

# Higher Education Finance and Cost-Sharing in Uganda

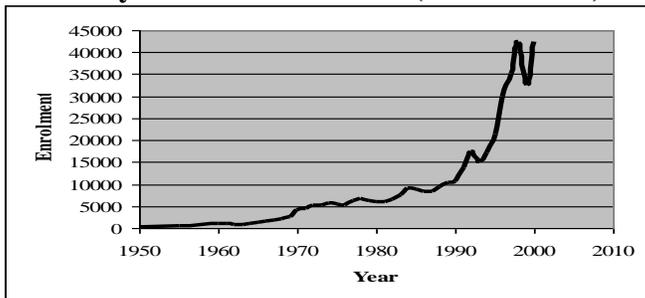
## I. Brief Description of the Higher Education System in Uganda

Uganda, located in East Africa, has a population of 21 million. The current per capita income is \$300, and agriculture is the mainstay of the country's economy. At independence, Uganda had one of the best higher education systems in Africa, attracting many students from neighboring countries. However, the economic and political crises that occurred in the subsequent years damaged the higher education system and created problems of financing, quality, and educational relevance (Musisi, 2003). In the 1990s, a number of reforms were undertaken to reverse this decline including the adoption of alternative financing strategies, the offering of demand driven courses and administrative changes (Court, 1999).

Uganda follows a 7-4-2-4 model of education, with seven years of primary education, 4 years of lower secondary, 2 years of upper secondary and 4 years of tertiary education. The public higher education sector is composed of universities, national teachers colleges, colleges of commerce, technical colleges, training institutions, and other tertiary institutions. The two major public universities in Uganda are Makerere University in Kampala established in 1922, and Mbarara University of Science and Technology, established in 1989. Three other public universities have been established recently: Kyambobo University, the University of Gulu, and the Open University of Uganda, and another university in Eastern Uganda is in the planning stages. There are also 102 private higher education institutions including 23 private universities (14 of which are licensed) (National Council for Higher Education 2004).

The gross higher education enrollment ratio grew from 2.5 percent in 1995 to 4.1 percent in 2004. Much of this growth is due to increased university enrollments, which have increased substantially since the 1970s. In 2004, there were a total of 108,295 students in higher education institutions; of these 68,079 were in universities with more than half enrolled at Makerere (34,341) (Ministry of Education and Sports, 2005). Figure 1 below shows the enrollment trends in higher education institutions from 1950 to 2000. Between 1993 and 2002, enrollment in Makerere University alone more than tripled from 7,000 to 26,793 students (Musisi 2003).

**Figure 1**  
**Tertiary Enrollment Trends (1950 to 2000)**



Source: Kasozi et al., 2002

The National Council for Higher Education, a statutory agency established under “The Universities and Other Tertiary Institutions Act” in 2001, regulates the establishment and management of higher education as well as its quality, equates higher education qualifications,

and advises the government on higher education issues. It has also been charged with establishing an accreditation system and conducting the accreditations.

### **Financing Higher Education**

Governmental funding for tertiary education has been declining over the years due in large part to the financial constraints brought about by the unprecedented growth at the lower levels of education. In 1992, the White Paper and Education Strategic Investment Plan (ESIP) recommended diversification of revenue through cost sharing, private sponsorship, evening and weekend programs, and entrepreneurship ventures by public higher education institutions to supplement the declining governmental funding (Musisi, 2003). Higher education received about 10 percent of a total ministry budget of Ushs 619.93 billion in the 2004/05 budget year (Ministry of Education and Sports, 2005), a rate that has remained more or less constant since the mid 1990s despite the massive enrollment increases.

The revenue support for higher education and the great expansion of enrollments, therefore, are through cost sharing and private sponsorship (Ssebuwufu, 2002). The government sponsors 4,000 students (about one-quarter of total university entrants). These students, who are fully financed by the government (tuition fees, room and board), attend only public universities. The two rationales given for this policy are that it meets the needs of the national economy and it addresses the issue of equity in higher education (UTESR, 2003). The students that do not receive government sponsorship finance their own education. Under this system of higher education finance, known as a dual track tuition policy, those students who score above a certain grade point cut off on the Uganda Advanced Certificate of Education Examination (UACE) attend higher education institutions at no cost, while those who score below this threshold can enroll in universities but only if they pay for themselves. Eighty percent of Makerere University's students pay tuition, which accounts for more than half of the University's total revenue (Nakanyike and Nansozi, 2003).

The higher education admissions process takes place in two states. First, all students who wish to be considered for admission under government sponsorship to public universities fill out the Public Universities Joint Admissions Board (PUJAB) application form and rank their top 6 choices of degree programs at public universities and 4 choices of diploma programs at other public tertiary institutions. The minimum qualification for entry into Makerere and other public universities is 2 principal passes on the UACE. However, to earn a government scholarship students need to be outstanding. Most students will sit for either three or four subjects in their area of study (arts or sciences). Their scores on the various subjects are then weighted based on the requirement of individual programs within faculties, and the top-scoring students are admitted.

The cut-off point for admission into a particular program is determined by the lowest score of the last person accepted into that program. For example, if the Faculty of Law can take only 50 government-sponsored students, it ranks the applicants according to their weighted scores, and takes the top 50. The weighted score of the 50th student becomes the cut-off point for Law for that year. Very popular programs like Medicine, Dentistry, and Architecture have high cutoff points, while Law, Mass Communication, and Social Work and Social Administration have lower cut-offs. Affirmative action policies, which add additional 1.5-4 points to a student's

scores, are in place for women, applicants with disabilities, talented athletes, and the children of Makerere employees<sup>1</sup>.

Following the PUJAB admissions stage, there is a second stage, this time for private admission. Whereas the Private Entry Scheme (PES) was started at Makerere, all public universities now have similar programs. Students who do not get a government scholarship are invited to put in applications under the PES. Some students who get government scholarships for a program that was not their first choice reapply under PES. The private admission selection process is similar to the PUJAB process, and public universities do the admissions jointly. At Makerere, where programs are offered during the day and evenings, the higher performing students are put in the day programs, where they study together with the publicly-sponsored students.

There are no legal limitations on the number of privately-sponsored students that are allowed in the institutions, but the government-sponsored students have first priority. Faculties differ in the proportion of private students that they accept. For example, only 13 percent of the students in Forestry are self-sponsored, while 90 percent of the students in the Institute of Psychology are. There are many reasons for the differences having to do with both supply and demand side constraints. However, the Universities and Other Tertiary Institutions Act (The Act) of 2001 does give the Board of an academic unit the power to regulate the admissions of students subject to the approval of the academic senate.

The level of tuition fees for the private entry scheme students are set by the faculty subject to approval by the Academic Senate and the University Council. Fee levels vary, and science faculties tend to charge more than humanities faculties. Tuition fees average about 1,800,000 Ush (US\$948) per year (using the official exchange rate of \$1=1,898Ush). Tuition increases are generally difficult to get passed by the University Council due to the government representatives who usually block such increases. In June 2005, Parliament reversed a tuition hike proposed by Makerere University leading some observers to charge that the institutional autonomy guaranteed by the Universities and Other Tertiary Institutions Act of 2001 is not being respected (Vision Reporter, 2006; Kasozi, 2006).

The dual track tuition policy in Uganda has been successful in terms of generating significant revenue. At Makerere University, the revenue from the private entry scheme increased from 4,080,059,201 Ugandan Shillings (US\$3,831,000) in 1995/96 (1995/96 official exchange rate of \$1= 1,065Ush) to 29,438,099,000 shillings (US\$16,510,000) in 2002/03 (2002/03 official exchange rate of \$1=1,783Ush). By 2000, Makerere generated more than 30 percent of its revenue internally compared to its almost complete dependence on government financing ten years earlier (Court, 1999).

Tuition fees are collected by the university's Bursar's office that retains part of it for university-wide activities (supplementing staff salaries, staff development, and research) and sends the remainder to the income generating units (faculties and institutes.) The distribution amounts are set by the University Council and vary with the type of program (day, evening, etc.) that runs the program. Each faculty has some discretion over how it spends its own income subject to approval by the University Council with over 90 percent of it going to recurrent expenditures and salaries (Carroll 2004).

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<sup>1</sup> This section draws heavily on Carroll, Bidemi. (2004). *Dual Tuition Policy in Uganda*.

Notwithstanding the increased revenue brought about by the private entry scheme, access and equity in higher education is hampered by the fact that Uganda does not have a sound financial aid program in place. The current tuition per semester for fee-paying students is about \$300 against an average per capita income of US\$300 (Kasozi, 2003)<sup>2</sup>. Without student loans, scholarships or grants the majority of Ugandans -- who live on less than US\$1 a day -- cannot access higher education. The government, however, has a strategic plan that is aimed at improving equity and access in higher education. It plans to establish a student loan program by the year 2007, actively seek multiple sources of funding for higher education, and set up a scholarship program associated with disciplines related to government development (MOE, 2003).

## II. Estimated expenses of higher education

### Uganda Higher Education Expenses Borne by Parents and Students First Degree, 2004-05 Academic Year

[National currency (Ush) converted to \$US by [2004] purchasing power parity estimate \$1 = 322 Ugandan Shillings]

		Public		Private
		Low Public	High Public	
	Special "One-Time" or "Up Front" Fees	0	10,000Ushs. (\$US30)	181,000Ushs. (\$US560)
<b>Instructional Expenses</b>	Tuition	0	1,400,000 (\$US4,350)	1,810,000 (\$US5,620)
	Other Fees	1,000 (\$US3)	220,000 (\$US680)	---
	Books & Other Educational Expenses	16,000 (\$ US50)	200,000 (\$US620)	905,000 (\$US2,810)
	Subtotal Expenses of Instruction	17,000 (\$US53)	1,830,000 (\$US5,680)	2,896,000 (\$US8992)
<b>Student Living Expenses</b>	Lodging	0	1,200,000 (\$US3,725)	3,620,000 (\$11,240)
	Food	0	1,500,000 (\$US4,658)	
	***Transportation	750,000 (\$US2,438)	750,000 (\$US2,438)	750,000 (\$US)
	Medical & Other Personal Expenses	1,800,000 (\$US5,590)	1,800,000 (\$US5,590)	1,800,000 (\$US5,590)
	Subtotal Expenses of Student Living	2,550,000 (\$US7,920)	5,250,000 (\$US16,305)	6,170,000 (\$US19,160)
	<b>Total Cost to Parent &amp; Student</b>	2,567,000 (\$US7,972)	7,080,000 (\$US21,987)	9,066,000 (\$US28,155)

*Low Public:* government sponsored student living in the dorm.

*High Public:* privately sponsored student

*Private:* based on costs at Central Buganda University

<sup>2</sup> Conversion uses official exchange rate. It should be noted that conversions used in the table below use a purchasing power parity estimate.

### **Websites Consulted:**

Central Buganda University Website (<http://astro.armstrong.edu/>)  
Makerere University (<http://www.makerere.ac.ug>)  
Mbarara University of Science and Technology (<http://www.must.ac.ug>)  
Ministry of Education and Sports (<http://www.education.go.ug>)  
National Council for Higher Education (<http://www.unche.or.ug>)

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