difference in enrollment increase. The annual average enrollment rate in tertiary education is the lowest compared to primary and secondary education.

Table 3: Annual Average Enrollment Rate of Primary, Secondary and Tertiary Education in selected African countries (1960-1970)

Country	Primary Education	Secondary Education	Tertiary Education
Tanzania	98	3	0.3
Swaziland	93	29	3.0
Cameroon	74	14	1.3
Somalia	22	12	1.0
Mali	20	1	0.9
Niger	17	2	0.2

Source: (Hinchliffe, 1987).

While the use of national enrolment ratios or participation rates may be appropriate to define massification of higher education in industrialized countries, this may not necessarily be the case for developing countries like Africa. Thus, most African countries have a very low higher education enrolment ratio compared to the rest of the world; but they have experienced a very rapid increase in actual numbers of students enrolled in higher education. This too, should be considered as massification in an African context. In spite of its low level, higher education enrollment has increased as illustrated in the table below. The average annual increase in the 31 Sub-Sahara African countries has been 4.1.

Table 4: Average GER in 31 Sub-Saharan African Countries, 1990, 1999, and 2005

Level of Education	1990	1999	2005	Average Annual Increase
Primary Education	67.8	75.7	92.5	2.1
Lower Secondary education	18.7	25.4	35.0	4.3
Upper secondary education	8.6	11.7	15.8	4.1
Higher education	0.16	0.25	0.30	4.1

Source: (World Bank, 2010) (The 31 countries are Benin, Burkina Faso, Central African Republic, Chad, Congo Republic, Cote d'Ivore, Democratic Republic of Congo, Eritrea, Ethiopia, Gambia, Ghana, Guinea-Bisau, Kenya, Lesotho, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Nigeria, Rwanda, Senegal, Sierra Leone, Sudan, Tanzania, Togo, Uganda, Zambia and Zimbabwe)

The large numbers of students have been accommodated not only in existing institutions but also in a variety of newly-created ones, both public and private, including vocational and professional institutions, causing the quality of education to decline in many countries due to scarce resources. An important characteristic of the majority of African higher education institutions is that they have experienced institutional massification but with no adequate planning and with no proportionate and accompanying increase in resources (human, financial, physical) to enable them to cope with the new situations (Mohamedbhai, 2008). Moreover, even though higher education enrolment in Africa is lower than in other regions of the world, this sub-sector has been growing disproportionately faster than the national economies, including the offer of jobs in the labor market. Hence, massification in Africa seems to confirm the claim that “more means worse” due to the innumerable challenges faced by higher education institutions on the continent (Mohamedbhai, 2008, Villiers and Nieuwoudt, 2010).

Table 5: Increase in Enrolment in Tertiary Education in African Countries (1999 and 2005)

Country	Tertiary Education Enrollment		Percentage Increases	
	1999	2005	1999-2005	Annual Average
Burkina Faso	9,878	27,942	182%	30%
Burundi	5,037	16,889	235%	39%
Ethiopia	52,305	191,212	265%	44%
Kenya	47,254	93,341	98%	16%
Lesotho	4,046	7,918	96%	16%
Mali	18,663	32,609	75%	12%
Mauritius	7,559	16,852	122%	20%
Rwanda	5,678	26,378	365%	61%
Senegal	29,303	59,127	102%	17%
South Africa	632,911	735,073	16%	3%
Swaziland	4,880	5,897	21%	3%
Tanzania	18,867	51,080	171%	28%

Source: (Mohamedbhai, 2008).

Sub-Saharan Africa has recorded the highest growth rate of higher education enrolment. The number of students has grown by 10% between 2000 and 2005. However, in comparison to other regions of the world the growth rate is insignificant. Even though 11.9% of the world population lives in Sub-Saharan Africa, the total number of students in the region's higher education institutions covers only 3% of the global higher education student population. East Asia and the Pacific now lead the score board in terms of higher education student numbers with 46.7 million students in 2007 and this is 31% of global higher education student enrolment. The leadership of East Asia and the Pacific is followed by Central and Eastern Europe (23% of global higher education student enrolment). The rest of Europe follows covering 14% of the global higher education student enrolment. Latin America and the Caribbean and the Arab States combined share 12% of the global higher education enrolment (Villiers and Nieuwoudt, 2010).

Reasons for expansion

The demand for higher education has been increased due to private and public demands, the growth of secondary school leavers and demographic factors**.** These developments, coupled with the campaign for 'Education-For-All', which has forced most African states to offer free and compulsory basic education, have significantly increased both primary and secondary enrollment and completion rates. For instance, secondary enrollment has increased by about 43% from 1999 to 2004; and about 31 million students were attending secondary education across the continent of Africa (Mohamedbhai, 2008). These students were aspiring for higher education. The situation seems to have been more serious in the Francophone countries of Africa. Due to easy access to higher education, these countries enrolled more than the Anglophone countries, where admission has been based on rigorous selection process and thus, access was relatively restricted. For example, in Kenya among the secondary school leavers only 10% were admitted each year to all higher education institutions. Nonetheless, the number of students admitted to higher education each year steadily increased in spite of restrictive selections. In Ghana, higher education participation increased between 1999 and 2004 by 18% per year (Mohamedbhai, 2008). This has been further compounded by an expansion of what may be considered as college-going age cohort to include adults formerly by-passed by the system (Johnstone, 2008, and Mohamedbhai, 2008).

Population has grown and mortality rate has been minimized in the region due to improved economic and health situations and the relative minimization of conflicts, particularly after independence (Johnstone, 2004a and Mohamedbhai, 2008).

Table 6: Population Aged 15-24 (in millions)

Year	Africa	Asia	Europe	Latin America and Caribbean	North America	Oceania	Least Developed	World
1950	42	267	95	32	26	2	325	463
1980	92	514	113	74	48	4	664	844
2000	166	663	101	101	43	5	916	1,080
2010	210	750	93	106	50	5	1,054	1,213
2025	278	710	76	108	51	6	1,087	1,228
2050	354	665	67	97	53	6	1,100	1,232

Source (Kapur, 2008).

Population aged 15-24 in Africa increased from 42 million in 1950 to 210 million in 2010. Population growth is striking in Asia. In Latin America also population increased relatively. So, population increase is significant in most regions where developing countries are located.

The reasons behind the significant demand for higher education also include the recognition of both individual students and their families for the occupational and social status and greater earnings higher education is presumed to convey (Oketch, 2003). Students demand higher education to promote their socio-economic status. Higher education has inculcated the assumption that it will convey private monetary and non-monetary benefits to students. These assumptions have increased the curiosity and the pleasure of students to learn. Under the investment motive, students incur both time and money costs of education in order to increase their future income and to enhance their social status as well (Teixeira, 2008).

At the beginning of the 21st century, international donors have pledged to support higher education. At this time, international donors changed their policy from de-emphasizing to showing concern to higher education through encouraging African governments to diversify higher education funding. They have begun to advise and support African governments to diversify and share costs of higher education with beneficiaries. Higher education is now recognized by all as playing a very important role in economic development. The World Bank affirms that tertiary education is essential for the facilitation of nation building and also for the promotion of greater social cohesion, inspiring confidence in social institutions, as well as encouraging democratic participation through open debate (Mohamedbhai, 2008). Higher education also brings about an appreciation of diversity in gender, ethnicity, religion and social class. It is also considered by many as a major avenue for social mobility and a carte blanche/concession for moving up the upper echelons of society. At the national level higher education is considered as a vital instrument for human capital development, sustaining economic growth, restructuring society and promoting national unity (Mohamedbhai, 2008). This development has paved the way for the expansion of higher education.

Towards the closing of the 20th century and the opening of the 21st century, African governments have begun paying closer attention to the state of higher education in the region. The reasons behind this development include such factors as the policy change on the side of the international agencies such as the World Bank, the serious insistent for human capital after independence, increased demand for access, declining financial capacity for publicly financed higher education, dilapidated state of higher education institutions, and the continued faith that higher education holds the key to the region's economic development (Oketch, 2003).

> *Many of their leaders had been educated abroad (mainly in the colonial power, often as lawyers) and were aware of the socialization effects of higher education in producing new nationalist elites. They also recognized that technological weaknesses had contributed to colonization in the first place and they believed that building higher education institutions was important to foster the technological capabilities that would hedge against history repeating itself. (Kapur, 2008)*

After independence, the deserted socio-economic and political sectors required hundreds and thousands of trained people. This in turn has demanded the expansion of the educational capacity; particularly the expansion of the higher education institutions and higher education enrollment have become paramount importance for rapid expansion of services in education, health care, public works, and all the many social and physical services people look to government to provide.

Therefore, education was the key to all: more schools, more students, more graduates, more technicians, more nurses, teachers, engineers, administrators, the list is endless. For this reason, rapid expansion of education became the major priority in virtually all African states, and to make it happen, education had almost of necessity to be free if there were to be a meritocratic building of trained cadres across the board. In general, the efforts were successful, and the need for expatriate contract workers or volunteers steadily declined. (Maliyamkono and Ogbu, 1999)

Governments of developing countries particularly states of the Sub-Saharan Africa presumably recognized, at least in principle, the public benefits higher education is to bring to the social, cultural, political and economic well-being of their countries (Oketch, 2003). Governments in developing countries have supported the expansion of higher education because they have the conviction that higher education institutions continue to be the key intellectual hub and the future fulcrums of development of the region. In its public benefit, higher education will ensure active participation in international and regional co-operation and good governance. Good governance which is based on the rule of law and respect for human rights usually leads to peace and harmony, which encourages both internal and external investments (Ezeh, 2008).

It is not surprising therefore that many of the current policy formulations across the region have focused on the expansion of higher education. In other words, policies have been geared to train qualified human capital and promote equal access. Higher education expansion has been fundamental for the region, but also difficult to deliver due to sheer financial austerity. The aim of promoting access is important both for its own sake and because Africa has the lowest enrollment ratio and social composition in higher education compared to other regions of the world. In 1995, for example, gross enrollment ratio at the tertiary level was only 5% for males and 2% for females in the region. On the average, less than 4% of the age cohort is participating in higher education (Oketch, 2003).

In spite of the compelling demand for higher education in Sub-Saharan Africa, its success is more elusive and ambiguous. It has been significantly and compellingly demanded and required in a situation of fragile economies and democracies and struggling to maintain higher educational quality amid conditions of financial austerity and a relentlessly increasing tide of student demand (Johnstone, 2004a).

Governments have tried to develop policies that will alleviate the financial problems of higher education. The next section deals with the reasons behind the financial austerity and the policy responses governments have chosen to come out of the higher education financial austerity.

2.4. Financial Challenges of Massified Higher Education in Africa

Until recently, tertiary education in many countries has been largely financed by governments, or taxpayers. However, the high and expanded demand for higher education and its incompatibility with revenue has resulted in financial austerity. The situation has been so sour in the countries of Sub Saharan Africa that are predominantly dependent on rudimentary agricultural economy and who have unequal international trade and poor record of tax collection and system of taxation. International lending agencies have made them dependent on deficit financing and the printing of money a less viable alternative to taxation. And rampant corruption and political instability has lessened foreign investment as a source of economic activity and thus of tax revenues. There are also innumerable public services that need a huge amount of fund (Johnstone, 2004a). Higher education in Sub-Saharan Africa has to compete for funding against all the above regional impediments and the global impacts.

Fundamentally, the financial austerity has stemmed from two nearly universal driving forces (Johnstone, 2004a). The first of these is related to increasing unit, or per-student, cost of higher education. This can be attributed to a historically-entrenched, tertiary education production function that is capital or labor intensive and that has proven throughout the world to be especially resistant to labor-saving technology. Secondly, the cost of higher education has become more and more expensive and it escalates with the growing number of students, staff, programs and institutions, and the world economic situations (Johnstone, 2004b and Mora and Vila, 2003). Enrollment has grown particularly in countries where there is high birth rates that are coupled with rapidly increasing higher education aspiring secondary school leavers. These factors are more prevalent in Sub-Saharan Africa (Johnstone, 2004b).

In spite of the discourse for the expansion of higher education, governments found to be unable or unwilling to finance higher education as usual everywhere in the world. "... virtually everywhere mainline institutional support from government, as a share of total budget, is on the wane." (Clark, 1998) For instance, between the years from 1995 to 2005, government funding per capita dropped by 13.1% in UK, 17% in Australia, 2.7% in the US and 1.5% in Canada (Fullan, 2009). In Sub-Saharan Africa, the GDP share of education has increased from 3.2% in 1965 to 4.1% in 1980 (Hinchliffe, 1987). Higher education has been earmarked 0.78% of the gross domestic product of Africa in the last 15 years and only 20% of the current public expenditure has been allocated to higher education. The budget for higher education has been cut in the early 1990s. For instance, in the low-income African countries, the budget allocation for higher education has dropped from 0.67% in 1990 to 0.63% in 2006. This is a drop of 5.97 %. The reason behind this decrease seems to be the low concern African governments have offered to higher education as a result of the advice of the World Bank (World Bank, 2010).

Higher education in Africa particularly in Sub-Saharan Africa confronted two major and conflicting facts. It has been caught between increasing public and private demand and stagnant or in some countries even declining governmental revenues. The revenue austerity has emerged from the poor economic bastion that has left little wealth to be taxed and the existence of other voraciously competing public sectors such as elementary and secondary education, public health, public infrastructure, transport and communication, and other socially as well as politically compelling needs such as national security (Johnstone, 2004a).

It was on the March 1990 international conference that the universal principle of "Education for All" has been adopted. The effects are two: African governments were pursued to emphasize on basic education than higher education and the international donors reduced aid for higher education (Oketch, 2003). "The Bank is commonly viewed as supporting only basic education; systematically advocating the reallocation of public expenditures from tertiary to basic education; promoting cost recovery and private sector expansion; and discouraging low-income countries from considering advanced human capital." (Woodhal, 2003)

The World Bank dropped its aid from 17% in 1985-1989 to 7% in the years between 1995 and1999 (Bloom, et.al, 2005). Higher education has suffered from general neglect and financial shortage in the face of high demand and growing enrollment in secondary education. Enrollment has grown more than triple and has climbed from 2.7 million in 1991 to 9.3 million in 2006. This amounts to annual rate of 16%. However, the public expenditure has doubled with an annual average increase of 6%. The higher education funding in the Sub-Saharan Africa, on the other hand, dropped from 19% in 1980-84 to 15% in 2000-2005 (Ezeh, 2008). The situation is even direr to the poorest countries of the region. Some of these countries allocate not more than 0.63% of their GDP to higher education sector (World Bank, 2010).

In most African countries, public higher education institutions rely greatly on the state for funding as well as for policy-making. However, most states do not apportion a sufficient amount of their financial resources to the education sector. This seems to be due to the inability of the economy and the international donors, who advised them to concentrate on basic and secondary education. From the little provision that is made for education, the greater portion is assigned to basic and secondary education as has been advised by the World Bank.

Most African higher education operates partly by international aid. However, international aid in support of higher education, on average, is $600 million annually or it is one-fourth of all international aid to the education sector in Sub-Saharan Africa. This relatively low share reflects the low emphasis accorded to higher education by most donors, who concentrated on the development of basic education than higher education. From the small international aid, 26% has been given directly to universities and research centers. The reminder has been allocated for scholarships abroad or has been accounted for directly in putting student costs in the donor's universities. Second, aid has been fragmented, owing partly to lack of donor coordination and unacceptable preconditions. And yet, aid to higher education is likely to compete with other priorities such as poverty alleviation, food security, or energy (World Bank, 2010).

The financial shortage has caused a substantial decrease of the volume of public expenditure per-student by 30% since 1995. This makes Africa the only region in the world where such deterioration has observed. The impact varies across countries. Some fifteen African countries, Ethiopia included, have spent less than $ 1,000.00 per student, which is below standard (World Bank, 2010). Moreover, higher education institutions, mainly universities have found it increasingly difficult to sustainably maintain teaching staff, lecture halls have been overcrowded, buildings have fallen into disrepair, teaching equipments have not been replenished, investment in research and teachers' training has become insufficient, and teachers have been obligated to supplement their income by providing services to the private sector. All these situations seriously jeopardized education quality. At worst, resource austerity in some African countries has led to student protests and strikes that have interrupted the completion of the academic year (World Bank, 2010).

Table 7: Average Public Expenditure per student in 18 Sub-Saharan African countries (1975, 1990, and 2003)

Level of Education	Public expenditure per student in % of GDP per capita			Average annual change in %	
	1975	1990	2003	1975-1990	1990-2003
Primary Education	0.20	0.15	0.12	-2.00	-1.80
Secondary Education	1.21	0.61	0.47	-4.50	-2.00
Higher Education	12.22	7.32	4.29	-3.40	-4.00

Source: (World Bank, 2010)

The effects of extreme financial stringency are immense and complex for most developing countries. The high demand for higher education and the accompanying financial austerity has a profound effect particularly in the Sub-Saharan African countries. Most African countries are suffering from massification of higher education, fragile economy and inadequate revenue, political instabilities, social unrests, conflicts, poor system of taxation, corruption, condition-laden international aid, heavy debts… All have contributed to the extreme financial austerity of higher education. Nevertheless, the number of higher education students tremendously increased. As a result, 'countless higher education facilities, including research laboratories and university libraries, fell into disrepair because of lack of funding.' (Lewis, 2009 and Maliyamkono and Ogbu, 1999)

Conclusively,

> *Where higher education expenditure is low, there are often several reasons for this situation. First, funding for education generally, as a percentage of the government's budget, may be inadequate across the board. Second, where education expenditure may be considered to be adequate or reasonable, there are considerable political pressures toward ensuring that elementary and secondary schooling get the overwhelming share of the public sector's commitment to education. Third, in many developing countries where resources are seriously constrained, there is often keen inter-sectoral competition among health, housing, social welfare, and other government functions in addition to education for financial resources. Finally, the case for increased higher education financing has not been helped by the low priority assigned to higher education by many African governments. The value of higher education for economic growth and broader social and sustainable development has not yet been fully recognized by African governments*. (Knight, 2009)

Moreover, the incompatibility of the demands and revenues eventually has resulted in elusive and ambiguous success in Sub-Sahara African higher education. The result is less apt to be increased efficiency and productivity. Specifically, the situation has resulted in the following: (Johnstone, 2004, and Ezeh, 2008)

1. The quality of teaching, research and community service have diminished
2. The working and living condition of professors, staff and student alike have deteriorated
3. Institutional capacity to enroll needy students has been constrained and compelled to rationing of places. This forces institutions to deny opportunities to students who may be qualified but who lack the secondary school academic preparation or the financial means to "buy into" an available place.
4. Steady loss of university staff, doubts in the capacity of African universities to produce globally competitive graduates (Ezeh, 2008).
5. By 2007, Africa has employed up to 150,000 expatriate professionals at a cost of $4 billion a year to fill the human resource gap created by brain drain. The African Technical Department of the World Bank has reported that "if nothing urgent is done now, African universities will be empty of brains in the next few decades." (Ezeh, 2008)

6. The continent’s share of global scientific output fell from 0.5% in the mid-1980s to 0.3% in the mid-1990s (Ezeh, 2008).
7. More and increasingly profit-driven private higher education institutions have emerged and enunciated the debate on issues of the commodification of education

2.5. Responses to the Financial challenges of Expansion in African Higher Education

It has been due to these compelling financial situations and the need for expanded higher education that forced many African governments to launch policies that could help to minimize these problems. Paramount among them have been to introduce cost sharing in higher education and the development of the private sector in higher education.

Governments have two options in their responses to the dilemma of expansion for equal opportunity of access and the production of sufficient and qualified human capital, and the financial austerity (Teixeira, et. al, 2006, and Johnstone, 2009). These options are

1. Considering the Cost-side: Reducing costs for instance by merging institutions, increasing faculty-student ratio, focusing on low paid part-time faculty against better and full time faculty to enhance productivity.
2. Considering the Revenue-side: “Supplement limited public revenue with private revenue” for example in the form of tuition fees, other fees and user charges, donations, institutional entrepreneurship (e.g. marketizing the primary processes of higher education, in the form of distance education...)

Most countries combined both options to solve their higher education financial austerity. The introduction of cost sharing belongs to the consideration of the revenue-side of augmenting and diversifying public revenue. The reform agenda for African tertiary education thus includes the need for expanding other-than-governmental, or tax-generated, revenue as well as measures to lessen the current financial barriers to tertiary education participation for children of the poor, of those in rural or remote areas, or of the disadvantaged ethnic or linguistic minorities. (Sawyer, 2004) By the end of the 1970's, nearly every country had turned to thinking to spread the costs of education to its beneficiaries, i.e., the students and their families (Maliyamkono and Ogbu, 1999).

Cost-sharing is embraced by more and more governments throughout Sub-Saharan Africa. More than thirty African countries have already started some form of cost-sharing by 2009 (Johnstone, 2004a). The average contribution of parents and students in Africa accounts approximately one-fourth of the national expenditure for higher education. It varies from country to country ranging from less than 10% in Mali, Chad, and the Republic of Congo to more than 50% in Uganda and Guinea-Bissau. Overall, higher education institutions in Africa generate 30% of their income in different ways. This varies across countries (Madagascar and Zimbabwe 5%, Uganda 56% and Guinea-Bissau 75%) (World Bank, 2010).

The mass demand for higher education, and the financial inability of the state to cope up with it, has led to the emergence of the private sector in higher education. A number of African countries initiated policies in the 1990s to encourage the setting up of private higher education institutions. Kenya took the initiative. It was followed by Ethiopia, Senegal, Cameroon, Mozambique, Zimbabwe, etc. Subsequently globalization has encouraged foreign higher education providers, mainly from developed countries, to establish a local branch or satellite campus. Many of the institutions are completely privately owned, some being for-profit, others not for-profit, and very few of them collaborate with or are affiliated to national public universities (World Bank, 2010). There are also trans-boundary universities within the region such as the South African University of South Africa working in Ethiopia and some other countries in Africa.

In 2003 it was estimated that more than 100 private universities had been set up in Sub-Saharan Africa, the number of private higher education institutions being much greater and has been constantly increasing. However, although they exceed the public institutions in number, private institutions enroll relatively fewer students. The majority of them run professional or business and market oriented programs such as management, accountancy, finance, law and information technology, which require little investment in infrastructure. The private higher education sector enrolls, by 2006, around 22% of the total Sub-Saharan Africa higher education students. This percentage has been close to the level of Europe which has been 28% and below half compared to Latin America where approximately 50% has been enrolled for the same period (World Bank, 2010).

The following table (Green, 2010) clearly shows the global role of private higher education in sharing the expanding higher education participation.

Table-8. Share of the Private Higher education sector

Region	Enrollment percentage
East Asia	70
Latin America	45
South Asia	30
Africa	25
US	20
Central and Eastern Europe	20
South east Asia	15
Australia	3
Western Europe	Marginal
Middle East	Emerging

The growth of private higher education worldwide has been one of the most remarkable developments of the past several decades. Today some 30% of global higher education enrollment took place in private higher education institutions. Today, private higher education has existed in many countries. Private higher education has traditionally been the dominant force in such East Asian countries as Japan, the Republic of Korea, and the Philippines. Now, private higher education institutions for-profit or quasi for-profit represent the fastest-growing sector worldwide. Countries with over 70% private enrollment include Indonesia, Japan, the Philippines and the Republic of Korea. The private sector now educates more than half the student population in such countries as Mexico, Brazil, and Chile. Private universities are rapidly expanding in Central and Eastern Europe and in the countries of the former Soviet Union, as well as in Africa. China and India have significant private sectors as well. The private sector is growing and getting more attention in Africa. The Middle East and North Africa are also moving toward promoting private education enrollment, with 'American universities' dotting the horizon in Egypt, Jordan, Lebanon and elsewhere (Altbach, et.al. 2009).

Table-9. Percentage of private enrollment in some African countries (2009)

Country	percentage
• Angola	33.9
• Botswana	100
• Burkina Faso	16.5
• Burundi	31.7
• Cameroon	8.5
• Chad	8.6
• Congo Republic	8.4
• Ethiopia	16.3
• Ghana	4.0
• Guinea	5.6
• Kenya	30.7
• Madagascar	14.0
• Morocco	10.4
• Mozambique	33.3
• Namibia	82.5
• Rwanda	40.1
• Senegal	21.0
• Tanzania	5.4
• Tunisia	1.1
• Uganda	10.1
• Zimbabwe	10.3

Source: (ADB, 2009)

The enrollment share of private higher education ranges from 1.1% in Tunisia to over 80 percent in Namibia and Botswana. Although private higher education institutions have undoubtedly helped to alleviate the problem of massification, foreign private higher education institutions can have negative effects on the African countries and their institutions. Many of the private institutions function purely as business enterprises and do not take into account the economic, social and cultural needs of the host country. Most of them do not undertake research and some of them offer programs of dubious quality, giving rise to graduates having difficulty in subsequently finding suitable employment. Also, they often draw most of their staff from public institutions, either for full-time employment by paying them attractive salaries, or for part-time teaching. This seriously affects the public institutions, which are already understaffed (Mohamedbhai, 2008).

To summarize, the demand for African higher education has expanded incompatibly with the revenue. The impetus for the growth of the demand for higher education includes demographic increase and high number of high school leavers, who aspired for higher education. This coupled with high unit cost has resulted in higher education financial austerity that partly led to the introduction of cost sharing or increase of tuition fee and the emergence of private higher education institutions.

The proceeding chapter discusses about the emergence of the policy of cost sharing as governments' endeavor to alleviate higher education financial austerity that has been caused partly by the increasing higher education enrollment and the rising of unit cost. The chapter also examines some world experiences versus expectations.

CHAPTER THREE

THE RISE OF COST SHARING IN HIGHER EDUCATION: The Experiences of Developing Countries

3.1. Introduction

For long and with country differences, global public higher education has been one subsector that has been provided freely or with little cost sharing. The government or the larger taxpaying population has been financing higher education from its public revenue. The historical rationales behind free higher education include the following considerations (Marcucci and Johnstone, 2007).

1. The public returns were considered to outsmart the private returns of higher education.
2. Governments and societies considered higher education or education in general a fundamental right of citizens.
3. It was considered that tuition fee may discourage the participation of students from low-income families, rural areas or ethnic minorities with negative impacts in terms of social equality and social benefits.
4. The costs of student maintenance are high and already beyond the reach of many families especially when coupled with the costs of foregone student earnings.

In spite of the intention of enhancing low income families, rural areas or ethnic minority participation under free higher education policy, higher education has been enjoyed by the politically, economically and socially powerful middle and upper class sections of societies. Later socio-economic developments have changed these considerations and new scenario evolved. The new scenario includes higher education massification, the reconsideration of the private and public benefits of higher education, issues of equity, and above all financial austerity resulting from the incompatibility of higher education expansion and public revenue to run higher education as before.

Subsequently, since the second half of the 20th century, many countries of the world have produced policies of sharing of the costs of public higher education between the government and the beneficiaries of higher education, i.e. students and their parents as well as non-governmental parties and other stakeholders. With degree differences, governments' principal objectives for introducing cost sharing in higher education were to expand access/participation in higher education by augmenting additional revenue to develop the capacity of higher education institutions, make the beneficiaries contribute to their higher education costs; recover the costs of food and accommodations, and to enhance efficiency and quality (Teixeira, 2008). And to make student/parental contributions easy, governments are trying to establish student loan schemes.

This chapter shades light to the concept of cost sharing, the introduction of cost sharing and the accompanying rationales, and types of cost sharing and student loan schemes. In the course of discussion emphasizes will be given to developing countries.

3.2. The Concept of Cost sharing

In spite of the use of related term by the Carnegie Commission Report in 1973 as "Sharing the Cost Burden", the underlying theoretical concept of cost sharing as well as the description of its worldwide reach was developed from 1986 through 2006 mainly by the works of Johnstone and his International Higher Education Finance and Accessibility Project at the State University of New York at Buffalo (Altbach, 2006, and Woodhall, 2007).

Conceptually, "cost-sharing refers to a shift of the higher educational cost burden from exclusive or near exclusive reliance on government, or taxpayers, to some financial reliance upon parents and/or students, either in the form of tuition fees or of 'user charges' to cover the costs of formerly governmentally-or institutionally-provided room and board." (Johnstone, 2004a) It could also be a sharp increase, where there has been previous practice of cost sharing, in tuition fees, other related fees to cover part of the costs of instruction and related expenses, or of user charges, to cover food, room, health, and other student living (Johnstone, 2004a). Essentially cost sharing refers to the three aspects: tuition fee, other fees and user charges.

There are many other possible forms, or stages/steps of cost sharing. Some of these are early and relatively easy practices toward cost sharing, with less financial contributions, and may have apparent political acceptability. Such forms/stages could include the introduction of small, non-instructional fees, the freezing or diminution of student support grants (especially in an inflationary economy), the channeling (sometimes with some governmental resources) of more students into a tuition-dependent private sector, or in few countries that have introduced significant loan programs, an improvement in recovery rates (i.e. a lessening of needed public subsidies) via an increase in the rate of interest or an improvement in collections (Johnstone, 2004b).

Higher education cost sharing could also be made through public policies that shift enrollment, particularly in rapidly expanding systems, from a heavily public subsidized sector to a much less subsidized tuition-dependent private sector (Altbach, 2006). The concept of cost sharing quickly circulated in many developed and developing countries. It has gained currency in policy debates in many policy papers of Kenya, Ethiopia, Tanzania, and Uganda and many other developing countries in Latin American Regions and Asia. This was due to the intention to mobilize greater private financing for higher education and to minimize the political sensitivity of the concept (Woodhall, 2007).

Many governments world-wide have introduced cost-sharing as a major response to their higher education financial problems. Possibly they intended to augment and diversify funds from six sources namely, families, student earnings while a student, a graduate's revenue, employers, entrepreneurial activities by universities as internal revenue, and gifts from donors (Barr, 2003 and Teixeira, 2008). Johnstone (2004a), however, has compiled these six into four major sources. These are parents, students, government/tax payers and philanthropists.

Students

The rationale behind the assumption that students should share the higher education cost emanates from the economic perception that students as individuals attain substantial private social and economic or monetary and non-monetary benefits. These socio-economic benefits thus justify that students should share part or all of the higher level education they acquired. The avenue of sharing the cost varies from country to country, and it could be either deferred to be paid through loan or through some system of surtax based on future earnings. Students could also share the cost of their higher level studies by making payments upfront. Students could make payments either from their income or through a loan system. In general sense, loan-based deferred way of repayment seems to be more acceptable by many economists, policy analysts, politicians, and students/parents (Johnstone, 2007).

Parents

Two different reasons are provided for parents to share the cost of higher education. The first rationale is that indirectly parents also benefit from the higher level education of their children. This is demonstrated world-wide that so many parents take great pride and pleasure in the higher education of their children and willingly serve them the best they can afford. The second reason is the cultural notion that at least those who are financially able parents have the financial and in some ways the moral obligations to pay for and support those students who are considered children of financially dependent parents. This section of cost sharing is considered as the major component of cost sharing in many of the industrialized countries of the USA, Canada, Japan, China, and in some countries of Europe (Johnstone, 2007).

Individual or institutional donors

The other parties in cost-sharing are donors, whose contributions may go either toward improving the quality of the university through the overall institutional budget. Donors could also channel their contribution to some students, in the form of grants or scholarships, presumably in substantial measure based on the students' financial need, or the students' and/or their parents' low income. This may reduce the amount that must be passed on to parents and students. Donors make funds available to higher education institutions and/or higher education students due to the philanthropist culture and some specific objectives pertained to individuals and institutions (Johnstone, 2004a).

However, many institutions have found it very difficult and time consuming to search and earn funding from a third party. Certainly, this is not an easy task for most higher education institutions in developing countries. The pressure is so strong in countries where there is no culture of charity and donation. The US has better ground in this respect. The society has a strong culture of funding higher education in different ways (Fullan, 2009).

The University itself may be a donor as it grants special need-based scholarships to prepared students from poor families. In this case, the source of money is not clear. In many cases, the actual donors in such instances are more likely to be the parents of wealthier students, who may be paying more than the required amount to meet the institution's real average instructional costs and who may perceive the university's ability to give some need-based scholarships as essential to enhancing the quality and prestige of the institution (Johnstone, 2004a).

The Government

Governments, the one that have the right to collect taxes under the national jurisdiction, are the other and main partners in shouldering the cost of higher education. It makes public funds available to higher education institutions either through performance-based or block grants. The source of public revenue is the people who make payments in the form of direct and/or indirect taxes (Johnstone, 2004a). The rationale behind the continuing partnership of governments in shouldering part of the cost of higher education is based on the principle of higher education social rates of return. There are other reasons for government sustained intervention in higher education financing. These are market imperfection, income distribution, monopoly and market power, information imperfection, and politics.

In addition, government intervention could also be explained in terms of minimizing political pressure on cost sharing and to secure political support. So, governments continue to fund higher education sharing the burden with students/parents and philanthropists.

Institutional Entrepreneurship

> *Entrepreneurial ambition, which used to be regarded in academe as a necessary evil, has a virtue... The new vocabulary of customers and stakeholder, niche marketing and branding and winner-take-all, embodies this drift in the higher education 'industry' ... each department is a 'revenue centre', each student a customer, each professor an entrepreneur, each party a 'stakeholder' and each institution a seeker after profit, whether in money capital or intellectual capital ... Opting out of the fray by fleeing the market is not a realistic possibility.* (Fullan, 2009)

Conclusively, however, Johnstone (2006) has been convinced that for reasons of complexity and difficulty in identifying the "who or what is ultimately paying" in regard to business and tertiary institutions mainly universities as bearing portion of the higher education cost, "the cost-sharing paradigm seems most analytically useful when restricted to the four main bearers of higher educational costs: taxpayers (or consumers, who are essentially the same individuals), parents, students and philanthropists – with the first three being by far the most significant to public institutions of higher education."

3.3. Rationales for Cost-sharing

For long, public funds have been the major sources of higher education finance in many countries. Significant changes in attitude on the funding of higher education have evolved over the past decades since the 1960s. Earlier, in most countries a consensus existed that higher education was a "public good" that contributed significantly to society by imparting knowledge and skills to those who were educated at universities and other postsecondary institutions. Since higher education was considered a public good, it was agreed that society should bear a large part of the cost. From the second half of the 20th century, however, attitudes began to change. Enunciated by some studies and accepted by the World Bank and extended to many governments, higher education began to be viewed as mainly a "private good," benefiting the individual more than society as a whole. The logic of this change in thinking brings more of the burden for financing higher education on the shoulder of the "users" or the beneficiaries that means students and their families. In many countries, policies require students/parents to pay a growing proportion of the cost of postsecondary education (Altbach, 1999).

The public-private nature of higher education has become the root for the controversy to the amount of government expenditure for higher education. Private goods are both rivals/diminishing and excluding, i.e. the consumption of one or another private good could certainly exclude the consumption of others or make short of it. For instance, if a person has taken the last remaining five kilos of sugar in a store, other people behind this person could not get sugar (Villiers and Nieuwoudt, 2010). On the other hand, public good is not exhaustible/rivaling and excluding. For instance, a person who passed along a streetlight (highway) may not diminish the amount of light left for others. From this point of views, how far higher education is private and public good? Studies manifest that higher education is both private and public good. It is public in the sense that knowledge that one student acquires in the education process does not mean that there is less knowledge available for the other students. However, it is also a private good in that (for example during consultation hours) one student that requires more time from a lecturer will diminish the time available for other students. Higher education institutions are limited and could be reserved to few new students; the acceptance of one student implies that fewer places are available and may not be available to other potential students (Villiers and Nieuwoudt, 2010).

Policy makers are therefore trying to develop more and convincing rationales to put the issue of cost sharing in a policy paradigm and to minimize oppositions from various sections of their society. Efficiency, equity and necessity are considered to be the three principal rationales behind the shift of higher education costs toward parents and/or students (Johnstone, 2006).

3.3.1. Efficiency

The introduction of cost sharing is based on the neo-liberal economic theory rationale that presumes the attainment of greater efficiency and responsiveness through some features of market: competition and costs to be borne by the consumer. Higher education efficiency could be explained from two interacting perspectives: Institutional efficiency and students' efficiency in their study. Presumably, institutions that levy some sort of the cost of education are supposed to improve their efficiency in the eyes of their customers and in a competitive environment. The introduction of market mechanisms in higher education has become visible essentially through three mechanisms: Institutional competition, economic utilization of institutional resource and efficient system operation. Institutional efficiency could be enhanced through client oriented services, program selection to win the competition and efficient utilization of the scarce resources (Teixeira et al., 2004, and Teixeira, 2008).

From student point of view, economists believe that when there is charge there will be a greater efficiency in the academic achievements. In contrast, free or nearly free higher education be either over-consumed or can be consumed with insufficient academic effort. Presumably, because there is too little cost incurred by either the student or his or her family and therefore too little foregone by the participation. Some tuition fee is thus assumed to induce both a harder working student and one who is more perceptive and demanding as a higher educational consumer (Johnstone, 2006).

> *Furthermore, where students and their families are paying little or nothing either in tuition or for food or lodging (as was the case for many years in the Soviet Union, China, much of Africa, and most of the rest of the so-called "Communist World"), the students may be too tempted to remain in that status for a very long time, denying the society and the economy the advantage of their potential productivity and presumed enhanced usefulness, whether to themselves or to the state. However, with a little cost sharing—i.e., when both parents and students are paying something and sacrificing other needs--there is at least presumed to be a much greater incentive on the part of the student to study hard and to graduate "on time."* (Johnstone, 2004a)

However, efficiency in higher education is not an end by itself. Partly, the need for efficiency is to promote better quality in higher education. Unlike the market features of industrial and business firms, where institutional internal and external efficiencies (client oriented service delivery, market oriented selection of program and economic utilization of resources) are enhanced by the efforts of the firms, the higher education institution alone could not bring about educational quality. In industries and business firms, service providers and producers of goods may enhance the quality of their services and goods without the direct participation of their customers. Educational quality, on the other hand, requires the efficiency of the institution and the involvement of the clients (students) at some point. But students of this new era seem to be less-grade oriented; they rather need to finish their course at any time possible. Flacks and Thomas (2007) have assessed the American students and finally concluded that

> *The second generation immigrants and working class children of the US considered schooling partly as a means to escape from ghetto, slum and factory. They do not care about their grade but care about the knowledge, skill and personal style that makes them acceptable to the professional, managerial and intellectual world and rectification of their social status.*

We should not at the same time deny that payment or market helps to receive or get the goods or services for which one paid for. Arguably, market features could also increase the purchasing power of students in some ways. Students may require/demand getting their educational credentials at the end of the day with minimum efforts because they paid for it. To the worst, students may be tempted to buy it! Or else our perception about efficiency and quality should change in accordance with the new massified environment of higher education as explained below.

> *Cynicism about 'quality' in higher education is thus superficially linked to a view that it involves an agenda being controlled from outside academia. The changing perceptions of 'quality', from something intrinsically 'good' to something to be treated with suspicion, reflects the complex inter-relationship in higher education between massification, funding, academic autonomy, and changing student needs.* (Achim, et.al, 2009)

3.3.2. Equity and Access

The discussion of equity and access is relevant as one rationale of cost sharing. Many developing and developed countries claim that one of the reasons behind the introduction of cost sharing and/or increase of tuition fee is to promote access and effectuate social justice.

Concept of Equity

Most of the time, equity is conceived as fairness, which refers to the 'equality of treatment where comparable features and conditions pertain, and opportunity to participate and contribute, without hindrance through prejudice and discriminatory customary practice.' (Maitra, 2007) Equity does not mean equality. However, the concept and idea of equity is becoming a catchword and source of discussion by a considerable body of philosophers, social scientists and economists. It is also resoundingly expressed in the Universal Declaration of Human Rights and in many regional conventions. To be considerate, fair and show of concern for the well-being of all societal orientations is becoming very strong in the modern intellectual and societal notion. Hence, the issue of equity is becoming the centre of discourse in most cost sharing policy documents of many countries. Indiscriminate consideration and opportunity should be accorded everyone to develop human capabilities. In modern political scenario, 'equity is often subsumed under the concept of democratization-the recognition that all individuals have rights and needs, that these considerations require and have a central role in policies and action strategies.' (Maitra, 2007)

Until recently, most higher education institutions, either due to their elitist admission criteria and tradition or/and financial austerity, have been reserved for few advantaged sections of the community. For instance, higher education institutions in the OECD countries could be "classified into 'supply-driven' (e.g. the highly competitive selection procedures in the UK and Irish universities), 'demand driven' (e.g. Italy, Germany, Belgium, The Netherlands) and 'student market driven', whereby government leaves access to market forces(US)." (Maitra, 2007) And most developing and ex-communist countries have allowed few advantaged sections of the society to enjoy the privilege of higher education for a long period of time. Previous admission procedures did not "take account of such considerations as quality and suitability of qualifications for specific study programs, economic and socio-cultural needs, human capital needs, financial and other consideration." (Maitra, 2007) Generally, higher education has been elitist in the sense that it "recruited exceptional teachers, researchers and students and provided them with exceptional libraries, laboratories and opportunities to learn from one another." (Achim, et.al, 2009) All universities have a clarion call for 'Excellence.' The emphasis was on high quality inputs with 'excellent' outcomes such as pioneering research, scholarly theses and exceptional graduates, who were attractive to employers simply by dint of being graduates (Achim, et.al, 2009).

Equity to higher education is the ability of people from all backgrounds to participate in higher education based on a reasonably equal opportunity. This has been one of the major agenda of most governments of the world. This was because there are strong and vocal lobbies insisting that education should become affordable and accessible to all sections of the society (Usher, 2005).

In the Australian higher education, equity is defined as "A Fair Chance for All." (James, 2007)

> *Equity in higher education has very different meanings and connotations. A core meaning is that higher education should be equitably accessible: that is, accessible to all with the interest and the academic ability to benefit. By this narrow construction of higher educational equity,*

interest and academic ability, or academic preparedness, are acceptable correlates to higher educational participation, whereas attributes such as the socio-economic class, occupation, race, religion, language, or ethnicity of one's parents, or one's gender are generally thought to be unacceptable correlates to participation. (Johnstone, 2004a)

To attain genuine equity in a country moving in policy directions of greater recognition of market forces and/or more cost-sharing should pay attention to not only for those who are prepared and interested in higher education but also to those traditionally disadvantaged sections of the society, who are not as prepared as others. To encourage such students participate in higher education incurs additional financial expenditure. Countries should make some compensation for the fundamentally greater ambivalence, the greater perceived opportunity costs, and the arguably greater debt aversion of those from low income, rural, or ethnic/linguistic minority backgrounds or, in some cultures, of females. Governments should provide perfect information to bring the unprepared, ambivalent, and rural groups of the society to participate in higher education (Johnstone, 2004a).

Many countries in the world have articulated equity at least in principle in their policies. Actually some have registered some progress but not sufficient and others are in a situation of uncertainty. The United States and Britain especially, but also other industrialized countries such as Australia and most of Continental Western Europe have generally accepted with considerable political contention the appropriateness of some degree of preferences to achieve more genuine equity in higher educational participation. Other countries with long histories of racial, ethnic, and linguistic divides, for instance, India, Malaysia, Indonesia, Brazil, Mexico, China, and many developing countries, under political pressures have provided measures of preferences towards equity in higher education (Johnstone, 2007).

Developing countries have claimed to bring about equity through cost sharing and expanded higher education institutional capacity. And many have already introduced some sort of cost sharing. However, the balancing of the composition of socially, economically, and culturally disadvantageous sections with those advantageous elites is not an easy task. Arguably, the most effective strategy to achieve equity is considered to have been higher education institution expansion through cost sharing. Certainly expansion of the higher education has broadened opportunities; these opportunities are still unequally distributed and not capable of effectuating social justice or social equity (Maitra, 2007, James, 2007).

However, many international studies and the Council of Europe have showed "a concern that this expansion has not fully met the hope placed in it for greater equity between all potential students and for the inclusion of those belonging to social groups historically disadvantaged in respect of access to education." (In Maitra, 2007) Women, though progressively expanding their access in higher education particularly in OECD countries, "have not had the success they seek and expect in climbing the career ladder." (Maitra, 2007) In some regions of the world, women participation is either insignificant or even diminished. For instance, in Asia and the Pacific, higher education enrollment has grown from 11 million in 1970 to 26 million in 1990. Female participation in this scenario has been 36, 6% in 1970 and 38, 0% in 1990. Even in countries like Indonesia, Vietnam and Bangladesh, female enrollment decreased. In Indonesia it decreased from 48% to 32% in 1994, in Vietnam from 47% to 30% in 1994 and in Bangladesh female enrollment deteriorated to 16% from 45% in 1990 (ADB, 2002).

Most Arab countries provide tuition free public higher education. 75% of the Arab students register in public higher education institutions. El-Araby (2009) claims that Arab countries, as a group, allocate adequate portion of their GDP to education, which is around 5%. This amount is relatively high compared to East Asia (3.6%) and Latin American region (3.9%) between 1965 and 2003. It is also close to the OECD countries (5.4%). Despite this situation, Arab higher education is inefficient and inequitable. El-Araby (2009) confirms that inefficiency of the Arab higher education remains a big concern of all stake holders. Higher education institutions are also biased towards the rich and against the poor. For instance, in Egypt, children from the poorest population quintile represent only 14% of the secondary students and 4% of the higher education student population (El-Araby, 2009).

Some argue that higher education payment further denies the traditionally disadvantaged sections of the society access to higher education. Even if some worries still remain regarding the potentially negative effects of cost sharing policies, the empirical evidence suggests that such worries should not be overstated. The adoption of such payments should not deceive the students, even those who come from unprivileged groups. In many analyzed cases, the pre-payment higher education socio-economic composition was not significantly altered after the introduction of fees (Teixeira, 2008).

Despite the fragmented data, it is obvious that the participation of women, low-income family children and rural regions is very low in the Sub-Saharan African region. The table below shows both that the gross enrollment ratio and the participation rate of women in higher education is very low in the region. It is very low compared to female participation even in other developing countries and far behind from female participation rate in the developed countries. Sub-Sahara African higher education is in favor of male, wealthier and urban background students. This is partly explained in terms of the low capacity to absorb primary school leaver in the secondary education and the latter into higher education. This is partly caused by financial austerity and culture where, for instance, the notion of women education is low.

Table-10. Participation rates in tertiary education: GER (%), weighted average

Regions	1999		2005	
	Total	Female	Total	Female
Developed countries	55	60	66	74
Developing countries	11	10	17	16
Sub-Saharan Countries	4	5	5	4

Source: (Knight, 2009)

The low participation rate in Sub-Saharan Africa is a clear manifestation of poor equity. Of the 23 countries in the region of Sub-Saharan Africa, for which data is available, only Mauritius (15.3%) and South Africa (15%) have a GER in double figures. Among these countries, the GER ranges from 0.4% in Malawi to 15.3% in Mauritius (Knight, 2009).

Even though, it is more serious and astounding in the developing countries mainly in the Sub-Saharan African region where the economic development is very slow and weak as could be understood from the average annual growth of gross national product per capita, which is below 0.5%. (ADB, 2002) The question of equity continued to be an issue of the world, with varying intensity and degree of coverage. The enhancement of social equity in higher education seems to go hand in hand with economic developments. Better developed nations seem to confer better higher education equity than the less developed nations.

James has observed the global issues of equity as follows:

> *Worldwide there has been massive, sometimes staggering, growth in higher education participation in the last 50 years, including in most developing nations. Despite the expansion in participation, demographic imbalances in the people going on to university continue to be striking in most nations. In some countries, women are still very under-represented while in others they are clearly in the majority, though not necessarily in all fields of study or at all levels of awards. Ethnic minorities are highly under-represented generally, though this is not always the case. But the most widespread and persistent source of disadvantage in access to higher education is low social class or low socio-economic status (SES). This is not narrow economic disadvantage but also involves the absence of Bourdieu's broader concept of social and cultural capital. In most nations, even in developed nations with strong egalitarian traditions, social class is the single most reliable predictor of the likelihood that individuals will participate in higher education at some stage in their lives. This is particularly true in developing countries, where poorer students have little chance of gaining entry into higher education, but it is also true in the most developed countries, where the people from low SES backgrounds who do reach higher education are less likely to find places in the most prestigious institutions and fields of study.(James, 2007)*

From a public policy perspective, equity is a good example of the limitations of policy and policy-makers in creating social change, for equity in higher education is undoubtedly one of the 'wicked problems' and troublesome to attain it (James, 2007).

James (2007) explains around six myths revolving around educational equity. Two of these myths are relevant for this particular study:

'Myth 1: Expanding participation will improve equity'

A common international strategy to advance equity has simply been to fund the expansion of access. While it is true that expansion can allow more people to access higher education institutions still this opportunity is equally open to all social strata. In effect this appears universally true in developed and developing nations. However, increased participation does not necessarily bring about increased socio-economic and cultural compositions of the higher education student population. So expansion alone does not improve the participation share of people from lower socio-economic backgrounds. Hence, the attainment of social equity is becoming more and more debatable. Paradoxically, in some ways expansion can also lead to greater social inequality. For instance, in the US and UK, "mass or universal higher education systems invariably become highly stratified and access to the elite universities and most highly sought after courses becomes heavily skewed towards the higher social classes." (James, 2009)

'Myth -2: Free or low cost higher education will improve equity'

This is the second most prevalent assumption. Many opponents of the introduction of cost sharing support their stand on the condition that higher education payment will hinder young people from the low socio-economic and cultural background from participating in higher education. However, studies do not attest that free or low higher education payment could widen participation on a grand scale. "In fact, during the Whitlam era of free higher education the social composition of the university student population was largely the same as it is today." (James, 2009)

Johnstone (2004c) is optimistic in the attainment of equity provided that the following preconditions are fulfilled in the policy documents and practically applied on the ground.

1. Means-tested and need-based and generously sufficient financial support not only to fill the gap that parents could not afford but also to compensate partially the ambivalence of young people with low social, economic and cultural capital.
2. Making available sufficient student loan that could cover both tuition fee and student living and the accompanying manageable repayment schemes to encourage young people to invest for higher education in their own
3. Pertinent public information targeting the under-represented sections of society (economically poor, rural, women, ethnic minorities, weak academic culture) to enable them make the right choices of institutions and programs and to inspire them with the feasibility of the private benefit of higher education.
4. Contextualized, new and objectively operational and inclusive admission policies that screen appropriately for academic talent and interest, with sensitivity to the virtually universal cultural biases of most measures of academic preparedness and commitment.
5. Uninterrupted attention and research to identify the root sources of the problem of socio-economic educational screening that includes the middle and secondary schools

The attainment of efficiency and the diversification and supplementation of finance are equally problematic in developing countries. The prevailing socio-economic, cultural as well as political situations seem to be stronger and unraveled obstacles to realize the policy of cost sharing. The irreversibility of higher education expansion and the inevitability of financial austerity have demanded many governments of the world to introduce some form(s) of cost sharing. The next part deals with tuition fee policies and forms of cost sharing.

Despite the claim and some efforts to promote higher education social equity, there remains a formidable array of barriers that obstruct the realization of acceptable standard of access within a specified time frame and only by the introduction of cost sharing and the expansion of the higher education system. The barriers could be country specific. All countries may not face all of the problems listed below. Some of these barriers include: (Maitra, 2007)

1. Characteristics of primary and secondary schooling which favored academic advancement of some groups of students but not others
2. Unequal socio-economic and cultural capital in families of students and the community at large
3. Inadequate forms of liaison and communication and imperfect or disparity in information that could develop ambivalence

4. Financial austerity on family and prospective and actual students, which will result in inadequate incentives to continue education
5. Difficulties public authorities and higher education institutions faced to meet additional cost for promoting access, for instance, by providing pertinent information about the private benefit higher education could offer
6. Weak and sometimes inadequate policy approaches to monitor, evaluate and implement access desires
7. The narrow concept of excellence in higher education including particularistic concepts of 'the idea of a university'. There are higher education institutions particularly universities that are still stick to, and nostalgic of elitism.
8. Weakness in teacher preparedness to support and contain the disadvantaged groups
9. Lack of clear research findings to support the mechanisms of promoting access to sections of society with less socio-economic and cultural capital

Governments and institutions are therefore expected to solve the above problems in priority to enable the socio-economic and cultural disadvantaged groups of the society participate in higher education. In addition to augmenting the financial revenue to cover the cost of higher education, which will enhance the expansion of higher education system and consequently increase the intake capacity, governments, in addition to some curricular related efforts, should develop accessible way of information and special financial support for those traditionally disadvantaged sections of the society.

Fair distribution of public resources

Equity has the concept of fairness in public fund distribution. Until recently, in many countries including Ethiopia, higher education has been financed by the taxpayers to subsidize few fortunate groups of the society, who have got the opportunity to join the higher education due to their social, economic and cultural capital. This was "distributionally perverse" or unfair because the privileged groups were subsidized by the money of the tax payers including the unprivileged (Johnstone, 2004a). The debate is to quit or continue with such lopsided practices of unfair distribution of the public resources. The public resource should be distributed fairly among all citizens in some ways. And this could be realized by charging those who have got higher education for the private advantage they acquired at the expense of the disadvantaged.

Paying for private benefits

There are basically two equity reasons for sharing higher education cost (Chapman, 1999 and Jongbloed, 2003). The first is known in the economics literature as 'vertical equity.' In a situation of free higher education, few fortunate who receive higher education are being subsidized by those who do not attend. That is, all taxpayers have paid for the provision of higher education, and it is equitable that those so advantaged pay in part an additional amount for the individual benefits they have received. A graduate and non-graduate should not pay equal amount of tax, for the simple reason that the former has got an advantage over the latter in studying in a subsidized higher education.

The other standard of equity is 'horizontal equity.' For instance, take two people on identical high incomes, with one being good at business or talented in athletics and the other being a higher education graduate. If they both pay the same tax this is horizontally inequitable because the former has subsidized the education of the latter which has in turn increased her/his income.

A second point concerning horizontal equity relates directly to the issue of graduates 'paying' for their education. The taxes that graduate pay may be more than the public subsidy involved. The extra payment could be used for other social services. Tax revenue is used for a myriad of purposes particularly in developing countries like in Ethiopia. There are many sectors that voraciously share the public fund. These include such sectors like security, health, compulsory education, prisons, infrastructures, pure water supply and etc. So, it is not fair to subsidize the higher education study of the few by the public revenue. In principle, beneficiaries should pay.

Rates of Return of Higher Education

Higher education rates of return considerations gradually increased in the 1980s and 1990s. Rates of return were used explicitly in several cases to justify changes in the finance of higher education. Unlike the industrialized nations, where rates of returns were argued by individual economists, in the developing countries the influence has been exerted by World Bank 'reports and advices.'(Woodhall, 2007)

Higher education rates of return have close connection with human capital. Thus, education and particularly higher education is the means to accrue human capital that benefits both the individual and the society. Nowadays, "empirical evidences on many countries indicate that such benefit to society tend to diminish as we go up the educational levels and are clearly inferior to the private benefits of higher education." (Teixeira, 2008) Higher education credentials are considered as advantageous both in terms of employability and lifelong earnings. Therefore, both the individual beneficiary of higher education and the society/public/government have to pay for the cost of education. **"**The cost of education and training should be regarded as investment that societies and individuals make to increase their future productivity and consequently their potential wealth." (Teixeira, 2008)

Education in general plays a role in raising personal earnings. Individuals with higher education training have greater chance of employability because they have "higher stocks of human capital." Graduates have acquired some sort of private monetary and non-monetary benefits from the public fund unlike others. Hence, the beneficiaries should contribute for their study. Education and professional training, essential activities in the accumulation of human capital, starts to be viewed as the best strategy for a better performance and integration in the labor market (Teixeira, 2008).

Governments also have to continue to shoulder the major portion of public higher education cost, even in the epoch of serious financial austerity and cost-sharing. Principally, this has been justified by the consideration of the social/common/public good (social benefits/externalities) of higher education or the human capital that serves society.

Table-11. Benefits and costs of Higher Education

Benefits	Private benefits	Social benefits (externalities)
Financial benefits	• Higher life time earnings/wages (productivity) • Higher chance of work/employment • Higher savings • Higher mobility	• Higher national production • Higher tax income • More flexible labor force • Higher consumption • Less financial dependency on government
Non- financial benefits	• Consumption • Better working conditions • Higher personal status • Higher work satisfaction • Better health • Better financial management • More leisure • Personal development/life style	• Social cohesion • Social mobility • Cultural development • Lower crime • More charity • Greater technology adaptation Democratic participation
Costs	• Tuition fees & other costs • Foregone earnings	• Operational costs • Student support • Foregone national production

Source: (Vossensteyn, 2009 and OECD, 2008)

Human capital, (the stock of a nation's knowledge and skill) contributes to the socio-economic, cultural and political growth of a country. (Jongbloed, 2008) Governments of all countries make public fund available to higher education to meet the social, economic, cultural and political goals through education that promotes core values and attitudes that could play significant role in the all-round development of a nation (Jongbloed, 2008, Teixeira, 2008, and Chapman, 1999).

Human capital has direct and indirect economic roles. The direct economic role of human capital includes such aspects of productivity, innovation and technological progress and income generation. The adoption of imported technologies for developing economies is part of the indirect role of human capital. Some countries may experience graduate unemployment which may not be persistent structural scenario. It may be rather a consequence of temporary maladjustment between demand and supply (Teixeira, 2008).

According to the principles of human capital, people increasingly develop productivity by further training and subsequently remunerate better by the market. This resulted in the belief that greater investment in human capital will lead to higher economic growth rates and that the rates of return on these investments for both government and private individuals are very substantial. If there is the desire to improve worker productivity and to enhance economic growth, human capital investment will be the major way to attain these desirable goals (Villiers and Nieuwoudt, 2010). Thus, the need for human capital production partly forces governments to share the greater portion of the cost of higher education.

Governments also need to fund and support the social benefits produced by graduates and research and research results. Research is a public asset. Education, above all higher education also results in many indirect benefits such as better communication, more responsible and law abiding behaviors, the involvement in and understanding of the democratic process and contributing towards the intellectual and cultural well-being of the community.

In its public nature, government should continue in funding higher education not only for the public rate of return it could accrue. Villeirs and Nieuwoudt (2010) have explained the need for government contribution in higher education funding because of other equally important factors.

> *... namely, risk taking, uncertainty and insufficient liquidity. Young people are uncertain about the benefits that they will reap from further education and they sometimes come from families that do not value education or do not receive proper guidance in this regard. If a student enrolls in the wrong program it might be a very costly mistake. Due to the long term nature of an investment in education, people from poor communities may be reluctant to take the risk of higher education if it is not subsidized by the public sector*.

The threat of monopoly logically invites and requires government intervention. Monopolized market is characterized by less competition and hence will have power to determine the price of the market at higher rates for the services rendered. Thus, the intervention of the government is ideal to minimize the threats of monopolies and artificial barriers for, for example, student loans (Jongbloed, 2003, and Villiers and Nieuwoudt, 2010).

In addition, government intervention could also be to minimize political unacceptability of cost sharing and to secure political support. So, governments continue to fund higher education sharing the burden with students/parents and philanthropists.

Despite the difficulty of calculating the private and public rates of benefits, recent studies manifest that private and public rate of higher education has begun to be calculated through the cost benefit analysis and internal rate of return. Accordingly, the table below shows the rates of return in education in 98 countries over the period 1960-1999 (Villiers and Nieuwoudt, 2010).

Table-12. Rates of return of investment in education

Region	Social/Private			Private		
	Primary	Secondary	H E	Primary	Secondary	HE
Asia	16.2	11.1	11.0	20.0	15.8	18.2
Europe/Middle East/North Africa	15.6	9.7	9.9	13.8	13.6	18.8
Latin America	17.4	12.9	12.3	26.6	17.0	19.5
OECD	8.5	9.4	8.5	13.4	11.3	11.6
Sub-Saharan Africa	25.4	18.4	11.3	37.6	24.6	27.8
World	18.9	13.1	10.8	26.6	17.0	19.0

Source: (Villiers and Nieuwoudt, 2010)

Average returns to schooling are highest in the Sub-Saharan Africa region and Latin America and the Caribbean region. The returns are lowest in the high-income countries of the OECD to be followed by the non-OECD European, Middle East and North African groups. This could be the effect of the socio-economic level of the regions and the countries and the situation of higher education (Free or shared).

Table-13. Returns to Education by Gender (in percentage)

Education level	Men	Women
Primary education	20.1	12.8
Secondary Education	13.9	18.4
Higher Education	11.0	10.8
Over all	8.7	9.8

Source**: (**Villiers and Nieuwoudt, 2010)

Overall, women receive higher returns to their schooling investments. But the returns to primary education are much higher for men (20.1 percent) than for women (12.8 percent). Women, however, experience higher returns to secondary education (18.4 versus 13.9 percent).

Private contributions are not included or not available. Private rate of returns exceed public/social returns in which the public rates of return is defined on the basis of private benefits but total (private plus external) costs. This is because of the public subsidization of education and the fact that typical social rate of return estimates are not able to include social benefits. Nevertheless, the degree of public subsidization increases with the level of education, which has regressive income distribution implications (Psacharopoulos and patrinos, 2002). This is one of the reasons behind private return rates to exceed social or public rates of return. Of course, the social rates of return in the Sub-Saharan Africa are so high compared with all other regions of the world. This seems to be due to the higher subsidization of education by governments. So, the prevalence of high private rates of return is consciously exploited by policy makers as convincing rationale to claim private share either to be introduced or to be increased for the cost of higher education. It is obvious that return to investment in education varies across countries as manifested in the table below.

Table-14. Returns to Investment in Education (in selected African countries) per the year indicated

Country	Year	Social returns			Private returns		
		Primary	Secondary	HE	Primary	Secondary	HE
Burkina Faso	1982	20.1	14.9	21.3	-	-	-
Ethiopia	1996	14.9	14.4	11.9	24.7	24.2	26.6
Lesotho	1980	10.7	18.6	10.2	15.5	26.7	36.5
Liberia	1983	41.0	17.0	8.0	99.0	30.5	17.0
Malawi	1982	14.7	15.2	11.5	15.7	16.8	46.6
Nigeria	1966	23.0	12.8	17.0	30.0	14.0	34.0
Somalia	1983	20.6	10.4	19.9	59.9	13.0	33.2
Zimbabwe	1987	11.2	47.6	4.3	16.6	48.5	5.1

Source: (Psacharopoulos and Patrinos, 2002)

In much of the world, the private benefits earned from higher education by individual students are also perceived as enjoyed by parents as well. Parents almost certainly derive personal satisfaction and status from the higher educational successes of their children. This is the reason behind the recognition of a continuing parental financial support to children (Johnstone, 2006).

3.3.3. Financial Necessity

The other and possibly most compelling rationale behind the introduction of cost-sharing and/or the greater increase in tuition fees in most countries and particularly in the transitional countries of the former Soviet Union, Eastern and Central Europe, and much of the developing world is financial necessity (Johnstone, 2006). The need for financial diversification or introduction of cost sharing or increase in tuition fee is caused by the strong need for supplementary and alternative revenue for higher education finance. This financial necessity, in turn, emerges from the higher education financial austerity, which has been caused by the steady growth of higher education enrollment and the rising of per-student cost and the voracious competition of other public for public revenue and the political pressure for tax relief and poor tax systems, particularly in the developing countries. “And as alternative or supplemental non-governmental revenue becomes increasingly imperative, a substantial portion of this non-tax revenue is going to have to come from parents and students in the form of tuition fees and other forms of cost-sharing.” (Johnstone, 2006)

The pressure of financial need for higher education is seriously demanding in low income countries, which are experiencing the change from "elite" to "mass" tertiary-level participation and at the same time, which are trying to become more economically competitive in an increasingly global economy (Johnstone, 2004a). But the increase in demand for higher education can also be found in the industrialized countries that have already entered the stage of mass higher education (Johnstone, 2004a and Knight, 2009). Institutions delivering higher education particularly in most developing or low-income countries and in those countries in transition from command to market-driven economies, are already suffering from a severe and worsening austerity even without the increased enrollment pressure (Knight, 2009). It is partly due to this financial necessity that governments in many parts of the world are convinced to share the cost of higher education with beneficiaries and philanthropists.

3.4. Types of cost sharing

A country may or may not sanction fee charges for higher education. Countries' positions regarding charging or not charging fees for education will be framed or explained in policy documents, such as tuition fee policies. As a public policy, higher education cost sharing may take various forms depending on the socio-economic and political context of a country.

Higher education total financial expenses could be classified in to three. These are the cost of instruction that includes faculty and staff compensation and most equipment and utility costs incurred by the higher education institutions; other additional costs of instruction such as expenses on books, travels and others; and the cost of student living such as food, room and health care etc (Johnstone, 2006).

The classification of cost sharing as tuition fee, other fees and user charges on boarding and catering and health care depends on the total instructional expenses of institutions. On the basis of the context and policy of a country, cost sharing can take one of the following forms to supplement government revenue. Parents and/or students could pay fee in the form of one of or multiple of the forms of cost sharing described below. In its broader dimension, cost sharing could take the following several steps or forms (Johnstone, 2002, Johnstone, 2004a, and Marcucci and Johnstone, 2007). (See annex 1)

1. **A beginning of tuition fee*:*** Some countries, where higher education was provided for free, like China in 1997, Britain in 1998, Austria in 2001, Kenya in 1991, Ethiopia in 2003, to mention a few, introduced cost sharing in the form of either tuition fee, other fees and/or user charges.
2. **A very sharp rise in existing tuition:** Some countries on the other hand have made a sharp increase on the already existing tuition fee. This is a commensurately increase of tuition fee on the side of the students/parents to lessen the share of the public share**.** This happens due to the rise in institutional cost. This has been the case recently in the US, where many state governments have failed to maintain their former "shares" of public university expenses. Recently, tuition fee increase in the UK has instigated student demonstration.
3. **Tilting admissions and enrollments toward students who can pay:** In the US, this increasingly widespread practice is called enrollment management: a technique of enhancing the net tuition revenue by rationing the scholarships, or tuition discounts, to those who can pay and truly help the institution. In this principle, institutions prefer admitting such students as the very brilliant or the very talented or concentrate otherwise on those students who require the least amount of tuition discounting. The dual track system is a significant example of this form.
4. **Maximizing the enrollments of fee-paying students:** This is similar to the American enrollment management. This is a general tendency to apply what is known as dual track. This is increasingly the practice in Russia, Uganda, Kenya, Tanzania and other countries (many from the former Soviet Union) in which students have a legal right to free higher education, and yet others are admitted on fee paying base. For instance, those students who pass entrance examination with the required score will be grouped into two by providing a certain cut-off. Those above the cut-off will be admitted on free or very low tuition fee payments. Whereas others below the cut-off, if they need, will be admitted on fee bases.
5. **An imposition of "user charges," or fees for food, rooms and health care:** This has been happening in China and in most countries, including African countries where living costs are subsidized. Ethiopia, for instance, has transferred the full cost of food and housing to the beneficiaries. In the Nordic countries of Sweden, Norway, Finland, and Denmark, for example, where higher education remains "free", higher education students cover their full living costs. Actually students are eligible to student loan, which are indirectly shared somewhat by the taxpayer in the form of repayment subsidies.
6. **A diminution or reduction of student non-repayable grants or scholarships:** This is sometimes accomplished simply by decreasing or totally stopping grants or loan levels, or by holding them

constantly. As has happened in the US, over most of the decades or the 1980s and 90s, student grants may be accompanied by a shift in the dominant form of financial assistance to loans. Such a policy also diminished the once very generous grants in Britain, which were later abandoned altogether, and has happened to be the value of the maintenance grants in Russia and most of the rest of the former Soviet republics, and in Eastern and Central Europe.

7. **An increase in the effective cost recovery on student loans:** This form of cost sharing can be accomplished in several ways. It can be accomplished through a diminution of the subsidies on student loans (similar to the diminution in the value of non-repayable grants), and might be accomplished through an increase in interest rates, or a reduction in the length of time that interest is not charged, or through a reduction in the numbers of loans for which the repayments, for any number of reasons, are forgiven. Or the effective cost recovery might be accomplished through a tightening of collections, or a reduction in the instances of default, with no change in the effective rates of interest paid by those who were repaying anyway.
8. **Fee-dependent private higher education:** Many governments have encouraged in their policies to open higher education institutions. Some countries have subsidized them from the public revenue. This category includes such countries as Japan, Korea, the Philippines, Indonesia, Brazil, and other countries in Latin America and East Asia. Some have promised to support private higher education institutions financially and materially. For instance, the Ethiopian policy has promised to support some private higher education institutions on some preconditions of programs and/or quality. Many countries have dramatically reduced government expenditure on higher education by keeping a limited public sector usually elite and selective; and by permitting private investors to participate in sharing the burden of higher education expansion. This situation has shifted much of the costs of expanded participation to parents and students, who are 'pushed' to the private (often profit making) higher educational institutions.
9. **Contract Research:** Contract, or sponsored, research that carries an appropriate "overhead" charge can provide supplemental faculty salaries and new equipment, and also contribute toward general institutional and administrative costs.
10. **Teaching high demand courses, frequently to non-degree students, for substantial tuition:** Tuition from the teaching of specialized courses can remunerate sufficient amount to cover all marginal expenses plus a "profit" to the department and sometimes to the larger institution. This is especially popular in those countries that prohibit tuition for "regularly admitted students". Where the competition is especially keen for "regular" admissions, the university faculty will sometimes provide private fee-paying tutoring to secondary students preparing for the national entrance or university's own examinations.
11. **The sale or lease of university assets:** In a similar fashion, universities sometimes own large amounts of land or other assets that could be rented, leased or sold. For instance, in China, higher education institutions have possessed factories and other businesses from which they can augment internal revenue.
12. **Donations:** Universities are turning to donors and other philanthropists to supplement governmental revenue. This can be donations, including bequests or annual gifts, or donations from corporations and foundations, any of which can be designated or undesignated (i.e. left to administrative discretion) and given either for endowment or current operations.
13. **Extension and summer program:** This is a popular scheme in Ethiopia in augmenting institutional revenue. It serves as internal revenue, additional income for teachers, top-ups for management officers, housing and transport allowances for teachers, sometimes budget balancing, purchase of some equipments at department or college or institution level. This is different from the form mentioned on number 10 above. It is provided for those who are registered to upgrade their education to degree level. It is a program offered during the summer and in the evening and often includes all regular courses.

Cost sharing, which is partly intended to promote equity and revenue supplementation should be followed by student support program. This support scheme or program could be monetary and non-monetary. The following section explains very briefly the importance of student support and types of student loans.

3.5. Student Support

In a tuition fee charging policy, finance may not be the only obstacle to participation. Culture and family academic background also affects the desire for higher education. So, student assistance should be seen in terms of both monetary and non-monetary supports

3.5.1. Non-Monetary Support

Financial assistance and the expansion of higher education systems alone could not promote social justice in higher education. Information is also imperative in aspiring low SES. Information is important not only about the diverse nature of higher education provision but also it is imperative to inform young people about the benefits of higher education. Studies show that students from low socio-economic and cultural capital group have information deficiency about the private benefits of higher education, its costs, and the nature of student support available. Pertinent information, about the opportunities and benefits of higher education, inspires young people from lower socio-economic and cultural capital family to make decision to enter higher education (Callender, 2006). Such students have difficulties in accessing information or they may not need it due to less interest, which could be the result of poor academic background and less information, to participate in higher education. Thus, pertinent information is central to decision making about higher education institution and about whether to apply or not to higher education institutions. Of course, information alone is not sufficient. Monetary support is also equally important. Governments and policy makers should consider both issues along with other aspects of equity, efficiency, and quality. Paradoxically, the realization of cost sharing in terms of its rationales demands more and more money to promote equity and efficiency.

3.5.2. Monetary Support/Student Loan/grant

Financial support is an important impulse in the realization of cost sharing policy. Financial supports for students could be either a grant or loan. A grant is a non-repayable financial aid to students to attend higher education. Unlike loan, grant is not repayable and it could target such students with socio-economically and culturally disadvantaged. It may promote access of those with high financial need and who underestimate the net benefit of higher education. Theoretically, a loan is a repayable debt on students, but it can be converted to grant on the basis of some conditions. This can take various forms. For instance, Norway converts 40% of the loan into grant provided that student academic progress is found to be satisfactory. An alternative approach is government subsidized interest on student loans. This will allow lenders to charge lower interest rate to students. This is a 'hidden' grant in effect. For instance, the USA has made 15 to 33%, Sweden 40 to 60% and Germany 70 to 82% hidden grants (Woodhall, 2007). (see annex 2 and 3)

Table-15. Hidden Grants in Student Loans (Subsidies and Default)

Country	Hidden Grant	Repayment Ratio
Australia	25.70	74.30
China	35.37	64.63
Egypt	88.05	11.95
Ethiopia	64.76	35.24
Finland	9.67	90.33
Ghana	60.87	39.13
India-SBI	19.77	80.23
Kenya	72.07	27.93
Mauritius-EWF	40.64	59.36
Namibia	0.21	99.79
Nigeria	89.12	10.88
Russia	88.27	11.73
South Africa	49.53	50.47

Source (Vossenstevn, 2009)

Forms of Student Loans

The need for student financial support is basically to enhance the principle of cost sharing itself, or it is to increase and enable students/parents share part of the total cost of higher education as beneficiaries. In broad terms, student loans and their repayment schemes fall into two categories: mortgage type loan and income contingent loan. The practical application of student loans and payments may take one of these two basic forms, with many variations of each, or "hybrids" of the two forms. The most important feature and politicized issue in student loan scheme is the degree of cost recovery and the form of the loan i.e. whether the repayment obligation is fixed or is based on the borrower's income (ADB, 2009, Johnstone, 2009, and Woodhall, 2007).

Mortgage-type Loan: Mortgage is defined in 'Dictionary.com' as 'conveyance of an interest in property as security for the repayment of money borrowed.' The mortgage-type loan has a fixed schedule of repayment over a specified period, as would be the case with a home equity loan. The fixed-schedule or conventional mortgage-type loan may fix or variably calculate rates of interest expressed as an annual percentage of the amount borrowed. Moreover, this scheme requires a definite repayment period in which the borrower has to repay and amortize the loan. The contract also includes terms/modes of repayment; either in equal monthly installments, or installments that begin small and increase over time, or some other payment arrangements that enables the borrower to amortize the loan at the contractual rate of interests and time (Johnstone, 2009, Johnstone, 2004c, ADB, 2009).

The main disadvantage of this type of loan is that repayment starts shortly after graduation, when incomes are typically lower than in later years, and repayment commitments do not accommodate fluctuations due to unemployment or economic downturn, thereby increasing the risk of default (ADB, 2009).

Income-Contingent Loan: The other form of student loan is the income contingent. Generally it is a loan whose repayment depends on income. It includes a contractual agreement by which some percentage will be paid from all future earnings or income until the loan is repaid together with the agreed rate of interest. This percent of income may be set as a flat rate on all income or earnings, or may be progressive.
In addition, income-contingent type of loan-repayment includes the following aspects:

1. The contractual rate of interest just like the fixed schedule obligation must cover the cost of money plus the costs of administration, or collections, sometimes an amount to cover the costs of defaults and in some versions the shortfalls from other borrowers whose incomes are never sufficient to repay their loans (ADB, 2009).
2. A borrower who has repaid a maximum number of repayment years, but without amortize his or her loan due to low income/earning, will be free from any further obligation regardless of the amount or the effective rate of interest (or discounted present value) that has been repaid. The remaining amount will be considered as grant subsidy, or an effective grant. This happens on the presumption that his or her higher education never really "paying off" monetarily (Johnstone, 2004c).
3. A limit for the high earner, which is generally when the borrower has repaid his or her debt at the contractual rate of interest. However, some countries or institutions could frame what is known as a mutualized income contingent loan plan, in which the shortfalls from the low earners must be recovered from the interest premiums paid by high earners. This will require high earners to continue paying. There has been to date only one such operational plan that is the *Yale Plan for Tuition Postponement* in the early 1970s, but such a plan had a maximum for the very high earner beyond which no further payments were to be required (Johnstobe, 2009).

To compare the two, the key difference of income contingent with fixed mortgage-type of loan is that in each year following graduation, repayment is contingent on earnings, and (in most cases) no payment is required if income falls below a specified threshold. Payments are defined as an agreed-upon percentage of annual income, and repayment is more evenly spread out over the professional career, with repayment deferred until returns from the investment in higher education are realized. The Australian Higher Education Contribution Scheme is generally cited as a model of best practice for this type of loan (ADB, 2009).

Hybrid fixed schedule-Income Contingent Loan: is also known as soft income contingent. The hybrid of fixed and income contingent is to ease the repayment obligations of borrowers during some difficult occasions like unemployment. Adjustment would be made either in the form of conventional fixed or income contingent to amortize the payment. Borrowers enter into contracts in which they could make payments either in fixed or contingently depending on some inconvenient occasions. The beneficiaries may start payment on a fixed ground and divert to contingent way of payment if they experienced inconvenient situations such as reduction of income or due to unemployment. When conditions get better, borrowers return to the fixed schedule of repayment obligations regarding the remaining debt. Hybrid conventional fixed-income contingent scheme is thus a systematic way of making repayment convenient by automatically changing the way of payment as it suits the borrowers (Johnstone, 2009a).

Variants of Income Contingent Loan

Income contingent loan or Income Related Loan scheme takes several broad forms namely, IRLs with risk-pooling, IRLs with risk-sharing, graduate taxes, and human capital contracts (Chapman, 2006). **'**Risk-pooling' variant involves all cohort members who have entered obligation to share the cost of higher education. All agree to make payments for the unpaid debt of others. 'Risk-sharing' is the form of IRLs in which borrowers are obligated to pay a high amount of the present value terms irrespective of the actual income received and the repayment levels of others involved in the loan scheme.

Graduate Tax: Graduate tax is another broad income related loan repayment instrument. Theoretically, under this brand, a student enters contractual obligation, with government to repay what has been fully or partially subsidized by the government for his/her higher education, to pay in the form of surtax, for the rest of his/her earning lifetime (ADB, 2009). Thus, in some ways graduate tax repayment scheme share some aspects of risk-pooling and risk-sharing instruments of repayment; because loan payments are scheduled in such a way to ensure default-protection and to augment revenue. However, there are some differences between IRLs and graduate taxes. Graduate tax is not based on cost recovery because it may make graduates pay excessive amount which could be more than the cost they incurred to attend higher education. Or in other words graduates may pay more than the private benefit they acquired from higher education (Chapman, 2006). Most of the time, payment is expected to be commenced after graduation. According to Johnstone (2004c) a true graduate tax is "an income surtax on university graduates, without the keeping of individual borrower accounts or 'balance owed.' " The purpose of a graduate tax is to shift a portion of the costs of higher education from the government or tax payer to students, to be paid only after graduation and start to earn an income. The financial success of graduate tax must be measured by the discounted present value of future income surtax payments. Until recently, there has never been the operation of graduate tax in the true sense of the concept. Most references to graduate taxes actually refer to income contingent loans that do maintain "balances owed' (Johnstone, 2004c).

In it true sense; graduate tax has a number of associated problems: It may be a disincentive to increase earnings through extra work. Also, it may serve as an incentive for emigration to avoid the surcharge. For these reasons, it is not that much popular (ADB, 2009).

Human capital contracts: Under this arrangement, a private sector/firm finances a student's investment in higher education in exchange for a percentage of later earnings, usually for a fixed period. In this arrangement payments are related to borrower's income. This arrangement is contractual and the contract specifies a percentage of income to be paid over an agreed time period by beneficiary students from income and tuition fee support. Hence, just like graduate tax, high income earners would pay more than was borrowed and a low earner would pay less. For the investor, the arrangement is a significant investment that depends upon the borrower's earning power. The modality or optimum of the contract depends on the lender's belief about the borrower's income prospects, the borrower's belief about his/her own income prospects, and the borrower's degree of risk aversion (ADB, 2009 and Chapman, 2006). Private companies are offering this option in Chile, Colombia, Germany, and United States. (ADB, 2009) In the US a business firm known as MyRichUncle, founded by Vishal Garg and Reza Khan in 2002, is operating in human capital contract arrangements (Chapman, 2006).

3.6. Global Trends

Country's tuition fee policy is a document that provides a legal basis for charging or prohibiting the charge of tuition fees, other fees and user charges. In a tuition charging policy, the immediate issue addressed in a country's tuition policy is not only the division of the burden of higher education's instructional costs between the student and his/her family and the government, or taxpayer, but it also constitutes the accompanying form(s) of cost sharing. Thus, the tuition fee policies that either established tuition fees or proclaimed tuition free higher education are critical both for the very considerable revenue at stake as well as for the potential impact on higher education accessibility and the implications to equity and social justice (Marcucci and Johnstone, 2007).

Accordingly, the United States, Canada, Japan, India, South Korea, the Philippines and some of the Anglophone nations in Africa have produced policy documents that require the charge of tuition fees in most or all public higher educational institutions. In 1998 Higher Education Law calls for the charging of tuition fees to all students in China (Marcucci and Johnstone, 2007). Even though, until recently, most Western Europe has expanded and promoted higher education participation and equity almost by the public fund, some countries have already launched cost sharing policies. This group includes the Netherlands, Portugal, Austria, and the UK. However, Scandinavian students and governments have the tradition of sharing higher education cost. Here, students bear all or most of the financial responsibility for food, lodging, and other costs of student living through partially subsidized student loans. For instance, in Sweden, loans of the income contingent variety have been practiced (Johnstone, 2004c).

Until 2005, the German federal framework law (HRG: Hochschulrahmengesetz) has sanctioned individual Länder's (state's) authority from charging tuition fees. The Social Democratic government banned tuition fees for the first degree outright. However, there were some exceptions in which several German states have exercised some form of tuition fee charges. In January 2005, the country's Supreme Court, however, has reversed the ban after several years of emotional debate. The court allowed that individual Länder could introduce tuition fees. Accordingly, beginning from 2005 several Länder have planned to pass enabling legislation to impose fees. Since 1998, Hungary and the Czech Republic adopted a policy of penalty-type of tuition fee for those students who studied longer than the allotted time frame for a particular program (Marcucci and Johnstone, 2007).

In Central and Eastern Europe, Russia and the other countries of the former Soviet Union have laws that prohibit the charging of tuition fees. In these countries free higher education is frequently guaranteed by their constitutions. In spite of the constitutional sanction on tuition fee charges, some of these countries practiced a systematic way of charging supplementary finance from students/parents through what is known as dual track form of tuition policy (Johnstone, 2004a). The Irish government attempts to restore the post 1996 tuition fee has met resistance in the summer of 2003 (Marcucci and Johnstone, 2007).

Australia: The Australian tuition fee policy has a historical background. Accordingly, the genesis of the Australian higher education sector, the University of Sydney has been founded in 1854. Tuition fees were charged for about 20 years from 1854 to 1974. Between 1974 and 1985 the tuition fees were abolished and the responsibility of funding the Australian higher education has rested upon the federal government revenue. Once again, tuition fee has appeared in the Australian higher education in 1985 in the form of a "Higher Education Administration Charge", which amounts Australian Dollar 250 per student. The famous "Australian Higher Education Contribution Scheme" (HECS) has been introduced in 1989. Since 1997, tuition fee has been classified into three tariff bands. This new differentiated tariff structure is not consistent with a pure cost recovery model. The new pricing structure is a hybrid model, in which both costs and expected future private benefits have been given weight. Accordingly, the most expensive tier includes not only expensive courses like medicine, dentistry, veterinary science and engineering, but also law, which is one of the cheapest courses but its private benefit has been considered to be high. Other inexpensive programs, such as economics and business, are charged at the medium level. Courses belonging to social studies and humanities are banded as low charging (CHEPS, 2001).

HECS has been described as "… fair and equitable way of ensuring that students contribute to the cost of their higher education." (CHEPS, 2001) All Commonwealth funded higher education award courses that lead to degrees, diplomas, associate diplomas, graduate diplomas, graduate certificates, master's qualifying courses, Master or PhD courses all are included into the Australian Higher Education Contribution Scheme (HECS). The scheme applies to around 80% of all students enrolled in universities. Categories of students such as TAFE-students (Technical and Further Education), students charged tuition fees by the institution, students in non-award courses, students with an Australian Postgraduate Award (scholarship), participants in enabling courses for disadvantaged students, and students with a merit-based equity scholarship are exempted from the HECS payments. In addition, all foreign (overseas) students have to pay a cost-covering tuition rate up to $A26, 000 in 1996. The Ministry of Education is responsible to determine the level of HECS-tuition fees. The original rate of contribution was determined to recover 20% of the costs of an average university program, which was $A1, 800 in 1989. The level of HECS has been indexed to the cost of living and has risen to $A2, 450 in 1996. These rates relate to full-time students. Part-time students pay proportionately less (CHEPS, 2001). In 1989 and 1996 students were contributing uniformly $A1, 800 and $A2, 450 respectively. Since 1997, under the three bands, low, middle and high rates were determined. Students are expected to make repayment per semester in two major ways: either up-front with a 25% discount or defer or partially defer payments until or after graduation.

Table-16. Australian banded cost of cost sharing (Low, Middle and High rates of cost sharing), 1997, 1999, 2006 and 2007

Tariff Bands	1997	1999	2006	2007
Band-I: Social Studies and Humanities, etc (Low Rate)	$A3,300	$A3,409	A$0-3,920	A$0-4,996
Band-II: Accounting, Economics, etc (Middle Rate)	$A4,700	$A4,855	A$0-5,583	A$0-7,118
Band-III: Law Medicine, etc (High rate)	$A5,500	$A5,682	A$0-6,535	A$0-8,333

Source: (CHEPS, 2001 and ICHEFAP, Higher Education Finance and Cost-sharing in Australia.)

In Africa, for instance, the government of Nigeria announced in May 2002 that the 24 Federal universities were forbidden to charge tuition fee or other academic fees (Marcucci and Johnstone, 2007).

Tanzania has experienced cost sharing before independence and soon after. Private and public education institutions were charging fees. School fees have been abolished in 1960 but it was not complete withdrawal from the practices of cost sharing. The beneficiaries of primary education or their parents continued to pay for other education expenses such as uniforms, copy books, food, and transport to and from school while the beneficiaries of secondary education paid, in general, for uniforms only (Maliyamkono and Ogbu, 1999). The expanded higher education participation in the new century has generated financial austerity in Tanzania and forced the government to seek additional resources to supplement government budgets. This has led to the introduction of sharing responsibilities of educational expenses between the government and the beneficiaries (students and parents). Other agencies that have been mentioned to bear the costs of providing education services include donor community, non-governmental organizations, and the local community at large. In a lesser extent, Tanzania has introduced the policy of dual track (Maliyamkono and Ogbu, 1999, and Johnstone, 2004a).

Zambia, like other countries in sub-Saharan Africa, followed a policy of free education from independence in 1964 until the mid 1980s when the policy changed to cost-sharing (Maliyamkono and Ogbu, 1999).

Higher education was historically free in Kenya. Eligible students paid no tuition fees and were given living allowances in exchange for their working in the public sector for three years following graduation. This tuition policy has been changed since 1983. In 1991 tuition fees were introduced for all government supported students. Most government supported living expenses were eliminated in the face of financial austerity caused by growing unit costs and enrolments. Higher education institutions were also sanctioned to develop their own way of augmenting internal revenue (Maliyamkono and Ogbu, 1999).

In some countries tuition fee policies are less clear. For instance, in Mexico, for the last several years, public universities were charging very low tuition fees inconsistently. The Constitution is ambiguous as to whether higher education is the sole responsibility of the state or not (Marcucci and Johnstone, 2007).

Table-17. Types of Public Tuition Fee Policies (by 2007)

No Tuition	Up-front Tuition		Dual track Tuition fee	Deferred Tuition fee
Brazil	Austria	Nigeria	Australia	Australia
Denmark	Belgium	Philippines	Egypt	Scotland
Finland	Canada	Portugal	Ethiopia??[1]	New Zealand
France	Chile	Singapore	Hungary	Ethiopia
Francophone Africa	China	South Africa	Kenya	England as of 2006
Germany	Hong Kong	Spain	Poland	Wales as of 2007
Greece	India	Turkey	Rumania	
Ireland	Italy	England	Russia	
Luxemburg	Japan	Unite States	Tanzania	
Malta	Kenya	Wales	Uganda	
Nigeria	Korea		Vietnam	
Norway	Mexico			
Sweden	Mongolia			
Tanzania	Netherlands			

Source**:** (Marcucci and Johnstone, 2007)

3.7. Trends in Developing Countries

Some countries from among the developing regions of the world have either introduced cost sharing for the first time or have increased tuitions fees to share the cost of higher education with students/parents. Below is a discussion on the experiences of cost sharing and related issues in some developing regions and countries.

Latin America

Until the 1980s, Latin American higher education has been predominantly public with institutional and academic autonomy. At the end of the 1980s and beginnings of the 1990s, due to the global changes and challenges, the leading position in higher education has been taken over by private higher education in the region. Market strategies have impacts on the increasing privatization of higher education and in the deterioration of public universities, due to the lack of appropriate financing among other factors. In spite of this, during the 1990s, Latin American region has manifested a great deal of growth in higher education. The average GER in Latin American Countries increased from 17% at the beginning of the 1990s to around 32% in 2008 (Segrera, 2009).

Public universities levy very low tuition or are completely free of tuition in the undergraduate program. There are exceptions. For instance, Chile charges a bit greater. As a rule, in the post-graduate courses (Master, PhD, and specialization) tuition must be paid even in public universities. In Latin American Countries (LAC), expenditure for a student is around US$ 2,380, which is lower than in the developed countries (Segrera, 2009).

[1] It is not clear whether Ethiopia has applied dual track program. Students from secondary schools take entrance examination and those who scored above a certain cut-off point are admitted to all public universities and subject to cost sharing either in the form of payment or service years. Students below the cut-off are considered as unqualified for degree program but qualify for diploma programs from where they can proceed to degree programs. These students could enroll either in public or private tertiary institutions. (See pages 60-61)

Cost-sharing and revenue diversification generally have taken the form of increasing reliance on fee-dependent private higher education sector. The public universities seem to continue with features of either free or very low tuition fee. This leads to the anomaly of students from upper and upper-middle income families, frequently benefiting from vastly superior secondary education, and thus able to pass the rigorous

public university entrance examinations, attending "free," while "ordinary" students, and students from middle and lower-middle income and rural families are either excluded altogether, or are forced to pay for fee-dependent and frequently inferior higher education institutions (Johnstone, 2004a). In 2008, in Brazil 74 % of the pupils registered in universities belongs to the highest quintile and only 4 % to the lowest one. In Mexico, 58% of the university enrollment came from the upper class where as only 6% from lower income sources. In Chile and Ecuador the proportion is 65% and 8% and 42% and 6% respectively (Segrera, 2009).

This questionable equity continues to put pressure on government to find a way to shift some of the higher education cost burden on to families and students in the public sector (Johnstone, 2004a). Accordingly, the governments of some countries (Uruguay) have introduced solidarity funds to give more possibilities to the most economically disadvantaged students, with academic merits (Segrera, 2009).

East Asia

Malaysia: Malaysian public higher education students must pay tuition and other fees and cover their living costs (though accommodations on campus are subsidized by the government). In 1997, the government established the National Higher Education Fund Corporation (NHEFC), a sub-group of the Ministry of Higher Education that provides subsidized loans for students attending expensive private institutions. By 2000, the government has extended the loans to students attending private universities as well. Between 1997 and 2005, the NHFEC has made a loan amounting RM 15.1 billion to almost 800,000 students (ADB, 2009).

Indonesia: In Indonesia higher education is financed publicly and encouraged to augment fund from special fees and student tuition fee, special projects, publications, contractual research projects, selling of services and the like. The government also works hand in hand with both public and private higher education institutions to award merit-based and need-based scholarships for those outstanding students and who are unable to afford the required tuition fee. The government also established Student Financing Facility Fund to assist students to afford their higher education payments. The scheme provides non-collateralized loans for undergraduate and post graduate (master and doctoral) students in educational institutions across Indonesia. Low tuition fee payment in public higher education amounts US$345 and the higher payment is US$1,388. In the private higher education, the amount is more than US$10,000 (ICHEFAP, Indonesia, 2010).

India: India is a country where tuition fee-supported private higher education is growing and along with some limited cost-sharing. However, until recently (2003) India was not ready even to embrace the concept of cost sharing openly let alone to implement an official policy of tuition fees (Johnstone, 2004a). The cost of higher education in India is supported by the central and state government sector and by the nongovernmental sector (including student/parents and the rest of the community). The 16 Central Universities receive maintenance and development grants from the central government through the University Grant's Commission (UGC), while other universities and colleges receive maintenance funds from state governments and some development grants from the UGC (ICHEFAP, India, 2001).

Private colleges, instead, are either privately managed and publicly funded (aided colleges) or privately managed and funded (unaided colleges). Private aided colleges are required to admit 50 percent of their students on the basis of student performance in entrance exams for free (free seats). These students are not required to pay any extra fees or tuition fees. The other 50 percent of students are admitted based on their willingness to pay extra tuition (payment seats). Unaided private colleges set their own fee levels (below a government-set ceiling) that are generally extremely high in comparison to the aided private colleges and government colleges. By 2005/2006 India possessed around 17,973 higher education institutions of which 4,493 were public or government, 5,760 were aided private and the remaining 7,720 were unaided private institutions (ICHEFAP, India, 2001).

China: The costs of higher education in China have been borne by the government. To cope with financial austerity and to meet the huge demand for higher education, the central government implemented the "dual-track" enrollment policy during the late 1980s and the early 1990s wherein students who scored below a cut-off line on the national college entrance examinations had to pay for their higher education. However, since 1997 every student must pay tuition fees to attend higher education. (ICHEFAP, China, 2009) New forms of student loans and means-tested grants in 2003 are only being developed (Johnstone, 2004a).

Sub-Saharan Africa: More than thirty African countries have already started some form of cost-sharing by 2009. Most of them have embraced cost sharing slowly and cautiously and usually limited to the easier and more politically acceptable forms. They charge either tuition fees or other types of fees such as examination fee, registration fees, identity card fees, fees on books, management information system fees etc. Others have introduced cost sharing where students contribute some percent of tuition fee and cover the full user charges in a deferred way of payment. The average contribution of parents and students in Africa accounts approximately one-fourth of the national expenditure for higher education. It varies from country to country ranging from less than 10% in Mali, Chad, and the Republic of Congo to more than 50% in Uganda and Guinea-Bissau. Over all higher education institutions in Africa generate 30% of their income in different ways. This varies across countries (Madagascar and Zimbabwe 5%, Uganda 56% and Guinea-Bissau 75%) (World Bank, 2010). Countries like Kenya, Tanzania and Uganda have commenced to practice the dual track scheme of cost sharing.

Uganda, for instance, is a country with $300 per capita income and whose basic economic sector is agriculture; claims to have one of the best higher education systems in Africa at independence. It has two public universities. Makerere University situated in the capital Kampala is established in 1922 and Mbarara University of Science and Technology has been formed in 1989. Recently three other public universities were added to the system. There are 102 private tertiary education institutions of which 23 are private universities and only 14 are already accredited (ICHEFAP, Uganda, 2005). The gross higher education enrollment has grown from 2.5% in 1995 to 4.1% in 2004. However, the proceeding economic and political crises seriously affected the higher education in the 1980s and 1990s. Due to financial constraints and due emphasis accorded to lower level of education, government funding has dropped drastically affecting the public higher education system. The government of Uganda has taken a number of measures to reverse the decline in higher education in the country. The White Paper and Education Strategic Investment Plan (ESIP) proposed, in 1992, the diversification of revenue through cost sharing, private sponsorship, evening and weekend programs, and entrepreneurship ventures by public higher education institutions to supplement the declining public fund. Higher education share from the government budget has been 10% in 2004/2005. Irrespective of the massive enrollment increase, this amount persisted more or less constant until mid-1990s (ICHEFAP, Uganda, 2005).

The White Paper and ESIP proposal for cost sharing in its various forms and the participation of private investment has promoted higher education expansion in Uganda. Under the dual track scheme, the government of Uganda sponsors one-fourth of the national student of higher education. The rest of the student population will be admitted to higher education on payment. Those students with scores above a certain grade point cut-off on the Uganda Advanced Certificate of Education Examination (UACE) will be sponsored by the government and attend higher education with no cost, while others who scored below a given threshold can enroll in universities if they pay tuition fees and cover their personal expenses. Tuition fee paying students of Makerere University account 80% of the total students of the university (Johnstone, 2002). The university collects more than 50% of its income from these students. The amount of tuition fee to be paid by self sponsored students in public higher education institutions is set by the respective faculty. The faculty proposal should be endorsed by the Academic Senate and the University Council. Fee levels vary across faculties and programs (evening, regular-day, etc and science faculties charge more than humanities). By 2005, average tuition fee was 1,800,000 Uganda shelling ($948) per year. Tuition increases are generally difficult to get passed due to the government intervention. In terms of augmenting revenue, the policy of dual track scheme has played an important financial role. Higher tuition fee compared to per capita income, and absence of student loan/grant or scholarship have reserved higher education to the economically and socially well-to-do families of the society of Uganda (ICHEFAP, Uganda, 2005).
Below is a discussion on forms of cost sharing and student support that have been practiced mainly in the Sub-Sahara African countries.

3.8. Trends in Sub-Sahara African Countries

Like anywhere in the world, cost-sharing has been conceived and introduced in many developing countries. It has been introduced or increased to cover part of the costs of instruction, other fees and/or of user charges to cover the cost of student living particularly food, room, health care and others that may have been hitherto covered from the public revenue. However, there are many other possible forms, or steps leading to a major cost sharing paradigm.

On the basis of some national contexts, mainly economic and political, African countries are exercising different forms of cost sharing. And most of them are trying to apply the small earmarked fees, the freezing or reducing of student grants, and user charges on food and room. Some applied deferred payments while others such as Mozambique and South Africa have practiced up-front tuition fee payments. The following forms of cost sharing have been exercised in different countries of Africa (Johnstone, 2004a).

1. Small 'earmarked' fees (e.g. registration, examination, or 'caution' … but not yet 'tuition' (Most Africans, Nigeria good Example)
2. The "freezing" (lessening of the "real" value) of student grants (Most African Countries)
3. The cutting or elimination of some student support grants.(Most African Countries)
4. The encouragement and even revenue support of tuition-dependent private sector (Kenya, Tanzania, Uganda, Ghana, and other countries.)
5. The introduction of fees for lodging and food.(Most African Countries)
6. The introduction of tuition only for students not admitted to "free" slots: *dual* or *parallel* track.(Uganda, Kenya, Ethiopia, Tanzania)
7. The introduction of tuition only for *certain* public institutions or programs.(Nigeria (tuition for state, but not federal, institutions)
8. The introduction of tuition in the form mainly of *deferred contributions*. (Reportedly under consideration in Ethiopia)
9. The introduction of "up front" tuition fees at all public institutions (South Africa, Mozambique)
10. Enhancing recovery on student loans (South Africa (success-fully); Kenya and Ghana (attempting).

Some East African countries like Kenya, Uganda and Tanzania have introduced dual track model of cost sharing. *Dual Track* is a systematic way of trying to avoid oppositions to cost sharing. It divides students who demand higher education as 'passed-with-free-places' and 'passed-with-no-free-places'. Those students who scored above a certain cutting boarder will be admitted into the small and selective pool of fully state-supported slots. Others below the cutting border are also accepted but for fee. Despite the fact that many of the academically qualified students will never enjoy it, these countries claim in their policies as having free higher education. Most of African countries are not bold enough to apply up-front payments and to make large increases (Johnstone, 2004b).

The private sector also participated in the sharing of the cost of higher education in many developing countries. Many private higher education institutions, both for-profit and for non-profit, have been opened in many parts of the Sub-Sahara African countries.

Student support in developing countries

World-wide, Sub-Saharan Africa included, many countries have included in their higher educational policies some sort of student financial support either in the form of grant or loan that is to be paid in up-front or deferred scheme (Johnstone, 2004b). The sponsorship for the loan and grants could be government, banks or some sort of fund organization. In most countries, the governments take the initiative to sponsor student loans and grants.

There are more than fifty countries that apply government-sponsored student loan schemes around the world. The objectives of this scheme include revenue diversification or income generation; university system expansion; equity, or the targeted enhancement of participation by the poor; and specialized manpower needs (Johnstone, 2004b).

Most African countries that introduced cost sharing in the form of tuition fees, other fees and user charges have applied the income contingent loan as a means of loan repayment. Given the low tradition of philanthropist culture, grants and private lending bodies, and the prevalence of low economic ground in the region, government-sponsored income contingent loan seems to have been preferable. However, in the context of Sub-Saharan Africa, this loan-repayment scheme has two major problems: most African countries lack the ability to collect the entire loan repayment because of poor system of collection. Second, in most African countries up-front tuition fee has been strongly opposed and this has forgone the potential parental contributions to the costs of instruction. As a result student loan failed or poorly performed in many cost sharing exercising African countries (Johnstone, 2002). And yet, cost sharing is infeasible and sometimes impractical without effective student financial and non-financial support and efficient loan collection mechanisms.

However, student loan programs backgrounds around the world do not have good story of success. This includes notable African examples in Ghana, Kenya, and Nigeria as well as several newer and lesser known programs such as those in Tanzania and Burkina Faso that looks like unsuccessful, at least on the criterion of cost recovery. Presently, in the Sub-Sahara African region only the South African loan program seems to be successful. The South Africa's National Student Financial Aid Scheme (NSFAS) success could be explained in terms of expanding accessibility by putting critical funds into the hands of students and generating a cost recovery that shifts some of the costs of this financial assistance to the students themselves. The success is attributed partly to the fact that "it is always informed by good practices" and policy makers have made use of the huge body of literature to "learn and record successes and failures." (Woddhall, 2007) NSFAS has applied context based means testing mechanism to identify financially needy students. These were financially supported and make deferral payments. Others were made to pay up-front tuition fee. Others, like Ghana and Kenya tried to revitalize or reform their previous loan programs due to some problems in the process of implementation (Jonstone, 2004b).

Most student loan programs are poorly performed in Africa and even in the world due to the following interrelated factors: (Johnstone, 2002)
Insufficient capital: Due to the poor economic scenario in Africa, most African countries lack enough capital to lend at any reasonable rate of interest. There are no other financial organizations, which are willing to lend money for human capital investment as well. Therefore government is the ideal body to provide or guarantee loan for students to attend their higher education. As most countries in Africa are heavily indebted and constrained in their ability to further print money, there may simply be insufficient money to lend to students in the amounts that are required.

Insufficient servicing and collection infrastructure: There are no sufficient financial service-giving organizations with the tradition of providing loan for human capital investment. Bank systems are poorly organized and most of them are not ready and willing to lend money for the 'unreliable' human capital investment. They are unwilling to provide loans for human capital not only because of absence of collateral but also the prevalence of poor communication and public records, and the problem of tracking borrowers. All these poor infrastructures make collection problematic and impossible. So, many African countries require a huge preconditions to effectuate cost sharing and student loan schemes.
Too great a built in subsidy: Most African countries have a long tradition of complete subsidy. This affects the realization of a loan program because it allows too little possible cost recovery even with defaults and with acceptable administrative expenses. Countries could minimize this problem simply by reducing the built-in, inevitable, structural deficit of excessive subsidization.

Very high default rates. Due government negligence, political pressure or lack of capacity, many countries of the developing world have experienced high default rates. Simply they do not collect much of the loan. Moreover, both borrowers and lenders may fail to take the issue very seriously. Borrowers may not think that the money given to them is not a real loan. And hence they may not be serious about it. Governments could solve this problem by developing strong legal procedures, sanctions and by providing pertinent information to borrowers. Borrowers should understand that the money was indeed a loan to be repaid, and failure to repay will cause major legal consequences.

Income contingent loans are loans that can be more manageable to the borrower because they are payable in the future and on the basis of income earned most of the time after graduation. The most serious problem with this scheme, particularly in Africa, is absence of pertinent information about the real income of the borrower and poor ability to collect. Income contingent loan in its real sense requires a means of verification of all or at least most of borrowers' incomes for their working lifetimes. Such loan schemes can work better in an economy where most borrowers work predominantly at one job and whose earnings are easily known and monitored by the government along with their income tax and pension contribution obligations. In cases where many of the borrowers receive their income from different economic sectors or from second and third jobs, income contingent loan scheme face difficulty to perform. This is because the full incomes of the borrowers could not be known, traced and monitored. This is the situation in most sub-Sahara African countries.

Table-18. Cost-Sharing in Sub-Saharan Africa, Selected Countries

Countries	Cost sharing policies	Student Loan programs
East Africa		
Ethiopia	Cost sharing open policy goal. Dual Track tuition?: tuition fee, lodging and food covered for regular not for evening or summer students, who pay upfront tuition fee	Government considering (as of 2003) a loan program modeled after the Australian HESC (in spite of likely problems with multiple and unreported sources of income and minimization of parental contributions) as graduate tax.
Kenya	Tuition fee and user charges for lodging and food introduced in 1991, but tuition fee rolled back due to student opposition. Dual track or *Parallel* Module II tuition began 1998 at University of Nairobi	Comprehensive loan program introduced in the 1970s, but failed with virtually no cost recovery. Program reinitiated in 1995 as Higher Education Loans Board, with mandate for "near self sufficiency."
Tanzania	Cost-sharing officially begun in 1992 but at slow pace. Maintenance grants & lodging/food subsidies reduced in mid-90s. Only dual track tuition, but comprehensive tuition intended in the future.	A so-called "loan" scheme implemented in 1993-94 as part of phase II of cost-sharing to cover a part of lodging and food costs. As of 2003, no interest rate stipulated; no collection machinery, & no recovery.
Uganda	Makerere University famous for aggressive & financially successful dual track tuition, with more than 75% of students paying fees to the considerable financial benefit of the university.	Under discussion: no operational student loan program as of 2003.
South Africa		
Botswana	Limited cost-sharing measures said to have been introduced in 2002-03 along with efforts to improve collection of loans	Under discussion: no operational student loan program as of 2003.
Mozambique	Tuition ranges from \$70-80 to \$500+. Cost sharing seems to have been reluctantly accepted.	Under discussion: no operational student loan program as of 2003.
Republic of South Africa	Have tradition of tuition fees and cost-sharing, although still resisted and complicated by issues of redress & planned institutional closures. Tuition in range of \$1000-\$3500.	Successful means-tested income contingent loan program collected by employers. Reaching about 20% of student population. Interest is 2% real; repayment is 3-8% of income over threshold.
West Africa		
Ghana	Cost-sharing limited to small fees and user fees for lodging and food; no tuition fees.	After collapse of 1970s plans, a new scheme in 1988 linked to Social Security and National Insurance Trust (SSNIT), the contributions to which guaranteed repayments. High subsidies and collection difficulties

		persist.
Nigeria	Government expects 10% of costs to be from other than government revenues, but Cost-sharing is controversial, with nominal fees for lodging and food, and tuition at state—but not at federal—universities.	As in Ghana, the 1972 Nigerian Student Loan Board failed to collect and was suspended in 1992. A new Education Bank is constructing measures to increase collections and interest rates.
Burkina Faso (Francophone)	In spite of Francophone tradition of no fees, Burkina began to cut grants and begin modest tuition fee in 1990s: Increase from ca $12 to $24 in fall 2003 brought fierce student opposition.	Comprehensive program of small. Means-tested loans, "Prets FONER," begun 1994: for 2nd and 3rd cycle students: subsidized and income contingent at 1/6 salary; little or no recovery to date.

Source: (adopted from, Johnstone, 2004b)

Some thirty Sub-Sahara African countries have introduced some form of cost sharing and some of them also framed student loans to facilitate the share and payment of higher education cost. However, the economic and social imperative of cost sharing is not without challenges. The public at large and scholars have advocated different stands concerning cost sharing. Some supported while others became opponents to the policy and practice of cost sharing. The next section surveys the public debate and its impacts revolving around cost sharing.

3.9. Debates on Cost sharing

In some countries, the share of higher education cost has been imposed and/or introduced without carefully considering the socio-economic, cultural and political contexts. So, some have become successful and others entered into problematic situations. The efforts of government were not welcomed by all sections of society. In spite of the increasing demand for higher education by students and their families to improve their socio-economic status, and the increasing conviction that private benefits from higher education are higher than social/public benefits and the continuing participation of governments in covering the greater portion of the higher education cost, the financing of higher education has become source of unfinished debates among political teams, scholars, professionals, stakeholders and those who share the cost (Johnstone, 2004a).

Some contested from personal interests. In a country where there had been free higher education for long, it will be difficult to parents and students to accept payments, or increases in up-front tuition fees. Some political teams also open debates for political consumption, seemingly to show their championship with the people. Johnstone (2004a) has categorized the public debates as technical, strategic and ideological.

The **Technical Debates**: Groups under this concept do not totally reject cost sharing but contest that it will be infeasible technically particularly in the developing countries where the economic situation is very low and systems are poorly established. They believe that cost sharing should ensure equitable access. To realize this, two things should be fulfilled. The first is to support those needy students of poor families. To realize this, there should be grant on the bases of need-based or means-tested, and sufficient student loans. Unlike the industrialized countries, developing countries lack both the technical capacity and the economic might to identify needy students and make available sufficient loan for students. Groups that have doubts about the feasibility of cost sharing at least in the non-industrialized countries consider student grants and loans, in the absence of the necessary technical facilities, either unworkable and/or costly (Johnstone, 2004a).

Means-testing and need-based targeting subsidies in developing countries would be difficult and make grants impossible due to mainly the following five points (Abebayehu and Johnstone, 2004).

1. Poor system of taxation and tax collection
2. Second and third employment of many adults, whose income is not recorded and sometimes not known by the government
3. Poor culture of the use of bank and the resistance of banks to disseminate information about individuals' account deposits, withdrawals and interests.
4. Poor market value information of real property

5. Problems in converting real property/assets to cash and this has limited the possibility of mortgaging or borrowing with the property as collateral.

In spite of the above barriers, both Johnstone and Abebayehu argue and advocate for the feasibility of cost sharing and the related aspects of grants and loans. They argue that government or any concerned body or system could provide grants for needy students/parents by employing “at least rough justice” (Johnstone, 2004a) or using “categorical indicators” (Abebayehu and Johnstone, 2004) to estimate “means” and “need.” A categorical approach generally employs multiple indicators to supplement whatever is available on income and assets and to maximize the social objective for which the transfer schemes are designed. Categorical indicators, for example, might include occupation, type of housing, region of residence, automobile ownership, family size and age of children, gender, ethnicity, and other characteristics that are not only relevant in estimating means and need but which may also enable the system to target beyond means for additional social purposes. Some examples of such targeting would be ethnicity, language, region, single parenthood, or other attributes that the government chooses to assist.

Such indicators have the additional advantages of being difficult to manipulate (hence, less susceptible to corruption) and relatively easy to observe and hence, less costly to measure. As such, categorical indicators can be used either as an alternative or as a complement to income testing. In practice almost all means-tested schemes are conditional, not just on income, but also on satisfying certain categorical criteria (Abebayehu and Johnstone, 2004).

However, in politically volatile and ethnically sensitive countries like in Africa, such categories as ethnicity, language, region and other may work to some extent but could also be exploited by opponent political groups for political consumption and the end result could also be division and political unrest. It could also raise such question as who could make the assessment and the funding to assess. These show that these methods are not without problems. What about those students with fair or capable family income; and yet whose parents may not be ready and willing to finance their children for higher education? However, if applied carefully and in connection to income and assets, “means-tested” subsidy may help. But the fact of the matter is that demonstration of means or need is both difficult and probably unreliable in any less industrialized country.

Strategic: Other groups contest cost-sharing “on the assumption that the political acceptance of cost-sharing disadvantages higher education relative to competing claims on public revenue.” (Johnstone, 2004a) These groups do not have problems on the effectiveness and the implementation of cost sharing, however, they argue on the strategic ground of cost sharing. The political acceptance of cost sharing could possibly reduce the relative right of higher education to claim the public fund along with other public services. Implicitly, these groups are also calling for cost sharing in all public service. Cost sharing became the common practice in higher education most probably because it is found to be “politically too easy.” For strategic opponents to cost sharing, higher education has been placed “at a great disadvantage relative to, say, basic education, health care, welfare, or even national defense, none of which can so seemingly easily supplement public revenues with its own fees.” (Johnstone, 2004a) They also argue that higher education cost sharing enables governments to collect more than the public subsidy involved. And the extra payment will be utilized to satisfy the financial austerity of the state, sometimes without promoting access.

Advocators of cost sharing, on the other hand, argue that this point might be the case in many developing countries. This is due to the fact that the tax system has limited coverage and the fact that in proportionate terms graduates, as employees, are more likely to be taxpayers because they are more likely to be in the formal sector. This argument could be seen in the philosophy of the tax system. Tax revenue is used for a myriad of purposes such as national security, health care, compulsory education, prisons, and for redistribution, among other things. If the extra taxes paid by higher education graduates are only supposed to be allocated to repaying the public subsidy for their education, this implicitly excuses them from paying for (or paying a lower proportion for) the other public services that all other taxpayers subsidies. The point is that graduates only pay for their higher education gift through higher taxes if and only if the extra tax paid is used disproportionately for higher education (Chapman, 1999).

Chapman (1999) and Jongbloed (2003) explain this from two angles. The first is ‘vertical equity.’ This equity justifies that graduates of higher education should pay an additional amount for the private benefit they have acquired from their study. A graduate and non-graduate should not pay equal amount of tax, for the simple reason that the former has got an advantage over the latter in studying in a subsidized higher education.

The second is known as 'horizontal equity.' For instance, take two persons with and without higher education and have identical high incomes. If both pay the same tax, this is horizontally inequitable because the one without the higher education qualification has subsidized the education of the one with higher education qualification, which has in turn increased her/his income. If the government implicitly excuses the graduate from the payment of other tax obligations from their additional tax payment in the same proportion as others on an identical income, non-graduates who have a high salary because of their hard work or natural talent are being treated unfairly; they will be paying a disproportionate amount of the tax bill for non-higher education public goods (Chapman, 1999).

Ideology: This third aspect of cost sharing contest is more of critical and ideological. These groups argue against cost sharing from different justifications that include the principle of markets, the private ownership of capital, the international mobility of capital, production, and trade (globalization), and the acceptance of continuing social and economic inequalities. These opponent groups trace some principles of 'neo-Marxism and socialism' and greatly consider the importance of the public or social benefits of higher education than its private returns (Johnstone, 2004a). These opponents admit that cost sharing is basically the result of higher education financial austerity. And the financial problem has occurred because governmental tax collection capacities and efficient resources utilization are limited. For these groups, the wide spread prevalence of corruption is the other source of financial austerity. Governments' tax capacities have been limited due to a combination of factors such as: (Johnstone, 2004a)

Lack of political will to impose taxes

1. Lack of governmental tax-collecting efficiency and/or integrity
2. The prevalence of excess private ownership which has made taxation both more politically unpopular and more difficult
3. Globalization, i.e. the acceptance and encouragement of the greater international mobility of capital and productivity capacity, which in turn allows individuals and corporations to shift taxable income and assets to lower tax jurisdictions areas

These problems are so wide spread and prevalent in the developing countries where there are low economic capacity coupled with all practices of corruption and social and political instability. These debates have some impacts on the policy of cost sharing. Particularly, critics against cost sharing would have serious impacts on the process of implementation as it is reflected below.

Some Reflections on the Impacts of debates on cost-sharing

Most of the countries of Sub-Saharan Africa have resisted up-front tuition fees, which is the most direct and fiscally significant form of higher educational cost-sharing. This resistance may emanate from two historical features of Sub-Saharan Africa (Johnstone, 2004b). The first is the European example, since most Sub-Saharan universities were modeled and that model still remains the world's last bastion of free higher education. This has given Africans an excuse to resist any higher education payments. The fact that most European governments, with far wealthier families and far better employment prospects for students, continued to resist tuition fees has provided an excuse to African students and political interest groups to believe that higher education can somehow continue to be free. The other historic root of this resistance to fees has been the legacy in much of Sub-Saharan Africa of Marxist ideologies and the corresponding view that governments have the financial obligations to provide all of education (as well as all of health care, pensions, and most other social services) free of charge. Politicians and students have viewed all education sectors as essentially a public good. They strongly criticize the government flagrant expenditures and corruptive system, and incapability and unwillingness to collect the necessary taxes. These students and political interest groups are not easily dissuaded or persuaded (Johnstone, 2004b).

In spite of the persistent resistance to tuition fee, particularly from strong student groups and political interest groups, some African countries continued to introduce cost-sharing in its various forms. However, most of them are staggering in the process of implementations. This is partly the result of the oppositions against payments for higher education. The various innovative measures to raise non-government revenue in some countries of Africa seem to be the product of the oppositions as well. The situation has implicitly forced higher education institutions to compromise the issue of social equity in favor of income through, for instance, dual track.

The Republic of South Africa has introduced cost sharing that depends on an Income Related Loan scheme known as the National Student Financial Aid Scheme (NSFAS). Initially, the scheme has been accessed by

7500 students and this number grew to 100,000 or comprised of 20% of the higher education students in South Africa (Chapman, 2006). However, how far this scheme has inspired the traditionally disadvantaged sections of the society to the higher education is uncertain. The gross enrollment ratio, even though relatively higher in an African context, is lower by the international standard. So the implication of cost sharing is mainly on revenue. Some countries and individual institutions as explained above in Africa have implemented the so-called dual track tuition fee under the umbrella of seemingly free tuition fee policy (Johnstone, 2002). Countries with dual track cost sharing policy concentrated on the financial advantage of their scheme.

The very nominal claim of following free higher education may lessen the political resistance; and relatively increased tuition fee compared to single-track cost sharing policy followers. Gradually, government-supported places are diminishing in favor of the paying-places, which means that government continues to subsidize those few students who, succeeded to score high points due to the better socio-economic and cultural capital background they have (Johnstone, 2002). This means the cut-off point increases steadily because universities and faculties develop the perception of favoritism toward fee-paying students in the selection process. This finally results in awkwardness in charging. For instance, the government of Uganda claim that the fee collected from students have improved the budget, capacity, and educational quality of Makerere University. Moreover, it was said that Makerere University "moved from the brink of collapse to the point where it aspires to become one of East Africa's preeminent intellectual and capacity-building resources, as it was in the 1960s" (Johnstone, 2004b) When it comes to issues of equity, the university is serving few privileged.

Dual track is the product of oppositions to the policy of cost sharing. Without considering the other rationales of the introduction of cost sharing, dual track form of cost sharing succeeded to augment institutional revenue. However, it should be noted that the more the higher education institutions moved toward favoritism of fee-paying students at the expense of the free-places, the wider the university opens its doors for those socio-economically and culturally privileged sections of the society. And of course, it may leads toward a single-track cost sharing policy.

Johnstone (2004b) has described the following theoretical limitations of dual-track policy.

1. They implicitly reinforced the idea of cost sharing and failed to strengthen the reasons behind maintaining free higher education on legal grounds.
2. Arguably, equity wise, dual track policies enabled higher education institutions to admit a large number of students, but access has not widened. Even, in both cases, the free and fee-paying, better groups are served.
3. The academic abilities and potentials differences between the two groups, government-sponsored and self-sponsored, may be slight and probably immaterial. Practically, in the university study, some fee-paying students may outsmart fee-free students. In this case, the psychological effect is not insignificant. Talented students, for various incidental or occasional reasons, may seat for examination disturbed and thus lose some part of the examination. The final results may not, therefore explain such students to be assigned as fee-paying.
4. The system of examination and selection possibly introduces corruption to get the free-places. This may even jeopardize the validity, integrity and security of the entrance examination and other selection processes.

In spite of political and ideological obstacles, higher education financial policy in Sub-Sahara African countries is moving slowly to an overall cost sharing paradigm. The more formidable challenge to a more aggressive adoption of cost sharing policies seems to be technical in nature. These technical barriers emanate from two angles: poor capacity and system to assess parental economic capacity fairly and cost-effectively; and the economic and technical challenges in establishing student loan program that could promote access through expanding participation. This program should at the same time result in real cost recovery. However, loan programs in most African countries simply do not recover payments (Johnstone, 2004b).

Sometimes governments are frightened by student protests and political instabilities. African governments colluded in the failure of student loans repayment (Johnstone, 2004b). They did not take repayments obligations seriously. Borrowers' records have been poorly kept or lost or possibly not kept at all. There is little evidence of conscientious counseling of students either before borrowing, during their university stay, or just before departure about the importance of cost sharing; and implications and responsibilities of student indebtedness. Some governments do the opposite presumably out of a fear of student violence and political destabilization. Sometimes governments deliberately downplay any repayment obligation. For instance, in 1988 Ghana student loans have connected repayment with pension. In the sense that the Social Security Insurance Trust (SSNIT) will hold as assets to cover the future pension liabilities of the Trust. To this end the government of Ghana declared that "…The student pays nothing out of pocket while studying nor does the graduate suffer any reduction during his/her working life". This would mean that many student borrowers would have found themselves with no pensions at retirement (Johnstone, 2004b).

One of the reasons for the many student loan program failures is poor execution. This is partly the result of lack of commitment that develops out of the critics on the policy of cost sharing. There are also other factors that make recovery of student loans difficult especially in the countries of Sub Saharan Africa. Graduates face prolonged periods of unemployment. They move around in search of job, return to studies, and often go out of the country for long periods. They may not understand the need to maintain a good credit rating; indeed the very notion of credit may be new to them, and they may well not have truly understood the money they received was to be repaid, with some adverse consequences if they did not pay as per the contractual agreement they entered into. Sometimes, students try to exploit the political volatility and political opposition group's agitation to deny paying their debt.

Conclusively, cost sharing has been introduced in many countries of the world in different forms. The basic ones are tuition fees, other fees and user charges. To ease cost sharing payments, governments also introduced student loans schemes mainly in the form of income contingent loan. However, cost sharing policies remained to be vulnerable to the strategic, technical or ideological debates that have significant impacts on the policy of cost sharing and its implementation. When they are coupled with other problems, such as poor culture of credits, poor system of taxation, poor economic ground… the situation will be more complex and difficult. Africa is exercising cost sharing amidst oppositions, debates and incapacity. The problem may sustain until the weak culture of credit, postal and telephone services, generally inefficient government bureaucracies, poor mechanisms of tracking borrowers, and the volatile political situation could be improved.

The next chapter deals with cost sharing policy in Ethiopia. The discussion of the policy of cost sharing in Ethiopia is based on the two chapters discussed above that deal with general phenomenon of massification and cost sharing world-wide and the experiences and expectations of some developing countries. Chapter two and three above are important in investigating the Ethiopian experiences and expectations.

CHAPTER FOUR

MASSIFICATION AND THE INTRODUCTION OF COST SHARING IN THE ETHIOPIAN HIGHER EDUCATION'S SYSTEM

4.1. Introduction

Ethiopia is located in North East Africa. It is one of the countries of the Sub-Saharan Africa. Ethiopia of today covers a landmass of 1.1 million square kilometers. Culturally and linguistically, Ethiopia is the land of colorful peoples. Its population, according to the 2009[2] census, is around 74 million. Economically, more than 80% of the population is engaged in agriculture (rudimentary form of farming and animal husbandry). The state system is federal and it consists of nine regional and two city governments (MoE, 2005). By 2004, its GNP (Gross National Product) per capita income stands at USD110, 00 and it is very low compared with the Sub-Saharan Africa as a whole, which amounts USD 480, 00 (Saint, 2004).

Ethiopian higher education is a little more than half a century long. It was inaugurated by the establishment of the University College of Addis Ababa. In spite of the country's need to expand the higher education sector, little progress was made in the subsequent four or five decades. Until 1995, for example, there were only two public universities and sixteen affiliated and independent junior colleges in the country (Teshome, 2007). However, following the political change in the early 1990s, the number of universities increased and enhanced participation.

The new Education and Training Policy that was drafted by the new government also allowed and encouraged the establishment of private higher education institutions. By the fall of 2005, there were 64 accredited private higher education institutions enrolling more than 20 percent of students in the country (Teshome, 2007). The five-year (2005-2010) education sector development program (the strategy plan) also indicates that the higher education system in Ethiopia should move towards increasing participation to over 5 percent by 2010 (FDRE, 2005).

Due to the low economic capacity, the prevalence of many public services that need the public finance, the ambitious need for expansion, the growing increase in higher education participation, the steady increase in the unit cost, and other system problems, higher education experienced a painful financial austerity. The government has tried to ease the problem in different ways: rearranging the leadership, exercising different funding mechanisms, searching for non-governmental sources of revenue…

The major concern of this chapter is to deal with the introduction of cost sharing as a supplementary source of revenue for the higher education finance and its policy implementation in the Ethiopian context. The discussion of cost sharing is inclusive, i.e., it also surveys cost sharing rationales, forms of cost sharing and student supports. The analysis of policy implementation is done in a quasi-comparative manner. The neighboring country, Kenya is taken as a comparison. To make the picture better visible, an overview of the evolution of the Ethiopian higher education system is explained below.

4.2. The Development of Higher Education System in Ethiopia

A kind of University College in Ethiopia had been conceived in the early 1930s as part of the educational proposal by Earnest Work, who has proposed the establishment of the "University of Ethiopia." In 1941, i.e. after liberation from the Italian military occupation, the old blueprints for this college were reactivated, and the emperor approved a plan. The head of the college was a Canadian Jesuit priest, Dr. Lucien Matte. By 1954 a civil charter was granted to the University College, and Haile-Selassie-I University became a reality in 1961, after twenty years of preparatory process. The university evolved from the Addis Ababa University College which was opened in 1950 (Bahiru, 1991 and Tekeste, 1990).

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[2] All dates are in Gregorian calendar, i.e. European calendar

Until the country had got its first university, Europe, the Middle East, other African nations, and North America were the educational destinations for outstanding Ethiopian intellectuals, who were given scholarships to study. France admits the largest number and most Ethiopians were studying law, politics, economics, and science (Bahiru, 1991).

The Addis Ababa University College has been followed by other post-secondary education institutions that were opened here and there in the country. The Addis Ababa University College grew to the Haile-Selassie I University in 1961 and its name was changed to Addis Ababa University following the 1974 revolution and the fall of the monarchy. Before Eritrea separated from Ethiopia, there were three universities namely, Addis Ababa University in the capital, the Alamaya/Haramaya University in Harar and Asmara University in Asmara. After the independence of Eritrea, the country was left with only two universities. This seems to happen due to mainly poor economic capabilities of both the society and the government and lack of policy commitment. The government, for instance, allocated only 1.4% to 3% of the gross national product (GNP) between 1968 and 1974, compared to 2.5 to 6 percent for other African countries during the same period. (Tekeste, 1990)

Initially, higher education in Ethiopia was organized under the university/unified model where all programs were provided under the umbrella of the two universities. The Addis Ababa University comprised the polytechnic, engineering, pedagogical institutes, medicine, veterinary science and others that were established in the different places of the country. All programs ranging from certificate to second degree (third degree in some fields) were offered in the universities. Gradually, under the British influences, the university system has begun to follow "Binary Model" where the university and non-university institutes of the higher education have been separated both in program and governance (Teshome, 2005).

The end of the atrocious civil war in 1991 and the relative restoration of peace and security have retrieved the socio-economic life of the country. To support the socio-economic, cultural and political policies of the country, the government has prepared a new Education and Training policy in 1994. The policy has declared that all levels of education will be structured and expanded. Private higher education institutions were also sanctioned to operate in the country (Teshome, 2005).

The education system of the country was restructured on a federal form. Universities became responsible to the central government/Ministry of Education and continued to offer degree programs only. Other non-university public and private higher education institutions were brought under the jurisdiction of regional governments/education bureau and allowed, at least initially, to provide non-degree programs (FDRE, 2009).

Expansion

The national developments, coupled with global and international conditions, gave rise not only to the restructuring of the education system but also paved the way for the process of expansion in student enrollment and higher education institutions. By 2009 there were 22 universities and the government has a plan of making the universities 33 shortly (MoE, 2007).

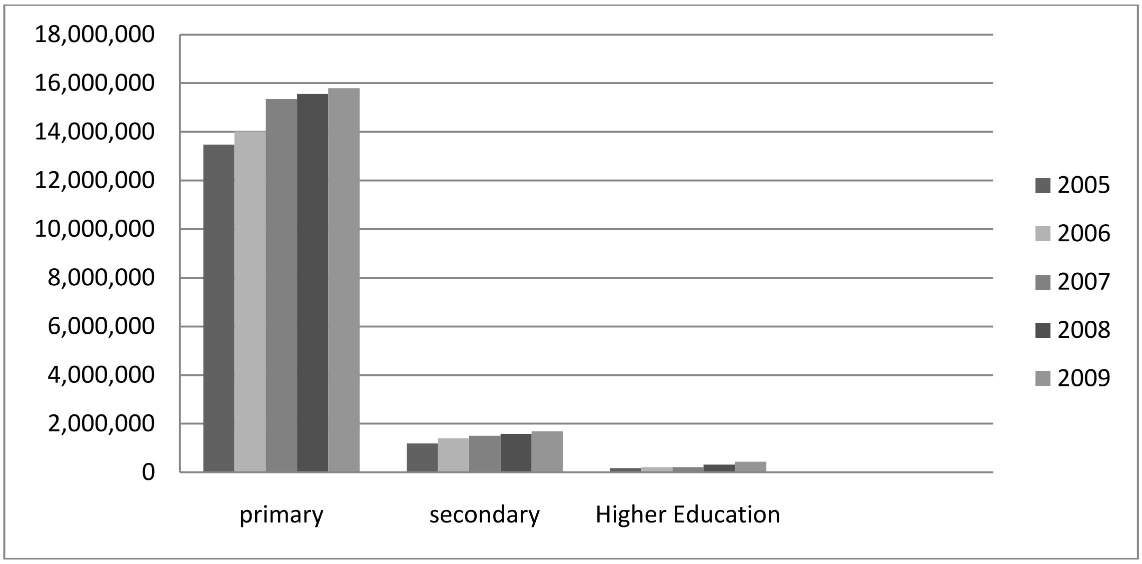
Table-19. Schools for all levels of education (Public and Private), 2005/06-2009/10

Education level	2005/06	2006/07	2007/08	2008/09	2009/10	AAGR
KG	1,794	2,313	2,740	2,893	3,318	16.6%
Primary	19,412	20,660	23,354	25,212	26,951	8.9%
Secondary	835	952	2,087	1,197	1,335	12.4%
TVET	264	388	458	458	448	14.1%
HE	50	55	61	72	90	15.8%

Source: (MoE, 2010)

By 2004, only 24 percent of the adult population has completed primary education. Primary education enrolls 64 percent of the relevant age group, secondary education 12 percent, and tertiary education just between 0.5% and 0.8% percent (Saint, 2004 and Teshome, 2007).

Chart 1: Enrollment in Primary, Secondary and Higher Education, 1998-2002 EC/2005-2009



Source: (MoE, 2010)

Growth of enrollment has been enhanced partly due to the expansion of both public and private tertiary education institutions (Saint, 2004 and MoE, 2007). Over the last few decades the number of private higher education institutions in Ethiopia has grown considerably. Between 1998 and 2000, five private colleges were opened offering programs for a two-year diploma. In the 1999/2000 academic year, 8,376 students were enrolled in private colleges, accounting for 12.4 percent of total enrollment in higher education (Saint, 2004). By 2004 the private sector has enrolled 24% of the total tertiary enrollment of the country. At the beginning of 2005 there were 71 diploma and 34 degree providing private institutions. These institutions enroll 42, 412 students and this account 24.8% of the national tertiary enrollment. It accounts 11% of the undergraduate enrollment of the country. (FDRE, 2005) By the closing of 2005, there were 64 accredited private higher education institutions enrolling more than 20 percent of students in the country (Teshome 2007).

The country has embarked up on ambitious expansion program of higher education. Within a decade public universities of the country have grown to eight and by now Ethiopia possessed more than 22 public universities. The growth of fee-dependent private tertiary education institutions is also remarkable. As a result, the number of students in tertiary education has increased from 35,027 in 1995/1996 to 270,356 in 2007/2008 and to 420,387 in 2009/2010 (MoE, 2009, MoE, 2010, and Teshome, 2007). The gross enrollment ratio in higher education has grown from between 0.5% and 0.8% in 2003, to 1.5% in 2005 and to 2.4% in 2008 (Saint, 2004, and Teshome, 2003). This is the lowest in the world. It is lower in the Sub-Saharan Africa standard, which is 3% in average by 2003. While over 50 percent of the 18 to 23 age cohort in developed countries has access to higher education, only about 5 percent of this same age cohort in the developing countries has access (Teshome, 2003, Saint, 2004).

While the new policy calls for admission to higher education on the basis of entrance examinations held by individual higher education institutions, students continue to be selected and assigned to a university by the Ministry of Education on the basis of results obtained in grades 11 and 12, and the Ethiopian General Secondary Education Certificate Examination (EGSECE), which is offered at the completion of grade twelve. In principle, all applicants are eligible for admission to higher education. However, due to limitations of places in the universities, not all are admitted to public institutions. Student placement is based on a minimum cut off using the results of the EGSECE and transcripts for grades 11 and 12 for specific courses depending on the field of study. In practice, therefore, the cut-off point is determined by the places available in public universities and access is reserved to the high achievers who tend to be from well-organized public or private secondary schools in metropolitan areas and with better cultural capital (Teshome, 2005). There has been better emphasis for basic and secondary education. Hence, the trends in secondary level output suggest that the demand for higher education access in Ethiopia will continue to increase substantially in the future. In fact, due to capacity limitations and the rise in the number of qualifying students from secondary schools, the admission rate of applicants to higher education institutions has fallen from 45% in 1997 to 26% in 2001. Higher education is becoming more competitive, even in the face of rapid institutional expansion (World Bank, 2003).

The number of academic staff also increased. It increased from 1, 835 (1, 718 Ethiopians and 117 expatriates) in 1996/1997 to 4, 848 (4,243 Ethiopians and 555 expatriates) in 2004/2005. (FDRE, 2005) This development has reduced the staff-student ratio from 1:8 in 1995 to 1:12 in 2005. However, the situation has been different across academic programs and disciplines. There were some disciplines that are highly overcrowded and where the staff-student ratio reached to 1:50 and above. This is less than the standards of the Sub-Saharan Africa and neighboring countries. For instance, in the same year, in Nairobi University it was 1:15, in University of Ghana 1:19, in Makerere University 1:20, in University of Khartoum 1:21 and in the Cairo University 1:28 (FDRE, 2005).

4.3. Higher Education Policy Endeavors

The new government launched a new Education and Training Policy in 1994 and issued educational proclamation concerning particularly higher education and technical and vocational education and training (TVET) to "improve educational capacity, equity, access, relevance and quality". (FDRE, 1994)
The new government has changed the education system from 6+2+4+tertiary education to 8+4+tertiary education. (FDRE, 1994) According to the new Education and Training Policy, the Ethiopian education system is structured as follows:

> *Secondary education will be of four years duration, consisting of two years of general secondary education, which will enable students identify their interests for further education, for specific training and for the world of work. General education will be completed at the first cycle (grade 10). The second cycle of secondary education and training will enable students to choose subjects or areas of training which will prepare them adequately for higher education and for the world of work. Higher education at diploma, first degree and graduate levels, will be research oriented, enabling students become problem-solving professional leaders in their fields of study and in overall societal needs*. (FDRE, 1994)

Table-20. Education system of Ethiopia

<table>
<tr><td>Age</td><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td><td>11</td><td>12</td><td>13</td><td>14</td><td>15</td><td>16</td><td>17</td><td>18</td><td>19</td></tr>
<tr><td>Grade</td><td></td><td></td><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td><td>11</td><td>12</td><td rowspan="5">Higher education

Degree programs (Under graduate and post-graduate) 3, 4 and 5 year programs</td></tr>
<tr><td></td><td colspan="3">KG</td><td colspan="4">First cycle</td><td colspan="4">Second cycle</td><td colspan="2">General Education</td><td colspan="2">Upper Secondary</td></tr>
<tr><td colspan="4"></td><td colspan="8">Elementary education complete</td><td colspan="4">Secondary complete</td></tr>
<tr><td colspan="8"></td><td colspan="4">Non-formal Basic level vocational training</td><td colspan="2" rowspan="2">Junior and Middle level TVET</td><td colspan="2" rowspan="2">Middle level TVET, Certificate level II, Certificate level I, Diploma level</td></tr>
<tr><td colspan="12"></td></tr>
</table>

Source: (Adopted from MoE, 2009)

The general aim of higher education is to: "prepare knowledgeable, skilled, and attitudinally mature graduates in numbers with demand-based proportional balance of fields and disciplines so that the country shall become internationally competitive…" (FDRE, 2009)

The policy also recognized that higher education institutions are found only in very few regions. They are overcrowded and their research capacity is very low *(*FDRE, 1994). This shows that there has been a great deal of interest to expand the educational institutions of all levels. The government of Ethiopia, therefore, has launched an ambitious policy of expansion at all levels. The table above manifests that the education sector, both public and private, has grown significantly at all levels. This institutional expansion has relatively increased education participation of the society. But still, the higher education capacity to admit all secondary school leavers is minimal. For instance, the secondary school enrollment has been 12% while higher education gross enrollment ration has been between 0.5% and 0.8%. So, universities were not ready to admit the rest of the percentage of the high school leavers. By 2008, the gross enrollment ratio has been only 2.4% of the cohort age, which is still very low by any measurement.

Table-21. Enrollment for all education levels (2003/2004-2007/2008)

Education Level	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	AAGR
Kindergarten	138 ,918	153 ,280	186,728	219 ,068	263 ,465	17.4
Primary	9,542 ,638	11,448 ,641	13,474,674	14,014 ,008	15,340 ,786	12.6
First cycle (1-4)	6,489 ,947	8,019 ,287	9,601 ,795	9,776 ,301	10,731 ,368	13.4
Second cycle (5-8)	3,052 ,691	3,429 ,354	3,872 ,879	4,237 ,707	4,609 ,418	10.9
Secondary	780 ,636	953 ,217	1,190 ,106	1,398 ,881	1,501 ,363	17.8
First cycle (9-10)	685 ,976	860 ,734	1,066 ,423	1,223 ,662	1,307 ,919	17.5
Second cycle (11-12)	94,660	92,483	123,683	175 ,219	193 ,444	19.6
TVET	87,158	106 ,336	123,557	191 ,151	229 ,252	27.4
Higher Education	98,404	141 ,763	180,117	210 ,456	270 ,356	28.7

Source: (MoE, 2009)

Within the framework stated in the Education and Training Policy (1994), the government has produced three Education Sector Development Programs (ESDPs) and proclamations dealing with higher education and TVET in 2003 and 2004 respectively. The Education Sector Development Programs (ESDPs) are strategies to realize the Education and Training Policy of 1994. The main thrust of ESDPs was to improve educational quality, relevance, efficiency, equity and expand access to education with special emphasis on primary education in rural areas and underserved areas as well as the promotion of education for girls as a first step to achieve universal primary education by 2015 (MoE, 2005).

Moreover, the ESDP intended to produce well trained and qualified working force that is equipped with the necessary managerial, technical, research and leadership capabilities. This force is to play a major role in the development strategy and policy of the country (FDRE, 2005).
The major purposes of the ESDPs have been to translate the policy statement into action. Accordingly, (MoE, 1999 and FDRE, 2005)

1. The first Education Sector Development Program (ESDP-I) covered the period between 1997/98-2001/02. Its objectives and strategies were taken directly from the 1994 Education and Training Policy. Generally, this program was considered as period of preparation.
2. The second Education Sector Development Program (ESDP-II) covered the period between 2002/03-2004/05. During this period many elementary and secondary schools and few tertiary institutions were opened at the different regions of the country. This includes universities opened in the cities of Mekelle (MU), Jimma, (JU), Bahir Dar (BDU), Debub (DU), Gondar (GU) and Arbaminch (AMU). The program has, among other targets, intended to increase undergraduate enrollment more than double from 35,000 to 80,000, and to quadruple graduate enrollment from 1,350 to 6,000 within the three year period of the program. (World Bank, 2003)
3. The third Education Sector Development Program (ESDP-III) covers the period between 2005/06-2010/2011. One of its missions has been to increase access to quality secondary education based on the demand of the economy for trained human power at middle and higher level and the intake capacity at the tertiary level.

Based on the above strategic plans the government has tried to promote higher education system expansion. The source of finance for higher education expansion ranges from public revenue to foreign aid. The following section deals with sources of finance for higher education.

4.4. Sources of Finance for Higher Education

Until 2003, higher education in Ethiopia has been ‘free’. This includes all expenses of instruction, food, housing, health care. Higher education has been financed from the public revenue. Long before the introduction of cost-sharing, Ethiopia has a tradition of fee-paying evening (extension) schooling at all levels (in towns and where there are tertiary education institutions) of public institutions and sponsored summer tertiary education programs. There were also community schools with payments.

Due to the scarcity of places in tertiary education institutions, the ESLCE (Ethiopian School Leaving Certificate Examination), which has been a tertiary education entrance examination, score has been classified into three cutting borders. The cutting borders vary from time to time depending on student scores and free spaces in the tertiary education institutions. This has been practiced since long before the introduction of cost sharing in the country. Accordingly,

1. 1st levels (top scorers) qualify for degree program in the public universities of the country
2. 2nd levels (Medium scorers) qualify for diploma programs, and
3. 3rd levels (low scorers) qualify for certificate program.

Students in the second and third levels, after completing their program could proceed to the next (to degree and diploma respectively) either by directly enrolling in the regular program or continue their education on job training through extension or summer program to update their educational level. Students below the third levels also try to take the ESLCE on private basis (they pay for the examination) and try to continue their education either in the regular program (for free if they qualify) or in the evening program with institutional fee, if their parents are ready to pay for them or if they are employed and earn income. In most cases, evening students pay their fee from their income while the summer program has been mainly reserved for teachers, who were sponsored by the Ministry of Education.

Therefore, some universities have been supporting their expenditure from internal revenue collected from community services, evening and summer programs and distance education even before the formal introduction of cost sharing in the country. For instance, the Addis Ababa College of Commerce reported to generate about one-third of its recurrent budget from evening education fee while Addis Ababa University collects 7% of its recurrent budget from evening education fee and Jimma and Hawassa collect up to one-fifth of their recurrent budget from agricultural products (World Bank, 2003).

The other source of higher education finance in Ethiopia is donation and credits. The Educational Sector Development Programs were supported by foreign aids and credits. In 2001/2002 around 154 million USD has been made available for the education sector. The overall foreign financial support and credits for the education sector was between 7% and 10% of the total foreign aid between 1998 and 2003 (World Bank, 2003).

The chronic problem with foreign aid and support is the precondition donors forward for aid (Teshome, 2005b). Directly or indirectly, study and technical assistance works of donors and development partners greatly influence many of the policy initiatives of the government and higher education institutions in Ethiopia. They propose some specific requirements, which may not suit the national context of the country. Though, the major influences relate to the way policies and strategies are implemented, there are also some roles played in the initiation and development of policies and strategies by donors and partners. These refer to, in some cases, setting priorities for policy and action, ways in which they should be addressed, and manners and frameworks in which they have to be implemented. Studies conducted by the World Bank in 2004 and many technical assistance works by international experts had their influences in shaping some policy or strategy considerations, particularly in terms of implementation. Some agents have put unnecessary preconditions for support. This includes compulsory employment of expertise in the ministry or in affiliated institutions including universities (Teshome, 2005b). For instance, by 2011 two universities in Ethiopia are run by foreign presidents.

In policy development dialogues, many partners and donors were arguing that Ethiopia should not expand its higher education sector but focus only on universalizing access to primary education. In recent years, however, there is a growing acknowledgement of the need to systematically build local "capacity to build capacity" by strengthening institutions across the knowledge sector that supply this range of services including higher education (Teshome, 2005b).

The other and major source of higher education finance is the public fund. In financing education, the Ethiopian government has the following policy directives (FDRE, 1994).

1. The priority for government financial support will be up to the completion of general secondary education and related training (grade 10) with increased cost sharing at higher levels of education and training.
2. Mechanisms will be created for students to cover their educational expenses through service or payment after graduation.
3. Scholarship will be given to deserving (outstanding) students.

4. Special financial assistance will be given to those who have been deprived of educational opportunities, and steps will be taken to raise the educational participation of deprived regions.
5. The government will give financial support to raise the participation of women in education.
6. The government will create the necessary conditions to encourage and give support to private investors to open schools and establish various educational and training institutions.
7. The necessary conditions will be created for educational and training institutions to generate their own income and to use it to strengthen the educational process.

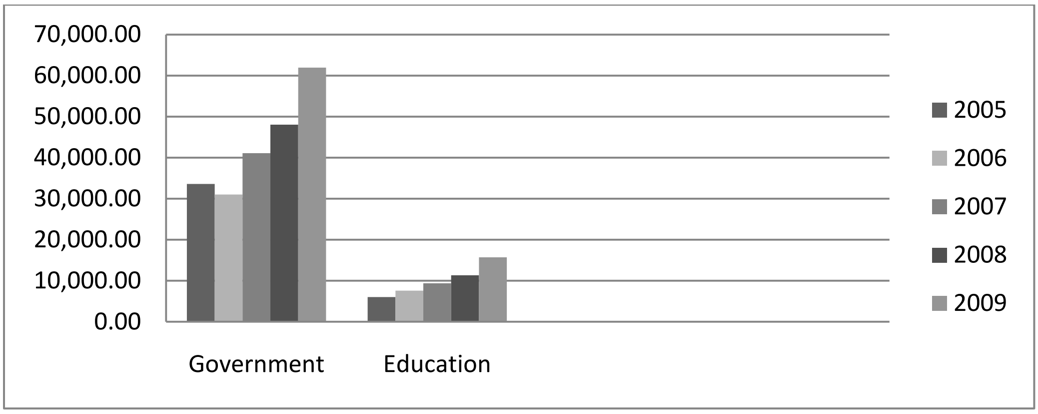
Therefore, the major sources of higher education finance include internal revenue generated in different ways, foreign aid and credits, students/parents contribution in some programs and the public revenue. These sources seem to be insufficient in the face of increasing institutional expansion, enrollment and rising unit cost. The country has faced serious financial problems in the course of time. Issues related to financial austerity are discussed below.

4.5. Financial Austerity

Given the low economic capacity, and the high need of expansion, and the decrease of donors' support, the voracious competition of other public services, corruption…, it has become impossible to continue financing higher education as before. There is a general growth in budget share of higher education; however, it was incompatible with the student and institutional expansion of the higher education system. Higher education continued to experience financial austerity.

Over the past three years (2001-2003), public investment in education has grown as a share of GDP from 3.2% to 4.5%. This level of financial effort is higher than the 3.9% registered for Sub-Saharan Africa as a whole. Education expenditure has also increased as a proportion of the overall government budget from 9.5% to 16.8%**,** largely at the expense of military expenditures. This still falls below the general range of 20% to 25% for most developing countries. This scenario suggests that the government is supposed to increase further in its education financing effort over the coming years. At the same time, the share of higher education has risen from 14.9% in 1999/2000 to 23% in 2002/2003 in response to the recent rapid expansion of this sub-sector (World Bank, 2003). And yet, all these are not sufficient given the ambitious expansion scenario and growing enrollment.

Chart 2: Education and Government Budget and Expenditure, 2005-2009



Source: (MoE, 2010)

For instance, the share of higher education budget during the ESDP phase I was 4.3% for capital and 7.5% recurrent expenditures (FDRE, 1999). The government spends 20% of the higher education budget for student welfare and student feeding. This compared to the budget expenditure for educational materials, which was estimated to be 10% in 2003, is high. (World Bank, 2003) During the ESDP phase III, the government has planned to spend 53.9 million birr of which 22.8 million was capital expenditure and the remaining 31.1 million is for recurrent budget (FDRE, 2005).

The government has been embarked up on a huge plan of institutional expansion. Thus, most of the finance earned from different sources has been used for construction. Budgetary allocation for institutions depends on the full time size of enrollment. Most universities spend a considerable part of their budget for construction. For instance, in the academic year 2002/2003 total university spending was 681 million Ethiopian birr, and of this amount 36% was allocated to capital investment, mainly for building. The significant increase in higher education budget is due to enrollment increase, the establishment of new universities, and the incorporation of new institutions (e.g. the Black Lion Hospital, which is running with an annual cost of 24 million has become part of the Addis Ababa University) into the higher education budget. The share of salary is significant. The recurrent university budget composition, for the academic year 2002/2003 show that it includes such expenditure items as salaries (40%), student food (15%), education materials (10%), other supplies (11%), services(9%), maintenance (5%), capital in recurrent (6%) and grants (4%) (World Bank, 2003) .

Most developing nations finance most of their public services, including higher education, by the support of foreign aid. As a result of the principle of "rates of return", many donor organizations above all the World Bank and the IMF have decreased their support for higher education funding (Damtie, 2006). Hence, the financial problem has become so serious.

There are many other sectors that need public funding in developing countries like Ethiopia. The economic sectors are at low ebb, communication facilities are poorly constructed, health services are at their low level, basic and secondary education are financed by the public revenue, etc. All these sectors voraciously share the limited budget against education.

Table-22. GDP/Budget share of Education, 1995-2003 (in percentages)

GDP/Budget share	Years, 1995-2003							
	1995/ 1996	1996/ 1997	1997/ 1998	1998/ 1999	1999/ 2000	2000/ 2001	2001/ 2002	2002/ 2003
Educational Share of GDP	2.5	2.5	2.5	2.6	2.5	2.8	3.4	4.3
Education's share of Ethiopian budget	14.5	14.3	15.6	12.3	9.5	14.4	16.8	18.8
Higher education's share of the budget	15.0	15.8	na	na	14.9	18.0	18.0	23

Source: (Ministry of Finance and Economic Development, 2002 and World Bank, 2003).

The table above shows the budgetary share of higher education has increased from 15.0% in 1995/1996 to 23% in 2002/2003. Public education spending, in 2006, accounted for approximately 6 percent of GDP and 17.5 percent of total government expenditures. Of the public expenditure on education, higher education accounts for about 31 percent. The recurrent budget increased from approximately $10 million in 1996 to over $60 million in 2004 and the capital budget investment grew from less than $8 million in 1996 to over $90 million in real terms in 2004 (Teshome 2007).

In spite of the efforts to increase public fund for higher education, its scarcity continued partly because of high enrollment and institutional expansion. Public investment in education and higher education has risen as a share of GDP; however it is not sufficient and could not alleviate the financial problem. Annual recurrent expenditures per university student are roughly 7,457 Birr (USD 860) when government-provided food, lodging and health care are included; and 5,801 Birr (USD 671) when student welfare subsidies are excluded. This latter level of educational investment is very low in comparison to Sub-Saharan Africa (USD

1,500) and to neighbor countries such as Kenya (USD 1,800), Tanzania (USD 3,236) and Uganda (USD 800). The Ethiopian expenditure per university student is lower than the global minimum standard which is estimated to be US $1000 (World Bank, 2003). Moreover, Ethiopia experienced funding gaps as it could be observed from the table and discussion below.

Table-23. Funding sources and funding gap for the 1999 Educational Sector Development Program (ESDP I) Action Plan

Funding scenario	Amount(in million USD)	Share in %
Domestic/public funding	1,315.1	73
External funding	278.6	16
Total Available fund	1,593.7	89
Required fund	1,799.2	100
Funding gap	205.5	11

Source: (MoE, 1999)

ESDP II required 15.1 billion Ethiopian birr and only 83% of it has been earned. This includes credits. The gap is around 17%. The absolute level of donor support for higher education in Ethiopia is very low. Over the past five years the World Bank has provided USD 11.7 million through its ESDP II credit (i.e., USD 2.3 million per year). Other foreign governments such as the Netherlands, United Kingdom, Italy and China have provided some financial support for higher education supporting agents such as the quality and relevance agents. Thus, the anticipated Bank credit for postsecondary education will be the principal source of external funding for government's higher education reform program over the next five years (World Bank, 2003).

Conclusively, as a result of the low economic scenario, which has been aggravated by the above factors, and the accompanying efforts to reform institutional governance, management and curriculum and all other problems has put the country into painful financial constraints and incapacitated it to finance higher education as before. As a result the country has experienced a financing gap of 40% by 2003 (World Bank, 2003). The financial austerity could be clearly manifested in many ways: declining faculty-student ratio, overcrowding/large classes, diminishing physical plants, and increasingly deteriorating faculty and staff moral to work (Teixeira, 2006). Hence, the need and consideration for alternative financial source has become pressing issue. The government was obliged to frame a financial strategy comprised of expanded private provision, introduction of cost-sharing, introduction of funding formula, improved efficiency of resource utilization, and increased donor contributions. In 2003 the Ethiopian government has proclaimed the introduction of cost sharing. The next section deals with this public policy, related aspects and policy implementations.

4.6. The Introduction of Cost sharing

Ethiopia, as a result of financial problems in financing the higher education, has changed its policy of free higher education and introduced cost sharing in 2003 and grapping to realize the new policy of higher education finance. Below is the discussion on these issues.
The Ethiopian government has been convinced to introduce cost sharing after nine years since the issue has been framed in the national Educational and Training Policy in 1994.

According to the Ministry of Education, "graduate tax" form of cost-sharing has been preferred due to its 'simplicity and manageability'. According to Teshome (2005), before deciding which form of cost sharing to adopt, public debates and dialogues have been made with the public at large and with students in particular. Initially, the government of Ethiopia has considered a mortgage-type of loan scheme that will involve the Development Bank as lender. Discussion with students and the public had started in 1999/2000. The discussion and final decision has been interrupted by the Ethio-Eritrean war. Thus, a new round discussion has been launched in 2003. The delay, according to Teshome (2005), has given the Ministry of Education the chance to reconsider the proposed loan system and look into other alternative schemes that may be more 'acceptable to the public and the government'.

Moreover, the involvement of expertise in the analysis of the student loan scheme has changed the proposal from mortgage-type loan scheme to one of the variants of the Income Contingent Loan, Graduate Tax. In this case, the role played by foreign expertise like Chapman is imperative and decisive. He has been engaged as the World Bank consultant on issues of higher education financing in Ethiopia in April/May 1999. As an academic economist, Chapman has been the acknowledged "architect of the world's first income contingent charging system for higher education, introduced in Australia in 1989." (Chapman, 1999) By 1999, he has been a consultant to the World Bank on higher education financing policy in Malaysia and Ethiopia (Chapman, 1999). He analyzed income contingent loan scheme from the point of view of principles and conceptual framework and in relation to the context of the reform agenda of the Ethiopian higher education financing arrangements.

He has started his work by analyzing the existing socio-economic situation of higher education in Ethiopia. Chapman (1999) has described the existing Ethiopian higher education policies as regressive.

> *…have two implications: on average, the cohort of higher education students are undoubtedly made up of people drawn disproportionately from the most socio-economically advantaged of Ethiopian society; and, the financing arrangements involve considerable subsidies to this privileged group. As currently constituted, these arrangements mean that policy is highly regressive.*

According to Chapman, in approaching countries' higher education financing systems, there are four basic conceptual principles. One, there should be a charge for the service. Two, the charge should be less than the public subsidy. Three, the charge should be collected depending on the income of the former student. Fourth, to make income contingent charge mechanism operational, governments need institutional arrangements and rearrangements. What these issues imply for the reform agenda of the Ethiopian higher education arrangements is briefly considered by Chapman (1999) as follows:

From the above considerations and conceptual principles, the existing Ethiopian higher education financial policy approach is in many ways not consistent with the principles mentioned above. It is not consistent in the sense that the Ethiopian public higher education is highly subsidized by the public revenue. It has no charge for higher education. "…a 100 percent subsidy is unusual in an international context. For example, on average the public sector higher education subsidy is around 30-60 percent in the US, Australia, New Zealand and Canada, and even lower in Japan." (Chapman, 1999) Recently subsidies have been reduced in Ghana, Namibia, and South Africa, and student charges are very likely to extend soon to other countries of Europe as initiated by the UK, Portugal and Austria (Johnstone, 2004a).

Moreover, in Ethiopia a large number of higher education students are provided with board and lodging at no charge. This subsidy reinforces the conclusion that the current free higher education system is regressive. This is unfair because those advantaged sections of the society are subsidized at the expense of the disadvantaged who subsidized them through parental taxes. According to the 1999 National Household Income, Consumption and Expenditure (HICE) survey, 71% of the Ethiopian tertiary education students come from households in the top income quintile and better urban centers (World Bank, 2003).

In addition, Chapman (1999) has commented that the principle of access with the less socio-economic and cultural capital to Higher Education is compromised by up-front charges for upper secondary schooling. Charging students attending upper secondary schooling must inevitably influence the composition of students enrolled in higher education. In combination with the policies of not having a higher education charge, and providing a large number of higher education students with free board and lodging, up-front fees in secondary schooling ensure that Ethiopian university graduates are both highly privileged and heavily subsidized. It is important to recognize that up-front charges for Ethiopian secondary schooling are undesirable for reasons other than equity. There are obvious economic inefficiencies when policy meant that some talented, but poor, prospective students are unable to fulfill their professional potential and contribute to Ethiopian economic development. The policy is economically wasteful and socially inequitable.

Finally, Chapman has proposed that if the Ethiopian government has the capacity to collect the charges, and include the traditionally disadvantaged sections of the age cohort from higher education, income contingent charges will be the ideal cost sharing mechanism for Ethiopia. Chapman has been convinced that income contingent loan scheme, in an Ethiopian context, will 'achieve more propitious outcomes in both economic and social terms.' (Chapman, 1999)

4.6.1. The Principles of Graduate Tax Mode of Cost-sharing: Ethiopian Context

Based on the above proposal, the government of Ethiopia has introduced student cost-sharing in September 2003 through a deferred payment taxation mechanism for all future regular graduates. This has been ratified in a new Higher Education Proclamation approved by Parliament in June 2003. The proclamation states that (FDRE 2003a)

1) Any student who has graduated from higher education of the public institution is required to share the cost of his education, training and other services on the basis of cost-sharing principle.

2) Payment of cost shall be effected in the form of tax payable from the salary or other income obtained after graduation.

3) The execution of the principle of cost-sharing, the amount of tax payable, due date of payment, mode of payment for students who have not been employed and other relevant matters shall be determined by regulations of the Council of Ministers.

The Council of Ministers consequently proclaimed that (FDRE, 2003b)

> *All beneficiaries of public institutions of higher learning shall share full costs related with boarding and lodging and a minimum 15% of tuition related costs. The amount to be shared shall be calculated based on the cost to be incurred at each institution and program of study and shall be revealed to the beneficiaries at the beginning of each academic year.*

These legal documents have stressed that any student who has entered an obligation for repayment and graduated from a public higher education institution must share the cost by paying a tax from his/her salary or other earnings once he/she has graduated.

This "Graduate Tax" scheme is modeled on the Higher Education Contribution Scheme in Australia and modified in the Ethiopia context. The Council of Ministers has, in the proclamation, explained graduate tax as '…a scheme by which an amount is deducted from income in the form of a tax to be paid by a beneficiary who has been obliged to share the costs of his higher education." (FDRE, 2003b) Graduate tax brand of the Income Contingent Loan was considered, by the government, more simple and manageable. It has been believed that the graduate tax scheme will promote equity (Teshome, 2005). In principle, the Ethiopian graduate tax scheme of cost sharing is defined as "a scheme by which beneficiaries of public higher education institutions and the government share the costs incurred for the purposes of education and other services." (FDRE, 2003b)

Legally and in principle, parents have been excluded from paying direct higher education tuition fees and user charges. Actually, families cover other student living expenses such as transport, clothing, and study materials/stationery. They could also participate in cost sharing in case they and their children are convinced to pay upfront of the cost sharing they incurred with an incentive of 5% (for those who make payments every year of the total cost determined for the academic year) or 3% (for those who pay the total cost determined within the first year of their graduation) deduction (FDRE, 2003b). The rationale behind parental exclusion depends not only on the assumption that higher education has a substantive private or individual returns to graduates, but also on the principle that these students are 18 years-old and above and therefore they are legally independent adults in most aspects of their lives. Furthermore, their obligation is effected only after graduation when the students are in the world of work and, for all practical purposes, independent of parents (Teshome, 2005).

With the introduction of cost sharing, students are now required to cover their full costs of room and food and share a minimum of 15 percent of the total instructional costs. The amount shared is calculated at the beginning of each academic year based on the costs incurred in each institution and on the program of study (Teshome, 2005). Accordingly, for the academic year 2006-2007 as shown in the table below, the full cost of food and room is estimated to be about $1,043 per student per annum, while the 15 percent tuition fee is to be shared by a student is in the range of $499 to $1320 per annum. Tuition fee levels are differentiated by program with medicine being the most expensive and humanities and social sciences being in the lower ranges.

Table-24. Estimated Expenses of Higher Education (Borne by Parents and Students for First Degree, 10 Month Academic Year 2006-07)

Expense categories		Public Institutions	
		Low cost	High cost
Instructional Expenses	Special one-time or upfront fees	**Not applicable**	**Not applicable**
	Tuition [x]	626 birr/$272	1,998birr/$868
	Other fees	**Not applicable**	**Not applicable**
	Books and other educational expenses	521 birr/$227	1,040 birr/$452
	Subtotal for instructional expenses	**1,147 birr/$499**	**3,038 birr/$1320**
Student living expenses	Lodging	600 birr/$260	600 birr/$260
	Food	1,800 birr/$783	1,800 birr/$783
	transport	100 birr/$43	500 birr/$217
	Other personal expenses	869 birr/$378	1,800 birr/$782
	Subtotal expenses for student living	3,369 birr/$1,465	4,700 birr/$2,043
	Grand Total Expenses for students and/or parents	4,516 birr/$1,963	7,738 birr/$3364

Source: (ICHEFAP, Ethiopia, 2007) **Tuition** *Simple interest calculated on total owed by student after one year grace period following graduation. Interest rate used is average of bank rates while student is in school.* ***Birr*** *is Ethiopian currency and converted to $US by 2005 World Bank ICP purchasing power parity estimate $1 = Ethiopian Birr 2.3*

Some programs, due to their scarcity in the market are considered to be compensated in service. These include the teaching profession trainees and medical programs. The regulation has stated that: "… a beneficiary who volunteered to be trained in certain fields as designated by the government provided that he enters into a contract with the government to work in all places of assignment after graduation for at least three times the time spent in the training" (FDRE, 2003b) will be free from monetary repayment.

Ethiopia, on the bases of the professional analysis of Chapman and other considerations, has introduced graduate tax mode of cost sharing. In this model, a beneficiary will cover full living expenses and 15% of tuition fee to be paid deferral mode within 15 years. Below I will try to shade light to the reasons the Ethiopian government claim in introducing cost sharing, the forms of cost sharing, the practices and expectations of the country.

4.7. Public Response to Cost sharing

Despite the fact that cost sharing could have significant economic or revenue implications, it has been continued to be controversial technically, strategically and ideologically. There are mixed perceptions, opinions, reactions, and implications to the idea of cost sharing and the chosen student loan repayment scheme in Ethiopia.

Technically, just as there are supporters of the cost-sharing particularly from equity point of view, there are also many critics against cost-sharing. The introduction and realization of payment for education in a country with a long tradition of free education and poor society was not an easy task. Some contested simply it has not been part of their tradition and considered it as an alien imposition of the World Bank, the IMF and the Western world (Teshome, 2005).

Some oppose the idea of educational cost-sharing on the ground that education and particularly higher education just like the other educational sectors (primary and secondary education) has great social benefit, in the sense that graduates are providing services to the wider community. And they strongly advocate free higher education (Johnstone, 2004a).

Even though, the scheme has made generally available loan for those who are prepared to study higher education, many contested on the ground that the scheme denies poor students the opportunity to study higher education and indebts their parents for unaffordable payments, in a situation of escalating living cost (Teshome, 2005).

Issues of equity require not only financial support but also non-financial supports, such as the provision of pertinent information. These incur additional expenditure and capacity. Opponents are convinced from practical situations that Ethiopia is not economically and politically ready to accommodate all these aspects of equity (Teshome, 2005). However, proponents argue that the geographical evenly distribution of higher education institutions consequently solves the problems of ambivalence; and the eventual improvement in the tax system and the economic development will erode the problems of tax aversion and other problems (Teshome, 2005).

In addition, despite the fact that the scheme has not put any mandatory obligation on parents, many students have expressed concern that their families would not be able to pay for their education (Teshome, 2005). This is the result of the absence of clear information. From practical observation, there are many students who did not take cost sharing seriously due to the following factors: lack of clear and pertinent information, the leniency of the government to exercise the issue consistently, the volatility of the political system, and the greater chance of tax aversion and the possibility of not to be tracked. Students are not well aware of their legal obligation except thinking about the issue of cost sharing during the very moment they are signing the contractual agreement. There is no continuous information to update and feedback while students are inside and outside the university.

Students also complain that cost sharing will make them incapable of supporting their parents and extended families. In the Ethiopian culture, mutual support among extended family is common. Beneficiaries, as we will see below, are supposed to contribute 10% of their income after graduation. A 10% graduate tax plus income tax and pension deduction will incapacitate graduates to lead their own life and support their family. The World Bank (2003) has commented that 10% is large.

Still others are pessimists about what cost sharing will bring in terms of higher education quality and expansion. As payment empowered consumers, it has also disfranchised the providers. Students may demand with less effort the degree because they paid for it. This is repeatedly heard in the developing countries. Students of private higher education institutions are certain that they will be granted the degree at the end of the day. So, in other words cost-sharing seems to compromise the efficiency/quality of education (Daniel, 2010). Ethiopia experienced the rapid expansion of private higher education institutions since the 1990s. These institutions enroll more than 20% of the country’s total higher education intake. The education quality seems to be compromised in terms of money due to the following factors: expansion beyond capacity, unduly fast rise in tuitions and fees, low quality entrants, high retention and zero percent attrition. There is also a public complain even on quality in the public institutions (Daniel, 2010).

There are other opponents to cost sharing on the ground that it could not be realistic due to poor national and family economic capacity and poorly established collection system. Others still contest on the timing. They ask why cost sharing at this time? This is more personal and includes parents and students, who are ready to join higher education at that very moment of the introduction of cost sharing (Teshome, 2005).

Ideologically, public opinion has resented cost sharing on the ground that government is unable to impose and collect taxes particularly from the business sector. It is also incompetent to abolish the wide-spread of all forms of corruption and the inefficient utilization of resources. For this group, higher education financial austerity has been associated to these problems. The government has been incapable of imposing and collecting taxes because of lack of political strength and will to impose and lack of efficient system to collect. It has been incapacitated to impose and collect by the private sector that has made taxation politically unpopular and difficult (Teshome, 2005 and Johnstone, 2004a).

Public opinion has strong impact in the form and realization of cost sharing. Because of free-higher education tradition and poverty, there is strong resentment against cost sharing that is manifested covertly and overtly. So, in most cases the institution-based and minor stages of cost sharing are practically effective than the single and general cost sharing scheme as discussed below.

4.8. Forms of cost sharing in Ethiopia

From practical observations, forms of cost sharing in Ethiopia could be categorized into three: A beginning of fees, institutional internal revenue generation and fee-dependent private higher education.

Government revenue supplementation/A beginning of tuition fees: The 2003 higher education proclamation has stated that higher education beneficiary should share part of the instructional cost and his/her full cost of food and room (FDRE, 2003a). And the Council of Ministers also issued the "Higher Education Cost-sharing Council of Ministers Regulation No. 91/2003" in September 2003. This regulation has stated that "This Regulation shall apply to students that are newly admitted to an institution beginning from 2003/04 academic year, as well as to students in their second year or above training during the 2003/4 academic year." (FDRE, 2003b) Accordingly, any student attending public higher education is liable to share the cost either in the form of fee (tuition fees, other fees and user charges), or in service (FDRE, 2003b).

Institutional (Public) Internal Revenue Generation: The government legal document has established two organs to administer and generate internal revenue. These are Income Generating Enterprise and Income Fund (FDRE, 2003a, FDRE, 2009). The enterprise shall have its own legal ground to operate like any business organization (FDRE, 2009). The major sources of income of the Enterprise, according to the proclamation, are initial capital budget allocated by the government, an income generated internally from the services and activities carried out by the institutions, voluntary contributions made by the staff of the enterprise, donation, and other income sources. It has been explained that this income could be used for internal budget supplementation.

> *Incomes of the Enterprise shall be used to purchase books and equipment and its accessories necessary to implement various projects, implement research projects, award prizes to professionals of the institution for their outstanding performance and cover costs necessary to realize the objectives of the institution.(FDRE, 2003a)*

Income Fund is another establishment legalized by the 2003 higher education proclamation. The Fund and its incomes may be used for different capacity building activities of the institution, prizes and activities whose necessity is believed and approved by the institutional board. The income of the Fund may be earned from contribution made by the Enterprise, budget allocated to research from the budget of the institution, donation and other incomes (FDRE, 2003a, FDRE. 2009).

The revised higher education proclamation of 2009 also sanctioned that "A public institution may charge tuition fees; however provided that the kind, amount and the manner of payment of the charge, without prejudice other provisions of this Proclamation, shall be determined by the directive to be issued by the board." (FDRE, 2009) On the basis of this legal provision of the higher education, many of the public universities have been collecting fees on various services and activities. For instance, Mekelle University collects the following fees on the basis of its Legislation issued in 2004.

Table-25. Institutional fee charge categories at Mekelle University

Fee charge categories	Amount, in birr
Fee for original Degree and Diploma issuance	
• First issuance	50.00
• Replacement for the first time	100.00
• Replacement for the second time (no more than twice)	200.00
Student Copy	
• Local destination	5.00
• Foreign destination	10.00
Official Copy	
• Local destination , normal mail	5.00 per copy
• Local destination, urgent mail	10.00 per copy

• Foreign destination	15.00 per copy
Recommendations	5.00 per copy
Authentication of documents	5.00 per copy
Application fee	
• New application for admission to the DCEP[x]	5.00
• Readmission to all programs	10.00
• Transfer application	10.00
• Advanced Standing application	10.00
Tuition fees (evening program)	
• Tuition fee for non laboratory services	30 per credit
• Tuition fee for laboratory based programs	45 per credit
• Computer courses	70 per credit
• Typing	45 per credit
Other fees	
• Replacement fee for Mekelle Centre	30 per semester
• Replacement fee for other centers (outside Mekelle)	60 per semester
• Registration fee (regular students exception)	15 per registration
• Late registration fee for all)additional for non0regulars)	10 per registration

Source**:** (Mekelle University, 2004) **DCEP:** *Distance and Continuing Education program. Note: Fees for foreign students shall be doubled.*

Moreover, the university also collects fees from make-up and supplementary examinations provided to requesting students; and ID card issuance and replacement. According to one of the researcher in the project, the university also receives overhead cost or administrative cost for hosting research projects such as the IUC (Institutional University Cooperation), which is funded by the government of Belgium and hosted by Mekelle University. The government makes the actual research fund plus 10% overhead cost for the university.

Table-26. Total Higher Education (public and private) Costs Borne by Students and Parents (Academic Year 1999–2000, and 2006-2007, US Dollars)

HEI	Tuition Fee	Room and Boarding	Other costs	Total payment
Public(2006-2007)	272-868	1043	270-669	1,585-2,580
Private(999-2000)	1,170	830	190	2,190

Source: (Johnstone, 2003 and ICHEFAP, Ethiopia, 2007) Note: The public cost sharing is calculated as a range of low and high. The private is in short term programs such as diploma.

Fee-dependent private Institutions: Private higher education is a recent phenomenon in the history of higher education in Ethiopia. The 1994 Education and Training Policy has constituted the establishment of private higher education institutions. The policy states that "The government will create the necessary conditions to encourage and give support to private investors to open schools and establish various educational and training institutions."(FDRE, 1994) And the revised higher education proclamation 650/2009 defined private higher education institution as "a non-public higher education institution established by one or more individual owners or by non-profit making associations, founded as cooperative society or commercial association, or higher education institution established abroad and operating in Ethiopia." (FDRE, 2009) Private higher education for profit and non-profit could levy fees that shall be determined by the authorized body and the statutes that established the higher education institution. The government also pledged to support the budget or provide capacity building support to non-profit higher education institutions. The government may give these provisions on the basis of the number of full-time undergraduate and graduate students enrolled at the institution, the number of fee-free students, the number of academic staff, quality of education as assured by higher education relevance and quality agency, past achievement of the institution in the area of teaching-learning and research, and the institutional fund invested in the development of facilities. Non-profit private higher education institutions may also receive earmarked subsidy funds to support degree programs offered in specific development driven fields of study or interdisciplinary studies or on any other requirements previously established by the Ministry of Education (FDRE, 2009).

Private higher education institutions in Ethiopia increased 43% in 2003 and by 2004 they enrolled 24% of the higher education students of the country. And most of them have engaged in training students in marketable fields of study such as accounting, business administration and information science. Most of them provide client-oriented instruction focused on the shifting needs of the job market and attract a high proportion of women students. Most of them initiate as a college level and offer diploma courses so as to enroll those students who have not been qualified to the public higher education institutions' degree programs. These students continue to upgrade their career in the degree program of the same private institutions. Tuition fees run from Birr 2,500 to 3,500 a year (US$300–450) in 2003/2004 (Saint, 2004). In most cases, students of private higher education institutions cover their living expenses privately.

Forms of cost sharing in Ethiopia include a beginning of tuition fee and user charges, institutional small fees, and fee-dependent private institutions. Particularly, the single track cost-sharing is economically imperative and its realization is partly depends on the financial student support that may also includes tuition fee and living costs. The next turn is a discussion on the features of student support in Ethiopia.

4.9. Student Support in Ethiopia

Policy documents have mentioned some financial and non-financial supports for higher education institutions. The 1994 Education and Training Policy, for instance includes such supportive paragraphs: (FDRE, 1994)

1. Mechanisms will be created for students to cover their educational expenses through service or payment after graduation.
2. Scholarship will be given to deserving (outstanding) students.
3. Special financial assistance will be given to those who have been deprived of educational opportunities, and steps will be taken to raise the educational participation of deprived regions.
4. The government will give financial support to raise the participation of women in education.

In a non-financial support, the 2003 government higher education proclamation has stated that

> *Entry assessment or admission procedure designed for any female, disabled student, a student who has completed high school education in a developing Region and who is native of the nationality of such Region or a student from the nationality whose participation in Higher Education is low shall be different from others. They shall, during their stay in the institution, get special support; particulars of such support shall be determined by the Ministry. (FDRE, 2003a)*

These incentives are fragmented and not well organized. However, our evidence is limited to attest to what extent these supports have been realized. The construction of higher education institutions around the traditionally disadvantaged regions of the country can be considered as one non-monetary support or encouragement to the region and the society.

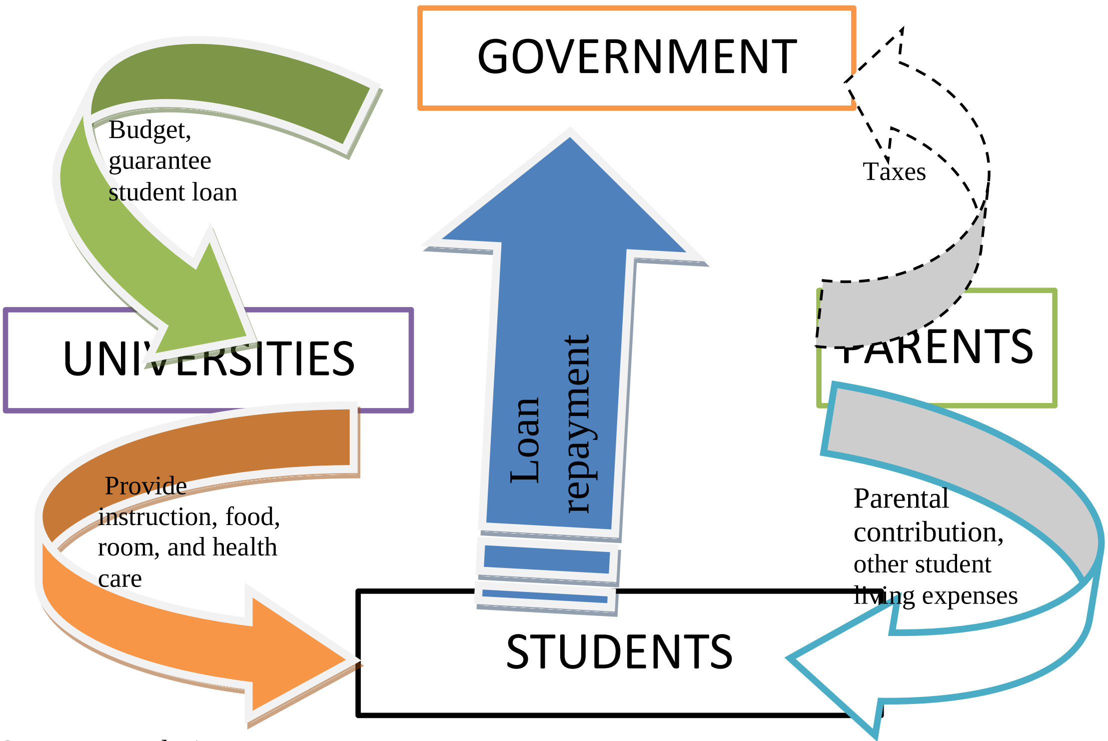
When it comes to the single track cost sharing policy, all public higher education participants are legally required to share the instructional cost and the full user charges. The next step is how to make the shift of higher education cost to the beneficiaries and how to charge them. Student and their families for various reasons, basically for the obvious reason of weak economic capacity are unable to afford up-front payments. Up-front scheme also supposed, at least theoretically, to deter talented but economically weak sections of the society. Therefore, what is presumably considered appropriate for the Ethiopian context, among the various loan repayment mechanisms, according to Chapman (1999), and the legal documents is Income Contingent Loan in the form of graduate tax, to be paid after graduation.

The corresponding student loan scheme to this cost sharing policy is the income contingent loan variant, graduate tax. Through a generally available income contingent loan, government covers tuition fee, food, room and health costs and students will pay 15% of the instructional cost, and full cost of food and rooms after graduation. Beneficiary graduates are supposed to pay the cost they incurred in higher education after one grace year after graduation and expected to pay within 15 years (FDRE, 2003b).
Actually, the Ethiopian government channels the amount required to each university that covers the tuition fee and the expenditure for food, room and health care directly. The payment is made directly from the public

coffer. Students do not get money for other living cost. The country has no intermediary organ that facilitates the policy of cost sharing.

The Ethiopian government makes generally available loan for all entrants of universities directly from the government treasury. And, as it is observed from the diagram, the money is given to the universities in the form of budget. Students are supposed to pay to the government through the national tax system.

The discussions on the designs of cost sharing policies, rationales, forms of cost sharing, and student supports are helpful to analyze the implications and implementations of cost sharing. In the procedural developments of cost sharing, the place of implementation is crucial. The proceeding issue is a reflection on implications and cost sharing policy implementation.



Source: own design

DIAGRAM- 1: The Ethiopian system of Cost Sharing and Student Loan Scheme

4.10. Implications and Policy Implementation

This section briefly reflects on the implication of cost sharing and policy implementation of cost sharing. Particularly, the discussion on implementation tries to make some sort of comparative analysis with Kenya. This helps to compare and contrast the place of Ethiopia in the process of policy implementation.

4.10.1. Implications

Graduate tax in the Ethiopian context is not a life payment. Beneficiaries after graduation start to repay their loan in the form of graduate tax at least 10% of their monthly income and repayment should be completed within 15 years through the existing tax system (FDRE, 2003b).

This scheme has some implications in the Ethiopian context. One implication of the application of income contingent loan is that, at least in principle, it totally shifts the burden of cost sharing onto students as a loan and on the tax payers in the form of lending. Relatively and partly, parents are relieved from sharing the higher education cost. The reason behind this exclusion seems to be more of political than being cultural. Actually they are contributing to cost sharing by covering a portion of the student living cost such as clothing, transport, study materials (stationery). This is may not be bad in the scenario of weak economy and

to minimize political confrontation. However, the exclusion of parents from the direct participation in direct higher education payments has reduced parental contribution in the form of up-front payments. At least, in principle, some able parents may make up-front payments, which will make some amount available in the face of scarcity. In an expanded higher education system, secondary school leavers, who aspired for higher education, are required to invest for their own higher education without parental or any other source of support.
The other issue with income contingent loan is the question of collection where there is no collateral, no parental responsibility, no strong and operational system, and its inability to generate immediate revenue.
The minimum tax rate is set to 10%. This is very large especially in a low-income country like Ethiopia. For a graduate it will represent a very large increase in taxes, leaving less for other forms of consumption and investment (World Bank, 2003). This is complicated by other situations. The Ethiopian society has the culture of helping families and in some cases extended family members. Graduates have the cultural and moral obligations to support their parents and other family members after graduation. So, what will be left for a graduate after paying the surtax, income tax and pension will be very small. For instance, a graduate who earns a monthly salary of 2000 birr needs to pay 10% surtax (higher education cost sharing), 20% income tax and around 10% pension. So he/she will be left with 1200 birr for himself/herself and parental support. This is insufficient in the current skyrocketing living cost. In this case, indirectly parents are paying the cost of their children's higher education.

Expecting supplementary revenue from higher education beneficiaries, the Ethiopian government has expanded the higher education sector. Around 22 new universities were opened almost in all regions of the country. The geographical equity seems to be promising. It allowed many private investors to engage in educational investment including in higher education. This also supplemented the public endeavor to expand higher education to promote access. The expansion of both public and private higher education institutions has increased enrollment.

The question is whether all the unrepresented groups of the society are participating in higher education enrollment or not. Does the very expansion of universities in the different regions of the country encourage the unrepresented to join higher education? The issue remains unanswered until rigorous research is conducted. Actually the low GER and the international experiences show that the attainment of higher education social equity is not an easy task particularly for a country like Ethiopia. The attributes such as the socio-economic class, occupation, race, religion, language, or ethnicity sides of equity needs long and protracted considerations and detailed study. As we have seen in the case of Australia, the US, the UK and other countries experiences of higher education social equity, the problem of equity has not been connected only to capacity building i.e. the expansion of higher education institutions and solving the financial problems of students. There has been inequality and inequity in primary and secondary education distribution in the country. The gross enrollment ratio in higher education, which is not more than 2%, can give us the clue about the prevalence of poor social equity in Ethiopia.

The introduction of cost sharing has adverse selection effects as well. Academically, students, to avoid payments or to lessen payments, could make unintentional choices. To avoid high reduction from their future salary, many students choose, outside their interest, fields with no payments or less payments. These are the reasons behind the relatively large number of enrollment in the teaching profession, where students are exempted from cost-sharing and expected to render services. Moreover, in the financial austerity scenario, such principle may be risky. This situation may encourage other public employees to demand the same advantages. Because relatively larger (35-39%) numbers of students are enrolled in the teaching profession, the expected amount of fund reduces. If students of the teaching profession are not exempted from graduate tax, the amount of cost-sharing would yield around 25% more revenue than the baseline (World Bank, 2003).

Graduate tax scheme is usually part of the policy of cost sharing. The loan scheme is one way of enhancing participation by augmenting supplementary revenue and expanding the capacity of higher education. However, expansion without compatible resource seriously affects the functions of the higher education institutions. Internally, both the public and private higher education institutions are poorly organized and equipped. And particularly, public higher education institutions are highly populated. These situations, in addition to affecting the quality of education and research, and affecting the moral of the staff, have triggered rampant student unrests. (Daniel, 2010) Private institutions enroll more than 20% of the country's total higher education intake. Their education quality seems to be compromised due to the following factors: expansion beyond capacity, unduly fast rise in tuitions and fees, low quality entrants, high retention and zero percent attrition. There is also a public complain even on quality in the public institutions. These institutions experienced large class size and shortage of resources and facilities. It was due to the problem of quality that the Ethiopian government was forced to establish two agencies: HERQA (Higher Education Relevance and Quality Agency) and Higher Education Strategy Centre. (Daniel, 2010)

Moreover, the country has become more dependent on condition laden foreign aids. The country has an ambitious plan of institutional growth and expansion of participation. It has planned to expand the gross enrollment ratio to 5% by 2010. Accordingly, the budget for higher education has been projected to reach 25% of the total education budget. The country has no financial capacity to finance these huge expansion strategies. The fact is that the initial financial investment for these grand plans has been intended to be earned from foreign donors and development institutions. (World Bank, 2003) This condition, coupled with poor capacity to collect repayments, has made the country to be influenced by the conditions of foreign donors and the success of the plan seems to be increasingly dependent on the goodwill of the donors. Alternatively, the Ethiopian government may try to raise domestic resource for education to narrow the gap. This may require combined policy changes such as slowing down expansion of enrollments and reducing per-student spending in public higher education institutions through efficiency measures, or compensate by increasing the percentage of cost sharing per-student.

In addition, it is assumed that many beneficiary graduates have been leaving the country without repaying their debt. The exact address of others is not well tracked within the country. To solve these problems, all public universities were instructed to withhold the credentials of beneficiary graduates until they repay their loan. The government has also established regulatory restrictions on the movement of graduates outside the country without paying their debt. A beneficiary graduate should provide a guarantor if he/she needs to leave the country for more than six months. However, this is not effective because exit visa is not required to go abroad. So, many have continued to leave the country without paying their debt. The impact of withholding credentials is immature and needs some further and detail investigation.

The above implications, large percentage of payment, its introduction in a poor system, the exclusion of parental active participation, the adverse selection effect, quality issues and other related implications combined greatly influences the process of implementation, which will be discussed below.

4.10.2. Cost sharing Policy Implementation in Ethiopia

The study of cost sharing policy implementation could constitute such issues of the rationales for which cost sharing has been necessitated. These include equity, efficiency, quality, and the need for higher education financial diversification. Given time and source constraints, and the complexity of policy implementation, the main focus of this section is limited to the analysis of the implementation process of the financial contribution by students/parents and the collection system.

This section first tries to shades light on the general features of the study of public policy implementation. This will be important in making some reflections on the Ethiopian practice of policy implementation.

To initiate and implement a new public policy is a competitive and sometimes hostile job. The move from a textual guideline to practice is a real challenge because a good policy design can easily be frustrated by poor implementation. It demands a protracted political and social struggle (De Boer, et.al, 2005). "Most of the time the implementation phase is the last opportunity to hamper the reform, not only by those who opposed it from the start but also by those who so far did not participate in the processes of policy design and decision making at all." (De Boer, et.al, 2005) Severe consequences could take place as a result of opposition to public policy. These include total policy failure, delaying, elongation and high resource consumption, and the generation of perverse effects. (De Boer, et.al, 2005)

Any public policy partly requires the following six crucial factors in its explanation of success and failure (Gornizka, et.al, 2005 and Grant and Sabatier, 2005).

First, legal or official, clear and consistent, and envisaged degree of system change objectives could provide clear standard of evaluation and could be useful legal sources to the implementing officials. The success or failure of the goal of a public policy depends on the envisaged amount of system change and the internal consistency and clarity of the objectives. The more context based the changes are the better accomplishment of the policy; and more clear and consistent aims of policy and change are equally important to attain objectives easily. Some scholars also suggest that "Vague and somewhat conflicting goals are often the price to be paid for obtaining agreement in the policy formation process, and that ambiguity facilitates adjustments to changing circumstances during the implementation stage.” In many cases ambiguity and conflicting goals in public policy are inevitable and precision in goals also does not guarantee superior success in implementation. Hence, implementation analyses better identify an ‘acceptable mix of outcomes.’ (Gornizka, et.al, 2005)

The scope of change will be important and necessary in regard to the effect of degree of change on outcome. Depth of change, functional breadth of change and level of change are important aspects in capturing the process of implementation. Depth of change refers to “the degree to which a new policy implies a departure from existing values and practices.” The number of functional areas where modifications are expected to be introduced indicates the functional breadth of change. Level of change refers to the area of the reform, whether it is system level, sector level of a system, or a single institution. Studies have proved that policies aiming at changing one or limited functional areas of a system or an institution could be successful and whenever there is the need to change, it is easier to change a single institution than a whole system. To galvanize sufficient energy that could overcome inertia in a system, the depth of change should not be very low. (Gornizka, et.al, 2005)

Second, adequacy of causal theory underlying the policy implies the clear understanding of causal links “and that officials responsible for implementing the program have jurisdiction over sufficient critical linkages to make possible the attainment of objectives.” (Gornizka, et.al, 2005) It is the incorporation of an implicit theoretical framework into a policy about how to bring social change. (Sabatier, 2005)

Third, legally structured implementation process to enhance compliance by implementing officials and target groups: includes power and authority and capacity to veto, to overcome resistance, to provide implementing agencies programs and to assist them to give high priority; and making available adequate resources for implementing institutions.

Fourth, organizing committed and skilful implementing officials and civil servants, who could apply properly the legal framework of the policy with discretions, committed to the objectives of the policy, use skillfully the available resources.

Fifth, the degree of commitment to various program objectives among legislative and executive officials and affected groups outside the implementing agencies is also crucial for the implementation of public policy. This is simply to maintain political support from interest groups and from the legislative and executive authorities throughout the period of policy implementation. Sixth, context-based changes in social and economic conditions have paramount importance in the process of policy implementation. These actually do not fundamentally affect the political support and/or the causal theory.

Major Features of the Ethiopian Graduate tax

In the Ethiopian context cost sharing is a public higher education student-government share of the cost of higher education (FDRE, 2003b). This could be realized through government sponsored generally available loan that could cover tuition fee, other fees and user charges. This will be paid through a graduate tax system. The Ethiopian graduate tax has the following specific features (Teshome, 2005 and FDRE, 2003b).

Public higher education beneficiaries “shall share full costs related with boarding and lodging and a minimum 15% of tuition related costs.” The total yearly amount shall be calculated on the financial context of each higher education institution and program of study. This shall be revealed to the student at the beginning of each academic year. A student who agreed to share the cost shall enter into a written agreement with the respective higher education institution to repay in the future. Only beneficiaries, who have been registered in higher education during and after the introduction of cost sharing in 2003, have the obligation to enter into contractual agreements and repay the amounts owed in the form of a graduate tax (FDRE, 2003b). The contractual legal document is prepared in Amharic and English signed every year by the student. The cost of education and training shall be revised at least every three years.

Beneficiary graduates are expected to pay their debt either in cash or service years. Graduates may be required to repay differential amounts depending on their program of study. The repayment is not uniform. Generally social science programs are in the lower ranges while medicine and pharmacy are in the upper ranges. However, some programs may have artificially high cost due to the low student-faculty ratio and widespread inefficiency in the system (Teshome, 2005). Payments may be different within the same college depending on the student-faculty ratio and material consumption in the course of study. For instance, at Mekelle University, College of Engineering, students of Electrical Engineering, Industrial Engineering and Mechanical Engineering were required to pay 12, 644.00 birr, 11,993.84 birr and 12,031.12 birr respectively (Mekelle University, 2010). Students enrolled in programs that are chosen by the government for exemption may be required to repay in service. "Pursuant to directives to be issued by the Ministry from time to time, a beneficiary who volunteered to be trained in certain fields as designated by the government provided that he enters into a contract with the government to work in all places of assignment after graduation for at least three times the time spent in the training." (FDRE, 2003b) Such a program includes teacher education and Medicine. If a student refuses to discharge his/her obligation in the form of service, she/he shall be forced to pay all outstanding cost of his/her training and education together with the interest rate at the time of payment. Payment shall be made within five years of the date of the breach of the agreement (FDRE, 2003b).

Repayment must be completed within a maximum of fifteen years, depending on the type of program studied. The beneficiary shall commence to pay the amount borrowed within six months or a maximum of one year after graduation in the form of graduate tax of at least 10% of the monthly income of an employee; or the amount owed deducted from the yearly income if self employed. However, such deduction shall not exceed one-third of a monthly income without the knowledge of the payer. The repayments are deducted from earnings in the form of a tax and the employer (self or other) is obliged by law to collect the specified amount and transfer to the government treasury (FDRE, 2003b).

The loan program has incentive provisions for those who are ready to make up-front repayments. A student who pays the annual payments every year shall receive a discount up to 5%. This discount is not clear actually whether the discount is made annually or for the total amount required from the beneficiary. If the discount is made on a yearly basis then the student could secure from 15% to 25% discount. A three year program student and who paid the cost every year could secure up to 15% discount? The regulation says "up to 5% deduction of the payable cost…" Which payable cost? The yearly or the total payable cost is not clear. In addition, "up to 3% deduction of the payable cost shall be made for beneficiaries who pay the total cost determined within the first year of their graduation." (FDRE, 2003b)

The total amount payable is subject to service fees or interest, determined pursuant to the deposit rate in use at the time of the conclusion of the agreement (FDRE, 2003b).

In the process of implementation, legally, many institutions are involved. These include, Ministry of Education, the Federal Inland Revenue Authority, regional revenue offices, higher education institutions and employers. Beneficiary graduates are also legally responsible to pay their debts.

The Ministry of Education has been entrusted to oversee and ensure the implementation of the cost sharing and to approve the amount of apportioned by higher education institutions from the beneficiaries; to prepare the contractual document and to issue directives on areas and modalities of cost shared in ways other than payments (FDRE, 2003b).

The Federal Inland Revenue Authority and structurally related regional offices have been made responsible to follow up, supervise and collect the total amount of payment to be made by the beneficiary; to establish operational procedures and organizational structures to facilitate the implementation of loan collection (FDRE, 2003b).

Higher education institutions are also legally entrusted to follow up the implementation of the cost sharing system by notifying the appropriate amount, enabling beneficiaries sign the contractual agreement and keeping records of contractual documents (FDRE, 2003b).

Any employer of a beneficiary graduate has the obligation to request a copy of the contractual agreement, to forward to the Federal Inland Revenue Authority the list of employed beneficiaries within three months, to deduct and transfer the amount owed every month, and to deduct one-third of the income of the employed beneficiary if the employed beneficiary failed to produce the required documents (FDRE, 2003b).

A beneficiary graduated from a public higher education and has entered contractual agreements shall have the obligation to inform his/her address to the Federal Inland Revenue Authority through the employer; to reveal the contractual document to employer and assist the employer to withhold the amount required from the monthly salary, and to start payments as per the regulation.

Any graduate beneficiary, who violates these regulations and failed to repay the higher education cost he/she has incurred, shall be liable to legal charges as per the country's Income Tax proclamation. The income tax proclamation of the country states that (FDRE, 2002)

1. A tax payer who fails to file a timely tax declaration is liable to a penalty equal to 1000.00 birr for the first 30 days not declared; 2000.00 birr for the nest thirty days tax not declared, and 1500.00 birr for each thirty days after the 60th day.
2. A tax payer who fails to pay on due time will be penalized 5% of the amount of unpaid tax on the first day after the due date has passed; an additional 2% of the amount of the tax that was not paid on the first day of each month thereafter.
3. A tax payer who evades the declaration or payment of tax commits an offense and, in addition to the above penalty, may be prosecuted and on conviction be subject to imprisonment for a term of not less than five years.

No means testing of parental or individual income or criteria for loan eligibility is required to be a beneficiary. Thus, all public university enrolled students are eligible to enter into an agreement for cost sharing and future repayments and repayment is after graduation. Generally available loan scheme has been devised to all public higher education students (Teshome, 2005).

The unpaid part of a graduate beneficiary shall be cancelled in the event of death or retirement or a national call (FDRE, 2003b).

These are the major features of the Ethiopian cost sharing policy that show what cost sharing looks like in the country and circumstances of the systematic application of cost sharing. So, the enactment of these textual guidelines relies on things such as commitment, understanding, capability, resources, practical limitations, and cooperation/coordination. Public policy implementation also "…confronts 'other realities', other circumstances, like poverty… lack of material… Some policies change some of the circumstances in which we work, they cannot change all circumstances." (Ball, 2006)
Therefore when analyzed in line with the above crucial factors, the general practical situation of the Ethiopian cost sharing policy implementation looks like the following:

1. Legal-clarity and consistency; and degree of system change

The Ethiopian constitution has given power over public higher education to Ethiopian Federal government, represented by the Parliament. So, the introduction of the policy of cost sharing has been endorsed by the existing statute. The policy document is legal and seems to be clear textually and for those who prepared it. We cannot be certain how far the beneficiaries are informed of the procedures, legal guidelines, and consequences if failed to abide by the law. This is because the Ministry of Education has discussed with few representatives at the very initial time of the introduction of the policy of cost sharing. The new higher education students are not made well aware of the situations. In regard to the objectives of system changes the policy has no clear targets that could enhance the implementation process. The policy has been launched on a system level without adjusted system change.

2. Policy reform causal theory adequacy

The theoretical framework about how to bring social change is not clearly articulated in the policy document. In regard to system change, for instance, Chapman has the conviction that significant implementation could not be achieved when income contingent loan is collected in the traditional government income tax system 'for the simple reason that Ethiopia does not at present have a workable income tax system, and it is not likely to have one soon." On the other hand, Teshome (2005) is arguing that the country "has a workable income tax system. The system obviously needs to strengthen and modernization." One aspect of modernization has been the provision of Tax Identification Number (TIN) for tax payers including higher education beneficiaries, and yet it is on the process. At the same time, he is confessing that income tax collection is very difficult when it comes to the business community and non-governmental and international agencies. When it comes to collection, for Teshome, "The most important success factor, however, is educating the citizens and inculcating a shared value of social responsibility. Tax is generally assumed to be a take-away from the people." Higher education cost sharing, in the form of graduate tax is a loan given to students to attend their higher education. And it has to be repaid. In this case, low commitment is observed.

3. Degree of commitment on the side of the implementing institution

The Ethiopian cost sharing policy also lack the formulation of specific organization that is solely concerned with the various and complex issues of cost sharing and the implementation processes.

The problem is that the existing system is not efficient enough to implement the new policy of cost sharing. This and the shortage of both financial and human resource have seems to discourage the responsible institutions from implementing the policy vigorously.

The implementing organizations, as we have seen above have been authorized to use all legal procedures to collect the loan; however, they lack coordination, capacity and commitment. And this is the result of the weak tax system and the beneficiaries, due to lack of culture and information, are less committed to repay their debt. There are many possibilities that beneficiaries may avoid repayment. They will be employed in non-government organization, will be self-employed, or leave the country. Information about the beneficiaries' whereabouts is difficult to track. These problems, therefore, necessitate efficient and modern tax system that may be costly. Some students were pessimist of the after graduation employability. So, many of the students were critical of how students could enter into obligations to pay in the future, when they are not sure whether they will get decent jobs after graduation (Teshome, 2005). For instance, according to the World Bank (2010) the Inland Revenue and Customs Authority of Ethiopia has collected birr 516,039 in 2006/07, 1,240,115 in 2007/08 and 2,420,310 in 2008/09 from graduates. It is actually progressing but insignificant. As we have seen earlier, the minister of Education

The potential and practical problem with income contingent loan and repayment scheme is the institutional capacity to collect. To be effective, income contingent charge mechanisms require particular institutional arrangements. Several pre-conditions are required to effectively implement income contingent charge mechanisms. Two of these preconditions according to Chapman (1999) are as follows: First, the future repayment obligations of enrolling students have to be recorded. This entails university administrators noting the obligation and liaising with the relevant collection agency, in the Ethiopian case with the Inland Revenue Authority. This need not be administratively expensive. In Australia, for example, the introduction of HECS was accompanied by $A10 million outlay to cover university costs; a small amount in the context of the income collected that amounts around $A800 million per annum (Chapman, 1999). Second, and most important, is that for a loan to be collected on the basis of the income of a beneficiary, it is essential that individuals' future incomes are known with accuracy. In the Ethiopian case this may not be a problem given that beneficiaries are making payments until they amortize their debt and this takes place within 15 years.

The other major problem, for instance, with the Ethiopian collection mechanism, is connected with the whereabouts of the beneficiaries themselves and poor commitment to execute obligations on the side of the employer and the employee. Most Ethiopian graduates take employment in the public sector. This may be relatively helpful to track graduates and deduct the lawful repayment amount from salary payrolls. Today, there are many private enterprises in the country where graduates seek employment. Given, the poor system of taxation and high tax aversion, it will be a problem to collect repayments.

4. Adequacy of financial resources provided to implementing institutions.

One study on the implementation of cost sharing, on two universities, has shown that inter-organizational coordination is totally absent between the Inland Revenue and Customs Authority, Ministry of Education, and higher education institutions. Most implementing institutions were complaining that they have no sufficient financial and human resource to realize the process of collection. For instance, higher education institutions are complaining that they did not get the money they spent in keeping student records. Most non-government organizations cooperate with the beneficiaries and thus are not committed to withhold what is owed to the beneficiary employee. For the simple reason that they do not have taxpaying culture and in some cases they fear not to lose top professionals who may put an ultimatum to transfer to others if graduate tax deducted (FSS, 2010)

5. Degree of commitment to various program objectives among legislative and Executive officials outside implementing agencies.

This aspect of policy implementation is poorly visible among other agencies to support the process. We heard nothing from the parliament about cost sharing. Most of seem to share the idea of the minister of education that the most important issue is not the implementation of the policy of cost sharing but educating the young.

6. Change in social and economic conditions affecting goal priorities:

The policy of cost sharing has been introduced amidst wider public opposition and further efforts to win the support and attain consensus has been poorly realized. Implementation is a process and need steady follow up and periodic evaluation to improve and enhance the processes. Mechanism of implementation processes evaluation is inadequate; however, repeated actions are on going to strengthen the collection mechanisms. The contemporary attempts to provide TIN, circulars are dispatched to universities that educational documents of "… graduates of higher education institutions (cost sharing users) shall be kept in the institutions until the graduates complete their service years (paying cost sharing money), or until they produce a letter of confirmation." (MoE, 2009)

Generally, the country has confronted the following major problems that are connected with the implementation of cost sharing, particularly problems related to the collection of the loan
It did not establish well organized and operational inter-organizational communication and coordination among the implementing institutions such as the Ministry of Education, Universities, the Federal Inland Revenue and Customs Authority, Regional Revenue Offices, employers… This has made collection very difficult and in some ways impossible. Moreover, the country is unable to allocate sufficient financial and skilled human resource to the implementing institutions to enhance the process of implementation. The system that has been put in place to collect the loan is very fragmented and inefficient. As the number of beneficiary graduates increase every year, the existing tax collecting system and procedure may not be able to handle the volume of work. Lack of coordination, fragmentation and inefficiency has greatly affected the system of record of student loan recovery. The involvement of many uncoordinated organizations has also fragmented information and responsibility as well.

'High goal consensus' building mechanism has been poorly organized. There is no continuous information flow between the implementing institutions and other supporting bodies. The provision of pertinent information about the importance and legal obligations of cost sharing is also very poor. Moreover, students have no say on whether the services they get from their institutions and the loan they take are commensurate.

The cost sharing policy guideline says nothing about those students who may not get job in the near future. It has no limitations of income from where students could start payment. There is no maximum threshold to start payment. The policy simply states that a beneficiary will start repayment after one year of graduation and interest will be calculated immediately after one year of grace. In a situation where the number of graduates from higher education institutions is steadily growing and the country's economy, for a number of reasons, inability to afford job for all, many beneficiary graduates may not get job.

A good deal of private employers usually do not enforce repayments from beneficiary graduates due to partly fear of losing competent employees, who, if forced to pay their loan, could change their job. They also may not hold the graduate taxes for other reasons such as political.
In the above scenario, the trend of the Ethiopian cost sharing policy implementation needs further study/revision and evaluation. It is well noticed that income contingent repayment scheme could not bring about immediate financial impact compared to up-front payments. This is frustrating for a country like Ethiopia that is badly requiring fund to run higher education. Moreover, there are many obstacles to collect the deferred loan effectively. The inefficiency of the system seems to be the chronic one and it may not be improved soon.

If Ethiopia is committed to continue with the issue of cost sharing, it is critical that implementation possibilities are accorded a high priority. Or, the country has to evaluate and revise and/or find other alternatives in which it can diversify the means of augmenting and supplementing government revenue to finance higher education. In this case, higher education institutions should need to have a broader autonomy through which they could innovatively introduce substantial internal revenue generation mechanisms. For instance, Ethiopia could learn something from the failures and successes of implementation practices and stories of neighboring countries like South Africa and Kenya.

4.10.3. Cost sharing policy Practices in Kenya

Background

It was in December 1963 that Kenya attained her political independence from the long British colonial administration. In 1964, Kenya was proclaimed a Republic. By 1990, the population of the Republic of Kenya has been over 20 million and it increases at a rate of 4.1%. The population of Kenya has reached 37.3 million by 2007 (ICHEFAP, Kenya, 2010). Of this population, nearly 60% are young Kenyans below year 20, (World Bank, 1990) who are dependent and who need education. So the economic and educational pressure up on the country could be clearly observed. The GNI and GDP of Kenya have been estimated to be

$27 billion and $660 respectively. The annual growth rate has been estimated at 3.8% by 2007 and speculated to drop below 2% in 2008 due to mainly the global economic crisis (ICHEFAP, Kenya, 2010).

As a result of the restrictive effect of colonial policy on African education and the ‘divide and rule’ administrative policy, at the time of independence, a large majority of Kenyan children of school age were not going to school. Only a small number had passed through the system. This was reflected in the critical shortage of educated and trained local manpower that was urgently needed for economic and social development of the newly independent nation. The low colonial concern for nationhood and national cohesion has significantly affected the socio-economic, cultural and even political setting of the country (World Bank, 1990).

Kenya has realized tremendous expansion in education since independence. This has been the result of a number of factors: the increasing public demand for more educational facilities, largely as a result of the increasing population; the government's commitment to make education accessible to all Kenyans; and the pressing need for educated and trained manpower (World Bank, 1990).

The cooperation between the general public and the government has endorsed the expansion of education in the post-independence period. Most families in Kenya have been serious about the education of their children because they considered education as a social investment promising important socio-economic returns. This has been evidenced by the ready enthusiasm with which the Kenyan communities have been contributing funds to build especially new secondary schools under the national motto of "Harambee', which means coming together for development. Along with the expansion, has been the government's commitment to democratize education by extending opportunities to areas which had been disadvantaged during the colonial period (World Bank, 1990).

In the period from 1964-1978, the government of Kenya has drafted educational Development Plans in which it emphasized on the “the expansion of educational opportunities; the production of skilled manpower; promotion of national economic development; universal primary education; and the promotion of national unity.” (World Bank, 1990)

University of Nairobi is the precursor of the Kenyan university sector. It was founded in 1970 although it started as the Royal Technical College of East Africa in April 1952 (Sang, 2010). Actually after independence, higher education in Kenya has been inaugurated by the Nairobi University College that has commenced operation since 1963 with 571 students (ICHEFAP, Kenya, 2010). At present, there are over 26 private and public universities. Over the years, due to the role universities play in promoting socio-economic and political development, the government has placed great emphasis on education (Sang, 2010).

Of the ambitious policy proposals, the country has implemented the following: establishment of various institutions in the educational system, including support services; achievement of universal free primary education; and the restructuring of the system from 7+ (4+2) +3 to 8+4+4. This took place in 1985 after it has been recommended in 1981 (World bank, 1990). The change of the education system into 8+4+4 has resulted in a significant change in the curriculum, emphasis being placed on technical and vocational skills. More children in Kenya go to school than at any other time before. Many institutions have been established to cope with the exponential expansion of the system. For example, between 1984 and 1985 alone, the government established two universities and a university college. One of these was Kenyatta University (World Bank, 1990). By 2009, Kenya has possessed seven traditional public universities and twelve newly established university colleges and over 22 private universities with varying degree of accreditation (ICHEFAP, Kenya, 2010). In spite of the remarkable institutional expansion, higher education admission capacity remained limited. Kenyan higher education institutions have the capacity to admit only 3% of the university aged cohort by 2007. For instance, 276,000 secondary students have seated for the national Kenyan Certificate for Secondary Education (KCSE) and only 82,000 students deemed to be qualified for university education. Of the 82,000 only 10,000 were granted the government sponsorship, 10,000 have the economic capacity to afford and admitted as self-sponsored basis, and 5,000 joined the private institutions. In one way or another, only 25,000 students, out of the 82,000 passed, have got places to study their higher education. This is almost 30%.The rest, 57,000 qualified students, most probably, due to economic incapacitation, were unable to enter higher education either in the Module I, Module II programs or private higher education institutions (ICHEFAP, Kenya, 2010). Students who have been denied access accounts 70%.

Kenya did not achieve some of its plans. The reasons behind its failure are attributed to the colonial heritage and other problems that have developed after independence. The difficulties also include poor economy, population growth, high number of high school leavers and unemployment, lack of pertinent curriculum, shortage of teachers at all levels, language discrepancy, and others (World Bank, 1990). Just like any African country under colonialism, Kenya has inherited poor economy that has been complicated by the incompatible world economic situations. The GDP grew at a lower percentage (3%) during the first two years of the 4th Development Plan (1979-1983). This was mainly caused by the decline of major economic sector of agricultural production and prices. This lower growth of the economy has resulted in a severe constraint on resources for all sectors of development, including education. Kenya has, however, tried to expand its educational facilities with what it has at hand, but it could not cope with the demand (World Bank, 1990).

With a growth rate of 4.1% per annum, Kenya's population growth is one of the highest in the world. It is one of the problems frustrating the endeavors to extend education facilities to all. As population and school enrollments increase, school facilities diminish and the communities and local authorities are constantly forced to construct new educational buildings. The problem of large school leavers, who look for jobs, will grow in the future. It is projected that by 1987 more than 500,000 school leavers from different levels of education will be in the market looking for employment. The market is not ready to accommodate all. The absorption of school leavers at a higher rate in the future requires continued economic growth with rapid rural and agricultural development, population control and education reform (World Bank, 1990). Moreover, the higher education problem of accommodation has been aggravated by the rapid and steady growth in the pre-tertiary education levels. For instance, secondary education enrollment has grown from 29,261 in 1963 to 545,053 in 1983 (World bank, 1990). There were around 122,874 university students in the country by 2009 and of this number the public universities accommodate 80 percent (ICHEFAP, Kenya, 2010).

Most probably on a regional basis, the other problem, with a significant disparity between the high number of secondary school leavers, capacity limitation on the side of higher education, and unprecedented growth of unemployment, could be the unplanned, uncontrolled and uncontextualized policy endeavors. Unbalanced emphasis seems to have been accorded to the education sectors and the economic growth.

Cost sharing implementation in Kenya's Higher Education

Like in any other African country, higher education in Kenya has been tuition free. The largest share of government budget goes to education since independence. Over 30% of the government budget has been devoted to education. And yet it was not affordable. Some scholars have gone to extent of explaining the financial situation as the Kenyan 'education financial crisis.' (World Bank, 1990, and ICHEFAP, Kenya, 2010) Government education expenditure has increased from Kenyan Shilling 81 billion in 2005/04 to Kenyan shilling 106 billion in 2008/09. In the last several years government has given emphasis to primary and secondary education. Hence, while government expenditure increased for primary and secondary education, the higher education sector total expenditures continue to be constant around 15% (ICHEFAP, Kenya, 2010).

In 1990 the educational budget has been 35% and it has been growing at a rate of 15 to 20 percent per year; whereas the growth of the government budget was about 10% per annum over the decade between 1980 and 1990. However, most of this education budget is used for salaries of teachers (World Bank, 1990).
However, this incremental financial/budget trend has been altered because of economic difficulties, (the national economic growth rate has dropped below the planned threshold) and the critical increase in population and the escalating oil price due the Arab-Israeli war in 1973. The higher education capacity to provide access to most eligible young Kenyans became questionable. This limitation of the higher education participation is compounded by the traditionally disadvantaged gender, socio-economic status, and regional disparity (ICHEFAP, Kenya, 2010). Subsequently, the government was forced to reduce the recurrent budget allocated to higher education and to introduce a form of cost sharing, user charges (ICHEFAP, Kenya, 2010). In 1973 University Grants Committee has been established to reconsider the financing of university education and human resource need of the country (World Bank, 1990).

After a decade, in 1983, the University Grants Committee has reported that "the financing of university education would continue to be financed by public funds. Students would be expected to pay for their accommodations, food and books through a loan system." (World Bank, 1990) This was not sufficient. In 1991, Kenya introduced higher education cost sharing in a broader style. Accordingly, Kenyan students and their parents were required to cover both tuition fees and contribute to the cost of maintenance. To ease this contribution particularly for needy students, who may refrain from accessing higher education, the government has established a student loan program known as University Students Loan Schemes (USLS). At the beginning of the loan scheme, admission to higher education was enough to be eligible for the loan. But due to the prevalence of high default rate that has reached to 81% and governments' budget cut, the scheme was reorganized under a new board known as the Higher Education Loan Board (HELB) in 1995. Government further reduced the expenditures for education. In 1994 the government of Kenya has decreased the budget of education from 37% of its total annual recurrent budget to about 30%. The significant portion of reduction seems to be from the higher education sector because the government has stated that it was not capable of allocating additional funding to higher education (Kiamba, 2004).

The new scheme, due to scarcity of fund to lend to all students admitted to higher education, opted to use means-testing to minimize or to keep the proportionality between the number of eligible students and the available fund for loan. In this means targeting mechanism, HELB also targets students, who are orphaned as a result of HIV/AIDS and those who come from the disadvantaged regions. The means testing mechanism also consider family income and secondary school attended. The award will be approved on a differential basis. For instance, an applicant from a parental income ranging from KSH 250,000 ($8,470) to KSH 600,000 ($20,325) will earn a loan amounting KSH 40,000 ($1,355). A student whose parents (of the two household) earn a yearly income of KSH 250,000 ($8,470), will be eligible for a loan of KSH 45,000 ($1,524). And a student who attended a private school of high cost, irrespective of the parental income, will receive the maximum loan of KSH 35,000. Under the means testing mechanism, the board has approved 30,000 loan awards, at annual interest rate of 4%, in 2006/07 (ICHEFAP, Kenya, 2010).

This undergraduate student loan scheme covers about three quarters of the yearly higher education costs that must be borne by government sponsored students (module I students) and their family and about 40 percent of the tuition fee for the self-sponsored students (module II students) and is available to all needy students in public and private universities. The Loan Board pays the tuition fee required from a student to the respective higher education institution and the living cost of the student will be paid to the student through his/her bank account (ICHEFAP, Kenya, 2010).

The inability to collect loan has been one of the problems that cause the failure of the previous University Students' Loan Scheme. The newly organized student loan board has increased loan recovery due to the efficient record keeping, law based enforcement of employers to ensure repayment, and the continuous cultivation of the culture of repayment among borrowers. Moreover, the relative success is attributed to the coordinated effort of HELB, the Kenyan Revenue Authority, and the National Health Insurance Fund in the process of identifying loan recipients, who are working in both the private and public sectors, mandating them funds owed and to repay their recovering loans. Still, two major problems stand out. These are unemployment and emigration (ICHEFAP, Kenya, 2010).

Moreover, the government of Kenya has also developed, in addition to the HELB, other financial establishments to enhance student financial support. One of these was the Constituency Development Fund (CDF), which was established in 2003 to finance community-based projects with the overall goal of poverty alleviation. So, needy students from private and public and from a cross section of the society could apply for bursaries or grants (ICHEFAP, Kenya, 2010).

Nevertheless, financial limitations have continued to be the chronic constraints of the universities as they are expected to provide quality education to their students, whose population has been growing rapidly. The user charges, small amount of tuition fees, other fees and some attempts to generate revenue from foreign aids could not alleviate the financial problem of higher education institutions in Kenya (Kiamba, 2004).

These conditions have obligated higher education institutions to search for other alternatives to increase their revenue and to reduce their overdependence on the unreliable government budget. On institutional basis, some Kenyan universities have made attempts to adopt such revenue generating schemes as: (Kiamba, 2004)

1. Establishment of units for income generation. These include training and consultancy, university press and other units such as farms and even petrol stations.
2. Institution of overhead charges: In some universities, individual professors with external research contacts must surrender 15 percent of the contract to the university.

3. The introduction of the Module II (parallel track) programs in 1998.

In 1998 Kenya introduced the system of parallel track (dual track) or Module II scheme to augment the revenue to run higher education institutions. Under this scheme Kenyan secondary school leavers have been divided into two categories on the bases of the Kenya Certificate of Secondary Education (KCSE) and a cutoff at a certain point of the grade students have scored in the KCSE. Those students who have scored the upper best grade in the KCSE will be admitted in the Module I, while others below a certain cutoff will be offered places under Module II scheme. In this case, Module I students are required to cover very low cost of higher education (about KSH 16,000/$542). Module II students are those students who preferred to pay the high cost of higher education that amounts KSH 150,000/$5,081. The amount for Module I students also considerably increases in some disciplines such as medicine (ICHEFAP, Kenya, 2010).

In principle, a student scored C+ in the KCSE is eligible to higher education admission. However, the capacity of the universities does not always allow this. A non-statutory body known as Joint Admission Board (JAB), made up of the Vice Chancellors, Deputy Vice Chancellors, Principals and Deans of the public universities and representatives from the Ministry of Education, is entitled to sets the entry cut off for government-sponsored students from year to year. The JAB decides the cutoff only to declare those students, who are admitted to Module I program. The acceptance of Module II students depends on the specific criteria of individual universities. Initially, those students, who scored C+ and above and who are not admitted to Module I program, were the only ones admitted to Module II. However, the need to increase revenue, universities broadened the horizon of Module II program and have begun to admit such students as "holders of A level certificates, Kenya Advanced Certificate of Education (KACE) from the old 7-4-2-3 system, P1 holders, diploma holders, and certificate holders from other governmentally-recognized institutions". (ICHEFAP, Kenya, 2010)

To improve the quality of their services, universities also considered out-sourcing some of the services. The limited finances and large student numbers have brought about challenges not only of maintaining but also of improving the quality of their services. It is because of this situation that some universities have become more innovative in their endeavor to augment and diversify their funding and frugal in expenditure by considering "outsourcing" as an option in their efforts to cut costs, improve efficiency and meet the demands for greater accountability (Sang, 2010).

The act of "outsourcing" focuses on some services previously provided and managed by the university itself.' (Sang, 2010) 'outsourcing' is used to describe a situation where someone who is not on the university payroll manages the whole or part of a specific university functions, such as catering, in the sense of fulfilling all the operations of that function; employing staff (whether these staff were formerly the university's staff or their own) and using assets (whether the university's or their own) to provide services in the designated function (Sang, 2010). Public universities are still experimenting with the 'fancy' idea of outsourcing. The reason for this is that universities should concentrate on their "core business", namely teaching, research and community services (Sang, 2010).
As a result of these and many other measures, the revenue coming from non government sources has been increasing. The income generated by the module II programs at the University of Nairobi grew from 4 percent of total income in 1998-99 to 40 percent in 2007/08. Nevertheless, the revenue diversification measures being undertaken offset only a fraction of the considerable financial austerity facing public universities in Kenya today (ICHEFAP, Kenya, 2010).

The private higher education institutions in Kenya cover less than 20% of the undergraduate higher education students of the country by 2009. With the exception of the United States International University, most private higher education institutions are religious. Most of them emphasize on arts and commercial courses. Due to the high tuition fees and capacity limitations, the number of students enrolled in private higher education institutions could not jump from 500 in the smallest and 2000 in the largest institutions.

4.10.4. Comparison

Comparatively, Ethiopia and Kenya have started higher education system almost in the same period, in the 1950s. They experienced the British system of higher education at different times. Except for a slight difference, both countries have similar education system (Ethiopia 8+4+3 and Kenya 8+4+4). Both countries have promoted the emergence of private higher education almost around the same period. The Ethiopian side of the private higher education claims more than 24% while the Kenyan is less than 20%. Both countries have made attempts to invest a reasonable share of government budget to education, initially more emphases to basic and secondary education. Due to incompatibility between expansion or demand and revenue, the governments of both countries were unable to finance higher education as before. Both countries overwhelmingly suffered under expanded higher education that has been caused by public and private demand, population increase, and the need for trained manpower. This expansion in enrollment and institutional growth took place in a situation of inequitable and inadequate financial revenue. Therefore both countries have introduced cost sharing at different period and in different level. In the implementation process both countries suffer from unemployment and emigration. In the introduction and implementation of cost sharing, Ethiopia and Kenya have different experiences as well.

Kenya has developed cost sharing very slowly and earlier than Ethiopia. Actually, Kenya started since 1983, while Ethiopia launched in 2003. So, the experience Kenya has developed in the realization of cost sharing is substantial. Ethiopia and Kenya have different experiences in the implementation of cost sharing. Kenya has accumulated an experience of more than 25 years. Unlike Ethiopia, who has directly jumped into a total cost sharing stage, Kenya has moved very slowly from the introduction of accommodation, food and book fees in 1983, to tuition fee and the cost of maintenance in 1991, and to Module II program in 1998. Kenya has also established student loan schemes to cover both tuition fees and student livings. Kenya also established a separate responsible organ to deal with issues of cost sharing and its implementations. HELB (Higher Education Loan Board) is one of these establishments. Unlike Kenya, the student loan in Ethiopia covers only the tuition fees, other fees and user charges. Other student living costs are burdens of the students themselves or their parents. Ethiopia did not establish any office or institutions that is responsible for higher education cost sharing and its implementation. Kenya has succeeded to avoid the issue of the whereabouts of beneficiary graduates by coordinating the various responsible institutions where as Ethiopia is not yet capable of controlling this problem.

Kenya eventually has developed means-tested scheme to minimize default rates, where as Ethiopia is applying generally available loan for all regular student of public higher education. Unlike in Ethiopia, Kenya has incorporated the direct participation of parental contribution in her cost sharing policy by introducing upfront payments.

4.10.5. Concluding remarks

Compared with Ethiopia, Kenya has a relatively success story. This seems to emanate from some major factors such as experience, periodic evolution and institutional autonomy. Kenya started in 1983 (20 years before Ethiopia) with minor stages or in some ways acceptable forms of cost sharing such as accommodation of food and book to be paid through the University Students' Loan Scheme. This gradually developed into the 1991 introduction of cost sharing that has required the coverage of tuition fee and maintenance cost. This is the Module I scheme. In 1998, Kenya developed the Module II program by which many of the public universities have increased their revenue and minimized their dependency on government funds. Moreover, Kenya has also maneuvered in realizing the mechanism of repayments. When it was realized that the University Students' Loan Scheme failed to control the high default rate, a new board (HELB) was established to work in coordination with the countries revenue authority and health insurance. Kenya also minimized default rates and diversified the revenue through the two programs and by enforcing upfront payments by those able-to-pay and reduced default rates through some sort of means testing mechanisms. Within fifteen years from 1983 to 1998, Kenya has revised her cost sharing policy three times. This is important lesson for Ethiopia.

Ethiopia can learn other experiences from Kenya. It can learn the importance of establishing a separate responsible institution to run the policy of cost sharing and its implementations. Such a responsible institution could also coordinate other supporting institutions. It could also shoulder the responsibility to carry out research endeavors regarding cost sharing and its implementations processes. The Kenyan experience also shows the need to reconsider the scheme of generally available loan and the need to integrate some sort of means-testing mechanisms and directly involving parental contributions through the introduction of upfront payments.

Kenya has reported that it has worked strongly on the cultivation of the culture of credit and repayment, an important endeavor that Ethiopia has missed. Ethiopia has to learn from this that the cultivation of such a culture is important and necessary in the efforts of implementing cost sharing policy.

CHAPTER FIVE

SUMMARY, CONCLUSION, AND RECOMMENDATIONS

This section of the study deals with interconnected issues of summary, conclusion and recommendations. The summary is a brief and concise description of the study. Conclusion tries to emphasize on the major findings of the research. The last part deals with some points that may help to improve higher education cost sharing and related difficulties exhibited in developing countries, including Ethiopia.

5.1. Summary

Higher education massification is a post-WWII phenomenon of enrollment and institutional expansion that is multi-dimensional and global in character. It seems to be irreversible and at some level desirable. Its desirability is connected with the objectives of equity and access.

Higher education institutions of many developing countries, particularly countries of Sub-Saharan Africa have been significantly affected by the poor economy that has been exacerbated by the growing higher education enrollment and institutional expansion. Backed by such philosophical and economic arguments as higher education rates of return, equity, and efficiency, growing higher education enrollment has caused far-reaching, country and institution specific, turbulent reform processes and one of these is the higher education financial reform. The growing increase in higher education enrollment and the accompanying rising in unit cost has exerted financial pressure on the already scarce public revenue and caused the inescapable higher education financial austerity. This is more pronounced and exhibited in the developing countries particularly in the region of Sub-Saharan Africa because countries in this region have experienced increasing enrollment pressure resulting from high birthrates and low current tertiary participation rates. The financial problem has become more pressing due to low per-capita gross domestic products and the inefficiency of governments to tax. All these situations explain the worldwide trend toward the introduction of cost sharing and searching for other alternative forms of revenue supplementation and diversification. So, the introduction of cost sharing in an environment of global trends and national public revenue stringency seems to be logical and compulsory.
Cost sharing, which is an introduction or increase of tuition fee, other fees and user charges, is partly the result of massification or expanded higher education and the rising unit cost. Arguably, cost sharing has been adhered and favored for its role in promoting higher education efficiency and equity.

Four parties are in the forefront in sharing the cost of higher education. These are students, parents, governments and donors. Private investors also share the burden of the growing higher education demand.

In its form, cost sharing could be explained in terms of the three major categories that are related to the total higher education financial expenses (costs of instruction including staff compensation, equipment and utility costs, other supplementary costs of instruction such as expenses on books, travels … and cost of student living). Tuition fee, other fees and user charges are the three major cost sharing categories. Moreover, there are other forms or stages of cost sharing. (See section 3.4.2 for details)

More than thirty African countries have already started some form of cost-sharing by 2009. Frightened by oppositions, most of them have embraced cost sharing slowly and cautiously and usually limited to the easier and more politically acceptable forms. Some countries like Kenya, Tanzania and Uganda introduced the form of dual track under the umbrella of fee-free higher education policy. For reasons of lack of experience, culture of credits, poor system of taxation and organizational structure, opposition…, with few exceptions, cost sharing policy in the Sub-Sahara African countries seems to be frail in its implementation.

Ethiopia, on the other hand, has launched the single track form of cost sharing in 2003. The Ethiopian government, for the partial recovery of the higher education cost, legally shared the higher education cost with students. Students are to cover 15% of the instructional expense and the full costs of their living expenses (food, room and health care). The remaining cost of higher education will be covered by the government from the public treasury.

Considering that students could not make upfront payments for their higher education, the government of Ethiopia has preferred to apply graduate tax type of loan repayment mechanism. It is adopted from the Australian Higher Education Contribution Scheme. The government has made generally available loan for all higher education students. The money is directly channeled to each higher education institutions to cover tuition fee, other fees and food, room and health care costs of the students. Legally, student are supposed to repay their debt in three ways: in deferred way after graduation from their income, by making upfront payments through some percentages of incentives, and students in some specified programs such as the teaching profession and medicine are required to compensate their debt in service.

In cost sharing policy implementation, Ethiopia shares all the drawbacks of the rest of the developing countries. It adopted a scheme from a country with drastically different profile. Most of its systems were not adjusted and ready to implement the complex features of cost sharing. In addition, the poor culture of credit and beneficiaries awareness has been complicated by critics and oppositions. All these factors seem to have eclipsed the process and endeavor of implementation.

To conclude, most Sub-Sahara African countries are staggering in implementing the supplementation and diversification of revenue, and achieving equity and efficiency in higher education. The issue of equity particularly is not the problem of developing countries alone; it has a global dimension. On the criterion of social equity, according to James (2007), the role of cost sharing is also becoming globally uncertain. Of course, social equity in higher education is a serious problem in the developing countries than in the developed countries.

> *The most obvious drawback is equity. There is a reasonable fear that pnvatization and cost-sharing in education converts education from a social service to an economic commodity, sold and distributed to those who can afford to pay for it. These fears cannot be ignored. It is necessary to establish mechanisms that will ensure that the poor are adequately assisted. Also, concerted efforts have to be made through public awareness campaigns to make people realize the consequence of government failure in achieving the basic objectives of quality, equity, and efficiency in education. All interested parties (parents, students, institution managers, etc.) need to be involved in the planning and implementation of the cost-sharing schemes, these must be reviewed from time to time.* (Maliyamkono and Ogbu, 1999)

Moreover, due to its complex nature, as this research has stressed, the efforts to implement the policy of cost sharing has confronted many difficulties. On the other hand free higher education has become unfair and socially inequitable. Hence, in spite of the difficulties and complexities governments should continue searching for sources of non-government and supplementary revenue to finance higher education.

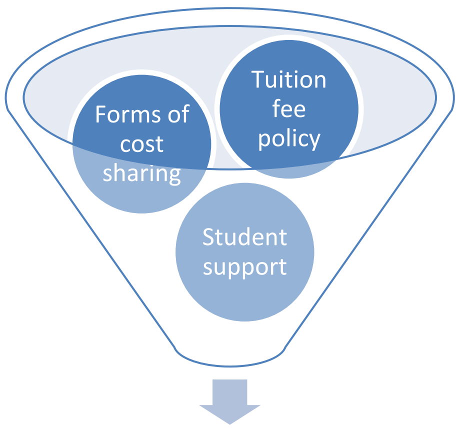


DIAGRAM- 2: Cost-sharing Funnel

From the above analysis of cost sharing, cost sharing rationales, policy implementation, and summary, the following conclusions could be made. The next section deals with conclusive remarks of the study. It is organized in to three brief sections that give more focus on the situation of developing countries and Ethiopia.

5.2. Conclusion

The irreversibility of higher education massification or expansion and growing enrollment has caused the inevitability of the rising of higher education cost in general and unit cost that has resulted in higher education financial austerity. This in turn has required governments and institutions to search for alternative sources of revenue to finance higher education. Even though, financial necessity is considered as the major driving force in the introduction of cost sharing, the intrusion of some market principles such as competition and cost effectiveness, the evolution of the principle of social equity and rates of return in higher education also played significant role in the search of alternative sources of revenue and the share of the cost of higher education. In spite of the introduction of the policy of cost sharing, many developing countries particularly in Sub-Saharan Africa have faced difficulties in implementing the policy.

5.2.1. Challenges of Mass Higher Education in Sub-Saharan Africa

This and many other studies have attested that, with varying degree, the closing decades of the 20^{th} and the beginning of the 21^{st} centuries have witnessed the increasing importance of higher education world-wide. Higher education is considered as one of the vehicle for both public and private socio-economic developments. This is one of the reasons behind the growing increase in enrollments and expansion of higher education in many countries.

However, this universally acknowledged imperative of higher education appears to have been limited by financial stringency mainly in developing countries. This has been manifested by overcrowded classrooms, declining faculty-student ratios, deterioration of institutional physical plants, depletion of laboratories and libraries, and the introduction of cost sharing accompanied by all its difficulties of implementation.

Apparently, the reasons behind these problems include the following major factors. The escalation of unit cost or per-student cost rising, the increasing enrollment, and the 'cost-disease' nature of higher education. The emergence of the principle of rates of return has also convinced many groups and governments not to finance higher education as before. Governments have intended to share the cost of higher education with beneficiaries. The financial problem in Sub-Saharan African countries has been intensified by the policy of foreign donors that have been considered as the major supporters of the region. Initially, due to the assumption that from higher education has low social benefits, government were encouraged to give due attention to expand basic and secondary education without a proportional expansion in higher education. Later on, foreign donors have started to redirect governments to give due attention to higher education as well because higher education has been considered as one of the main instruments to achieve socio-economic developments. These policies of foreign donors have produced conflicting effects: Foreign donors drastically reduced their financial support for higher education and advised government to channel more of their revenue to basic and secondary education. These international and national financial neglects have starved higher education. On the other hand, secondary education has produced large numbers of school leavers who aspire for higher education. After the change of policy, emphasis have been given to the institutional expansion and sharing of the cost of higher education with beneficiaries.

Sub-Saharan Africa, unlike any other region in the world, has exhibited high percentages of higher education enrollment and financial shortage. Hence, the need for alternative and supplementary revenue sources is inescapable and urgent. The introduction of cost sharing thus became the apparent and logical way out from the financial austerity.

Paradoxically, it is this same region that has faced formidable challenges to realize cost-sharing schemes. The challenges could be political, economical, historical, or technical. There were oppositions because of inherent poverty, the tradition of free higher education, and the technical incapability of realizing such a complex policy. The bereft of proper infrastructure, resources and capacity, and poor technological capacity have also made the application of cost sharing in Sub-Sahara African countries very difficult. The situation became more complex when countries are rushing to borrow and install cost sharing practices from outside without conscious scrutiny. Contextualizing issues and problems helps to find the solution. As a result, many cost sharing policies in Africa, with some exceptions, resulted very much below expectations. Of course the process has created an environment of learning.

Conclusively, the prevailing challenges and complexities have made the policy of cost sharing and all related aspects such as equity, access and efficiency/quality doubtful and far from being attained in the near future in the region of Sub-Saharan Africa. In general, the achievement of cost sharing in its real sense, in developing countries, appears to be a distance goal because of the continuing frustration by the combination of political, ideological, technical, economic, and cultural impediments. Paradoxically, as we observed from the dual track practices of some East African countries, the traditionally disadvantaged sections of the society are further pushed away from higher education, in an apparently cost sharing scenario. Arguably, Sub-Saharan Africa seems to have been engaged in the application of cost recovery than cost sharing.

5.2.2. Cost-sharing in Ethiopia

The new political economy policy caused by the change of government in 1991 and the international environment have been the impetus behind the introduction of cost sharing in Ethiopia in 2003. Nationally, the socio-economic situation has been reactivated on a free market policy. Globally, the traditional practice where higher education has been financed by merely by public revenue has become impossible.

The new socio-economic situation has required greater skilled manpower. The increase of higher education enrollment has been aggressive in the face of the existence of only two universities and the high demand for human capital. It launched, with the prevailing limited resource and foreign aid and credit, an extensive construction of universities. This endeavor has increased the public universities from two to 22. The construction of these institutions has increased the participation rate significantly. Few universities are expected to appear in the future. Because the larger portion of the education expenditure is for construction, the internal facilities and the per-student expenditure has been on a ‘starvation diet.’ Hence, supplementary financial revenue is badly required. The apparent option has been cost sharing.

First, to support the public revenue from a non-government source of finance, Ethiopia has introduced the policy of cost-sharing in 2003. It has preferred to introduce one of the variant of income contingent loan, graduate tax. In principle, it is a deferred repayment scheme through which higher education beneficiary graduates will start repayments after one year of grace. Beneficiary graduates are expected to pay 10% of their income and amortize their debt within 15 years. Ethiopia claim to have adapted the scheme from the Australian Higher Education Contribution Scheme (HECS).

From the very beginning, the adoption of a system from a country that is very different in its socio-economic system seems to be very problematic. Unlike Ethiopia, Australia has a long historical experience of cost sharing. It has experienced the ups and downs of cost sharing. Moreover, Australia has better administrative and tax system compared to Ethiopia. It has also developed a good credit culture and repayment practices. The economy of Australia is much better than Ethiopia to afford the loan scheme has been interest free and the expenses required for implementation. The incentive offered for up-front payers in Australia is 25% while it is between 3-5% in Ethiopia. On the basis of these differences, one can safely conclude that, Ethiopia has adopted/borrowed a scheme that appears to be incompatible with its status quo and problematic to implement.

Second, the issue of shifting a portion of the financial burden of higher education from governments or taxpayers to students and/or parents and families could not be easily accepted, particularly in a country where higher education has been provided for free, at least, for those privileged. There are strong covert and overt critics against the system of cost sharing. The oppositions emanate from a consideration that public benefits are higher than the private benefits because society is the major beneficiary of higher education. Moreover, the introduction of cost-sharing has been opposed on the ground that it will further deny the low socio-economic situation and the rising living cost. In addition, the generally available student loan scheme has covered only tuition fee, other fees and user charges. Other student living costs remained to be the burden of students and/or parents. All these eventually deter the poor but academically strong students from participating in higher education. Others have strong doubts on the applicability of the system, because the country is not technically, politically and culturally ready to implement the complex scheme of cost sharing. The conclusion from these critics is that cost-sharing in Ethiopia has faced challenges that seem to have strong and far reaching impacts on the process of implementation. The policy of cost sharing has been introduced in a situation where some minimum requirements are not laid down. Hence, the realization of expectations from cost sharing seems to be hampered and has probably limited value.

Third, policy makers have claimed that the rationales to introduce higher education cost sharing are equity, efficiency and revenue diversification and supplementation. The uncertainty of the achievements of particularly equity has been discussed in the previous sections. Let alone economically poor Ethiopia, the developed nations of the world are still struggling to attain equity; and yet it is becoming a long journey and a mirage. Or the attainment of social equity in higher education requires uninterrupted and protracted effort, more financial expenses, and longer time. The expansion of higher education institutions alone could not bring about social justice and encourage the low socio-economic sections of society to participate in higher education. The government needs to work hard from lower education levels to encourage and inform disadvantaged sections of the population about the private benefits and the financial supports students could get to attend higher education. When it comes to efficiency, similar problem is observed. The decline of expenditure per student will have an adverse impact on the quality/efficiency and relevance of education program. The other rationale for the introduction of higher education cost-sharing is the sheer need for additional financial revenue. In the Ethiopian context, the attainment of diversified and sustainable financial sources is not promising. So, the realization of the rationales sought for the introduction of higher education cost sharing has been under complex difficulties.

The three generalizations made above (the borrowing of incompatible scheme, strong critics against cost sharing and the prevalence of complex problems of culture, system and structure to realize the rationales) have direct impacts on the policy implementation of cost sharing, which is the issue of the next section.

5.2.3. Cost-sharing Policy Implementation in Ethiopia

The implementation of cost sharing policy remains to be the main challenge in most African countries for student loan to be effective and sustainable. This means that the basic rationale for the introduction of cost sharing has been entangled with many problems. This situation sustains higher education financial austerity that greatly impacts higher education access, efficiency, and quality.

In this respect, the main sources of problem include long grace and repayment periods that exacerbate the losses; students are unaware that they are incurring a real repayment obligation, lack of coordination among partners responsible for loan collection, lack of commitment on the collecting agents and beneficiary graduates, poor culture of credit and repayment practices, and the inadequacy of the economy to provide sufficient job for the beneficiary graduates of higher education. Poor structure and system of collection also plays a role in poor performance.

The ideal time to start collecting repayments in Ethiopia was the academic year 2005/2006. The reason is that cost sharing has been introduced in 2003/2004 and the first beneficiaries, (who have been in a graduating class by 2003/2004) in a three-year program, graduate in 2004/2005. The policy has offered them a one year grace. Thus, these graduates are expected to start repayment by 2005/2006. The existing data shows that repayments have been commenced in 2006/2007 academic year. Five years have already elapsed. Compared to other country's experience, this is a short time to be analyzed in detail. However, the trend has shown that Ethiopia is facing potential and some actual problems that may indicate the uncertainty of the effectiveness of its policy implementation. The introduction of the policy of cost sharing, in terms of its implementation capacity, is untimely as well. Or Ethiopia was not ready for such a grand policy of cost sharing.The following are cases in point to support these conclusions.

First, the Ethiopian government has collected only birr 4,176,464 in the academic years between 2006/2007 and 2008/2009. Second, Ethiopia has provided generally available student loan without adjusting the system that could make collection possible and easy. Means-testing, on an Ethiopian context, is not in use to minimize both the loan and the default rate. Moreover, the loan that has been sponsored by the government does not include other than tuition fee, other fees and user charges. Other student living costs continued to be the burdens of students and/or parents. This can be one basic reason to deter low socio-economically disadvantaged sections of the society from participating in higher education.

Third, the 10% monthly deduction from beneficiary graduate's income, particularly at this time of escalating living cost is a great amount by international standards. It will leave the new graduate, who is expected to support not only himself/herself, but also other families and extended families, with less amount for consumption and investment. This situation not only pushes beneficiary graduates to harbor either in private enterprises or in a self-employment, but also discourage the low socio-economic groups of the society from accessing higher education.

Fourth, the 3-5% incentive for up-front payments has no power to encourage students to make up-front payments. So, beneficiaries are less committed to make up-front repayments.
Fifth, considering that cost sharing and the repayment process is implemented as expected, the legal exemptions of some programs from graduate tax (to repay in terms of service years) could greatly reduce the expected cost recovery. Around 35% of the regular undergraduate students are exempted from payments from their income. This may attract some students to join where there is working force scarcity. However it is also risky in that others may demand the same opportunity. This will harm the financial contribution of the system. Moreover, the principle results in adverse selection. Some student, to avoid future payments, may be obliged to join fields other than their interest.

Sixth, there are other scenarios that require no regulatory measures but the efficiency of the higher education institutions. It is necessary to note several factors that may reduce the possible yield of the graduate tax. Specifically, the yield of the graduate tax could be greatly affected, if the number of graduates relative to total enrolment is low.

Seventh, In a society where the culture of public credit is short lived or poorly organized, expecting beneficiary graduates to fulfill their responsibility, without some sort of support and enforcement, of loan repayment is far from being realistic. The country has made little efforts to cultivate the culture of trust, credits and repayment of loans. Hence, there seems to be a growing unawareness among the student population that cost sharing is a real scheme to be implemented. In situations where the political system is not well-established and stabilized, and where there is low culture of credit and repayment practices, both overt and covert public critics against cost sharing is very strong, all could avert beneficiary graduates from considering repayments. However, some scholars have advised to break opposition and take some measures to relief higher education from its financial austerity. Ultimately, this should be one of the way-outs.

Eighth, in case of system**,** the country tried to collect student loans through the existing poorly organized tax collecting system. The country did not make substantial system change to accommodate the many-faceted and complex implementation process of cost sharing. Most of the partners in the collection of cost sharing lack the necessary records, resource, coordination, commitment, and skill … to collect repayments from beneficiary graduates.

Ninth, the international situation (in which many of the student loan exhibits failure) is also frustrating to believe that the Ethiopian cost sharing scheme, particularly the implementation of cost recovery, with all the interwoven difficulties, would be a success.

Tenth, moreover, implementation process also needs to have a number of decision points through periodic and systematic analysis and evaluation to identify problems and challenges encountered in the course of implementation. Evaluation enables to identify unforeseen constraints, correcting errors and subsequently reformulating the strategies of policy implementation. This can move to the extent of changing expectations and goals of the policy if necessary. Ethiopia has failed to undertake this aspect of implementation.

The message of these conclusions is not to undermine the importance of cost sharing. It is rather to reflect on the limitations, complexities and difficulties that hamper the implementation of the policy. Based on these it is to make government aware that it has to continue searching for sources of non-governmental and supplemental revenue to finance higher education. In this case, I believe that cost sharing policy in Ethiopia needs general reconsideration.

The whole process could be considered as a learning process. It is useful also to have in mind that public policy apart from of policy makers' conviction and decision, is vulnerable to many unexpected consequences and effects or influences. As a public concern it invites directly or indirectly actors with different and opposing interests, goals, and strategies that may hamper and distract expectations. Organizational restructuring and well inculcated public discourse, commitment, sufficient human and financial resource… are the necessary preconditions to enhance the success of policy implementation.

Hence, policy makers should learn from previous experiences and try to revise their policies (expectations) and practices, and revisit, not only one country's or institution's scheme and practice but also they have to consult the international success and failure stories and practices on cost sharing so as to develop a more applicable scheme. They have to be more conscious to exploit national innovative resources and situations as well. The following section recommends some points that may help to improve the policy of cost sharing and its implementation.

5.3. Recommendations

The international experience in recent decades with resource mobilization and financing of higher education clearly manifests the importance of not relying on a single (government) source of funding. Due to decline of revenue and increase of unit cost or per student unit cost rise and the growing demand for higher education, governments and higher education institutions are obliged to search for supplementary sources of revenue. The ideal financial sources, in an African scenario, are students and parents. Thus, governments and students/parents should share the cost of higher education. Students/parents should share for the reason of the private benefits they earn from higher education. Government, on the other hand, should continue to share higher education cost for the consideration that higher education has significant public/social benefits that could support the national socio-economic, cultural and political developments efforts. The growing diversity of funding sources has been an important and effective response by many governments and institutions to the mismatch between higher education demand and resources. It seems clear that most countries should rely on a mix of funding sources to achieve the objectives they seek for their higher education systems. Diversified, sustainable and additional revenue is paramount to enhance efficiency, quality and social equity in higher education. For some developing countries, this is not an easy task. It is becoming a protracted and long journey.

To develop multiple funding sources, African countries better have a comprehensive approach that combines different tools that can provide immediate as well as mid-and long-term solutions to ensure financial sustainability. These solutions should move step by step or from simple to complex stages. African higher education institutions, for instance, could emphasize on the quality of education and research that is geared partly in finding context-based solutions to the existing financial and access problems. The search for solutions and the application of contextual measures depending on the situations and constraints specific to each country will be more relevant and realistic than rushing to borrow incompatible and alien schemes. African countries, particularly Sub-Saharan Africa should also manage the growth of both secondary and higher education enrollments to the proportion of the available resources. Moreover, this region could contextualize the application of cost sharing, try to improve governance and management practices, fight against corruption, and develop the culture of discussion to solve problems peacefully and to cultivate the culture of trust…

All these require the support of the political system and the allocation of adequate and sustainable resource. And to do this, the region of Africa should fight against undemocratic practices, struggle for peace and security, improve its tax system and develop efficient tax collection to augment revenue. Moreover, I found it convincing to include some of the suggestions provided by Johnstone (2004a) to be reconsidered by African higher education institutions and governments (Ethiopia included) in their efforts to implement loan recovery. The following are some of his recommendations with few additions:

To make loan recovery more effective and sustainable, the scheme needs to have professional, incorruptible, and technically expert collection agency. This agency could organize universities and other eligible tertiary level institutions as partners in the program. These partners could assist the agency especially in cultivating the culture of credit repayments, and in keeping track of the borrower's whereabouts, at least during the in-school years. Particularly, universities could also support the agency in carrying out cost-sharing relevant studies to evaluate the process of implementation and to suggest applicable recommendations to improve the program.

The effort in student loan collection should be supported by a legal authority to collect, technologically driven recording and record preservation, a body that can track borrowers and verify financial conditions, advisors and counselors in the universities, the mass media to inculcate the importance of cost sharing and cost recovery. The agency has to develop the capacity of both the government's tax-collecting authority and employers in the collection of repayments.

The setting of tuition fees should be free from political pressures as much as possible. This could happen if countries consider the establishment of an independent board that can buffer the government and the higher education institutions. The board could freely establish the base year tuition fees and also make reasonable annual increases thereof.

To reduce the cost recovery default rate, tuition fees should be accompanied by means-tested or need-based student loans and where necessary student grants. The loans and grants could be made on the basis of carefully and clearly established means-testing criteria. These criteria should be easily identifiable and verifiable. The criteria should be discussed, agreed and accepted by the relevant bodies, for instance, students, higher education institutions, parental representatives, and etc. Parental living standard, children's schooling, disadvantaged regions and the like could be used to determine the eligibility of a student for a loan and/or a grant.

To minimize the inevitable political resistance to cost-sharing, a democratic way of consensus building mechanism should be devised and a multi-year progression of stages of cost sharing should be introduced. The scheme should, step by step, further shifts costs of higher education on to students/parents and this should be considered as a clearly supplemental to government funding but not a replacement. The shifting of portion of the cost of higher education to students/parents need to be closely associated with the improvements in the quality of higher education, enhancement of opportunities and enrollments, and extension of participation and accessibility to hitherto under-served populations.

Unless there is wide public support for change, the use of pilot projects, policy experimentation, and favoring incremental reforms rather than comprehensive overhaul will be more safe and predictor of unseen problems and situations. In addition, it will be useful to avoid reforms with concentrated costs and diffused benefits, identify potential losers from tertiary education reform, and build in compensatory mechanisms and improve communication to enhance reforms and the costs of inaction. (OECD, 2008)

Generally, the challenges posed by the rapid growth in higher education require governments, policy makers, academics and stakeholders in higher education to reevaluate policies and their implementations in relation to national and institutional contexts.

To wind up, this study shades light to the challenges of higher education massification/expansion and the accompanying financial stringency and the responses of governments to the financial austerity, the introduction of cost sharing in its various forms, and the attempts made to implement the policies of cost sharing. The discussion has concentrated on the experiences of developing countries, with particular references to Ethiopia. The study has tried to analyze the rationales behind the introduction of higher education cost sharing. It also tries to analyze the ups and downs, the achievements and failures of cost sharing practices and related issues. In this respect, this study will be helpful for policy makers to reconsider their practices and plans. Furthermore, scholars and students of higher education and cost sharing could use it as a supplementary reference for their study. In this respect it is an addition to the world of knowledge. For me, in addition to enhancing the practice of research, this study has developed my understanding about the complex nature and aspects of higher education cost sharing and its implementation.

I am not in a position to claim that this study is exhaustive. There are many pitfalls. In most cases, situations in developing countries are analyzed derivatively from the angle of the developed world. This study is carried out on the basis of the analysis of the related literature, available primary sources such as annual abstracts, observation and informal and complementary oral information. In the course of the study, I came to realize that there are many issues that need further study. More context-based and inward study will be important and more helpful.

In respect to developing countries, scholars could also make emphasis on the following research agendas:

1. Can developing countries afford mass higher education without compromising educational quality and efficiency?
2. How developing countries are trying to implement cost sharing?
3. What are the major sources of problems of higher education access in developing countries? Can they attain higher education social justice in the near future? If not, what can they do?

4. What is the impact of foreign influence (foreign aid, foreign context driven research …) in developing countries' higher education?

These and other related issues, if studied from the point of view of the context of developing countries, may provide some clue to solve some problems of higher education expansion, finance and access.

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ANNEXES

Annex-1: Forms or Stages of Cost-Sharing

Type of Cost-sharing	African Country Example[s]	Other Country Example[s]	Potential Revenue Impact	Potential Political Acceptability
1.Small 'earmarked' fees (e.g. registration, examination, or 'caution' … but not yet 'tuition'	Most African Countries (Nigeria a good example).	India, Egypt	Generally small	Quite acceptable
2.The"freezing" (lessening of the "real" value) of student grants	Most African Countries	US (to Federal Pell grants), Russia, other "post-Communist"	Generally small but continuous	Relatively acceptable
3. The cutting or elimination of some student support grants.	Most African Countries	UK (elimination of Mandatory Grants)	Small to large	Unpopular (protest in Ghana (1991; also in Kenya and Tanzania.
4.The encouragement and even revenue support of tuition-dependent private sector	Kenya, Tanzania, Uganda, Ghana, and other countries.	Pervasive (especially the Philippines, Japan, Korea, Brazil, Russia, etc)	Significant over time—but requires tuition fees.	Quite acceptable
5.The introduction of fees for lodging and food.	Most African Countries	Most OECD Countries, China, Vietnam, Mongolia	Can be large	Unpopular, but can be done gradually—and has precedent.
6.The introduction of tuition only for students not admitted to "free" slots: dual or parallel track.	Uganda, Kenya, Ethiopia?, Tanzania	Russia, other NIS, Czech Republic, Poland, Hungary	Can be large	Acceptable: provides opportunities to students who had none.
7.The introduction of tuition only for *certain* public institutions or programs.	Nigeria (tuition for state, but not federal, institutions)	Mexico (State and federal universities other than UNAM)	Medium to large	Relatively acceptable

8.The introduction of tuition in the form mainly of *deferred contributions*.	Reportedly under consideration in Ethiopia	Australia, New Zealand, Scotland, Wales, proposed for UK	Uncertain revenue and therefore state savings in future	Relatively acceptable
9.The introduction of "up front" tuition fees at all public institutions	South Africa, Mozambique	Britain, Netherlands, Austria, China, Mongolia, Vietnam	Large	Unpopular
10.Enhancing recovery on student loans	South Africa (success-fully); Kenya and Ghana (attempting).	US	Potentially significant, but extremely difficult to effect.	Relatively acceptable
11.Large increases (beyond the rate of unit cost increases) in tuition: increase in % of costs recovered		US	In response to state cuts, so no *net* revenue impact.	Angers politicians and press; moderately unpopular to public.

Source: (Johnstone, 2004b)

Annex-2: Forms of Grants by Target, Purpose Served, and Conjectures Regarding Effectiveness

Forms of Grants	**Target**	**Public or Institutional Purpose To Be Served**	**Conjectures Regarding Effectiveness**
Direct grants based on low income or assets of family (***means-tested)***	Financially dependent children of low income parents	(Public) reduce financial barriers, and enhance targeted student participation; (institutional) enhance diversity and thus value of education and degree.	Especially applicable in cases where parents are officially expected to contribute to higher educational expenses of children. Requires cost-effective and verifiable system of means-testing.
Direct grants based on student's *own* low income and/or assets	Adult or independent students with low income or assets.	Reduce financial barriers, and enhance targeted student participation.	Conceptually complex as almost *all* independent students have 'need' and the case for grants as opposed to loans may be less compelling.

Direct grants based on other attributes than parents income: associated with underrepresentation (such as ethnicity, gender, or regional location)	Underrepresented ethnic minorities (in some countries, females).	Reduce financial barriers, and enhance targeted student participation.	Likely effective in combination with low parental income, but increasingly politically controversial.
Direct grants based on academic promise or prior high school achievement (merit)	High achieving secondary school students.	(Public) enhance academic effort of many secondary school students; (institutional) enhance institutional prestige.	Attractive mainly to political conservatives; questionable use of public funds as grants have minimal effect on student enrollment behavior.
Direct grants based on academic achievement while in college or University (**merit**)	Students who achieve academically in College/university.	(Public) enhance academic effort in post-secondary institution; may enhance timely progress to degree	Unclear how much influence such rewards have on grades.
Direct grants based on special talent deemed beneficial to the institution	With e.g. athletic prowess or musical talent.	No public purpose, but may enhance prestige of institution or program	Little or no use with public funds; increasingly controversial with athletes in US.
Up front subsidy (*effective grant*) to borrowers in form of low interest rates based on low income of family or other attributes associated with underrepresentation	Targeted students who nonetheless must borrow for some or all of the private costs.	May reduce debt aversion and "awkwardness" of defaults; May increase willingness to borrow.	Expensive and "trades off" with direct grants; not clear that interest rates factor into any debt aversion or willingness to borrow.
"Remaining debt forgiveness" (effective grants) based on borrowers' own low lifetime income (in an income contingent loan contract)	Students whose low "lifetime" income makes it impossible to repay entire student debt—and are eventually released from further repayments	Reduces risk of unmanageable debt and possible "debt aversion"; may increase willingness to borrow	Assumes workable income contingency: If so, then basing subsidies on *own low lifetime income* may be preferable to basing subsidies on *parent's low income at time of initial borrowing.*
"Debt reduction" (*effective grants*) based on academic performance while in	Good academic performance while in college	(Public) May enhance academic effort in post-secondary institution;	Unclear whether academic performance responds to the "prize" of debt reduction; may

college (***merit***		may enhance timely progress to degree	reward those who do not need rewarding.
"Debt reduction" (*effective grants*) based on borrower's post-graduation choice of professional practice or venue (e.g. teacher practicing in urban or remote school	Students who practice targeted professions (e.g. nursing) or in targeted venues (e.g. inner city or rural venues).	Enhance numbers of the targeted professionals and/or those who will serve in less desirable venues.	Unclear as yet how cost effective (compared to direct bonuses or direct income supplements).

Source: (Johnstone, 2006)

Annex-3:: Agents and Functions of Governmentally-Sponsored, Generally-Available Student Lending

Functions of Student Lending	Agents of Student Lending					
	Governments & Ministries	Public Agencies	Banks & Other Capital Sources	Universitie s & Colleges	Parents or Other Co-Signatorie s	Collectio n & Servicing Agents
Setting Terms e.g. eligibility, rates, & repayment periods	Government must set terms of loans					
Originating loans	Can originate, but not ideal for purpose	Can originate if can tap private capital sources	Can originat e if risk is born by other agents	Can originate & risk some (not all) default risk		
Bearing Risk of Default	Must bear risk via guarantee or up-front payment		Will bear risk only for credit-worthy borrowe r	Can bear some risk for credit-worthy borrower	Can bear some or all risk if credit worthy	
Subsidizing Loans	Only significant source (if any) of subsidy					
Providing Capital	From public budget or public borrowing	Can be conduit for capital via securitizat ion	Purchas e loans or securitiz e agency paper			

Servicing & Collecting	Can service , but generally inefficient	Can service if sufficiently efficient	Can service	Can service , but generally inefficient		Can service

Source: (Johnstone, 2009)