UNIVERSITY OF NAIROBI

INSTITUTE OF DIPLOMACY & INTERNATIONAL STUDIES

RESEARCH PROJECT

THE EFFECT OF STRUCTURAL ADJUSTMENT PROGRAMMES ON THE UNIVERSITY EDUCATION SECTOR IN KENYA: A CASE STUDY OF COST SHARING IN THE UNIVERSITY OF NAIROBI.

RESEARCH PROJECT PRESENTED AT
THE INSTITUTE OF DIPLOMACY AND INTERNATIONAL
STUDIES IN PARTIAL FULFILLMENT FOR THE AWARD OF
MASTER OF ARTS DEGREE IN INTERNATIONAL STUDIES.

2005

BY: GACHUNGA J. KAMAU
REG NO R/50/7002/02

DECLARATION

This Dissertation is my original work and has not been presented for examination at any other University.

Sign: ______________________ 31/10/08

MR. JOSEPH KAMAU GACHUNGA DATE

This Dissertation has been submitted to the Board of Post Graduate Studies at the University of Nairobi for Examination with my approval as University Supervisor.

Sign: ______________________ 31 October 2008

PROF. MAKUMI MWAGIRU DATE

Dedication

I dedicate this work to my late parents, Mr. Festo and Mrs. Maria Gachunga, for inspiring me to get educated and to my wife and children, who gave me support at the time I was carrying out this research.

Acknowledgements

In this research I would like to recognise some individuals whose contribution was paramount in completing my work. But first I would like to thank the Almighty God for granting me good health and life to conduct the business of learning at the Institute of Diplomacy and International Studies (IDIS) for the course of International Studies. Without this special gift then nothing would be said about this research today.

I would like to thank the University of Nairobi for providing me with the opportunity to study at the IDIS. In the IDIS I would like to thank the Director Prof Makumi Mwagiru and the general administration for creating a conducive environment for learning. The learning facilities were adequate for students adventuring into International Studies, a course with multidisciplinary units.

The teaching staff at the IDIS were wonderful. They understood every concern we raised and made the learning experience a memorable one. In this regard I would like to mention Prof Mwagiru, Prof Nyunya and Mr. Mudida. To all of you I say be blessed and continue shaping academics, diplomats and policy makers in Kenya. However, I would like to extend special appreciation to Prof. Mwagiru who found time to supervise my work in its final phase. He guided me to generate scholarly and theoretical debates that helped to shape my research. Without that special input and attention, I would have not realised this grand task of academic research.

There are many more I would have wanted to mention by name but I would not because of space constraint. Special regards to all my comrades in the 2002 class. All of us had a wonderful time together, God bless you all

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LIST OF ABBREVIATIONS

SAPS	–	Structural Adjustment programmes
SSA	–	Sub – Saharan Africa
GDP	–	Gross Domestic Product
IGAs	–	Income Generating Activities
PAYE	–	Pay As You Eat
USAB	–	University Students Accommodation Board
HELB	–	Higher Education Loans Board

ABSTRACT

Structural Adjustment Programmes (SAPs) as propagated by the International Monetary Fund (IMF) and the World Bank in the 1980s in Kenya occurred against a background of the country's declining economic performance, which increased poverty levels. The SAPs further contributed to economic recession resulting in the Government reducing per capita expenditure on education among other social services. The result was the introduction of cost sharing at all levels of education in Kenya. The cost sharing policy has adversely affected many aspects of education culminating in low enrolment rates at all levels, insufficient provision of learning resources and deterioration in the quality of educational provision.

In the past, the state subsidized university education and consequently all students were capable of meeting their needs from the state funds (World bank, 1997). Cost sharing has made the cost of education unaffordable to students from poor backgrounds. The increasing economic difficulties associated with the cost sharing have meant that financing of education has become more costly. This paper provides research findings on the phenomenon of university students' involvement in income generating activities (IGAs) on campus as a response to cost sharing.

These activities are not only time consuming but have direct implications on the students' academic work and social life. A survey at the University of Nairobi revealed the types of income generating activities (IGAs), reasons for starting IGAs, time spent on IGAs, and the impact of IGAs on students academic work The main finding of the study was that financial assistance to most of the students is inadequate and the quality of education among the students involved in IGAs is highly compromised. The study recommends that in spite the university initiative to raise funds from students to offer competitive services, it should seek to cater for the poor students through work study programmes that will not distract students from their studies. It also recommends that the government should avail scholarships to finance poor students. The research contributes to both policy and institutional decisions with regard to university education funding.

CHAPTER ONE

INTRODUCTION TO THE STUDY

Introduction

Structural Adjustment Programmes (SAPs) as propagated by the International Monetary Fund (IMF) and World Bank in the 1980s in Kenya occurred against a background of the country's declining economic performance, which increased poverty levels.[1] The SAPs further contributed to economic recession resulting in the government reducing per capita.

The result of SAPs was the introduction of cost sharing at all levels of education in Kenya. The cost sharing policy has adversely affected many aspects of education culminating in low enrolment rates at all levels, insufficient provision of learning resources and deterioration in the quality of educational provision. University education was not spared by this economic decline.[2] Cost sharing policy was applied in public universities in the 1991/92 academic year.[3]

Under the programme, the government no longer paid full tuition fees and government loans were no longer automatically accessible to all university students as was the case before the implementation of the policy. Students were also to pay for their meals, accommodation, stationery and other personal needs directly.

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[1] Republic of Kenya, Economic Plan 1996, Nairobi, 1997
[2] UNESCO, The World Bank, 1997.
[3] Republic of Kenya, Economic Plan, 1999b

This study examines the effect of the cost sharing programme advanced by the SAPs in university education in Kenya with a case study of the University of Nairobi.

Statement of the Research Problem

In the past, the state subsidized university education and consequently all students were capable of meeting their needs from the state funds.[4] Cost sharing has made the cost of education unaffordable to many students. The increasing economic difficulties associated with the cost sharing have meant that the financing of education has become more costly.

Further, some parents and guardians still hold the view that the government should continue to meet the cost of their children's education. Consequently, they do not provide sufficient financial support to match the latter's needs. As a result, students have become increasingly involved in small business enterprises as a way of raising additional income. This research investigates the responses of university students to the cost sharing programme. The research will further investigate the implications of cost sharing on the students' academic work and social life. The basic questions that underlie this assumption are:

What are the implications of the SAPS on university education in Kenya and what is the effect on university education?

[4]World Bank, Adjustment in Africa. 1997.

The study will therefore examine the problems caused by SAPs and seek the solutions to these problems.

Objectives of the Study

The research shall be guided by the following objectives:

1. To examine the implications of SAPs to university education.
2. To investigate the responses of the university students to cost sharing.
3. To identify and seek solutions to problems brought about by SAPs in university education.

Literature Review

Literature review in this section is in two categories, i.e. Structural adjustment programmes and higher education financing.

Literature on Structural Adjustment Programmes

The literature on structural adjustment programmes is guided by two schools of thought. The orthodox and heterodox stands on SAPs hold divergent views in regard to the contribution of SAPs to social and economic development.[5] The orthodox view, best expressed by the World Bank and its supporters, argue that reforms have paid off and that seriously adjusting countries have experienced a turn around in their growth rates and other performance indicators including in some cases, a reduction in poverty and illiteracy levels.[6]

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[5] A. K. Tibaijuka & A. Cormack (Eds), The Social Service Crisis of the 1980s (Sydney Ashgate, 1998, pp. 12-14).

[6] Global Coalition for Africa African Social and Economic Trends, Annual Report. Washington DC, 1993, p. 55.

Kenya is one of the countries in the sub-Saharan Africa whose economy is open and specialized but depends on the exploitation of primary products for its foreign exchange and economic survival. The general trend of the Kenyan economy is predominantly subsistence. The non-subsistence sector is characterised by the predominance of commercial and trading activities based primarily on imports and exports with domestic production playing a secondary role. The production base in Kenya is narrow, both in terms of size and in relation to the range of goods produced and weak inter-sectoral linkages also characterise it.[7]

The other important feature of the structure of the Kenyan economy is the neglected informal sector, a degraded environment and lopsided development due to the urban bias of public policies generally and development policies in particular. On the other hand there is fragmentation of the economy, high index of openness and excessive dependence on the economies including dependence on external factor inputs and weak institutional capacities.[8]

The structure of the Kenyan economy defines the essential features of its central problem of underdevelopment. The major problems of mass poverty, food shortage, low productivity, weak production base and backward technology, high illiteracy levels etc, are basic bottlenecks that arise from the structures of production, consumption, technology, employment and socio-political organisation.

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[7] C. Clough, States or Markets? Neoliberalism and the Development Policy Debate. New York, Clarendon Press, 1991, pp 34-36.
[8] Ibid

In the 1970s Africa experienced serious development crisis, which became aggravated throughout the 1980s. The crisis soon assumed economic, social, political, educational and environmental dimensions. This crisis arose basically from the structural deficiencies of the African economies. It was nevertheless perceived in terms of external and internal imbalance, deteriorating terms of trade, increasing balance of payment deficits and depletion of the external reserves. The crisis provoked international attention, especially from donors and international financial institutions.[9]

The era of structural adjustments seems to have brought with it a new vibrancy in policy debate, the kind of which was last witnessed in the 1980s when the newly independent states were least engaged in defining their future.[10]

The term structural adjustment is normally used in one of two closely linked senses. One implies a shift in economic policies from an interventionist stance, which permits and sometimes encourages state intervention in the economy, towards a neo-liberal position which aims to minimise it, letting the market allocate resources whenever possible. In this sense, it is a third world version of policies, which have dominated international economic discussion for the past 15 years. But it is also stands for the mechanisms, which have been used since 1980 to persuade the third world countries, often very reluctantly, to follow such policy prescriptions.[11]

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[9] A. Deng, Rethinking Africa's Development. Toward a Framework for Social Integration and Ecological Harmony. (Amara, Africa World Press, 1998, pp. 45-59)
[10] P. Gibbon, Limits of Adjustment in Africa. (London, Heinemann Press, 1996, pp. 3-10).
[11] Ibid.

The philosophy underlying SAPs is that the free play of market forces principle with minimal or no participation of the government in economic and social activities could help developing nations out of excessive dependence on one or a few of the export commodities, chronic lack of self reliant growth and development, serious balance of payment disequilibria, large and growing budget deficits, low productivity, unemployment or external debt.[12]

The objective of the orthodox approach was to provide a panacea to stabilize the economy, improve the allocation of resources and thereby raise the level of output. The neo-classists alleged that there were few inherent market failures in LDC's and that the existing market imperfections were by and large due to policy failures.[13]

Kenya started in the 1980s with many more favourable economic features than other Sub Saharan countries. Adjustment programs in the 1980s, like the modernisation paradigm were inconsistent with the African development thought. The cornerstones of this development thought are family hood, sharing consensus building, which SAPS tend to undermine through their emphasis on the individualism and self-seeking motives. SAPS have tended to ignore the social fabric and objective conditions of the African society.[14]

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[12] T. Nyangoro, et al, Beyond SAPS in Africa. The Political Economy of Sustainable and Democratic Development. (New York, West Port Press, 1992, pp. 96-106).

[13] S. Coetzee, Structural Adjustment-Review of the State of Art-African Thought. Vol. 23, No. 2, 1993, p 80.

[14] Nyangoro, Beyond SAPS in Africa The Political Economy of Sustainable and Democratic Development. op cit.

The designers of SAPs assumed that institutions of the market economy could easily be transferred and adapted to the African situation, the African state has not been able to establish itself as an agent of development as its counterparts in East Asia. The problem with SAPs is the way in which they have been formulated and applied without any due attention to the prevailing objective conditions of most African states.

SAPs lending dates from about 1980s for a number of reasons, all connected to changes in the world economy around that time. The first OPEC oil price rise of the late 1973 led to the recycling of accumulated "petrodollars" and sparked off a major monetary boom from 1974-1979. This led to an enormous expansion of lending to third world countries and an increase in their indebtness, concealed until 1979 by inflation and low interest rates.[15]

Between 1979-1982, with conservative parties gaining power in several major countries, reducing inflation was promoted to be the first economic priority. It was achieved by deflationary polices which reduce levels of economic activity, employment, demand and thereby prices of third world countries exports products. Nominal interest rates were increased and with sharply reduced inflation, real interest rates increased by 10-15 times with similar increase in debts.[16]

The debt crisis was thus born and a growing number of African countries found themselves in a desperate need for foreign exchange to continue their

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[15] World Bank, Adjustment in Africa, op cit.
[16] C. Kaseno, Macroeconomic Policy Research Issues: The Sequence, Consistency and Credibility of SAPS in Africa, Unpublished Paper Presented for the Senior Policy Seminar of AEFC in Nairobi, 1995.

development programmes or even import necessities. A demand was created for quick releasing flexible "programme" lending and its urgency increased the scope for imposing conditionality. The major shift in economic thinking meant that SAPs would be used to try to push through a dramatic change in the economic policies of recipient countries.

SAPs involve measures to reduce the spending and direct economic involvement by the state and a move towards market allocation of resources and provide an enabling environment for private enterprises.[17] This is important because the notions of structure as used by international financial institutions and their critics are almost diametrically opposed. To show this simply, one can outline what each side sees as major structural problems.

For those concerned with the development processes other than the international financial institutions, structural problems tend to refer to economic and social imbalances seen to obstruct development. The export bias of colonial economies and its distortions of transport networks could be seen as such a problem. So could the fact of an input-out put table full of black spaces or the lack of policies, which have kept some areas undeveloped sources of out-migration.[18]

Development is seen at least in part, as a matter of overcoming these structural imbalances. Since their effects including distorting markets, state intervention is suggested to improve structures and so provide the optimal

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[17] Gibbon, Limits of Adjustment in Africa. op cit.
[18] Codessria Bulletin, Rethinking Bretton Woods from and African Perspective. (Senegal Dakar, ISSN 0850-8712, Vol. 3 & 4, 1999, pp. 24-26).

conditions for private sector participation. For the international financial institutions, the main or only structural problem is market distortion, usually as a result of state intervention in the economy.

In the African case, this means, assuming that the root cause of Africa's current ills lurks not in the history of colonialism and its form of integration into the world economy, but in the polices which have aimed to offset these imbalances, with their unintended effects in the form of excessive state intervention in the economy and especially parastatal monopolies.

A review of recent studies on Africa's development reveals two major findings that prompted interesting policy and theoretical research questions for the 1990s. First, some of these studies unanimously affirmed that Sub Saharan Africa was undergoing deep development crisis.[19] The study further shows that although the situation in SSA had been deteriorating for a long time, it became worse in the 1980s and chronic in the 1990s. The crisis has with time assumed serial dimensions, manifested in the economic, social political and environmental situations of African countries.[20]

Proponents of SAPs ascribe a significant part of Africa's economic crisis to over-intervention of the state in the economy mainly through direct ownership of assets and the protection of the local market form external competition.[21] These are

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[19] K. Cumminis Stephen, African Development Challenges and the World Bank: Hard Question, Costly Choice. (London, Lynne Publishers, 1998).
[20] World Bank, Adjustment in Africa, op cit.
[21] I. Logan & M. Kidane, Beyond Economic Liberalization in Africa: Structural Adjustment and the Alternative. (London, zed Books Ltd., 1995).

also the sentiments of Wanyande[22] who observes that "led by the World Bank and IMF, the international donor community initially attributed the social and economic decay to the faulty domestic economic policies pursued by post colonial African governments." These policies were characterised by excessive government control and regulation of the economy including administrative determination of interest rates, foreign exchange regimes, price controls and the establishment of public enterprises, many of which were not only unnecessary but were also not viable.

Various scholars have defined SAPs in different ways. According to Walton and Ragin, SAPs are austerity policies designed and mandated by the international financial institutions such as the World Bank and the IMF to restore the economic viability and ensure debt repayment.[23] According to Gibbon, SAPs are economic reforms aimed at stabilizing developing countries external and internal balances and promoting their export growth by devaluation, producer price changes, trade liberalization, privatization and supporting legal reforms.[24]

Lewis argues that the major components of SAPs are state focused and entail imposition of states financial discipline through, reduction of state intervention, decontrol of prices, exchange rates and interest rates devaluation and promotion of exports.[25]

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[22] P. Wanyande, Governance, Democracy and Economic Development in Purnac, Samantha and Raj Kumar (eds) Realizing African Development: A Millennial Analysis. (Centre for Indo African Development Studies and International Institute for Development Studies, 2001.)
[23] J. Walton & Charles Ragin, Global and National Sources of Political Protest: Third World Responses to the Debt Crisis in American sociological Review 55:876-890, 1999.
[24] P. Gibbon, Limits of Adiustment in Africa. Op Cit.
[25] Lewis, The Politics of Economies. (Africa Report May/June, 1994)

Odada and Ayako[26] define the concept as macroeconomic responses that are primarily economic in nature, aimed at correcting certain economic imbalances. They describe SAPs as medium term measures and associate them with the works of the World Bank and the IMF. They further argue that SAPs are divided into two categories. First are the demand management policies, which are aimed at achieving internal and external balance together with the stabilization of the price level. This includes cuts in public expenditure, devaluation, wage freeze, cuts in subsidies and transfer payments, restriction on credit expansion, reduction of net domestic assets of the central bank and reduction of net borrowing by the government from the central bank. Second are the supply management policies which include institutional reforms, in particular, increasing private sector participation in economic activity, devaluation, reforms in the interest rates structure, decontrolling prices especially producer prices, export promotion and trade liberalization.

According to the proponents of these policies, a typical adjustment package contains one or more of the following policy instruments: devaluation, liberalization of trade both domestic and external, monetary and fiscal policies, market reforms and a wide range of cost sharing programmes and other expenditure rationalization reforms.

The IMF and the World Bank introduced SAPs in order to correct macroeconomic imbalances, particularly the distortion of prices, and thereby

[26] J. Odada & A. B. Ayako, The Impact of Structural Adjustment Policies on the well being of the vulnerable groups in Kenya. (Nairobi, Unicef, 1989).

restore incentives for production, revive economic activity and economic growth. However after two decades of adjustment in Africa, results have generally been mixed and claims of success and failure counterbalance each other in the literature on economic development. Since their introduction, an academic debate and political controversies have ensued over their appropriateness and efficiency in reforming the already devastated African social sectors like education.[27]

According to the World Bank, macroeconomic adjustment policies have improved economic performance and that in general, the greater degree of implementation, the better the results.[28] Three main arguments are often presented to support this claim. Firstly, the failure to adjust will, ultimately impose huge costs on the poor, with unsustainable budgets and trade deficits leading to hyperinflation, currency instability and economic collapse.[29] Secondly, where properly implanted, SAPs have not only created conditions for growth, but growth that benefit the poor. For example liberalization, together with labour market deregulation, has led to the creation of jobs.[30] Thirdly, SAPs incorporate social conditionality and provisions that aim at protecting welfare service delivery to the poor.[31]

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[27] E. Nyangoro & S. Julius (Eds), Beyond Structural Adjustment in Africa: The Political Economy of unsustainable and Democratic Development. (New York, Praeger Press, 1992).
[28] World Bank, Adjustment in Africa: Reforms, Results and the Road Ahead. (New York, Oxford University Press for the World Bank, 1994).
[29] K. Watkins, The Oxfam Poverty Report. (Oxfam: Oxford, 1995).
[30] World Bank, The Challenge of Development: World Development Report, 1991. The World Bank Publication, (New York: Oxford University Press, p. 67, 1998).
[31] World Bank, Adjustment in Africa. Ibid.

Serageldin[32] is of the opinion that countries with sustained adjustment programmes achieved 0.8% annual real growth rates of GDP per capital over 1984-1986, while those that had not adjusted registered negative 2.5% a year. Both groups registered declines in GDP per capital averaging close to negative 4% a year over 1980-1984. But growth, it can be argued, is hostage to climate and external shocks. He however notes that in spite of some successes in many SSA countries, the debt crisis remains critical.

Twenty two countries were expected (in the absence of debt rescheduling) to face debt service rations of 30o% GDP or more in the period 1988-1990. All but two of these countries were in the low income groups, with a sub-group of 17 countries accounting for about 43% of total African indebtness. The World Bank defends itself by arguing that the developing countries lacked the capacity to manage market distortions. However in a brief account, the bank accepts that the SAPS had their shortfalls, it states, "we are learning from experience in adjustment programmes, just as we have been learning in our project lending. We must be careful not to overestimate what can be achieved in a short period. Restoring sustainable growth will take time, perseverance is essential. Just as essential however, is to ensure that the poor participate in and benefit from the restored growth.[33]

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[32] I. Serageldin, Poverty, Adjustment and Growth in Africa, (Washington DC, World Bank, 1989).
[33] Ibid.

At another level the heterodox view is best articulated by the UNICEF in its work "*adjustment with a human face.*" However, the Economic Commission for Africa, many African scholars and some governments, dispute such claims.[34]

De Geese[35] argues that overall assessments of the programmes of the 1980s indicate that they have, in most cases, not ventured beyond the narrow boundaries and objectives of economic stabilization. The intended transformation of the economies have been hampered by external imbalance and limited domestic resources. The programmes notwithstanding, their commitment to efficiency and growth seem to have been confined to a reduction of public deficits and a reorientation towards minimal government intervention.

Cornia argues that adjustment cannot be expected to work without a human face. The human face implies the need to consider the socio economic implications of adjustment policies in the formulation and implementation stages. De Larosière, Managing Director of IMF, further asserts that the extent to which adjustment is compatible with growth and with an improvement in the living standards depends largely on what form that adjustment takes. Adjustment that takes the form of increase in exports, savings, investment, and economic efficiency will clearly be more supportive of growth than that which relies on cuts in investment and in imports. Similarly adjustment that pays attention to the health, and educational requirements of the most vulnerable groups is going to protect

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[34] H. Campbell & S. Howard, Tanzania and the IMF: The Dynamics of Liberalization. (West View: Press Boulder, 1992).

[35] B. William Van De Geese (ed), Negotiating Structural Adjustment in Africa. (London, Thorn Hill Square, James Currey Ltd., 1994).

human conditions better than adjustment which ignores them. This means that the authorities will have to be concerned. not only of how they close the fiscal deficit but also how they do so.

Cornie et al[36] further agree with the United Nations International Children's Educational Fund that the primary cause of downward economic pressures on the human situation in most of the countries affected is the overall economic situation, globally and nationally, not adjustment policy as such. Indeed, without some form of adjustment, the situation would be worse. They however warn against accepting adjustment to a more growth-oriented pattern of development in which the human needs of the vulnerable are protected in the short and in the medium to long term.

Jamal[37] is of the opinion that the economic structural adjustment programmes, introduced by the World Bank and the IMF have been inappropriate given the mechanisms by which the World Bank and IMF used in the introduction of SAPs in many African countries prior to the seal of approval to get loans for economic liberalization and globalization, and given the underpinnings of democracy, some policy analysts argue that the two processes do not ensure policy ownership or implementation.

Authors like Azzam[38] are pessimistic about SAPs because of their capitalistic nature. He is of the opinion that world capitalist expansion has always

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[36] Cornie, et al, op. cit.
[37] T. Jamal, Have Structural Adjustment Programs Worked? (Africa Quarterly 4(4), 1994)
[38] M. Azzam, (ed), Adjusted or Delinking: The African Experience, (United Nations University Press. Toyko: Zed Books Ltd., 1993).

had and still has a polarizing effect. That is, from the very beginning, it produced and perpetuated a contrast between the center and the periphery. In this sense then, the development of the periphery has always entailed a never-ending adjustment to the demands and constraints of the dominant center. This is to say that the centers are "restructured" while the peripheries are "adjusted" to this restructuring.

According to Ravenhill.[39] African countries paid back more (a total of $1.5 billion) to the IMF from 1986-1989 than they gained in new borrowing. The structural adjustment programmes is to him, a project of the World Bank and the IMF that has transformed the actualities if not yet the analysis of Africa's political economy. This transformation from devaluation and privatization to deregulation and the user pays has taken place not only at the level of policies but also in terms of politics and economics.

According to the critics of the World Bank, the character of most national packages tend to be quite homogenous, leading to defaults or backsliding on some conditionalities as political opposition or other unforeseen consequences arise.[40]

The impact of SAPs remains unpredictable according to observers who argue against the trickle down hypothesis, which associates economic growth with automatic benefits to the vulnerable groups.[41] In their view, economic growth is necessary for the improvement of the welfare of the vulnerable groups, but it is not

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[39] J. Ravenhill, Africa in Economic Crisis. (London: Macmillan Press, 1986).
[40] P. Mosley et al, Aid and Power Proposals and Policy Based Lending. (Development Policy Review 6 (4) 395-413, 1991).
[41] T. Shaw, Reformism and Revisionism in Africa's Political Economy in the 1990s: The Dialectics of Adjustment. (New York: St. Martins Press, 1999).

a sufficient condition. That is, there is no automatic assurance that these groups will be beneficiaries of any growth that takes place. They further argue that the theoretical justification for these policies comes from a comparative static analysis performed under conditions that assume the existence of a developed world economy.

SAPs packages directed at the reduction of government expenditure have drawn their own share of criticism. Drawing from the experience of the East Asian Newly Industrialised Countries, Lall[42] argues that the interventionist role of the state in economic development in indispensable. According to him, the great success of many of these countries was due in a large measure to heavy and consistent public sector involvement in their economies.

Mlambo[43] concurs with Lall and according to him, one of the most illogical measures imposed through SAPs is that which requires governments to reduce their presence in the economy. In the poor countries of SSA where capital is scarce, only the government, by virtue of its comparatively abundant resources accumulated over the years, is the major catalyst for economic growth.

In divergent introductions to a pair of reports representing a three year period of the mid decade, Jaycox[44], World Bank Vice President for Africa, argues that an important feature of the movement towards policy reform and orderly SAPs

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[42] S. Lall, Structural Problems of African Industry in F. Stewart, Alternative Development Strategies in Sub Saharan Africa, (London: Zed Books Ltd., 1992).
[43] S. Mlambo, et al, Towards an Analysis of IMF SAPS in SSA: (African Development Review. Vol. 10, No. 2, 1995, pp. 34-38).
[44] UNDP, United Nations Human Development Report, (New York: Oxford University Press, 1999, pp. 36-39).

is that Africans accepted the principal responsibility for their economic decisions and destiny. Data in this report suggest that a strategy of adjustment with growth is viable in Africa.

Adedeji[45] observes further that in any attempt to portray the economic situation currently prevailing in Africa in rosy terms, to minimize the impact of adverse external environment and to depict the effect of SAPs as having been always positive, does not only detract from the reality of the situation, but is also cynical in the extreme.

Some are not categorical on the effects of adjustment, for example in Ikiara's[46] account, economic reforms undertaken in the 1990s expanded the overall employment in the informal sector from 1,237,500 people in 1992 to 2,249,500 people in 1995 and produced annual growth rates in the informal sector employment of between 18.5% and 25% between 1993 and 1995. He however notes that the implementation of SAPs without designed safety nets could have negative effects on the poor and other vulnerable groups.

Onjala[47] explains how SAPs have sorted out areas of inefficiency. He argues that the government managed to bring down the budget deficit, the deteriorating balance of payments, domestic credit and inflationary pressure. Between 1980 and 1984, the overall deficit fell from 10% of GDP to under 4%.

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[45] Economic Commission for Africa: Economic Report for Africa. (Addis Ababa, April 1998, pp. 12-15).
[46] G. K., Ikiara, Economic Restructuring and Poverty in Kenya in Ngethe, N. and Owino W., Towards Indigenizing the Policy Debate. (Nairobi: Ipar, 1995).
[47] J. Onjala, Economic Growth and Development in Kenya since Independence in Ngethe N. & Owino W., (eds), From Sessional Paper No. 10 to Structural Adjustment. Towards Indigenizing the Policy Debate. Nairobi: Ipar, 1995.

The rate of domestic credit fell from about 19% to under 9% over the same period. The current account deficit as a percentage of GDP declined from 8.3% in 1981 to about 2% in 1984. Overall balance of payment surpluses were recorded in 1983 and 1984. Inflation declined from about 20% in 1981 to about 14% in 1982 and at an average of about 10% in 1983/84. He however acknowledges the negative impact of SAPS on growth, income distribution, employment and poverty.

HIGHER EDUCATION FINANCING

Literature on higher education financing is based on the heterodox view on SAPS. The view holds that the cost of education has been on the rise over the years, making it difficult for poor households to invest in their children's education at all levels. The existing levels of user charges at the university level and further increases imply a heavier burden on poorer households than on the richer families. In the face of higher charges, poor households may respond by enrolling few of the eligible children to school or even removing some from school.[48]

Though education is both a private and social investment shared by individual students, their families, employers and governments including international agencies, its cost continues to inhibit access on the relatively poor income families. Given the centrality of education in human resource development and in the face of rising costs and taking into account the individual

[18] J. Peng Tan, User Charges for Education: The Ability and Willingness to Pay. World Bank Staff Working Paper. (Washington DC, 1984).

gain component, it was deemed essential to introduce cost sharing in education financing at all levels including university education.[49]

In 1988 the government of Kenya undertook SAPS and implemented the cost sharing policy in the provision of university education. Although the policy was meant to revitalize planning and management of education, it also created problems which to some extent continue to negate the realization of the policy objectives.

In a similar development, the Republic of Pakistan in its 5-year development plan 1983-1988 introduced user charges at all levels of education. Similarly, in the Honduras, students are given loans and the interest charged vary with the employed graduates individual incomes and an arrangement that alleviates the hardship faced by those who fail to secure high paying jobs.[50]

China on the other hand, which until very recently offered virtually free education at all tiers, announced a gradual reduction in educational grants and subsidies for university students. In the new policy shift, students from financially able families are required to meet the full cost of their university education while those form the less privileged families will pay nominal fees and meet part of the living expenses for university education.[51]

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[49] H. O. Ayot, The Economics of Education. (H. and Briggs Educational Research Publication, 1992).
[50] R. Faruqee, et al, Adjustment in Africa. Lessons from Country Case Studies. (The World Bank, Washington DC, 1994).
[51] H. Mukherjee, China: Higher Education Reforms. (World Bank Country Study, Report No. 17138, 1997).

However the brightest students from poor families are awarded scholarships to pursue higher education. China implemented universal university tuition in the 1980s where universities were allowed to charge fees to students outside the "state plan," that is, those sponsored by organisations or are self sponsored. This mainly comprised of students who failed to meet the cut off points for regular university admission. The fees charged was pro-poor, as it was seen to be modest at about $888, while students admitted to university under the state plan were fully sponsored by the state.[52]

In a similar arrangement, India in her 5 year development plan 1985-1990 adopted a new approach to development which required substantial outlays. Mobilization of community resources were recommended as well as implemented with a reduction of government subsidies for secondary and higher education courses.[53]

In Japan, loans are the only forms of financial aid for students. There are two types of loans, interest free loans provided for students in upper secondary schools and technical colleges and loans at 3% interest provided for undergraduate students.[54]

German university students were initially not paying tuition fees and students from the low income families received financial aid towards their living expenses and originally only grants were awarded but a loan element was

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[52] Ibid
[53] Government of India, National Development Plan. 1985-1990.
[54] Peng Tan, User Charges for Education, op cit.

introduced in the 1970s to supplement the grants.[55] In 1984, grants were abolished and loans became the only source of financial aid to students. Graduates repay their loans within 20 years and the loans are interest free and students who complete their courses in a shorter than average period or graduate in the top 30% have up to 25% of their debt waived.

In Sweden, there is a mixture of loans and grants. However, 90% consist of loans while the rest are grants. Loans must be repaid by the beneficiaries' 50th birthday and an annual "adjustment index" of 4.2% is charged. Sweden treats all students as financially independent from the age of 20 years, hence parental income is not considered, majority of the students are therefore eligible.[56]

The USA on the other hand has different types of loans for various categories of students. There are for example federal government grants for college work-study programmes. Other educational financing arrangements include the National Direct Students Loan program (NDSCP), which offers highly subsided loans to low-income students on the basis of a tricot means test.[57]

The interest rate of this loan category was 5% in 1981; guaranteed student loan programme is for the middle-income students. It offers subsided loans, but at a higher interest rate than the NDSCP loans. Its interest rate was 8% in 1985. Loans to parents for undergraduate students was intended to help parents finance

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[55] R. Faruqee et al, Adjustment in Africa, Lessons from Country Case Studies, op cit.
[56] World Bank Group, Education Sector Strategy, Human Development Network, Country Report, (Washington DC, 1999).
[57] D. B. Johnson, Financing Higher Education. Who Should Pay and other Issues in American Higher Education in the 21st Century-Social, Political and Economic Challenges. (New York, John Hopkins University Press, 1998).

their children's education. The interest rate was 12% in 1985. Specialised schemes exist for certain professions such as the health education assistance loans for students training in medical or Para-medical professions. Law students also have a corresponding financing scheme.[58]

In Latin America, Chile is the only country recovering a large proportion of the cost of university education through user fees. Since 1987 when comprehensive structural and financial adjustments were implemented in Chile, increasing numbers of students have been paying fees for their education at all tiers. The introduction of fees at university level has stimulated the establishment of private universities with a large Chilean population willing to pay for university education. The very poor are cushioned against dropping out of university through loans and subsidies.[59]

In Argentina, the universities are allowed to decide on the fees to charge for their programmes. Yet at the same time, some universities do not charge user fees at the undergraduate levels as safety nets for the poor to improve access to university education. However, almost all of the universities charge fees at the graduate level to boost their financial base and also to supplement the virtually free degree programmes at lower levels.[60]

However, cost sharing is non-existent in majority of the countries in the continent. In Mexico for example, attempts to introduce cost sharing in public

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[58] Ibid.
[59] H. Nielson, Chile: Higher Education Reform Project. (The World Bank, Washington DC, 1998).
[60] J. Martins, Argentina: Higher Education Reform Project. (The World Bank, Washington DC, 1999).

universities was resisted by parents and students who argued that it was the responsibility of the government to meet the cost of educating its citizens to university level. The negative reaction has inhibited the universities approach to create a supplementary financial base to adequately finance their programmes.[61]

Although free university education protected the poor from dropping out of the university, it creates a situation where universities find it extremely difficult to finance their programmes through limited funds from the exchequer. However, since 1994, some universities have been encouraging direct contribution by students for facility improvements, for example upgrading of computer laboratories, scientific equipment and for stocking of libraries.[62]

Elsewhere, countries with rigid legal structures are finding themselves in a crisis as they attempt to open up university education to market forces. Such countries include the former USSR. In Russia for example fees-paying students do not exceed 15% of the total admissions. Even though tuition is free under the Russian constitution, public universities are slowly drifting towards making tuition charges legal and mandatory.[63]

Several countries have been shifting policies from the state financing of university education to offering financial assistance, loans and bursaries to needy students to increase and maintain access to university education in terms of tuition, accommodation and subsistence. The burden of meeting the greater part of the

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[61] J. Salmi, Mexico, Higher Education Financing Project. (World Bank Report No. PIC J094, 1997).
[62] Ibid.
[63] Faruqee et al, Adjustment in Africa. Lessons from Country Case Studies, op cit.

cost has tended to be shifted to the students and their families who are the primary beneficiaries of the skills acquired at higher education levels. While governments are committed to expanding university education, there is need to put in place mechanisms for measuring family income levels to determine eligibility for state support.[64]

The needy in many countries are awarded loans and bursaries as a way of ensuring their access to university education. In Hungary for example, the public sector was fully financing university education with minimal contributions from the beneficiaries. This raised the cost of university education per student to 86% of GDP compared to an average of 45% for the Overseas Economic Commission for Development (EOCD) countries and a 35% for Germany.[65]

The over expenditure on university education necessitated transfer of the costs to the private beneficiaries and their families in order to release public sector resources for the needy service areas. To achieve this, Kenya introduced tuition fees in 1995 to cover both graduate and undergraduate level students. However measures were put in place to cushion the poor from possible discontinuation of their university education through the establishment of the Higher Education Loans Board.[66]

To enhance access to university education, Hungary gave partial or full waivers to 20% of students based on academic performance and level of financial

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[64] K. Mwiria, Issues in Educational Reforms in Africa. (East African Educational Publishers, 1995).
[65] F. Golladay, Higher Education Reform Project, Republic of Hungary Staff Appraisal Report. (Human Development Report No. 16536-HU, Washington DC, 1998).
[66] Government of Kenya, Totally Integrated Quality Education and Training. Report of the Commission of Inquiry into the Education System of Kenya, (Nairobi, Government Printers, 1999).

need. To further improve the financial base of public universities, part time students are charged additional fees per month to supplement education of the vulnerable and improve the quality of teaching. As a consequence of cost sharing, revenue to public universities which currently constitute about 7.5% of higher education has increased by 20%.[67]

A number of countries have reverted to recovering the cost of university education from the students rather than from parents. In countries where this approach has been used, governments through ministries of education have provided loans, bursaries, grants, and scholarships by directly sending the funds to respective universities student banks and loaning institutions among others. The loans are advanced to the students on the premise that they will pay when they get employed.[68]

While various governments have gradually shifted the greater part of financing of the university education to students through loans, a number of areas where improvement can be made have been noted in relation to the management of the loan schemes. This includes the unsatisfactory rates of loan recovery often characterised by non-payment, unwillingness to pay or defaults and the high cost of managing the loaning process and maturing loans.[69]

Loans systems in most countries do not require students to provide collaterals, resulting in high default rates. Other issues arising from the

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[67] Golladay, Op Cit.
[68] K. Wamuday, The Status of Educational Research and Policy Analysis in Sub-Saharan Africa. (International Development Research Centre, 1993).
[69] Ibid

management of the loans scheme include low interest rates charged and the prolonged repayment periods which make it difficult for the schemes to fully recover amounts lent. In such instances, the loan schemes remain ineffective in shifting financing of university education to the students. The long repayment periods, low interest rates, unsecured students loans coupled with the fact that the scheme is seen as a social responsibility, have discouraged commercial banks from advancing loans for university education. Based on this realisation, the schemes therefore remain largely unsustainable as they go against the principles of fiscal viability.

The World Bank, in an attempt to facilitate shifting the burden of state financing of university education to the consumers, has supported student loan projects in several countries with a view to putting in place loan schemes meant to finance university education and to offload part of the strain on the government. As poor macroeconomic performance continued to engulf the world, an increasing number of countries adopted cost sharing or cost saving mechanism to sustain the cost of financing university education.[70]

There is a need to reduce this unnecessary debate and controversies about SAPS, evident in the literature. Largely, the debate according to Ikiara has persisted due to lack of in-depth studies on the relationship between SAPs and socio economic variables. It is therefore important to design more focused studies to help move away from conclusions based either on purely speculative

[70] World Bank, Priorities and Strategies for Education World Bank Review. (Washington DC, 2002)

approaches or inadequate short term information.[71] This is what the study intends to do.

From the discussion above, the orthodox and heterodox schools of thought reveal that SAPs have two separate outcomes in an economy. The orthodox view argues that SAPs produce desirable economic growth results in a state. On the contrary, the heterodox view contends that SAPs impact negatively on the economy. This is exemplified when implementing SAPs and the poor end up incurring higher expenditures in accessing social services. The heterodox view suggests that a humane way should be adopted to gradually realise the gains of SAPs in a developing economy. This would be done through gradual implementation of SAPs to minimise the suffering it brings about to the poor people. From the two schools of thought it emerges that SAPs have a double pronged effect on an economy. While the two debates point out different outcomes that SAPs would have on an economy, they do not demonstrate the effect of SAPs on university education and the solutions to the problems that arise in these institutions of higher learning. This study will examine the effect of SAPs on university education and the solutions that would address them.

Conceptual Framework

This study shall be guided by a conceptual framework derived from the neoclassical model and the Stiglitz thought about the effect of SAPs on a developing economy.[72]

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[71] G.K., Ikiara, op cit.

According to the neo-classical economic theory, socio economic and spatial inequalities are merely short-term aberrations that arise from structural factors, in an otherwise well functioning system. Consequently, it is assumed that the inequalities created between the rich and the poor and between the prosperous and the depressed area melt away as countries undertake development programs, especially those that are market forces.[73] The underlying adjustment prescriptions in the neo-classical assumption are that liberal markets work and structural adjustment means the introduction of more market oriented policies, greater openness to trade and a bigger role for the private sector. It demands the reduction of budget and balance of payment deficits through fiscal and monetary measures and advocates for a public service that is efficient and reliable, with transparent accounting for public monies. This is achievable by adjusting the pricing system of public universities, generate more revenue and eventually reform institutions to carry out government's new role

The Stiglitz[74] model, whose essence is its implications for resource allocation, complements the neo-classical model. Stiglitz argues that there are desirable government interventions, which in principle can improve upon the efficiency of the market forces. This is because the restrictions on the conditions under which the markets result in efficiency are important and many of the key activities of the government can be understood as responses to the resulting market failures. In his argument for an appropriate balance between the government and

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[72] P. A. Samuelson, Economics. (Mexico City: Graw-hill Inc., 1995, pp. 78-80).
[73] S. Kuznet, Economic Growth and Income Inequality, American Economic Review 45:1-28, 1995.
[74] J. Stiglitz, Globalisation and its Discontents, (London, Penguin Press: 2002), pp. 73-75.

the market forces, Stiglitz maintains that strong markets require significant state and trans-national intervention, stable social relationships and an environment of trust for them to be organised, framed and sustained over time, for the benefit of people throughout all societies.

This model is useful in this study as it calls on the government to play its appropriate role in the provision of higher education in Kenya through allocation of resources for university education to cushion the poor against the effects of the introduction of cost sharing policy in universities. Government involvement would reduce the number of students who drop out of the universities or engage in income generating activities in attempts to access university education.

Hypotheses

The study is based on the following hypotheses in its investigations:

- Enrolment rates in public universities declined with the introduction of cost sharing.
- Cost sharing did not lead to a decline of enrolment rates in the universities as students responded to it by engaging in income generating activities.

Justification of the Study

The study is justifiable at policy level. On policy perspective, Kenya aims at achieving industrialization, poverty eradication, and sustainable development by the year 2030. To attain this vision it is crucial that university graduates from local institutions receive quality education. This can be achieved by ensuring that there are no obstacles interfering with the quality of education being offered. If the financial status of the student is inadequate, this is likely to negatively affect one's quality of education. Since the introduction of the cost-sharing policy, incidences of academic decline among students in public universities have been on the increase. Yet, little has been documented about the factors that have contributed to the decline of quality education in public universities. Very little is known regarding the impact of implementing the cost sharing programme. This study would contribute to knowledge and ways of enhancing effective learning environment through resource mobilization to cater for the poor students in society. The study will also sensitize universities to look into ways and means of raising bursaries and loans to supplement government efforts.

Methodology

The study would make its findings through collection of primary and secondary data.

Primary Data Collection

Primary data shall be collected through interviews with the students and the university administrators. Interviews are important for this research for two reasons. First it will help collect first hand information from a sample population that reflects the reality of SAPs and their impact on students in the university. Interviews will further enable the researcher to probe for information that is linked to behavioural responses to SAPs by university students. The researcher can probe for responses that will adequately reflect the implementation of cost sharing programme at university level.

Secondly the interviewer will collect information from senior administrative officers in the university. They will include senior administrative staff that are involved in decision making on financial, accommodation, catering and admission issues.

The student sample to be interviewed shall be randomly selected. The target interviewees shall be 100 students spread across four academic groups in years 2-5. Each year group will randomly select twenty five students for interview. The students in year one will be excluded as they would be ill informed about university live and may not provide adequate information with regard to the cost sharing arrangements. The students in years 2-5 are sufficiently experienced and would reveal enough information that would be used to determine the students responses to cost sharing at the university.

Data from the interviews shall be analysed both qualitatively and quantitatively. Quantitative data shall be subjected to analysis using tables and mathematical calculations. The analysis from primary data will reveal the impact of implementing SAPs on university education. The responses would also project the possible solution towards addressing the problems created by the adoption of cost sharing by universities in Kenya.

Secondary Data Collection

Secondary data shall be collected from published documentation and other records from the university, the Commission for Higher Education and the Higher Education Loans Board. The data collected from these institutions will be used to collate information on policy issues with regard to SAPs. The data shall be analysed both qualitatively and quantitatively using tables and graphs to arrive at valid conclusions on the effect of SAPs on university education in Kenya.

Chapter Outline

This study is constituted of Four Chapters. The First Chapter is an introduction to the study. It contains the introduction of the subject on the effect of Structural Adjustment Programmes on the University Education Sector in Kenya. It also contains the research problem statement, objectives, literature review, theoretical framework, the hypotheses, methodology and the structure of the study. Chapter 2 presents an overview of Structural Adjustment Programmes (SAPs) and their effects on the Society. Chapter 3 examines the effect of cost sharing on university education with a case Study of the University of Nairobi. Chapter 4 is a conclusion of the study.

CHAPTER TWO

AN OVERVIEW OF STRUCTURAL ADJUSTMENT PROGRAMMES AND THEIR EFFECT ON SOCIO-ECONOMIC SECTORS OF SOCIETY

Introduction

This section of the research presents a general overview of structural adjustment programmes (SAPs) and their impact on the society. The overview provides a backdrop from which to analyse the impact of SAPs in the education sector in Kenya in the following Chapter.

SAPs were generally designed to instil some economic discipline in the developing countries and spur economic growth in the long run. The SAPS were also used as a tool for austerity and micro-economic reforms that targeted the developing countries that continuously received economic aid but would not take off for economic prosperity or industrialise.

There are other issues that emerge from the analysis of SAPs and their impact on the society. First there is need to grasp if there was a positive or negative achievement the governments made by embracing the SAPS without premeditated safety nets. In regard to economic reforms, the governments could not foresee the eventuality of unsustainable economic growth when the society would not derive benefits from paying or cost sharing in pubic services. In this regard, the society continued to suffer rather than appreciate the contribution made to economic growth through cost sharing arrangements.

This part of the research concludes the overview of the SAPS by linking the government sectoral reforms and the reactions from the society and the performance of various sectors. The link lays a conceptualisation that would reflect the impact of SAPS in the University education in Kenya.

Background to SAPs

The origin of SAPs can be traced back to 1981, when the World Bank commissioned Elliot Berg to investigate the causes of economic problems in the region.[1] In his work, that later became the bank's lending policies blueprint in Sub-Saharan Africa (SSA), Berg examined the key economic constraints in the region. The report indicated that, economies in SSA were under endemic problems including large budgetary deficits, rapidly increasing public debt, balance of payment deficits, high inflation rates, unemployment, high poverty levels, high tariff barriers, low economic growth, inadequate investment and uncompetitive markets and products.

The underlying cause according to the report was poor economic policies and structures that were pursued by the region's governments.[2] The report further noted that there was a lot of government involvement in the economy, which constrained the role of the private sector in the region's economy. The report recommended that governments in the region should reduce their expenditure, as a way of reducing their role in the economy. The private sector on the other hand was expected to takeover those roles that the state had foregone as a result of

[1] World Bank, Sustainable Development in Sub-Sahara Africa, Oxford: Oxford, 1981, P 34
[2] Ibid

reduced spending in the economy. The World Bank initiated SAPs in an effort to implement this new arrangement.

Among the features of SAPs was fiscal adjustment.[3] This feature focused on how governments in the region collected and utilised their taxes. The government's programmes were hence to be budgeted according to the available revenue. This led to the tax reforms in which the government tax base was expanded and the rate of taxation increased. Other economic measures aimed at reducing government expenditure were put in place which included the introduction of the cost-sharing programmes in social services that were hitherto provided free of charge in public institutions, for instance health care and education. The government was also encouraged to reduce or withdraw all subsidies on agricultural inputs to allow the market forces to set the prices for such inputs.

The above policy measures were supplemented by policy instruments that were aimed at raising the role of the private sector in the economy.[4] It mainly focused on price decontrols, liberalisation of foreign exchange and domestic markets, privatisation of the public enterprises, devaluation of the local currencies and minimisation of public and private sector labour bill. The idea was to increase the degree of efficiency and effectiveness in the public sector while at the same time creating more space for the private sector in the economy.

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[3]Ibid, P. 36
[4]Ibid, P 42

Since then a lot of debate has been going on in the region about the role of SAPs in developing African economies. This study limits its focus on the micro-economic level; specifically it will focus on the impact of SAPs on University education in Kenya. However, the study will also look at the impact of SAPs on society with emphasis on agriculture, poverty and the environment.

Impact on Agriculture

According to the World Bank, the participation of the private sector in Sub-Saharan Africa (SSA), agriculture is necessary in order to increase the level of investment in the sector.[5] The bank notes that the private sector would increase competition, efficiency and productivity in agriculture. The sector also has necessary experience to aggressively participate in international trade. According to the bank regional governments should come up with policies that attract private sector investment in the agriculture sector. This would eventually increase the economic performance of the sector.

This view is further articulated by Marsden and Gorgia[6] who note that structural reform in agriculture is a pre-requisite to agro-industrial development in the Africa. In their view, reduced role of the government in the economy will enhance efficiency and cost benefit allocation of economic resource in the agricultural sector. In this light the government should reduce all the statutory, institutional bottlenecks and market imperfection in the economy in order to allow

[5]World Bank, Can Africa Reclaim the 21st Century, Oxford: Oxford University Press, 2002, P. 26
[6]Marsden, K., & G. Gorgia, Agro Industrial Policy Review : Methodological Guidelines, Rome: FAO, 1998, P. 45

the private sector to play a major role in the economy. This should further be supported by the right policies, investment facilities and incentives that promote productivity in the private sector. They further observe that with increased competition and productivity, the agricultural sector will have more value for labour, and add value to the agricultural raw materials. This will have a direct impact on the economy as a result of effective utilisation of economic resources.

In his view, Green[7] observes that some of the key tenants of SAPs may fail to yield the desired results in SSA. He acknowledges that SAPs are based on the idea of a perfect market operation but in SSA the markets are not fully developed and are not perfect. He expresses fear that removing the governments' role in the market may lead to further imperfection which deteriorates an already worse situation. He observes that in the 1980s, the international economy was structured in a way that benefited the rich countries that were creditors and manufacturers of complex goods, at the expense of poor countries, which were bound to lose in the SAPs arrangement. He contends that structural adjustment programs should work to level the grounds of international economies instead of supporting the perceived imbalance. He further acknowledges that the internal economic imbalance in agricultural sector at times may be a consequence of external shocks. For instance adverse weather conditions, poor terms of trade or supply constrictions and calls for specific policies are tailored to target specific problems at hand.

[7]Green, R., Articulating Stabilisation Programs and Structural Adjustment in Sub-Sahara Africa, in S. Commander Ed, Negotiating Structural Adjustment in Africa, New York: UNDP, 1989, P. 56

This view is supported by Bates[8] who argues that in Africa the private sector is not fully developed to take over the role that the state has traditionally played in the economy and agriculture. In Africa he notes that the cost of production is also high and agro-climatic conditions make returns variability very high in agriculture, which increase risks, and uncertainties and discourage the private sectors participation. There are also chances of market failure in agriculture which makes the role of state hard to dispense with in the regions agriculture.

This view is further supported by Gibbons,[9] who notes that while price reforms initiated in the agricultural sector have positive results; there are other constraints to their ability to increase agricultural productivity. These include supply constraints such as poor infrastructure, high prices of agricultural inputs like hybrid seeds, fertilizers among others. It is only when these supply constraints are removed that increased productivity will be realised.

In his view, Commander[10] observes that SAPs have had a negative impact on SSA's agriculture especially because of the reduced government expenditure in the inputs subsidies, which has reduced agricultural returns. He further notes that, investment in agriculture is on the decline because government resources are constrained and observes that the agricultural sector in the region will remain an import intensive one due to purchase of fertilizer and other inputs outside the

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[8] Bates, R., The Reality of Structural Adjustment Programmes: A Skeptical Appraisal, in S. Commander, Ed. Structural Adjustment in Agriculture: Theory and Practice, 1989, Pp. 94-95.
[9] Gibbons, P., Eds, Structural Adjustments and Working Poor in Zimbabwe, Uppsala: Nordiska Afrikainstitutet , 1995,. P 87
[10] Commander S.,(Ed) Structural Adjustment in Agriculture: Theory and Practice, London: James Cury Publishers, 1989, P. 33

region. Any attempts to restrict imports will affect the sector negatively and in the long run undermine the long-term agricultural development in the region.

Commenting on the experience of SAPs in Senegal in the first years of 1980s, Commander[11] notes that the role of the free market in the allocation of economic resources needs state support. This is so because the private sector is not fully developed to take over most of the services that the state has been offering, especially in input, supply, production and dissemination of agricultural technology and disbursement of credits to farmers. They note that while price incentives are necessary, their role especially in promoting production of staple foods has been over-exaggerated in Senegal, as in the case of sorghum, maize, and millet which are the key staple food there. The three respond to the same climatic conditions, have similar risks and climatic variability. For instance during the period 1965 to 1986, output variability ranged between 0.28 and 0.29 and yields 0.24 and 0.20; thus the role of price may be of less importance relative to climatic variability and general trend of crop diversification to reduce food insecurity in the household.[12] They note that with relatively few private firms capable of taking over the role of the state marketing boards, there was a risk of withdrawing state role only to replace the same with a cartel of a few firms. This cartel-like arrangement will fail to get the economic returns that producers would otherwise anticipate in a free market.

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[11]Ibid
[12]Ibid

On the other hand, Howel et al[13] notes that SAPs reforms have had some positive signals on the Ghanaian agriculture. However there are some challenges that the private sector will need to overcome. These include the will to supply agriculture inputs at a time of low demand caused by the government's withdrawal of subsides. The private sector will also have to operate in an environment of poor infrastructure as the government is reducing its investment in infrastructure.

In his view, Taylor[14] observes that reduced government expenditure in the agricultural sector can greatly affect the ability of the state to provide infrastructure, extension services, training, credit and marketing services, which can compromise or reduce farmers anticipated gains in a liberalised market.

This view is further advanced by Lipton[15] who calls upon SAPs to reconsider their current pre-occupation with leaner government in the economy. This, he notes, fails to act as the catalysts for agricultural development in Africa. In his view, SAPs should focus on how states should be made more efficient in providing services where it has a comparative advantage, for example in the provision of the infrastructure, credit, extension services, input and new technology. This should be supplemented by promoting the private sector in those areas where states lack comparative advantage.

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[13] Howel, J., & A. Duncan, Eds, Structural Adjustment and the African Farmer, London: James Currey, 1992, P. 112.
[14] Taylor, L., Stabilisation and Growth in Developing Countries: A Structuralist Approach, New York: Hardwork Academic Publisher, 1982, Pp 76-77
[15] Lipton, M., State Compression, Friends or Foe of Agriculture Liberalization? In M Dantwala, and V. Dandenkar (Eds) Indian Society of Agriculture Economy. New Delhi: India, 1989, p 84.

According to Omotunde[16] SAPs put a lot of emphasis in the short term and medium term budgetary support at the expense of long-term sustainable development. This is the case with measures that reduce public spending in education, health, research and extension services in agriculture. These services in the long run are indispensable for sustainable agricultural and economic development in the region. In his view the adjustment programmes should address and encourage increased research funding and technical support in agriculture and long-term development goals.

However, Diakosawas and Kirkpatrick[17] observe that price incentives are a pre-requisite to increased agricultural productivity in SSA. However, they note that other factors, which are equally important such as the role of government in supply of farm inputs, population growth and government investment in agriculture, have a greater impact on productivity and should compliment price incentives.

Impact of SAPs on Poverty

Denery and Addison[18] argue that SAPs can offer economic rents to the poor if proper targeting is undertaken to address the improvement of the labour market, which is a key asset of the poor while increasing employment opportunities will improve their plight directly. The poor mostly occupy areas of

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[16] Omotunde, E.G., The Agriculture Sector, in IMF Standby Arrangements, in S. Commander, Ed, 1989, Op cit, PP 134

[17] Diakosawas, D., & C. Kirkpatrick, The Effects of Trade and Exchange Rate Policies, Rome: FAO, 1990, P. 21

[18] Denery, M., & T. Addison, The Economics of Rural Poverty Alleviation, in S. Commander, 1989, Op cit pp 146-147.

high supply constraints while productive assets in their hands are the least exploited and improving this situation in the SAPs era would enhance their participation in the economy. This will enable them to reap the benefits that may accrue in the SAPs era. If the reverse of the above is happening, the poor may be phased out of any benefits that SAPs may actually have.

However, Subramania et al[19] argue that SAPs have generally failed to reduce poverty, unemployment and to promote economic growth in the region. This is partly because in SSA there is a higher degree of economic inequality, which complicates the whole economic restructuring process as the economic stagnation in the region and rising levels of poverty constraints the political sustainability of economic reforms. In SSA, they note that SAPs were initiated from outside which makes them fail due to lack of local ownership necessary for their eventual success. The role of the state in the region's economy was greatly entrenched in the pre-SAPs era which calls for more time to enable the private sector to grow and take responsibilities that liberal markets confer to them especially in the agriculture sector which is a public good initiative for instance in infrastructure, irrigation, support from poor climatic shifts among others. The subsequent withdrawal of this public support would constrain agriculture development in the region.

Geest[20] seems to agree with the above view when he observes that, there is a strong case for developing an alternative policy instrument to SAPs as a policy

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[19] Subramania et al, 1994
[20] Geest, W., The Bargaining Process of Policy Based Lending, London, 1994, Pp 71-72

option to solve the SSA economic woes. He observes that SAPs in 1980s were too pre-occupied with the stabilisation process and leaner government to the detriment of long-term development agenda. In his view, SAPs cannot attain their perceived agenda given the lack of internal and external finance and economic resources due to international economic imbalances and poor domestic economic resources. SAPs also suffer from several setbacks. They were implemented with little study to analyse the linkages between the macroeconomic changes and micro-economic outcomes. This has had a negative effect on the levels of investment.

While SAPs were meant to improve social welfare by promoting cost effective ways of utilising economic resources; no critical assessment was undertaken to evaluate their social welfare costs. The results have been increases in poverty levels and reduced social welfare during the transformation period and may continue to worsen in the long-run. In the same vein he asserts that the entire SAPs require a lot of policy dialogue and debate from qualified manpower and therefore the minimised government intervention articulated by SAPs, deprives the government the capacity to engage in policy debate. He further regrets that it was only until mid 1980s that SAPs impacts on vulnerable groups were put into considerations.

This view is further articulated by Stewart[21] who observes that SAPs do not augur well with the long-term development aspiration of the region because, in the recent past, the rate of investment in Africa has been declining and the region is

[21]Stewart, F., Are Adjustment Policies in Africa Consistent with Long Term Development Needs? In Geest Ed, Op Cit Pp 114-115.

experiencing an economic downturn. He observes that while SAPs may help in cost-effective utilisation of the current economic resources, they do not enhance expansion of the region's comparative advantage as they cling in the current comparative advantage statically. He points out that there is need for increased investment in human resource development in order to enhance the role of local people in development. He further asserts that increased investment in agriculture and non-agricultural industries in rural areas is a prerequisite to development and should be supplemented by the right policies and institutions that enhance rural participation. These policies should increase the poor's access to productive assets like land, inputs, credit facilities and also support vulnerable groups like the sick, and the landless.

However, Tibaijuka and Cormack[22] observe that while the World Bank introduced structural adjustment programmes to remedy internal economic policies in the region, to accelerate economic growth, increase production through price incentives, and open the economy to external competition, the two-decade experience with SAPs shows that they have not lived to their expectation.

This view is also supported by Stein[23] who notes that despite the need for structural reforms to address economic problems in Africa, SAPs have not managed to initiate sustainable development or increase direct investment in the economy but have increased indebtedness and led to deterioration of the quality of

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[22] Tibaijuka, A, & Cormark, quoted in World Bank Development Report, 1998
[23] Stein, H., De-Industrialisation, Adjustment, the World Bank and IMF in Africa, World Bank Development, Vol 20 No. 1, 1992, P 57

life. He fears that this continued social stress associated with SAPs threaten sustainable development especially in Africa.

The World Bank[24] however departs from this view and observes that SAPs were initiated at a time of high economic management by the government. It further observes over the years that the government has engaged in unproductive development investments that almost absorbed about 40% of its total investment in the late 70s. With the coming of SAPs, it notes, the trend is now improving. For instance in the SAPs period especially early 80s the government managed to contain budgetary deficit, stabilise the balance of payment and check inflation increases. However this short-term gain, usually monetary and fiscal, has not managed to effectively initiate long-term sustainable economic growth and alleviate poverty while increasing equity in the society.

Ayako and Odada[25] on the other hand observe that the free market and leaner government approach articulated by SAPs is unrealistic in the African context. They note that African economic institutions especially the markets are under-developed to effectively operate without state support. They also note that poverty levels in Africa constrain the poor from reaping the benefits of SAPs, and usually worsen their plight.

Ochoro and Omoro,[26] put to task SAPs policies that reduce government spending in social services like education and health care. Such policies, they

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[24] World Bank, Poverty in Sub-Sahara Africa, Oxford: Oxford University Press, 1989, Pp 63
[25] Ayako, & Odado, Review of Kenya Economy, Nairobi: Institute of Policy and Research Analysis, 1997, P 58
[26] Ochoro and Omoro (1989)

note, are bound to deteriorate the quality of life in the country and they are a threat to sustainable development in the region.

Ernst et al[27] further put the case for state intervention in the economy and observe that the now much celebrated economic performance by Asian Tigers has resulted partly due to state interventionist policies. This, they note, is indispensable for the region (SSA) to attain sustainable development.

Mlambo[28] also puts a strong case for state interventionist role in the economy. He notes that given the magnitude of poverty in the region, it will be hard for the people especially the poor to effectively participate in the economy without state support. He further notes that opening up of the economy will increase foreign influence in local economies, through the stake that they acquire in the privatisation process.

In his view, Levin[29] also notes that SAPs policy measures that advocate for the allocating of economic resources in the most optimal return areas may increase the degree of inequality in the society. He notes that these policies will concentrate economic resources in high potential areas, and constrain resource transfer to low potential areas, which in the long run will result in deterioration of poverty in the latter.

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[27] Ernst et al (1994)
[28] Mlambo, A.S. Towards and Analysis of IMF Structural Adjustment Programme in Sub-Sahara Africa: The Case fro Zimbabwe 1990 – 1994, African Development Journal, Vol xx No. 2, 1995, Dakar: Coddessria ,1995, Pp. 77-98
[29] Levin (1998)

In his analysis of SAPs and poverty in Kenya, Jorgen[30] found that poverty remains a severe problem and that policy declarations have fallen short of actual implementation. Even through economic reforms were initiated in mid 80s, the progress of economic performance has been slow and below expectations. He however observes that liberalisation of trade, increased household incomes marginally and reduced poverty among households even though the income share of the absolute poor deteriorated. He further observes that as a result of combining tariffs reform with a reduction in government expenditure, real income improves and poverty falls among rural households while most urban households experience falling incomes. He observed that rural poor would benefit if government expenditure reduction were complemented with credit facilities to support the rural areas' access to the same services.

Killick[31] asserts that vulnerable groups are often harmed by adjustment programmes especially the urban working poor but there has been a tendency to over-emphasise negative outcome ignoring the positive effects of adjustments. In addition he notes that long-term adjustment is essential to the eradication of poverty and the principal responsibility for achieving anti-poverty objectives must lie with national governments. However, he further observes that international economical institutions have a responsibility to assist countries undergoing economic reforms in designing SAPs within a cost-minimising framework.

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[30]Jorgen, L., Structural Adjustment and Poverty: The Case of Kenya, Nairobi: UON, 1998.
[31]Killick, T., Structural Adjustment and Poverty: An Interpretive Survey in Development and Change, Vol 26, 1995, Pp 44-45

Alexander Saris[32] in his research on policies of food security among the vulnerable groups in Ghana found that policies aimed at augmenting the real incomes of the poor are much more effective at reducing their food insecurity. He further notes that the risk of calorie shortfalls among the poor cannot be totally eliminated with any non-growth inducing policy and that growth of the incomes of the poor is the only policy which will eventually eliminate this risk. He also found that private storage policies tend to counteract a large part of the impact of public market intervention that usually assist the poor implying that public sector intervention is necessary.

Grootaert[33] examined the determinants of poverty in Cote D'Ivoire in the 1980s and his results indicated that human and physical endowments of households are important determinants of poverty outcomes in the country. He further noted that the relative role of different assets differ in rural and urban areas and have changed over time as the economic recession deepened in the second half of the 1980s. In addition, empirical results showed a remarkable trade off between physical and human capital indicating that policies that provide credit to household enterprises in urban areas could have major payoffs in terms of poverty reduction.

Lonjour and Stern[34] in their poverty study in India found that increasing endowments of physical infrastructure and human resource played a major role in explaining the trends in poverty reduction. They further observe that increased

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[32] Alexander Saris (1991)
[33] Grootaert, The Determinant of Poverty in Cote d'Ivoire in the 19980s, Journal of African Economics, Vol I No 2, Pp 1-28.
[34] Lonjour and Stern (1991)

farm yields, higher irrigation intensity, high literacy and low infant mortality rates all contribute to higher long-term rates of poverty reduction in rural areas. They also assert that physical and human resource development is indispensable in any poverty alleviation initiative. They call for the increased investment in human and physical resources in the fight against poverty. This makes SAPs policies that reduce public resource commitment in social welfare less likely to alleviate poverty.

Umelele[35] focused on the complex problem faced by Malawi in its attempt to achieve equitable growth while undertaking structural adjustment. He addressed the long-term non – price constraints especially supply and legal restrictions that have divided agriculture into rapidly growing estate sub-sector and a sub sector of small – holders mired in poverty. He concluded that formidable external shocks and weakness in internal policies may make adjustments inevitable and in predominantly agricultural counties at an early state of development, such adjustments will in all likelihood focus on agriculture. However a typical adjustment measures may not address long-term non-price constrains like supply response from agriculture but may contribute to the improvement of the sector.

Ayako et al[36] observes that poverty in Kenya has deteriorated over time due to the current partial implementation of Structural Adjustment Programmes and the anticipated stagnation and declining trends in growth, capital flows, debt servicing and the reduced government expenditure on social services. There is also

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[35] Umelele (1990)
[36] Ayako et al, Review of Kenya Economy, op cit

inadequate protection of the poor and the vulnerable during the period of structural adjustment program implementation.

Muraba et al[37] in their study of poverty in Kenya found that broad provision of schooling and planning appears to be important strategies of reducing poverty. He further notes that strategies that increase the consumption of the poor should be key components of a poverty reduction programme.

Ghai[38] in his analysis of the quality of life in the Least Developed Countries (LDCs) that are undertaking the Structural Adjustment Programme asserts that neither the state nor the market forces can alleviate poverty conclusively. He calls for a joint approach between the state and the private sector in tackling poverty in society where the state and the private sector will offer those resources in which they have advantage over each other. These joint efforts should also include the poor's participation as actors, beneficiaries and advocates of these policies. He supports SAPs economic reforms, and argues that such reforms must have micro-structural targeting which addresses the unique and specific needs of the poor. For instance, he notes that the land tenure reforms that benefit the poor must be backed by credit facilities to enable the poor to develop the land. He further identifies the hard-core poor who cannot benefit from market reforms. These are the aged, sick, or people situated in non-resource endowed areas.

In their analysis, Spooner and Smith (1991) observe that while SAPs were necessary in Sub-Saharan Africa, their performance has been highly constrained

[37] Muraba et al (1999)

[38] Ghai R, Design of Poverty Alleviation Strategy in Rural Areas, Rome: FAO, 1993, Pp 64

by lack of proper sequencing. They acknowledge that from the beginning SAPs have generally failed due to planning flaws inherent in their formulation especially how they are linked and affect each other. This has resulted in the failure of stabilisation programs in enhancing sustainable economic growth in SSA. For instance, they argue that stabilisation policies must be properly linked to institutional reforms and in order for them to realise their anticipated economic growth targets, they must be backed by policies that address the supply side constraints. This will enable the producer to exploit the accruing benefits from SAPs.

Ikiara[39] in his assessment of the impacts of SAPs in Kenya asserts that economic problems in Africa are from within and without. He observes that further understanding of these economic problems is necessary before putting policy measures in place to address them. He notes that SAPs are either incapable of addressing economic problems in the country or do require more time before their impacts can be realised. He asserts that SAPs should be designed in a manner that does not compromise the plight of the poor and that the process of minimising the government's role in the economy should be gradual because over the years the public sector has expanded and plays a dominant role in the economy. He puts a case for mobilisation of domestic resources as a way of realising sustainable development in the country.

[39] Ikiara, G., Structural Adjustment Programmes in Kenya, in Adedeji et al, The Human Dimension of the African Persistent Economic Crisis, Washington: UNECA, 1990, Pp 45-72.

Ikiara[40] further argues that economic restructuring in Kenya has had adverse consequences to the vulnerable groups. For instance he notes between the period 1974 and 1994 the percentage of the population below the poverty line increased by 17 percent to constitute 46 percent of the total population. He however notes that SAPs also have had positive consequences on the poor in terms of cheaper imports, liberalisation of cereals markets and increased returns from cash crops. In his view the challenge to the policy makers is to promote the positive attributes of SAPs while minimising the negative aspects especially on the vulnerable groups. This calls for policy dialogue between diverse opinions of SAPs, as a way of promoting the focus on the role of SAPs in economic development.

Impact of SAPs on Environment

Articulating the role of SAPs in the environment, the World Bank[41] observes that the region is confronted with a twin challenge of promoting development, sustainability and equitability. This challenge is enormous because for development to occur, environmental resources have to be utilised and if they are utilised in an unsustainable manner they will compromise development progress. On the other hand if they are not utilised for conservations sake, development will not take place. This will result in increased poverty especially in SSA where population increase is relatively high at 2.8% p.a. which will result in

[40] Ikiara, G., Economic Restructuring and Poverty in Kenya, in Ng'ethe and Owino, Eds, Towards Indigenising the Policy Debate: From Session Paper No. 1 to Structural Adjustment, Nairobi: IPAR, 1998, P. 48

[41] World Bank, Adjustment in Africa. Reforms, Results and Road Ahead, New York: Oxford University Press, 1994, P. 43-44

further environmental depletion. The bank asserts that SAPs can be used as the policy instruments that can strike the balance for equitable and sustainable development that does not compromise on environmental sustainability.

Convery[42] supports the same view and asserts that price signals that are employed by SAPs can result in increased environmental conservation. He observes that policies which promote individual profit motives constrain or result in environmental depletion, and could be altered, were the individual to meet the cost of such environmental pollution. He further notes that SAPs will lead to increased environmental conservation especially by addressing the institution and statutory failures that militate against environmental conservation.

This view is further articulated by Jeremy et al[43] who observe that SAPs especially price, free markets and institutional reforms, improves environmental conservation and economic growth. For instance they note that policy reform that improves efficiency in the energy sector usually reduces resource waste and results in environmental conservation. Also land reforms that give access to land by the poor increases food production and reduce environmental degradation because the poor will not exploit fragile ecologies.

This view is articulated further by Repetto[44] who asserts that because SAPs have the tendency of promoting exports, most of which are bush crops like cocoa,

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[42] Convery (1995)
[43] Jeremy, J., M. Mohan & G. Wilfrido, The Greening of Economic Policy Reforms. Vol 1, Principles, Washington DC: World Bank, 1997, P. 79
[44] Repetto, R. (1989)

tea, coffee which have well developed root system and provide soil cover, usually result in soil conservation.

In their analyses Perrings et al[45] observe that government subsidies extended to livestock farmers in Botswana were responsible for overstocking in the rangeland. The subsidies were responsible for environmental degradation because they encouraged farmers to increase their stocks in order to reap the high returns from South Africa and European Union markets. They note that were the farmers to meet the actual cost of water and pasture lands, they would reduce their livestock to the carrying capacity of their range land and this would result in reduced environmental degradation.

Mohan and Wilfrido[46] assert that price-led reforms and market liberalisation have both economic and environmental rents. For instance, they note that efficiency in the industrial sector occasioned by SAPs reduces resource waste and environmental degradation. Land reforms together with access to productive assets usually results in enhanced environmental conservation and economic gains. They further observe that lack of comprehensive implementation of SAPs may lead to environmental setbacks and recommend that SAPs should address all policy imperfections.

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[45] Perrings C. et al, Economics for Sustainable Development: A case Study of Botswana, Gaborone: Ministry of Finance, 1988, P. 34

[46] Mohan, M. & C. Wilfrido, Economic Policies and the Environment: Lessons from Experience. Washington DC: World Bank, 1995, P. 54

In his work, Markendya[47] examines the links between SAPs and environmental conservation. He observes that SAPs have had missed impacts on the environment. For instance, the withdrawal of subsidies on agricultural inputs like pesticides that usually led to their price increase and their reduced use. This has had a positive impact on the environment because farmers resort to biological and manual ways of pest control which are environmentally sustainable. In the cases where SAPs have increased prices of exports, this has sometimes led farmers to exploit their ecological zones unsustainably. This in the long run may result in environmental degradation. He observes that SAPs should be well targeted to meet the needs of the poor because if the poor are left alone they will exploit their environment unsustainably and destroy their ecological zones in their quest of meeting basic needs.

Conclusion

The chapter has dealt with the background of SAPs and the impact witnessed in the social sectors. It has been revealed that SAPs have not been productive in the economies of African states despite the well intentioned design and approach at macro-economic level. The SAPs have not indeed delivered the target objective of alleviating poverty and increasing the productivity of the developing economies.

The general conclusion that can be derived from this overview is that SAPs led to rampant poverty and increased demand for government intervention in the

[47]Markandya, A., Macro-Economic Adjustments and the Environment, Rome: FAO, 1994, p 73

various economic sectors to perform. There is a connection between the introduction of SAPs and decline in performance of the key social and economic sectors. This view is going to guide the next section of research that shall look into the case study of the effect of SAPs on University education. The case study shall target the University of Nairobi in an effort to identify how SAPs have affected the education services and the students.

CHAPTER THREE

THE EFFECTS OF COST SHARING ON UNIVERSITY EDUCATION: A CASE STUDY OF THE UNIVERSITY OF NAIROBI (1991 – 2004)

Introduction

This section presents a background of cost sharing and its effect on university education sector. The overview shall bring about the insights on experiences from the students and University of Nairobi administration. The introduction of SAPs in the developing world developed a uniform system for financing education at higher levels. This was through a shift from the government arrangements to support the university student fully in the financial and social needs to the individual students.

The immediate response to the implementation of cost-sharing policy in the university education has been the re-organization of fund-raising approaches by individual students or sponsors to enable the students acquire university education. The trend has constrained enrolment and learning in the university environment. There is therefore need for policy makers and the enforcing institutions to go for the best practice in implementing the cost sharing programme in public institutions without impeding the access of university education by the poor or compromising on the quality of education in the institutions of higher learning.

This chapter further presents an analysis of responses derived from the student population at the University of Nairobi with regard to the cost sharing initiative that was introduced by the government to reduce public expenditures on university education. The findings in the case study are corroborated in the objectives that were set at the beginning of the study. The conclusions are also drawn to underscore the process of implementing SAPs and their possible effects on the higher education sector in Kenya.

Background to Cost Sharing in University Education in Kenya

The funding of university education in Kenya has been a matter of major concern to the government since independence. The government attaches great value to university education because the graduates are expected to respond to the demands of national development and emerging socio-economic needs with a view to finding solutions to problems facing society.[1]

Due to this high regard for university education, there has been increasing demand for it.[2] Consequently, increase in enrolment and the number of universities followed. For instance, whereas in 1963, there was only one University College, Nairobi with 565 students, by 1973 the number of students had increased ten-fold.[3] By 1990/91, there were four public universities with thirty thousand students; By 1999/2000 there were forty thousand students in six public universities. This increase in intake and many drastic economic, political, and social changes adversely affected the financing of university education.[4]

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[1] Republic of Kenya, (1988), "Report of the Presidential Working Party on Education and Training for the Next Decade and Beyond (Kamunge Report)," Nairobi, Government Printers. P. 69.
[2] Sifuna, D.N. (1990), The Development of Education in Africa: The Kenya Experience, Nairobi, Jomo Kenyatta Foundation, P. 131
[3] Republic of Kenya, (1988), "Report of the Presidential Working Party on Education and Training for the Next Decade and Beyond (Kamunge Report)," Nairobi, Government Printers.P. 72
[4] Ministry of Education, (1988), "Sessional Paper No.6" on Education and Manpower Training for the next Decade and Beyond, Nairobi, Government Printers, P. 34

The government's full responsibility in financing university education ended in 1974. A new policy of cost sharing was implemented in 1974/75 academic year. Financing of university education was to be shared between the students and the government.[5] Each student was automatically entitled to a loan to meet their accommodation and catering services when they qualified to join university. The government paid tuition fees and released loans for catering and accommodation for each student directly to each University's centralized body - the University Students' Accommodation Board (USAB) to meet the said costs of the services. Loan for book allowance or practical attachments were, however, paid directly to each student.[6]

This system of loaning to all students ensured that accommodation; catering and stationery needs of each student were taken care of adequately. But this practice of loaning did not last long. In 1991/92, the existing loaning system was scrapped due to the Structural Adjustment Programme being implemented by the government. There were also administrative inefficiencies and malpractice in loan repayment.[7]

Therefore, from 1991/92, the government no longer paid for tuition fees and loans were no longer automatically accessible to all university students. Only students who would prove that they were unable to raise full or part of the fees were awarded loans. Also, included was the cafeteria system where students were

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[5]Eshiwani, S.G. (1993), Education in Kenya Since Independence Nairobi, East African Educational Publishers Ltd.
[6]Ministry of Education, (1988), "Sessional Paper No.6" on Education and Manpower Training for the next Decade and Beyond, op cit
[7]Bogonko, S.N. (1992), A History of Modern Education in Kenya, Nairobi, Evans Brothers Ltd.

to pay directly for their meals. This new system of meeting personal student's catering needs became popularly known as 'pay as you eat' (PAYE). They were further to pay for their accommodation and stationery needs directly. Both the students and their parents considered these changes quite drastic and there was countrywide fund raising for this purpose.[8]

With the above development, a lot of resistance from the students ensued and culminated in riots in all public universities in 1991/92, which were subsequently closed, (Republic of Kenya, 1992). The Higher Education Loans Board (HELB) was set up in 1995 to run the new loaning system.[9] It was also to follow up repayment of loans by beneficiaries of the former loaning system. Since its inception, the Board has been faced with many financial and administrative problems and as a result it is not in a position to provide adequate loans to the increasing deserving applicants. The money allocated to HELB by the government is inadequate hence minimizing the loans which increase its competitiveness. Besides, the Board does not take into consideration the actual costs for degree programmes in different faculties. Most parents and guardians still hold the misconception that the government should meet the cost of their children's education as before. Hence, they do not provide sufficient support and commit money to match the latter's needs.

[8]Nafukho, F.M. (1994),"Education through Self-help: The Case of Kenyan Universities Students with the Introduction of Fees Payment"' Journal of Eastern African Research and Development Vol.24, pp. 42-53. 1994.
[9]Ibid

The next section makes an analysis of the emerging problems and challenges that have compounded University education in Kenya through the introduction of structural reforms in the period.

The Effects of SAPs on University Education: A Study Carried Out at the University of Nairobi

The study on the impact of cost sharing was done at the University of Nairobi through a random sampling of one hundred students spread over the four academic groups. The students responded to the questions raised on the questionnaire form through self administration.

Out of the hundred questionnaires distributed, eighty seven were returned. Thirteen questionnaires could not be retraced. The response rate of 87% from the students therefore provided a basis for examining the effects of SAPS on University education.

The first concern of the research was to find out the student's source of tuition fees that is paid directly to the university. Out of the 87 respondents, 74 indicated that the tuition fees was paid partially by the parents or guardians.[10] The import of the statement is that education at the University level constrains students who have to contend with paying tuition fees besides taking care of the basic needs like food, shelter and clothing. The students who indicated other sources of tuition fees indicated government scholarships through the Higher Education Loans Board (HELB) and welfare societies including constituency bursary funds.

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[10] Survey Conducted by the Researcher at the University of Nairobi in February 2004

Another question that was linked to the objectives of the research sought to find out the activities that students engaged in to raise income for sustenance at the university.

The activities for income generation are reflected in the tabulation below:

Activity	**No. of Students**	**%Involved**
Foodstuffs	20	23.3
Computer services	14	16.1
Electronics	8	9.4
Soft Drinks	7	6.6
Artwork	5	6.1
Clothes	5	6.1
Cigarettes	5	5.6
Hair Salon	4	4.4
Tuck shop (*Kiosk*)	3	3.9
Beauty Products	3	3.9
Beer	3	3.3
Hotel Services	2	2.8
Barber (*Kinyozi*)	2	2.2
Photography	1	1.7
Stationery	1	1.7
Commercial Entertainment	1	1.7
Footwear	1	0.6
Kitchenware	1	0.6
Total	**87**	**100**

The survey conducted at the University of Nairobi sought to identify the various responses the student community has adopted with regard to the financial crunch that followed the introduction of cost sharing.

As revealed in the background, the increasing economic difficulties associated with the SAPs and the rapid increase in population in Kenya has meant that parents have found it more difficult to meet the welfare needs, particularly that of financing university education. Therefore, to meet the various financial needs, students have resorted to several ways of raising money. Cases of criminal activities such as stealing university property or other students' property are common. There are also unconfirmed reports of prostitution among female students. The survey observed that at least 73% of the students have at least once witnessed loss of personal items in the halls of residence or at the lecture halls.

Students have also become increasingly involved in Income Generating Activities (IGAs).[11] These activities are not only time consuming but some are immoral, criminal and anti-social, all of which negatively affect their academic performance. When students cannot meet their basic needs such as food, clothing, personal effects, and learning materials, they are unlikely to concentrate fully in achieving a higher need of getting a degree.

[11]Nafukho, F.M. (1996), Structural Adjustment Programmes and the Emergence of Entrepreneurial Activities among Moi University Students, Journal of Eastern Africa Research and Development, Vol. 26, pp.79-90.

In the past, the state subsidized university education and consequently all students were capable of meeting their needs from the state funds.[12] Cost sharing has made the cost of education unaffordable to many students. The increasing economic difficulties associated with the cost sharing have meant that financing of education has become more costly. Further, some parents and guardians still hold the misconception that the government should meet the cost of their children's education as before. Hence, they do not provide sufficient financial support to match the latter's needs. Subsequently, students have become increasingly involved in small business enterprises as a way of raising additional income. Their involvement in IGAs has compelled them to cut down on the hours for private study and lecture attendance. Eventually these students do not concentrate adequately in studies. They perform poorly in the exams by scoring low grades or failing completely. Some students defer their studies or get discontinued.

On enrolment, the study sought to find out the comparative rates of enrolment at the University of Nairobi of regular and part time students after the introduction of cost sharing. The following table 3.2 presents data on rates of enrolment in a five year period.

[12] Government of Kenya (1996), "Economic Reforms for 1996-98, The Policy Framework Paper", Government of Kenya, IMF, WB.

Table 3.2: Students Enrolment Rates in a Five Year Period – 2000 – 2004

INSTITUTION		2000/2001		2001/2002		2002/2003		2003/2004		2004/2005	
		M	F	M	F	M	F	M	F	M	F
1.	**Nairobi**										
	Full time	8383	3341	8724	4450	9163	4428	9603	4406	9987	5250
	Part time	2149	960	6702	4820	7037	5061	7389	5314	11281	6456
Sub-total		10532	4301	15426	9270	16200	9489	16991	9720	21268	11706
Total		**14803**		**24696**		**25689**		**26711**		**32974**	

Source: Commission for Higher Education

From the tabulation above, there is a phenomenal increase of enrolment in the part time classes as opposed to regular classes. There is a significant relationship in the levels of income for self sponsored students and the increase in enrolment at the university of Nairobi. The privately sponsored students are able to meet the financial requirements at the University while the regular students are dependent on government loans and sponsors. The table indicates that in the 2004/2005 academic year, there were more parallel students than the full time students. This is an indication that financially empowered students would support their education through the four year cycle. The regular students would not increase in number because they are unlikely to complete their education due to cost sharing arrangements that would not be sustained through their own sources of income.

Conclusion

The Chapter has traced the background of the university responses to the SAPs. It has also indicated the progressive response by the government and the university institutions to cater for the austerity measures in the education sector.

The government on its part established a loaning system to offer financial assistance to needy students. The loans disbursed by the HELB have not fully catered for the enormous number of applicants that require huge financial support for the students. Apart from tuition, the HELB finances the needy students with upkeep allowances and accommodation. The students are further required to pay for the medical services, library and computer studies. The total amount of money payable has resulted in financial deficits on the part of the students.

The chapter also looked into the numerous measures that students have initiated to address the financial deficits while pursuing their studies. The chapter revealed that there are various ways devised by students to earn extra income while at the university. The Chapter identified eighteen common forms of IGAs. The IGAs generate income for upkeep, tuition and other financial requirements at the university. The students involved in the IGAs were observed to be inconsistent in their studies and gradually returned poor grades, are discontinued or defer their studies.

The Chapter made observations about the enrolment rates at the university since the introduction of cost sharing. While the number of full time students has remained fairly the same, that of the part time students has increased by a multiple of four. The conclusion derived from this trend is that students from high level income backgrounds are seeking university education and accessing it because they would afford it. The students from poor backgrounds solely depend on the government sponsored programmes which are subsidized yet some of them can ill afford to fend for themselves. This observation brings about the question of equitable access of education by all at the higher levels. The government and the university institutions should respond to the needs of the poor students by making available scholarships and bursaries on admission.

The chapter brought to the fore the reality of increased poverty with the adoption of SAPs in social sectors of the society. The Chapter also validates the two hypotheses that are proposed at the beginning of the study. The first hypothesis asserted that enrolment rates in the university declined with the introduction of cost sharing. This was invalidated by the research findings. The chapter also validated the second hypothesis that asserted that students responded to cost sharing by engaging in income generating activities. This was observed in analysing the various IGAs students have ventured into to generate extra income.

The next chapter shall have a critical analysis and bring out any emerging issues that have arisen in the study and make recommendations on academic or theoretical debates as the concluding Chapter.

CHAPTER FOUR

CONCLUSIONS

This chapter makes a synthesis of the research findings in the previous Chapters. It evaluates the findings of the research on the basis of objectives set in the background to the study, and tests the hypotheses to validate the research findings. The chapter hence makes an evaluation that brings out the effects of SAPs in the university education.

The research as set out in Chapter One was to examine the effect of SAPs on university education. It sought to investigate the related aspects of university students financing and enrolment levels. The study targeted a sample from the University of Nairobi to deduce some generalizations that are portent in other Universities.

Chapter One also laid a foundation for carrying out the study by defining the concepts of SAPs and their implications to the social sectors. The concept of SAPs was seen to have an effect both on the social and economic sectors. The decisions that target economic austerity measures result in adverse effects in social sectors such as education. The effect of SAPs was observed through the introduction of cost sharing at all levels of education in Kenya. The cost sharing policy has adversely affected many aspects of education culminating in low enrolment rates at all levels, insufficient provision of learning resources and deterioration in the quality of educational provision. University education has not been spared by the economic reforms as cost sharing policy was applied in public universities beginning in the 1991/92 academic year leading to violence in the institutions of higher learning and disrupted education programmes at the universities.[1]

In studying the effects of SAPs on university education in Kenya, three objectives were proposed for the study. The first objective was to examine the implications of SAPs to University Education. It emerged in Chapter Three that for the universities to implement the cost sharing programmes, they introduced a new fees structure and system for paying up for accommodation and catering. The students at the universities previously had free accommodation and catering facilities. The introduction of the SAPs witnessed the students paying for their meals and accommodation in the halls of residence.

The Second objective of the study was to investigate the students' responses to cost sharing. The survey observed that students' financial needs are enormous while there is little parental or institutional support. Lack of financial support has resulted in students' involvement in income generating activities while still attending to their studies. The study revealed the various income generating activities that students engage in. The activities range from culinary activities, beauty therapy, electronics, boutique and sale of alcoholic beverages. The students do not engage in these activities through their own volition but as a result of the pressure on the financial needs. The study also found that business is distributive and the students specialise in what they perceive as fast money making ventures.

[1]Republic of Kenya, 1999b

In engaging in the IGAs the students miss out in the lectures and other academic engagements such as research and tutorials. The quality of university education for some students has thus deteriorated in view of students' engagement in IGAs. The trend is resulting in poor grades for students and failure to pass exams to proceed to the next academic years. The students are therefore contending with adverse effects due to the implementation of SAPs.

The research also set out to find out the comparative trend in enrolment rates among the full time and parallel students at the introduction of cost sharing programmes. The study revealed that the enrolment rates of the regular students have remained at an average level with small marginal increment in every academic year. However, the part time student enrolment has quadrupled in the period under study of 2000-2004. The reason for this observation is that the high income level earners have an advantage of accessing higher education as opposed to low level income earners.

Chapter Two of this study presented an overview of structural adjustment programmes and their impact on social sectors. The Chapter conceptualised that SAPs are a measure to lift budgetary constraints from the governments. The austerity measures that were implemented by the government were envisioned to offer competitive services in the public sector at market rates. The Chapter however observed that SAPs impoverish the poor who are hit hard in striving to split their expenditures between personal household requirements and the cost sharing in public services.

Chapter Three similarly identified the various financial challenges confronting university students from poor backgrounds. In response to SAPs, universities introduced cost sharing in all services formerly provided at no fee. It was observed that with no support from the government, there was need to continue providing quality higher education by paying for the service at the market rates. Therefore departments such as catering, accommodation, library, and health, spread their budgetary requirements to the student population.

Chapter Three was a case study of cost sharing and its effects on University education in Kenya. The Chapter made some findings with regard to the impact of cost sharing on the student enrolment. It was observed that the students from the lower level incomes had difficulties in joining the university without financial support from sponsors and the government. It also emerged that students from high income backgrounds registered in large numbers in part time classes. It further emerged that students from poor backgrounds are forced to venture into income generating activities to supplement their financial resources while at the University.

The Chapter investigated the effect of students' involvement in IGAs on their academic performance. The involvement of the students in the IGAs has a direct implication on their performance. First it eats into the time for lectures or time to carry out research. The time spent by students in attending to the businesses is enormous yet they can not hire manpower to manage them on their behalf. The students are further constrained with time to carry out research assignments and discussions. The result of the IGAs commitments is poor grades scored by the students at the end of the semester or failure in exams. The students may be discontinued when their performance does not meet the university requirements. The quality of the graduate is compromised even for those who scrape through when students do not follow the academic requirements of their course.

The Chapter further revealed that universities have commercialised their operations. For the university to finance some of its services, it has introduced new charges payable by the students enrolling in a course. The students have been compelled to pay for accommodation, food, stationery, medical services, library and direct tuition. The students have to pay for the services at market rates to enable the university put in place sufficient infrastructure and learning facilities. The cost sharing arrangements have eventually managed to improve the standing of the university in service delivery without compromising its expected standards. However the cost sharing arrangements have not only excluded the poor from accessing the services but has also increased the poverty levels in the low income households.

The final objective of this study was to identify and seek solutions to problems brought about by SAPs in university education. Before SAPs were introduced in Kenya, university education was accessible to students from both poor and well off backgrounds. The poor did not struggle to raise extra funding for university tuition, accommodation or upkeep. The students had the opportunity to learn in a conducive environment and performance in their respective fields of study was competitive. During this period the university education contributed to the development of the society by reducing the household expenditures and increasing capacity of income levels in poor families whose children joined the university.

The import of SAPs as advocated by the World Bank and the IMF was to reduce the government deficits in public expenditure. The Kenya government was incurring huge public expenditures in the late 1980s and the economy would not sustain the huge bills by public universities. The government therefore sought to implement cost sharing as a measure to provide the public university education with subsidized rates. The contribution from the public to university education was inevitable in the orthodox view to cut down government expenditures. However in the heterodox view, the SAPs have led to increased poverty. This is manifested through the changed mode of students paying up for tuition and upkeep while at the university.

At present the university education is expensive and too demanding for the students. The students as noted in the case study are overwhelmed with a need to balance between the studies and income generating activities to meet the basic needs at the university. The students are challenged to meet the university charges including the upkeep, tuition and accommodation. Poor students are compelled to resort to income generating activities to supplement the sponsors' limited contribution to the university education.

Financing of university education is at the moment shared between the students and the government. Students may apply for a loan to meet their accommodation and catering services when they qualify to join university. The government has established the HELB to process and release loans to students who qualify to be awarded loans. However the loan awards do not provide adequate funding for accommodation; catering and stationery needs of each student. The process of proving that the student is needy before getting those loans is arduous and the most deserving cases are under-funded. This system of government loan disbursement lacks transparency and objectivity. The government is also not allocating sufficient financial resources required for loan disbursement. In this regard there are financial problems that continue to challenge students from poor backgrounds seeking university education.

When the students cannot meet their basic needs such as food, clothing, personal effects, and learning materials, they are unlikely to concentrate fully in their studies. A needs analysis of the students' financial status demonstrated that the students are not fulfilled with the loans from the government.

Although the income generating activities that some students engage in may be useful, it may also be time- wasting and affect the performance of students academically. The income generating activities are unlikely to enable most university students achieve one of the objectives of university education, that of promoting cultural development and the highest ideas and values of society. Some of the activities in which students engage in are contrary to the national education objective of promoting social justice, morality, social obligations and responsibility. The increasing involvement of students in income generating activities is likely to negatively affect their academic performance and moral wellbeing even after graduating.

In the public universities the problems that students face stem from the financial inadequacies. The findings from this study point out that income generating activities negatively impact on the social and academic life of the students. Consequently, there is need for public university administrators to address the issue of income generating activities among the students. The university should work out modalities for controlled and diversified work-study programmes that would assist many needy students. The work study program in universities would cut down the involvement of the students in income generating activities and enable them to concentrate in the studies.

The study also revealed that cost sharing has resulted from increasing demand for formal education, which has come at a time when there are constraints on public budgets. Although it is sufficient to shift financing education from public to private sources, it should be cautiously implemented to avoid marginalization of the poor from accessing higher education. In this regard the humane view proposed by the heterodox proponents should be embraced and mechanisms developed to advance the concept of cost sharing without hurting a section of the people in the society. This would imply that the government and the universities develop a scholarship and bursaries' scheme for bright students from poor backgrounds. The scholarships would also provide relieve to the poor households that strain to make savings to take their children to school.

Due to the economic realities in Kenya, cost-sharing could be adopted but due attention be paid to the arrangements in higher education especially the accompanying fees levies. With the majority of the students in regular programmes coming from poor backgrounds, adequate provision of support for needy students in form of bursaries and loans should be made available by the government.

The study concludes that the sustainability of SAPs is pegged to institutional reforms to support provision of competitive services. For universities to contend with reduced funding from the government, they have to modify the mode of service delivery and the scope of generating funding. For example, upon improved institutional infrastructure, the universities can expand enrolment in part time classes to generate additional funding to the university and support the needy students. It is evident from the enrolment rates in the years 2000-2004[2] the University of Nairobi witnessed an upsurge of enrolment in the part time classes. The introduction of part time classes is a commendable approach for generating revenue for the university that would sustain delivery of competitive services and support the needy in the society. In addition, the part time classes would ensure that the university resources are fully utilized at reasonable costs. The university is thus capable of attaining its mission and objectives through internal financing instead of depending on government budgetary allocations.

Another dimension that should be looked into in the future is on the individual and public responsibility towards the financing of the university education. There is need for the public to be sensitised on the contribution they

[2]For more details refer to Chapter Three, Table 3.2

would make to the university education in form of financial resources. The public should be encouraged to contribute to charity organisations and foundations aimed at supporting university education through financial support. This approach would compliment the governments and institutional arrangements to cater for the needy students seeking university education.

The aspect of student loans through HELB is a great step in Kenya towards managing the heavy financial burden caused by the SAPs. The HELB has been disbursing loans to the students on behalf of the government. The HELB however has been overwhelmed by the demand of student financial needs. The HELB should work on the modalities of awarding the loans and make the criteria less stringent for easy access and motivate the former beneficiaries of the government loans to repay. The employers should be encouraged to help trace the previous beneficiaries of government loans to repay and help educate other people. The HELB should conduct an audit of the graduate employees in the country to expand the financial resource base through loan recovery. With sufficient financial base, HELB would help the poor students on a needs basis and reduce the financial burden of SAPs on university education.

The future of effective learning at the university is linked to the welfare of the students. In this regard, the upkeep, the accommodation and student requirements in course work are pegged to sufficient financial ability to meet them at once. The socio-economic problems which students face would be done away with through policy reforms for financial support to university students. The country should explore the necessary legislative framework to support the financial allocation from the government, and oblige the beneficiaries to repay the loans after studies. This obligatory framework would adequately create a revolving fund for the future needy students entering the university.

The general conclusion that can be derived from this study is that cost sharing constrains the poor seeking to access university education. Without proper management of available resources to cater for the poor students at university level, there will be an increased number of students dropping out of their courses or others having a slow pace of completion. To avoid the decline in university sector performance, government intervention is necessary by way of financial support.

Finally the study proposes that in future, the implementation of SAPs should follow the heterodox perspective. In this view a humane and orderly gradual phasing out of government funding should be introduced before a permanent solution is identified to university funding. A combination of the private sector funding, university scholarships and bursaries, statutory loans and scholarships would enhance the scope of financing university education. While the universities continue to face financial deficits in their operations, they should explore income generating activities and be innovative in identifying alternative sources of income to fund needy students.

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QUESTIONNAIRE

I am conducting a research on the Impact Of Structural Adjustment Programmes On The University Education Sector: A Case Study of Cost Sharing at the University of Nairobi. I would like you to share with me any information available in your knowledge or experience to assist in compiling my work. All the information that you provide shall be used for academic reference only.

Faculty____________________ Year of Study____________________
Gender____________________ Date____________________

1. **How do you raise your financing for the studies at the University?**
2. **What impact do the financial needs have on your education?**
3. **What are the student activities in the university that serve as an alternate way of raising finances to support the financial needs?**
4. **What are the challenges faced by the students in income generating activities?**
5. **In your observation what would you recommend to the University and the government to undertake to solve the above challenges?**
6. **Are there any arrangements at the University to address the plight of the needy students?**
7. **What are the existing institutional reforms to raise revenue to address financial gaps in the University budgetary need?**
8. **Do you have any suggestions on how the students' welfare would be attained in the long run, especially those from poor backgrounds?**