Kenya

I. Brief Description of the Higher Education System in Kenya

Following its independence from Great Britain in 1963, Kenya was a multiparty democracy, though one political party, the Kenya African National Union (KANU) was dominant. In 1982, the country became a de jure one party state until the reinstatement of multi party rule in 1992. Even after 1992, none of the opposition parties were regarded as viable threats to the ruling party until the victory of the Rainbow Coalition's presidential candidate Mwai Kibaki in 2003. Following an outbreak of violence over the results of a much contested Presidential campaign in late 2007, a coalition government was formed in early 2008. Since then, President Kibaki and the Party of National Unity (PNU) have been sharing power with Prime Minister Raila Odinga and the Orange Democratic Party (ODM). The total population of Kenya is approximately 37.3 million (2007). World Bank data indicates that the GNI and GNI Per Capita and GDP of the country stand at $27 billion and $660 respectively. The data further indicates an annual GDP growth rate of 3.8 percent (2007), though this dropped below 2 percent in 2008 in response to the global economic crisis (World Bank, 2009).

Representing a significant share of central government expenditure - for example, it accounted for almost 30 percent of total government expenditure and 6.2 percent of the country's GDP in 2007/08 - education is historically among the most important sectors of the government. After independence, the educational system in Kenya was structured after the British 7-4-2-3 model, with seven years of primary schooling, four years of secondary education and two years of advanced secondary education to be eligible for the 3-year university bachelor's degree program. Since the 1980s, however, there has been a shift to the 8-4-4 model of the American system with eight years of primary schooling followed by four years of secondary education and a four-year bachelor's degree program.

University education in Kenya began in 1963 with just 571 students enrolled in Nairobi University College (Weidman, 1995). Since then, the system has undergone considerable expansion, and as of 2009, there were a total of 7 traditional public universities and 12 newly established university colleges and over 22 private universities with varying levels of accreditation. It is estimated that the country has 122,874 university students of which approximately 80 percent are in public universities (Kenya National Bureau of Statistics 2009). Kenya also has a number of public middle level colleges that offer diplomas in certain fields including engineering, education, and computer science. A number of these institutions were among those recently elevated to university college status.

Notwithstanding the expansion in the past several years, the capacity of the higher education sector in Kenya is still limited and only 3 percent of the university aged cohort are enrolled in university education. In 2007, for example, of the 82,000 students who were deemed officially qualified for university admission on the basis of their KCSE results (out of the 276,000 students who took the examination), only 10,000 were selected for government sponsorship[1], 10,000 entered university on a self-paying basis and 5,000 entered the private sector, leaving 57,000 qualified students unable to enter higher education.

Financing Higher Education

Like most African countries, higher education in Kenya was historically free, with the public purse covering both tuition and living expenses (Weidman, 1995). The rationale for free higher education was based, among other things, on the country's desire to create highly trained

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[1] Since that time the number of new incoming government sponsored students has increased and stands at 20,000 for the 2009/10 academic year.

manpower that could replace the departing colonial administrators. In return, graduates were bound to work in the public sector for a minimum of three years. Economic difficulties, and the alarming increase in population, coupled with rising oil prices of 1973 (Cutter, 2001) changed this trend and resulted in the reduction of the recurrent budget allocated to higher education, and eventually the introduction of user charges.

Total government expenditure on education has increased from Ksh 81 billion in 2004/05 to Ksh. 106 billion in 2008/09 (Ministry of Finance 2009). While government investment in primary and secondary education has increased dramatically in the last several years, the higher education portion of total education expenditures continues to hover near 15 percent. The tertiary education sector is being questioned internally for its limited capacity to provide access to most eligible Kenyans. Worse, this limited participation in higher education is compounded by gender, socio economic status, and regional disparities. Austerity in the public budget for higher education, coupled with the poor performance of the sector in promoting access and equity, has lead the government of Kenya to introduce a mechanism for cost-sharing and user charges in higher education.

In 1994, the government of Kenya decreased the education budget from 37 percent of its total annual recurrent budget to about 30 percent stating that it was not possible to allocate additional funding to higher education (Kiamba, 2004). This shortfall in the public budget for higher education brought about the impetus for institutions to look for alternative income generating sources, in effect, reducing their overdependence on the government budget. To this end, several strategies for revenue diversification were adopted including:

- Establishment of units for income generation. These include training and consultancy, university press and other units such as farms and even petrol stations (Kigotho, 2000).
- Institution of overhead charges: In some universities, individual professors with external research contacts must surrender 15 percent of the contract to the university.
- The introduction of the Module II (parallel track) programs in 1998 (see below).

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.

Cost Sharing and User Charges

Cost sharing in Kenyan higher education was introduced in 1991 as a response to the ever-declining state budget, which did not keep pace with high student intake when the first cohort of the 8-4-4 of students entered the university (Sanyal and Martin, 1998). Under this new policy, students and/or their parents were required to cover both modest tuition fees and contribute to the costs of maintenance. A student loan program was established to enable the needy students to access higher education institutions[2]. At the inception of the loan scheme, admission to higher education was enough to ascertain eligibility for the loan. But spurred by high default rates, which reached 81 percent in 1987 (Economic Review, 1995), and other similar concerns, the

[2] It should be noted that a student loan program (the Higher Education Loans Fund) existed even before independence. The Fund was shelved upon independence and reintroduced in 1974. However, it remained more or less a grants scheme, as no effort was made to recover the loans. The program was reformed and reintroduced for the third time in 1995 as the Higher Education Loans Board.

scheme was reorganized resulting in the establishment of the Higher Education Loan Board (HELB) in 1995. Due to the fact that there were inadequate funds for all students applying for the loan, the Higher Education Loan Board (HELB) opted to use means testing to identify and target only the needy students. HELB also targets students who are orphaned as a result of HIV/AIDS and those who come from regions that have been classified as disadvantaged.

The undergraduate student loan scheme covers about three quarters of the yearly higher education costs that must be borne by government sponsored students (referred to hereafter as module I students) and their family and about 40 percent of the tuition fee for the self-sponsored students (referred to hereafter as module II students) and is available to all needy students in public and private universities. When the student loan program was introduced in 1995 students received a maximum amount of Ksh. 42,000 (US$1,423). This amount was increased in the 2005/06 financial year to Ksh. 55,000 (US$1,863) and in 2008/09 to Kshs 60,000 (US$2,032). Once HELB determines that a student should be awarded a loan, the Loans Board pays Ksh 8,000 (US$271) directly to the university towards the student's tuition costs. The remaining loan funds are paid to the student through his/her bank account for food and lodging costs and other living expenses. Almost 30 thousand loans were awarded in 2006/07 at an annual interest rate of 4 percent.

In the HELB means test, different levels of household income correspond to different loan levels. For example an applicant from a two parent household earning less than Ksh250,000,000 (US$8,470) per year is eligible for a loan of Ksh 45,000 (US$1,524), while an applicant whose parents earn between Ksh 250,000 (US$8,470) and 600,000 (US$20,325), is only eligible for a loan of Ksh 40,000 (US$1,355). The secondary school attended by the applicant is then used as a second means testing indicator to modify these amounts. If, for example, the applicant attended a high cost private school, the maximum loan to which he would be privy would be Ksh 35,000 no matter how little was earned by his/her parents.

One of the reasons why the initial student loan program (University Students Loans Schemes - USLS) failed was because of its inability to recover loans. However, with the inception of HELB, loan recovery has been increasing. This increase is a result of efficient record keeping, obligating employers through the use of the law to ensure repayment and also by cultivating a culture of repayment among loan recipients (Otieno, 2004). In addition, HELB works together with the Kenya Revenue Authority (KRA) and the National Health Insurance Fund (NHIF) to recover loans by identifying loan recipients who are working in both the private and public sector and mandating them to repay funds owed (Ngolovoi, 2006). Unemployment and emigration are some of the major obstacles to loan recovery.

In addition to the loans, needy students also receive bursaries. The Ministry of Education disburses about 82 million each financial year to HELB (Ngolovoi, 2006). HELB identifies needy students through means testing and awards bursaries according to each student's level of need (Ngolovoi, 2006). Funds are paid directly to the universities towards tuition costs (Ngolovoi, 2006). The maximum amount that a student can receive in the form of bursaries is Ksh 8,000 (US$271). Students in private universities do not receive bursaries from HELB and instead apply to the Ministry of Education for funds (Ngolovoi, 2006).

Students in both private and public universities can also apply for grants or bursaries from the Constituency Development Fund (CDF) (Ngolovoi, 2006). The CDF was created through an Act of Parliament in 2003 to finance community-based projects with the overall goal of poverty alleviation (GoK, 2006). Needy students from various constituencies can apply for the bursaries, which account for 10 percent of the total CDF (GoK, 2006).

Dual Track Tuition Policy

While very modest tuition fees were introduced in public universities in Kenya in 1991, the generated resources were insufficient given the severely limited number of students. Therefore, a dual track tuition policy was introduced in 1998 via the self-sponsored, or Module II, programs. Dual track tuition policies are characterized by a highly restricted, “merit-based” entry to free or, as in the case of Kenya, very low cost higher education, with other applicants not so admitted permitted entry on a fee-paying basis. In Kenya, the module I students pay tuition fees of Ksh 16,000 (US$542), while the module II students pay about Ksh 150,000 (US$5,081) and considerably more in some disciplines such as medicine.

Students who attain the prescribed cut off point (COP) on their Kenya Certificate of Secondary Education (KCSE) examinations are admitted into the regular state supported programs by the Joints Admissions Board (JAB), a non-statutory body made up of the Vice Chancellors, Deputy Vice Chancellors, Principals and Deans of the public universities and representatives from the Ministry of Education. In principle, KCSE holders with C+ and above qualify for public university admission; however, this cut off point depends on total public university student capacity. Therefore, the JAB sets the entry cut off for government-sponsored students from year to year. If a greater proportion of the students have high passes in a particular year, the cut off will be higher and vice versa. (Marcucci, Johnstone and Ngolovoi, 2006). In the summer of 2009, the JAB announced that it would lower the entry grade and increase the number of government sponsored students to 20,000 (Buchere 2009).

Module II students gain entry to universities on the basis of different criteria that vary from university to university. At the very initial stages of the module II programs, candidates had to be *Form Four* school leavers who met the minimum entry requirement of C+ but could not meet the entry cut off point for government sponsorship. In an attempt to increase the number of self-sponsored students, various institutions made admission conditions more flexible and accepted students from different academic backgrounds including 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 (Otieno, 2004).

The Private Sector

Although the 1980s and 90s saw the emergence of some private institutions, the provision of university education continues to be monopolized by the public sector and the contribution of private institutions in expanding access to higher education is still minimal. As of 2009, the private sector claims less than 20 percent of the overall undergraduate enrollment. At present, private universities must meet criteria (land, resources) established by the Commission for Higher Education (CHE) in order to receive official accreditation. Every five years, they must review their programs in a self-evaluation that audited by CHE.

With the exception of some institutions, such as the United States International University (USIU), most private universities in Kenya are religious. The majority of these institutions are also limited in capacity with annual admission ranging between 500 in the smallest institutions to 2000 in the largest. The curriculum of most of these institutions is also largely geared towards the arts and commercial courses.

Private institutions in Kenya depend for their revenue on the tuition fees they generate from their students. Such heavy dependence on tuition coupled with lack of alternative income sources have made these institutions expensive and thus unaffordable for most Kenyans. Although many private universities have allocated funds for work-study programs and scholarships with the aim of increasing access, only a limited number of needy students benefit from institutional financial aid[3]. In addition, even when needy students from these institutions receive the maximum student loans from HELB, they are left with significant shortfalls that are often impossible to fill from other sources.

Strathmore University, in an attempt to offer assistance to poorer students, has an interim agreement with the International Finance Corporation (the private sector arm of the World Bank), and the Commercial Bank of Africa Ltd to provide student loans for tuition fees at 12 percent interest. The CBA is managing the 280 million Ksh portfolio, Strathmore has contributed a first loss reserve fund and the IFC has provided a structure to reduce the remaining risk. Repayments are in equal monthly installments over a 12 month period enabling student to meet annual tuition costs. New products are being developed that will include loans with repayments deferred until borrower finds a job. Strathmore also offers students who were rejected by the CBA, the opportunity to spread their tuition payments out over 12 months at 18 percent interest.

II. Estimated Expenses of Higher Education

Table 2
Kenya Higher Education Expenses Borne by Parents and Students
First Degree, Academic Year 2008/09
[National currency converted to $US by World Bank 2005 ICP purchasing power parity estimate $1 = Ksh 29.52]

		Public		**Private**
		Module I	***Module II***	
	*Special "One-Time" or "Up Front" Fees	Ksh 0 (US$00)	Ksh 3,000 (US$102)	Ksh 4,500 (US$152)
Instructional Expenses	Tuition	Ksh16,000 ($542)	Ksh 150,000 ($5,081)	Ksh 250,000 ($8,468)
	**Other Fees	Ksh 12,000 ($407)	Ksh 23,000 ($779)	Ksh36,000 ($ 1,220)
	Books & Other Educational Expenses	Ksh 10,00 ($271)	Ksh 10,000 ($169)	Ksh 10,000 ($169)
	Subtotal Expenses of Instruction	Ksh 38,000 ($1,287)	Ksh186,000 ($6,300)	Ksh300,500 ($10,180)
Student Living Expenses	Lodging	Ksh 7,000 ($237)	Ksh 20,000 ($678)	Ksh 151,000 ($5,115)
	Food	Ksh 18,000 ($610)	Ksh 25,000 ($847)	
	Transportation	Ksh 1,000 ($34)	Ksh 30,000 ($1,016)	Ksh 24,000 ($813)
	Other Personal Expenses	Ksh 7,000 ($237)	Ksh 10,000 ($339)	Ksh 6,000 ($203)
	Subtotal Expenses of Student Living	Ksh 33,000 ($1,118)	Ksh 85,000 ($2,879)	Ksh 181,000 ($6,131)
	Total Cost to Parent & Student	Ksh 71,000 ($2,405)	Ksh271,000 ($9,180)	Ksh 481,500 ($16,311)

Source: university websites and conversations with Kenyan individuals.

Low Public: module I student, living in dorm.

[3] Currently, USIU has the most pronounced student aid program; yet, it is the most expensive private university, with fees being on average about Ksh 276,000 ($9,359) per annum. In the end, those who benefit from such programs are in most cases sons and daughters of university employees.

High Public: module II student paying full tuition, living "independent adult."
Private: low private tuition, living in dormitory.

**Charges related to application/registration fees, caution money, student ID card, and university student union membership*
***Refers to library fees, medical fees, lab fees, activity fees and examination fees etc.*

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