Chapter 10

UGANDA

Nakanyike Musise and Florence Mayega

History of Ugandan Higher Education

Uganda’s higher education system has its origins in the early 1920s with the founding of Makerere as a technical college to serve students from the British East African territories of Kenya, Tanganyika and Uganda. From its inception, but more so after the Currie Report of 1933, the architects of higher education envisioned a system that would almost wholly be financed by the state. In justifying this position, the Currie Report reasoned that there was a link between social demand and the possibility of increased social, cultural, economic and political returns from investing in higher education (Ashby 1966: 478 quoting Currie Report paragraph iv)

The combination of high expectations of social returns from higher education and principles which to a large extent have shaped Uganda’s higher education system were underscored and grounded by the Channon Memorandum and Channon Report almost ten years later (1940 and 1943 respectively). The Channon Report recommended that fees for higher education in the colonies should be abolished. In the Memorandum, Channon provided a cost-benefit analysis to justify the proportion of public funding which would be necessary for the provision of higher education. It was assumed that financial responsibility for higher education in the colonies would lie with the British Government for the foreseeable future.

But perhaps the most important report for the development of higher education system in Uganda was the Asquith Commission on Higher Education in the Colonies Report (1945). The Report established a pattern of higher
education in all former British colonies whose remnants persisted for over forty years after independence. For instance, access was to be dependent upon academic merit alone – open to all social classes without distinction of wealth, race, sex or creed. No mention was made of fees for students. The Report proposed high admission requirements and on this basis proposed that scholarships should be awarded on the basis of merit for ‘a selected few’. In addition, adequate funds were to be made available from universities for prospective students seeking entry. The Report specifically rejected as undesirable any form of bonding arrangements which might require recipients of scholarships or grants to enter government or other services. Its emphasis upon quality rather than cost was fully accepted and embraced by the colonial government. Most important for the financing of higher education in Uganda, the report entailed an in-built assumption that a large proportion of university expenditure, both capital and recurrent, would be met by Britain (Girdwood 1992). The origins of a financial dependency relationship of African universities have been attributed to this report. In fact, Girdwood (1992) has accused Asquith of presenting a model which established the expectations towards which education planners continued to aspire, even when the economic base necessary to make such aspirations viable was no longer present (Girdwood 1992: 13). Girdwood states that the ‘the model created was one which was designed, from the outset, to rely upon foreign financial assistance, and was therefore to remain very vulnerable to external agendas’ (Girdwood 1992: 2).

The 1950s represented an even more significant period for the funding of Uganda’s higher education system and saw the introduction of a bigger role taken on by the international aid agencies and the erosion of British monopoly over its present and former colonies. During this period the USA started to supply a substantial proportion of the funding necessary for the expansion of higher education on the continent. The Rockefeller and Ford Foundations and the Carnegie Co-operation of New York emerged as new major players. Equally important, the multilateral agencies also begun to take an active interest in the financing of higher education in Africa.

Whereas the attainment of independence ushered in a new way of looking at higher education in Uganda, it never challenged the colonially initiated financing arrangement. However, higher education was also expected to play a role in nation building (Coleman 1983) and hence state funding was further justified. Not diverging from the Asquith recommendations, the entire cost of university buildings, equipment and other facilities continued to be borne by the three East African states with students paying no tuition fees and being given subsistence allowances. This level of funding reflected the weight of social expectations from higher education.
In 1970, owing to the nationalist pressures in the region, the University of East Africa for which Makerere College had been a Constituent College since 1963 dissolved into three fully fledged independent universities (Makerere University in Uganda, University of Nairobi in Kenya and University of Dar es Salaam in Tanzania). Makerere University, like other national development initiatives, was to remain a public undertaking financed and supported from public sources.

The World Bank’s *Education Sector Working Paper: Education and Basic Needs* published in 1974 was the first major treatise to present a new development approach which would have more serious repercussions for higher education in Uganda. The document emphasised that lending to higher education would have to decline. This had two implications for borrowing countries. First, that national spending on higher education would be expected to reduce and second, as a corollary, higher education should find alternative and ‘relevant’ roles for itself. The document posed some fundamental questions about education structures, questions such as ‘Who should be educated, how, for what and at whose expense?’ (1974: 11). With the agenda (to neglect higher education) having been set by this document, the World Bank published its *Education Sector Policy Paper* (1980) with an underlining philosophy of putting key emphasis on primary and secondary education, and the bank paid little attention to higher education. In the last 20 years or so, financing Uganda’s higher education system has been influenced by the World Bank policy framework on education of the 1980s and 1990s.

**Overview of Ugandan Higher Education**

*Public Expenditure on Education*

Public expenditure on education as a percentage of GDP has increased from 1.5% in 1991 to 5.2% in 2002–2004. As a percentage of government expenditure, it has grown from 11.5% (1991) to 18.3% in 2002–2004, compared to Kenya’s 29.2% (2002–2004) (UNDP 2006). The highest proportion of this goes to the primary education sub-sector.

Public financing of education constitutes an average of 25% of the national budget. A survey of the expenditure trends over the period 1997/1998–2005/2006 indicates a range from 27% in 1998/1999 to 22% in 2003/2004. With the adoption of the Sector Wide Approach to budgeting and the medium-term expenditure framework in 1997/1998, all education-related activities were clustered in the education sector budget. This coupled with the introduction of universal primary education and a priority shift to basic education was the genesis of the decline in public support to higher education.

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</thead>
<tbody>
<tr>
<td>Total education sector spending</td>
<td>208</td>
<td>267</td>
<td>322</td>
<td>373</td>
<td>456</td>
<td>505</td>
<td>518</td>
<td>567</td>
<td>626</td>
</tr>
<tr>
<td>Total national expenditure</td>
<td>810</td>
<td>984</td>
<td>1226</td>
<td>1496</td>
<td>1895</td>
<td>2037</td>
<td>2343</td>
<td>2433</td>
<td>2686</td>
</tr>
<tr>
<td>% education sector at national level</td>
<td>26%</td>
<td>27%</td>
<td>26%</td>
<td>25%</td>
<td>24%</td>
<td>25%</td>
<td>22%</td>
<td>23%</td>
<td>23%</td>
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</tbody>
</table>


Demand for Higher Education
The Gross Enrolment Ratio (GER) in higher education is about 3.5% which is comparable to the sub-Sahara African average of around 4% but much lower than the world average of 27%. Enrolments increased by more than 260%, moving from 30 000 in 1995 to 109 208 by 2005, a more than three-fold increase in a decade. With the country’s high population growth and the introduction of universal primary education and, more recently, universal secondary education, the demand for higher education is likely to continue growing. In addition, the demand for higher education in Uganda is likely to increase as a result of such factors as (i) the increases in household incomes; (ii) growing recognition of the role of higher education in national development; and (iii) the expected high private returns to higher education.

The response to the unprecedented growth in demand for higher education has been an expansion in service providers, particularly the number of private institutions.

Structure of Higher Education
The higher education sub-sector in Uganda is stratified as follows: (i) degree awarding universities; and (ii) other tertiary institutions (commonly referred to as the technical sub-sector) offering diplomas and certificates. Universities are further categorised into public and private institutions. Public- or state-funded institutions are established by Acts of Parliament while the private universities are chartered, licensed or unlicensed. The ‘other tertiary institutions’ are similarly categorised into public and private.

By 2005, the higher education sub-sector had 152 institutions – 51 of these were public and 101 private. The university tier had 28 institutions, of which 5 were public, 13 chartered and licensed private, and 10 were unlicensed universities. There were 124 other tertiary institutions of which 46 (37%) were public. Public, ‘other tertiary institutions’ are predominated by National Teachers Colleges (NTC), Health Training Institutions (HTI) and Theological Institutions.
Private ‘other tertiary institutions, mainly comprise Colleges of Commerce and Management Institutions (NCHE 2005).

Table 10.2: Composition of Higher Education Institutions (2005)

<table>
<thead>
<tr>
<th>INSTITUTIONS</th>
<th>PUBLIC</th>
<th>PRIVATE</th>
<th>UNLICENSED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Universities</td>
<td>5</td>
<td>13</td>
<td>10</td>
</tr>
<tr>
<td>NTC</td>
<td>10</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Technical Institutes</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Colleges of Commerce</td>
<td>5</td>
<td>42</td>
<td></td>
</tr>
<tr>
<td>Forestry College</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cooperative Colleges</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hotel and Tourism</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management Institutions</td>
<td>3</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>Health Training Institutions</td>
<td>10</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Agricultural Institutions</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fisheries Institutions</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aeronautical Institutions</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development Centres</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communication Institutions</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Theological Institutions</td>
<td>9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meteorological Institutions</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>51</strong></td>
<td><strong>90</strong></td>
<td><strong>11</strong></td>
</tr>
</tbody>
</table>

*Source: National Council for Higher Education 2004*

Three public ‘other tertiary institutions’ do not fall in either category. These are the Uganda Management Institute (UMI) which is a degree-awarding institution mainly at the postgraduate level; the Law Development Centre (LDC) which is a diploma awarding-institution mainly for postgraduate law students from the various universities and the Makerere University Business School (MUBS) which offers degree programmes from Makerere University and also has independent diploma and certificate programmes.

*Equity and Access*

There are three main avenues for entering the university system. The first avenue is where secondary school graduates with two principal passes in the University
Advanced Certificate of Education Examination (A levels) can be directly admitted into the university, while the second allows diploma holders to be considered for entry. The third avenue is the mature entry scheme for lifelong learners and adults who missed the opportunity for direct entry through the formal school system.

The state has reserved 4,000 positions per annum for government sponsorship to students admitted into the five public universities. The system is merit based and students with the highest grade points are awarded scholarships based on the individual requirements of the institutions and the faculties where the students are to be based. The 4,000 students represent only 17% of the students who qualify for university entry and a mere 10% of the students who sit for entry examinations.

In 2005/2006 a new system was introduced primarily to redress the enrolment imbalance between the sciences and the humanities. In the new system 75% of the 4,000 government-sponsored students are admitted on the basis of merit but are limited to subjects deemed crucial to national development specifically in Science and Technology, Law, Performing Arts and Economics. A quarter of the 4,000 posts is left to address equity gaps. A quota system was introduced for the best students in each district, persons with disabilities and sportsmen and -women who meet the minimum requirements of specific institutions and programmes. Students who do not qualify for government sponsorship are admitted through the private sponsorship scheme or to the other tertiary institutions. State-funded scholarship therefore is highly competitive and mainly favours those from the higher social strata who can afford the best secondary schools.

Although higher education has traditionally been regarded as a public good in Uganda, it has remained elitist. Mayanja (1998) showed that 60% of students admitted to Makerere University were from the middle- and higher-income groups. Unfortunately this situation has not changed; the 4,000 students who access state scholarships in the four public universities are mainly those from the higher-income brackets as evidenced by the secondary schools they attended. For example, 47% of the students admitted at Makerere University in 2004/2005–2006/2007 for government sponsorship came from the 25 most prestigious and highly selective schools.

Students selected for state sponsorship receive ‘free’ university education including tuition, accommodation, meals and other welfare costs. Additionally, because of the merit-based entry mechanisms, these students are admitted to professional courses such as Law and Medicine. This further increases the divide between the urban rich and the rural poor.

Currently, only 18% of the more than 70,000 students in public universities
are government-supported for all costs including tuition, accommodation and welfare costs.

Apart from this quota system, other initiatives undertaken to address issues of equity and access particularly from the gender perspective in Makerere University are (i) an additional 1.5 points to the entry grades scored by females (this initiative increased female enrolment from 36% in 1998/1999 to 46% by 2005/2006); and (ii) The Carnegie Female Scholarship Initiative which is a three-year renewable US$ 1 million grant to Makerere University to cater for female students from disadvantaged socio-economic backgrounds admitted specifically to science-based programmes.

**Enrolment in Public Universities**

According to the National Council for Higher Education (NCHE), enrolment in public universities in 2005 stood at 54,435 students. This represented 76% of total university enrolment. Makerere University as the largest public university had 75% of the total enrolment in public universities in 2004 but this was reduced to 61% in 2005 (see Table 10.3).

**Table 10.3: Student Enrolment Share of Public Universities in Uganda 2004/2005**

<table>
<thead>
<tr>
<th>INSTITUTION</th>
<th>ENROLMENT</th>
<th>% SHARE OF ENROLMENT</th>
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<tbody>
<tr>
<td></td>
<td>2004</td>
<td>2005</td>
</tr>
<tr>
<td>Makerere University</td>
<td>34,955</td>
<td>33,108</td>
</tr>
<tr>
<td>Mbarara University</td>
<td>1,086</td>
<td>1,139</td>
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<tr>
<td>Makerere University Business School</td>
<td>6,562</td>
<td>10,111</td>
</tr>
<tr>
<td>Kyambogo University</td>
<td>3,323</td>
<td>7,588</td>
</tr>
<tr>
<td>Gulu University</td>
<td>640</td>
<td>2,489</td>
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<tr>
<td>Sub-total</td>
<td>46,566</td>
<td>54,435</td>
</tr>
<tr>
<td>Aggregate university enrolment in Uganda</td>
<td>68,079</td>
<td>71,279</td>
</tr>
<tr>
<td>% Share of public university enrolment to total university enrolment in Uganda</td>
<td></td>
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</tbody>
</table>

*Source: National Council for Higher Education 2005 and 2006*

Of the 33,108 students enrolled at Makerere in 2005/2006 only 7,000 (21%) were government-supported students. Data from Kyambogo University revealed that only 2,485 (18%) of the 13,000 students enrolled in the 2005/2006 academic year were government sponsored. At Mbarara University of Science and Technology, 389 (16%) of the 2,464 enrolled were government sponsored. In total, public university government-sponsored enrolment has been kept almost constant while the number of private fee-paying students has increased dramatically.
The Regulatory Environment

Legal Framework
The Universities and Other Tertiary Institutions Act of 2001 sets the legal framework for the provision of higher education in Uganda. This Act replaced the various statutes that established and governed individual public institutions. The Act was promulgated to attain four basic goals: (i) to provide for the widening of access to higher quality institutions; (ii) to provide an environment for equating professional or other qualifications of the same or similar courses offered by different institutions; (iii) to ensure quality at all tertiary institutions; and (iv) to oversee and guide the establishment and management of those institutions while respecting the autonomy and academic freedom of these institutions.

The National Council for Higher Education (NCHE)
The regulatory role of higher education is vested in the NCHE as established by the Act. Among other responsibilities the NCHE is charged with:

- Receipt and processing of applications for the establishment and accreditation of public and private institutions of higher education;
- Monitoring, evaluation and regulation institutions of higher education;
- Ensuring minimum standards for courses of study and the equating of degrees, diplomas and certificates awarded by the different public and private institutions of higher education;
- Setting and coordination of national standards for admission of students to the different institutions of higher education;
- Certifying that an institution of higher education has adequate and accessible physical structures and staff for the courses to be offered by it; and
- Advising the government on policy and other matters relating to institutions of higher education.

Jurisdiction over Tertiary Education
The Act stipulates that the Higher Education Department within the Ministry of Education and Sports (MoES), has jurisdiction over tertiary education. However, in practice, this is only true in the case of universities, as the Teacher Education Department is responsible for all the National Teacher Colleges while the Department of Business, Technical, and Vocational Education and Training (BTVET) is still responsible for some of the technical tertiary institutions particularly Health Training Institutions, Colleges of Commerce and Technical
Colleges. At the same time, other government ministries have jurisdiction over some of the other tertiary institutions. For example, the Aeronautical College falls under the Ministry of Defence, and the Law Development Centre falls under the Ministry of Justice and Constitutional Affairs.

Financing Higher Education

Post-1986 Reforms in Education Sector Financing

Education sector reform is based on Unesco’s Education for All (EFA) campaign. The 1991 Government White Paper, among others, prioritises primary education over other sectors and encourages the promotion and fostering of private resources in the provision of higher education – new private providers as well as permitting public higher education institutions to raise funds from private sources.

Government thus adopted new modalities for the funding and coordination of the whole education sector as part of this reform. The government, in a pact with the international donor agencies, instituted the Education Sector Investment Programme (ESIP) in 1998 with, among others, the primary goal of confronting and addressing the financial challenges emerging out of the implementation of universal primary education. From its inception, ESIP I and its successor programme ESIP II, became the blueprint for allocating funds between different education sub-sectors.

A notable outcome of the ESIP has been the decline in public expenditure on higher education (Table 10.4) and a deliberate move by the government to encourage public universities to generate resources from private sources, as well as encouraging the private sector to play an increasingly significant role in the provision of higher education.

The government’s reluctance to finance higher education has led to an increase in private expenditure on higher education and public institutions bidding to develop various mechanisms for generating funds from private households. The wave of privatisation of higher education has become so strong in Uganda that there was a time when almost every six months there was a new university being created. Moreover, in public institutions, most students now pay fees as a result of the dual track entry scheme. This dual track scheme was instituted in 1992 and legalised by the Universities and Other Tertiary Institutions Act (2001).

Appleton (2001) observed that despite the increase in enrolment from 2.4 million to 6.6 million, state spending per primary student rose by 130%, while secondary-level spending increased by 200%. In comparison, public spending per university student fell by 30%.

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<tbody>
<tr>
<td>University</td>
<td>12%</td>
<td>10%</td>
<td>10%</td>
<td>8%</td>
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<td>8%</td>
<td>9%</td>
<td>9%</td>
<td>10%</td>
<td>9%</td>
</tr>
<tr>
<td>Other tertiary institutions</td>
<td>0%</td>
<td>0%</td>
<td>2%</td>
<td>2%</td>
<td>2%</td>
<td>3%</td>
<td>2%</td>
<td>3%</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>MoES incl. Primary</td>
<td>18%</td>
<td>24%</td>
<td>24%</td>
<td>22%</td>
<td>19%</td>
<td>20%</td>
<td>15%</td>
<td>14%</td>
<td>14%</td>
<td>19%</td>
</tr>
<tr>
<td>Primary (Exclusive)</td>
<td>56%</td>
<td>51%</td>
<td>53%</td>
<td>57%</td>
<td>58%</td>
<td>56%</td>
<td>59%</td>
<td>58%</td>
<td>57%</td>
<td>56%</td>
</tr>
<tr>
<td>Others (Secondary + ESC)</td>
<td>14%</td>
<td>14%</td>
<td>12%</td>
<td>11%</td>
<td>12%</td>
<td>13%</td>
<td>15%</td>
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Sources of Funds

The education reforms have led to three sources of financing for higher education. These are: the government (public); private (tuition and other fees) and donor. Although both private and donor funds played a relatively minor role, in recent years these two sources of funding have come to be crucial in the provision of higher education, so much so that in their absence, higher education in Uganda would be in a terrible crisis. While public and donor funds are to be found in both public and private institutions, public funds for higher education are only allocated to public institutions.

Patterns of State Financing in Public Higher Education Institutions

The amount that is allocated to the higher education sub-sector through the ESIP arrangement is subsequently sub-divided among four public universities and the more than 40 other tertiary institutions. Regrettably, there are no clear guidelines shaping allocations within the sub-sector. Instead there is (i) what is referred to as government subvention; (ii) line item funding; and (iii) project financing for newly established universities. These public financing modes run alongside the dual track system of tuition fees.

Public funds are disbursed to institutions through four distinctive channels: (i) directly from the Ministry of Finance; (ii) through Ministry of Education and Sports departments of Higher Education Department, Business, Technical and Vocational Education Training Institutions (BTVET), and the Teacher Education Department; (iii) through the district; and (iv) through other line ministries.
Public Universities

Public universities (Makerere, Mbarara, Kyambogo and Gulu) are required to submit a budget to Parliament. Nonetheless, parliamentary allocations are hardly influenced in a substantive way by these submitted budgets. Instead allocations are based on the institution’s historical allocations, its size and needs, although not in a consistent manner.

Government funds are disbursed to universities in two blocks: recurrent and development budgets. For the recurrent budget, each public university receives a block grant or ‘subvention’. The amount of the subvention is purportedly calculated using the number of government-sponsored students and the ‘unit cost’ which the Ministry thinks and feels is ‘reasonable’ for that particular institution.

Unit costs have ranged from UGS 1.5 million at Kyambogo University to UGS 16.1 million at Mbarara University of Science and Technology. Ministry personnel in charge of budgeting insist that the government ‘unit cost’ is calculated slightly higher, often more than twice the amount of the annual fee paid by a private fee-paying student, because it is inclusive of the student’s welfare costs. For instance, in the financial year 2005/2006, Makerere University received a subvention of UGS 35 billion calculated at about 7,000 students with a unit cost of UGS 4 million per student.

Universities have some discretion on how they allocate the block grants. Almost exclusively, public universities pay their regular staff out of this subvention grant. The development budget fluctuates significantly from year to year. Although there is a popular belief that the development budget tends to favour Makerere University, it receives a mere UGS 140,000 for all its development budget needs.

Other Tertiary Institutions in the BTVET Category

These institutions receive recurrent budget support as a capitation grant based on the number of state-sponsored students. In addition to salaries paid directly for staff recruited through the Ministry of Public Service, these institutions also receive a development budget, especially through donor funding. Nonetheless, the availability and disbursement of this budget fluctuates much more than those to the universities. The fluctuation is so high that it is difficult for these institutions to count on the Ministry for this support.

National Teacher Colleges (NTCs)

All NTCs receive both a recurrent and development budget from the Ministry. For recurrent expenditure, wages and non-wage budgets are separated. As with those in the BTVET category, the wage subsidy is based on the public posts in
the institution (staff pay roll), and the recurrent budget is estimated based on the number of government-sponsored students.

District Tertiary Institution
Education is one of the decentralised services under the decentralisation policy adopted by the Government of Uganda in 1993. In addition to the jurisdiction that Districts have over primary and secondary schools, funds for the district-based other tertiary institutions are channelled through the respective districts. Similar to the BTVET and NTCs, funds are in the form of capitation grants based on the number of students and salaries are paid directly to staff recruited through the Ministry of Public Service. This category of institutions has a bigger financial challenge than the other three precisely because release of funds to the districts is intermittent and the districts have limited sources of funds since the central government curtailed their tax base several years ago.

Distribution of Education Expenditure
The main categories of education expenditure are the following: District Primary 57%; District Secondary 15%; Universities 10%; MoES plus primary 14%; and District Tertiary 3.5%.

Private Higher Education
Ownership and Enrolment
Although the bulk of private (that is, fee-paying) university students are found in public universities, Uganda is witnessing an upsurge of private universities from one in 1988 to more than 20 by 2005. This represents 82% of the total number of universities in Uganda.

Only one private university, Kampala International University, is regarded as a for-profit institution. With the exception of the Islamic University in Uganda which was founded by an international body – the Organisation of Islamic Conference (OIC) – private universities in Uganda fall into three main categories: (i) religious founded (local); (ii) community founded; or (iii) evolved from other tertiary. These institutions depend mainly on tuition fees paid by students and donations made by the founding bodies.

All private universities offer undergraduate degrees predominantly in the humanities, with a few institutions offering postgraduate programmes in the humanities and soft sciences. Despite the increase in number, private universities enrolment by 2004/2005 was around 21,500 representing only 32% of the total
university enrolment. Although there is increased private participation through private ownership, most of the institutions are relatively small, accommodating only a limited number of students.

Interestingly, while 25% of Ugandan students are enrolled at the private universities, 70% of the 2,528 international students in Uganda are enrolled in these institutions. The large percentage of international students is a pointer to the nature of private institutions which have tended to have a more aggressive marketing strategy outside the country especially within the East Africa region compared to the public institutions. Moreover, both private and public universities charge the same fees for Ugandan and international students. Additionally, there is a tendency for Ugandan students to prefer education at public institutions and they will in many cases go to private institutions only after they have failed to gain admission to the public institutions.

Table 10.5: Enrolment Composition of Private and Public Universities

<table>
<thead>
<tr>
<th>University Status</th>
<th>UGANDAN</th>
<th>INTERNATIONAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Female</td>
<td>Male</td>
</tr>
<tr>
<td>Public</td>
<td>19,325</td>
<td>26,463</td>
</tr>
<tr>
<td>Private</td>
<td>5,308</td>
<td>6,982</td>
</tr>
<tr>
<td>Private Unlicensed</td>
<td>1,127</td>
<td>2,061</td>
</tr>
<tr>
<td>Total</td>
<td>25,760</td>
<td>35,506</td>
</tr>
<tr>
<td>% Private</td>
<td>25%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Source: National Council for Higher Education 2005

The situation is further aggravated by the fact that by the 2006/2007 academic year, the private universities charged higher rates than their public counterparts for the same courses. For example, Makerere and Mbarara Universities charge UGS 1,000,000 (≈ US$ 600) and UGS 1,200,000 (≈ US$ 700) respectively for the Bachelor of Development Studies qualification. In comparison, Nkumba University charged UGS 1,800,000 (≈ US$ 1,100), Uganda Christian University Mukono, UGS 2,000,000 (≈ US$ 1,200), and Uganda Martyrs University Nkozi. UGS 2,879,100 (≈ US$ 1,750).

Ability to pay is thus a major factor in determining students’ access to private university education.

For the ‘Other Tertiary Institutions’ sub-sector, private institutions are mainly the Colleges of Commerce, Management Institutes, Communication Institutions
and Theological Colleges with very few, if any, Health, Teacher Training, Agricultural, Tourism and the Technical Colleges (NCHE 2005). While this may largely be due to the substantial financial and physical facilities required to set up these institutions, it can also be partly explained by the popularisation of business education, and the perceived demand and marketability of business education graduates.

**Per Capita Financing: The Case of Makerere University**

Financing of higher education in Uganda is input based, with minimal attention paid to the process and the outputs that accrue out of institutional activities. The primary driver of financing seems to be enrolment. Assessment of institutional performance is mainly based on the number of students admitted and registered per institution.

A study of 15 institutions by the Makerere University Institute of Social Research (2003) revealed that 72% of the total funding in higher education went to Makerere University, compared to its 75% enrolment share. Despite the large share of higher education funding going to Makerere University, budget performance has been recorded at an average of 69% (Table 10.6). The contribution to the budget from public funds declined from 71% in 1996/1997 to 40% by 2005/2006.

Enrolment at Makerere University grew by 250% from 9,861 in 1995/1996 to 34,488 in 2005/2006. Nonetheless, government support to the university grew by only 87% over the same period while average public spending per enrolled student reduced by 62% from UGS 1.4 million in 1995/1996 to UGS 566,040 in 2005/2006. This is despite the other economic variables such as double-digit inflation and the depreciating value of the Ugandan shilling.

The decrease in government funding to Makerere University has been compensated for by a large inflow of private funds. This has, in turn, led to drastic changes in the enrolment structure from a predominantly government-funded student body in 1995/1996 to a predominantly private enrolment in 2005/2006. This change is highlighted in Table 10.7. This table also shows the discrepancy between the public and the overall unit costs. When only government-supported students are considered the average unit contribution per student shows an increase from UGS 2.6 million (equivalent to US$ 1,520) to UGS 5 million (equivalent to US$ 3,000) in 2005/2006.
Conversely and regardless of the increase in fee-paying students, the enrolment composition in public universities does not tally with the resource inflow. The low tuition and other fee levels have meant that the percentage increase in the number of students is higher than the percentage increase in resources from the private sector. The figures can be read to imply that irrespective of the
efficiency measures put in place, and the dictum of economies of scale, funding is inadequate to provide quality education.

Declining quality has manifested itself in increased staff–student ratios; limited research; a reduced ratio of student to library books; high student-space ratios; and the obsolescence and decline in science laboratories. In summary, funding has not kept up with enrolments leading to declining quality.

On the other hand, Table 10.8 shows the trend in government expenditure from the period when the Institute of Teacher Education was merged with two other institutions to form the Kyambogo University (the third public University). Expenditure per government-sponsored student is bigger in comparison to Makerere University (the first and Uganda’s premier university). Kyambogo’s unit expenditure ranged from UGS 3.4 million in 2003/2004 to UGS 8.3 million in 2005/2006 in comparison to Makerere University’s range of UGS 3.4 million to UGS 5.2 million in the same time period. On the other hand, government unit expenditure per enrolled student ranges from UGS 1.4 million in 2004/2005 to UGS 0.9 million in 2006/2007 (Table 10.8). Note that the UGS 1.36 million registered in 2005/2006 is above the computed national average of UGS 1.1 million public expenditure per enrolled student in public universities.


<table>
<thead>
<tr>
<th>YEAR</th>
<th>ACTUAL GOVT EXPENDITURE</th>
<th>PRIVATE</th>
<th>GOVERNMENT</th>
<th>UNIT EXP PER GOVT STUDENT</th>
<th>UNIT EXP PER ENROLLED STUDENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002/2003</td>
<td>5 814 624 364</td>
<td>3 835</td>
<td>1 066</td>
<td>5 454 619</td>
<td>1 186 416</td>
</tr>
<tr>
<td>2003/2004</td>
<td>7 590 234 666</td>
<td>4 965</td>
<td>2 230</td>
<td>3 403 693</td>
<td>1 054 932</td>
</tr>
<tr>
<td>2004/2005</td>
<td>10 378 033 000</td>
<td>5 100</td>
<td>2 158</td>
<td>4 809 098</td>
<td>1 429 875</td>
</tr>
<tr>
<td>2005/2006</td>
<td>13 079 048 880</td>
<td>8 005</td>
<td>1 561</td>
<td>8 378 635</td>
<td>1 367 243</td>
</tr>
<tr>
<td>2006/2007</td>
<td>13 044 478 000</td>
<td>11 435</td>
<td>2 488</td>
<td>5 242 957</td>
<td>936 901</td>
</tr>
</tbody>
</table>

Source: Kyambogo University Department of Planning and Finance

At the national level, Makerere University used to have the largest share of the higher education budget; this has been declining from 77% in 1997/1998 to 39% in 2005/2006. On the other hand, district tertiary institutions have increased from 0% in 1997/1998 to 24% by 2005/2006. Other public universities such as Mbarara University of Science and Technology (MUST) and Makerere University Business School (MUBS) have maintained their percentage share of public funds (see Table 10.9). The implication of these figures is that there has been a clear shift in emphasis by government away from Makerere University.
Thus Uganda’s premier public university is increasingly being delivered to
the private sector as the country’s emphasis shifts from public provision to
increasingly private provision for university education.


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</tr>
</thead>
<tbody>
<tr>
<td>Makerere</td>
<td>77%</td>
<td>77%</td>
<td>61%</td>
<td>58%</td>
<td>57%</td>
<td>50%</td>
<td>46%</td>
<td>41%</td>
<td>39%</td>
</tr>
<tr>
<td>UMI</td>
<td>2%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>0.4%</td>
</tr>
<tr>
<td>MUST</td>
<td>12%</td>
<td>12%</td>
<td>13%</td>
<td>12%</td>
<td>10%</td>
<td>11%</td>
<td>13%</td>
<td>12%</td>
<td>10%</td>
</tr>
<tr>
<td>ITEK</td>
<td>10%</td>
<td>10%</td>
<td>7%</td>
<td>8%</td>
<td>7%</td>
<td>6%</td>
<td>11%</td>
<td>12%</td>
<td>14%</td>
</tr>
<tr>
<td>MUBS</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
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<tr>
<td>Gulu University</td>
<td></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>District Tertiary</td>
<td>17%</td>
<td>18%</td>
<td>16%</td>
<td>24%</td>
<td>19%</td>
<td>17%</td>
<td>24%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>District Health Training Inst.</td>
<td>3%</td>
<td>4%</td>
<td>3%</td>
<td>3%</td>
<td>7%</td>
<td>4%</td>
<td></td>
<td></td>
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<tr>
<td>Total Education Sector Spending</td>
<td>25.7</td>
<td>27.5</td>
<td>37.6</td>
<td>38</td>
<td>47.4</td>
<td>56.3</td>
<td>58</td>
<td>75</td>
<td>90.9</td>
</tr>
</tbody>
</table>


Unit Costs

Although the average fee in Makerere is UGS 1.3 million, fees range from
UGS 810 000 per annum in the School of Education to UGS 1.9 million per
annum in the Faculty of Medicine. The mean percentage fees paid in relation to
unit cost is 48%.

Private and Household Expenditure on Higher Education

According to the National Household Survey 2002/2003, expenditure on
education constituted 7% of the total monthly expenditure. Considering that
average monthly expenditure per household was UGS 139 000 and the average
per capita expenditure was UGS 30 000, the average household would have
approximately UGS 10 000 per month to spend on education irrespective of the
level. According to Appleton (2001), the average direct cost of primary education
per adult wage year is only 4%. In comparison to primary education, households
spend seven times more on secondary education but they spend far less per
student at university level in comparison to secondary education.
While Appleton’s calculations might have been applicable in the early 1990s the scenario has since changed. With the introduction of private sponsorship in public institutions and the emergence of private and in some cases ‘for profit’ higher education providers the household cost of university education has increased substantially.

The cost of higher education has a bearing on what programme a student is likely to take. Students choose programmes according to their ability to pay as opposed to their academic capability or a rational choice based on labour market analysis.

**Private versus Public Support to Higher Education**

Over the past ten years, the phenomenon of public–private partnerships has manifested itself in the enrolment structure and in the resource inflow to public universities as part of tuition and other fees paid by students. The percentage share of private resources in public institutions has overtaken government support. At Makerere University, for example, funds from private sources contributed 60% to total recurrent expenditure in 2005/2006 up from 28% in 1996/1997. Kyambogo University had 51% of the recurrent budget from private sources in 2005/2006. Mbarara University of Science and Technology, which has a better public funding arrangement than Makerere University, raised only 22% of its total support in the same financial year from private sources.

However, the increase in private resources both at Makerere and Kyambogo Universities is considerably lower than the growth in private student numbers. For example, at Makerere University private students constitute 80% of the total enrolment compared to the resource contribution of 60%. Likewise, in Kyambogo University private students constitute 82% of the total enrolment compared to the 51% contribution to the budget. Considered in this light, students in these institutions are subsidised by government resources with a higher subsidy registered at Kyambogo compared to Makerere. This confirms the earlier observation that the unit government contribution at Kyambogo is much higher than at Makerere. It also highlights the fact that private students do not pay the true cost of the higher education they receive.

Moreover, on average a mere 17% of the students in public universities are government-supported with all costs including tuition, accommodation and welfare costs borne by the state.
Student Financing Schemes

To date, there is no clearly defined student financing scheme in Uganda as is the case in Kenya. Student financing takes the form of direct public or private support.

Public
Public support for higher education is reserved for a few students admitted to public institutions based on academic merit. For universities, students receive a ‘full’ government scholarship. The scholarship, which is a block grant that universities receive, covers tuition, accommodation, scholastic materials and an allowance for field attachments in programmes with this provision. Government-sponsored students, however, are categorised into resident and non-resident students.

   Resident students are accommodated in the halls of residence. This provision is by and large reserved for the top scholars in the various fields. These students receive support in kind apart from the faculty allowance (for scholastic materials) and a field attachment/internship allowance. For the non-resident students, an allowance is given to cover accommodation, food and transport in addition to similar financial support that is given to resident students for scholastic studies and internships.

   Public support for the other tertiary institutions’ students covers tuition and accommodation. In addition the institutions receive a capitation grant per enrolled student. This grant is expected to cover all the running costs that accrue to the student including meals. The NTCs and the BTVET institutions receive a field allowance on behalf of the government-sponsored students to cover internships.

Private
Tuition and other related fees paid by students form the largest share of non-government resources for higher education. Both public and private universities advertise available programmes and the contingent fees. Neither the institutions nor government have established financing schemes for this category of students. The contributions therefore come from households (students, parents and guardians), non-governmental organisations, church-based organisations and donor funds in the form of tuition fees specifically for the disadvantaged groups and for postgraduate studies. There have been limited cases of sponsorship from government ministries and other agencies for employees who wish to further their education or take advanced degrees. Ironically, there is a category of private students who are directly supported by the President’s Office through the State House Scholarship Fund. Selection of this category of students is not transparent
and modalities for choosing who benefits from this scheme are not known to the general public.

Direct External Investments in Higher Education
Until the enactment of the Universities and Other Tertiary Institutions Act 2001, public universities were not allowed to borrow from commercial agencies and/or banks for any development projects. As a new source for resource diversification this avenue has not been explored by the universities. There are, however, isolated cases which are not loan- and interest-based but rather, upfront payments for services. These sources provide the universities with a lump sum to enable them to undertake infrastructure development. One case in point is the recent trend to hire commercial banks for purposes of establishing branches on university campuses.

Private Sector Contribution through Provision of Student Accommodation
Private sector support to public institutions has also come in through the erection and provision of student hostels and accommodation facilities at institutions. While this cannot be taken as direct income to the institution, the availability of affordable accommodation facilitates enrolment growth levels. For example, at Makerere University, student halls of residence can accommodate a maximum of only 5,000 (15%) of the student enrolment. The university is therefore reliant on the private sector to provide accommodation for more than 25,000 students. Some operators of these facilities also provide transport to and from the university as well as recreation facilities.

Donor Funding
Both private and public resources go towards recurrent expenditure, with limited contributions toward research and other capital costs such as physical infrastructure and equipment. This gap has been filled by philanthropic and bilateral support.

Donor support to higher education is largely institution-solicited and commissioned. Institutions have taken the lead to identify donors to support their various activities. Nonetheless, donor support is task specific, with limited room for flexibility. Reliance on donor funds for core university activities is problematic, unreliable and unsustainable since the support is mainly dependent on the interests and policies of the donor agency.

Private Sector Support to Public Universities
Private sector resources are used to supplement salaries in various ways. Universities have adopted internal sharing mechanisms of the privately generated resources. For instance, at Kyambogo University, resources from private students
on the regular day-programmes are centrally utilised while resources from the evening programmes are allocated according to the budgetary requirements of the generating unit. Makerere University and Mbarara University of Science and Technology, on the other hand, have worked out varying percentage distributions between the centre and the generating unit designated for the various expenditure categories depending on whether the programme is in a day, evening, external or postgraduate programme. Like the public funds, more than 50% of the private resources are utilised for staff costs, more specifically salaries.

At Makerere University, the governing Council has agreed to a division formula between the centre and the income-generating units, whereby units retain 49% of the tuition on undergraduate private students from day programmes, 51% from undergraduate evening students, 75% of the postgraduate tuition and 87% from the external degree programmes. Faculties with the largest number of students have the highest percentage share of disposable income from the private programmes. For instance, in 2006/2007, the Faculty of Computing and Information Technology retained a total of UGS 7 billion (12% of the total revenue generated by the university) while the Faculty of Arts retained UGS 4 billion (7% of the total revenue generated). In the laboratory-based units, the Faculty of Technology which ranks highest retained UGS 1.1 billion (only 2% of the total revenue generated in Makerere University).

There is no deliberate effort to fund units outside of the monies they generate, apart from the percentage of funds that go to the centre from the various programmes for central management. Centrally managed private resources are utilised to subsidise the general staff salaries and other communal expenditures such as utilities.

Private programmes within public universities were instituted to complement public resources with the view that the state has an obligation to provide higher education as a public good. However, as state funding declines, faculties that cannot accommodate private students in large numbers have also stagnated financially. Yet these are the capital-intensive faculties that require more equipment and infrastructure. Faculty members in these units have responded by putting their energies into generating resources for research and have thus published more than the income-generating units. The result has been reduced teaching activity in these faculties. Faculties such as Medicine and Agriculture have become more inclined towards heavy donor-dependent research as the predominant academic activity.

Generally, science-based faculties have a higher staff–student ratio requirement. They also have more departments and therefore more staff in posts than the humanities. Since approximately 60% of the centrally managed income is utilised
for staff pay, the laboratory-based faculties take a substantial share of private resources from the university.

**Options for Financing Higher Education**

It is evident from the preceding sections that financing higher education poses numerous challenges. In this section financing options are suggested taking into consideration the Ugandan context. The options are investigated at four levels: the state; the private sector; the tertiary institutions; and the donor community.

A clear demarcation of the roles and responsibilities between the public and private sectors undoubtedly will enable institutions to develop long-term, viable and sustainable financing arrangements.

*The Role of the State*

In tabling the options which the state can consider in financing higher education in Uganda, the following facts have been considered:

- With a country average per capita income of US$ 300 and an average household education expenditure level of 7%, the private household contribution to higher education through tuition fees is likely to be limited;
- The ability of households to pay for higher education at the true cost is hampered by the prevailing socio-economic conditions; and
- At the same time quality higher education requires considerable investments in terms of human resources, facilities and consumables.

Given the above, the state can play a key role in five areas:

1. Regulation of higher education provision, creating a policy environment that favours the autonomy of institutions’ resource mobilisation and management planning;
2. Ensuring equitable access to higher education through financial assistance programmes;
3. Maximising economies of scale through the differentiation of public institutions;
4. Provision of central facilities that are accessible by various higher education institutions; and
5. Instituting a deliberate policy to promote the export of higher education through internationalisation.
Regulation of Higher Education Provision
The situation that led to the intensification of private higher education institutions is deeply rooted in the neoliberal philosophy with its unquestioning belief in the role of the market. Leaving higher education to market forces has led to uneven growth, increased inequity, erosion of quality and exploitation of consumers particularly at institutions that fall in the ‘for-profit’ category.

Before the emergence of the NCHE, the role of the state in higher education provision and regulation was limited to the ‘state’-funded institutions. To address the imbalances in the new situation the state has to strengthen its role in higher education provision and financing. The regulatory framework has to ensure value for money. In this case, the NCHE will have to be strengthened and empowered beyond its current levels.

Formula/Performance-based Financing
Currently there is no scientific basis to government financing of similar programmes within the system. Take for instance, the funding of medical students in the two government institutions of Makerere and Mbarara University of Science and Technology, where the government pays a unit cost of UGS 3 million for a medical student in the former institution, and UGS 16 million at the latter institution.

A formula-based funding framework that is responsive to the concerns around equity, efficiency and effectiveness must be put in place as a matter of urgency. Such a framework must take into account both input (student numbers) and output (e.g. success rates) factors.

Differentiation
Related to formula-based financing is the concept of differentiation which can only be effective through an aggressive promotion by the public sector. Currently in Uganda all universities almost offer the same programmes. While there is a perceived ‘demand’ for these disciplines, the offerings are largely influenced by the low input requirements. Targeted subsidisation of programmes and/or institutions will develop the under-subscribed disciplines necessary for the country’s economic development. Differentiation of the various institutions into teaching versus research institutions will meet both the research needs of country as well as the social demand for higher education.

Internationalisation and Market Segmentation
As the world becomes increasingly knowledge-based and a global village with disappearing geographical barriers, Uganda should start to seriously consider
higher education as an export product. The prospects in this direction are promising, for instance, the quantifiable value of resources from foreign students undertaking education in 2004/2005 was UGS 40.4 billion of which UGS 11.2 billion was from universities. The ability to attract international staff and students remains a viable option for generating resources to finance higher education in the country.

Financial Assistance Programmes (Loans and Grants)
Financial assistance through grants and loans has been on the table for quite some time in Uganda. The ability to implement cost sharing at realistic unit costs is, to a large extent, dependent upon the operationalisation of a successful loan scheme. The scheme is likely to promote access for students from lower socio-economic households. Experiences from countries where it has been successfully implemented provide several options that could be adopted in Uganda. These options include grants, interest-free loans, subsidised interest loans and commercial-rate loans.

In developing financial assistance programmes based on a loan system, mechanisms will have to be put in place to facilitate greater access not only to public higher education institutions as is the case now, but also to the private higher education institutions.

The Private Sector
Private sector involvement options for higher education financing are envisaged at three levels: (i) direct engagement by the institutions through consultancies and sale of services, business ventures and engagement of industry through contract research; (ii) donations in the form of corporate donations and alumni contributions; and (iii) students’ contributions in the form of tuition and other fees.

Consultancy Services
In Uganda, university involvement with the business sector has been limited to consultancy services mainly on an individual basis by staff from the universities. Although it has augmented staff remuneration it has not had a direct monetary benefit for the institutions. Institutionalising consultancy services with a strong unit mandated with the solicitation, management and execution of consultancy services not only to the business sector but with the public sector, non-governmental organisations and international bodies should be considered as a source of income for the institution. The advantage with this option is that it is policy orientated and does not require massive investments or start-up capital.
**Direct Business Ventures**
Universities in Uganda are known to be among the largest land owners in prime locations in the country. These land holdings have not been optimally utilised for resource mobilisation. In the majority of cases they have been left as wasteland and/or with non-commercial activities such as staff housing at non-commercial rates. Additionally, while Uganda’s tertiary institutions have affiliated establishments that could be operated on a commercial basis such as university farms, hospitals and guest houses, these have not been undertaken.

Creating a business arm of institutions either directly or through joint ventures with the private sector will reduce the overreliance on state funds and tuition fees.

**Build Own and Transfer (BOT)**
The limited facilities and burgeoning student numbers require innovative engagements with the private sector. Increased student enrolments require expansion of higher education facilities particularly in the areas of recreation, accommodation and other facilities that enhance the learning environment. Since Uganda’s institutions are financially constrained and their ability to secure loans on a commercial basis are curtailed by the availability of collateral and amortisation potential for the acquired loans, the Build Own and Transfer concept would be a viable option. The advantage with this arrangement is that the institutions are resource rich in terms of the basic land requirement and operationalisation requires limited capitalisation from these institutions, whereas there is a ready market and business potential for the private sector that invests in the institutions.

**Donations from Alumni and the Private Sector**
Institutions that have been in existence for more than 20 years should cultivate a culture of alumni giving back to their alma mater. Institutions should establish structures that will ensure contributions from future alumni. The old boy’s/old girl's network is well established in the secondary school system in Uganda. These networks which largely operate as development oversight committees have an endowment type of operation which targets specific structural or financial achievements. Sadly this culture is non-existent in the universities and other higher education institutions.

**Cost-sharing (Tuition Fees)**
There are three drawbacks to the current arrangement of tuition fees: (i) it is not equitable and is not paid by all students in the public institutions; (ii) the fees
charged are lower than the true cost of the education; and (iii) private institutions with the exception of one, charge fees set within the ranges of those in the public institutions. These ranges have not changed since the onset of the dual track system and are far below realistic unit costs.

Given these drawbacks, the financial base of both the private and public higher education can be strengthened if these institutions were able to charge realistic or higher than current levels of tuition fees. As in the Indian model, tuition fees could be selectively increased to equal costs while at the same time establishing a mechanism for providing free or subsidised higher education to the most needy students in what has been referred to as the dual track system.

In the absence of income contingent assessments of student support in Uganda, the following should be put in place:

- Institutions should be empowered to mobilise a greater share of the necessary financing from students because higher education is equally a private good and a public good. Moreover, some students come from families with the means to contribute to the costs of education;
- Cost sharing should be pursued through tuition fees and equitable subsidies relative to institutional costs;
- Government should permit public institutions to establish their own tuition and fees without interference. This will facilitate effective private sector contribution to higher education;
- There is a need to work on the mindset of higher education consumers. Sensitisation packages on the value and the cost of higher education need to be developed; and
- Institutions need to establish the true costs of the service they provide, eliminating non-core activities, and highlighting hidden costs as well as curbing wastage.

**Contract Research**

Contract research can be a good source of revenue for institutions, albeit at a limited level given the size of private sector development in Uganda. Universities have to go out and study the requirements of the market, with a deliberate effort to develop ideas that will attract the private sector through either an incubation arrangement or direct involvement with the private sector from the outset. The private sector should be encouraged to engage the universities for product development and/or improvement and to utilise local expertise to enhance production.
Donors and Endowment Funds
Long-term investments have not featured as a source of income for higher education institutions although they have a potential to be utilised. The Islamic University in Uganda (IUIU) is the only university in the country that has utilised this mechanism with some level of success. IUIU received an endowment from King Fahd of Saudi Arabia. The fund has enabled the institution to finance its activities by up to US$ 100 000 per annum. For both the public and private higher education institutions in the country endowment funds could be explored as an alternative mechanism for resource mobilisation. Since endowments are donor-dependent, its operationalisation in the short run is likely to be more effective in religion-based institutions than in public institutions. Another option would be to cultivate endowment-based donations not only from outside donors but also from the alumni.

Higher education in Uganda is faced with the dual pressures of an increased social demand and receding public support. While the former is a worldwide global phenomenon, the latter is driven by the mounting negative perception that questions the long-treasured and the historically deep-rooted role of the state in higher education. This viewpoint, which is most prevalent in government, articulates higher education not as a public good, nor a social merit good, but as a highly individualised private good.

During the recent past, higher education in Uganda has been characterised by reduced public support and increased demand. Amidst economic trends that characterise a developing country like Uganda, the sub-sector has witnessed a decline in per capita student spending and increased inequity for the few students who are able to access state scholarships. Although the private sector has played an increasingly significant role, it is an inadequate substitute for the declined public support. Higher education is both capital and labour intensive and is operating within the changed global environment of knowledge-based economies. This chapter has shown that fee-paying students usually pay less than the true cost of their education and as a result of inadequate resources from both the private and the public sectors, institutions have been forced to limit expenditures and reduce inputs.

Viable options have been suggested here that the different stakeholders can take in order to better finance higher education in Uganda. These options have been suggested at four levels of the state, the private sector, tertiary institutions and the donor community. The current financing situation will have to be reviewed and addressed at all these levels if the system is to offer equitable and quality higher education to its citizens.