

TOWARDS GREATER ECONOMIC & DEVELOPMENTAL PERSPECTIVES IN THE FUNDING OF FAST-EXPANDING HIGHER EDUCATION SYSTEMS IN SUB-SAHARAN AFRICA: THE CASE CAMEROON

By

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Summary

Viewing the dependent connection between a strong knowledge-based economy and higher education which seems to determine the pace and level of a country's development nowadays, this paper presents the funding situation of some Sub-Saharan African countries which are witnessing spectacular increase in higher education enrolments in recent years. The paper was prepared as a contribution to an on-going policy debate on the funding of higher education in Cameroon which has been marked over the last decade by public protests on the feasibility of tuition fees. Although issues of government-private cost-sharing continue to face resistance especially in situations of free higher education cultures in those countries, the trends suggest that the use of economic rationality seems imminent and inescapable for an efficient funding of the systems.

Despite the general phenomenon of shrinking public funding in the higher education sector today, the situation in those countries is exacerbated by uncontrollable demands. This could be dominantly attributed to the very high demographic pressures on the higher education sector which paradoxically contradict with the creeping natures of their economies and the multiplicity and diversity of their developmental imperatives which compete for funding from the state. Such economic situations lead to serious capacity imbalance in their higher education sectors and therefore the necessity for more adaptive funding strategies. In the paper, various theoretical and practical arguments are provided on the subject of financial austerity in higher education. The author examines the applicability of various forms of cost-sharing; taking into account the necessity for equitable access, the diverse and stratified socio-cultural and economic structure of the country and the system's structure.

1.0 Introduction

I will like to begin this presentation with a quote from a Press Conference (PC) by the Cameroon Minister of Higher Education which I happened to have attended in Cameroon, from which the conception of this paper was inspired. Cameroon is a triangularly shaped structure in the armpit of the African map between West and Central Africa. The PC was holding at the beginning of the 2005/2006 academic year, after a previously tensed academic year marked by students' strikes and household debates on the likelihood of an increase or introduction of tuition fees in Cameroonian Public Universities. Principal features of the minister's observation were:

“Within the next decade, higher education in Cameroon would be catastrophic because the state can not meet its financial obligations. There is a terrible surge in student numbers coupled with financial insufficiency. These lead to disbursements being effected in a ‘parsimonious’ manner. Cameroonians should be able to reflect on adequate financial strategies to sustain the system. Universities (lecturers) are also urged to cultivate an entrepreneurial spirit to attract more external funds into the universities” (MINESUP, 2005)ⁱ

Although the quote is based on Cameroon, it would seem to capture the continental situation and that of other developing countries which are experiencing burgeoning increases in higher education (HE) enrolments in recent years. The issue of financial austerity in African universities which seems to be becoming a global phenomenon would certainly arouse nostalgic feelings of the ‘good old days’ when higher education (HE) was completely free with numerous incentives. Kagia (2000) paints an interesting picture of the beginning (post independent) years in Kenya whereby students were being pampered through various incentives to enrol into the university. From its inception in 1962 through the Federal University of Yaounde, higher education in Cameroon was completely financed by the state. This included both the cost of HE provision to which were added various incentives and a very generous welfare scheme to induce participation. Students paid no tuition fees, received subsidies for accommodation and meals, in addition to substantial non-refundable bursaries. From 1962 to 1970 student population in the unique university rose from 529 to 2500, 6000 in 1974 and by 1992 had risen to 44,270 in a campus meant for 5000 (ADEA/WGHE 1999).

In order to reduce overcrowding, broaden participation and provide quality higher education, the Cameroon government undertook a vast university reform in 1993 by creating five additional state universities. The reforms granted financial autonomy to the universities, eliminated the bursaries that existed before and introduced a token registration fee of 50.000FCFA (approx. 112.5 USD). At the time of the reforms, budget priorities had been distorted. Nearly 43% of the university's budget was spent on welfare and only 15% of the recurrent budget on teaching and research (ADEA/WGHE 1999; Ngwana 2002). Despite the introduction of registration fees, about 80% of the university running costs still continues to be borne by the state today. The reforms have over the years met with students' and parents' resistance in the area of finance and have been hampered by reduced government funding, irregular disbursements which contradict with the spectacular increase in enrolments. As at the above Press Conference in 2005, student numbers stood close to 100.000 and in 2006, about 140.000 (MINESUP 2006)ⁱⁱ. This implies that within 13 years of the reforms the student population is more than three times what it took in 31

years preceding the reforms, not to mention the nearly 40% increase that seems to have occurred between 2005 and 2006.

While the above situation would be causing severe pressures on the national budgets of such low income countries, it is deemed that such increases be regarded as ‘good news’ and an important step towards the country’s development because of the human capital that should flow from such HE participation. For, no country would attain a reasonable level of development without a substantial accumulation of human capital. Some recent and ongoing studies are consistently indicative of a close relationship between the knowledge-based economy and higher education, knowledge creation (research) for instance, being both a function and territory of higher education. Citing Brown (2001), the economic situation of higher education in Africa triggers an important question about ‘*how to do more with less*’ or generally, the contribution of higher education management to the development of the continent. In other words, how can such systems be efficiently and equitably funded? While it may be deemed absolutely necessary for such developing countries to step up their higher education budgets (as reinforced by various development and knowledge economy arguments in relation to HE today), the use of economic rationality in the funding of such systems seems imminent and inescapable. This perspective can be premised on the struggling natures of the countries’ economies and the tensions between their higher education access policies and serious capacity-imbalance. Using various practical, empirical and theoretical arguments, this paper examines the applicability of various forms of cost-sharing schemes that could be employed for the conception of an efficient and mutually-reinforcing funding strategy for the system. The strategy takes into account the necessity for equitable access, the diverse and stratified socio-cultural and economic structure of the country and the system’s structure.

2.0 The degenerating financial situations of universities.

One of the main causes of the current financial austerity in higher education is a general phenomenon known as the ‘*transition from elite to mass higher education*’ (Trow 1970; 1974). In the 1960s, many western nations experienced massification which to a great extent resulted from the baby boom after the Second World War and which has persisted to the point of being described as “universal”. “*Elite*” higher education because in previous years HE was meant for a selective and intelligent few, “*Mass*” higher education being a situation whereby 15 to 50% of the age cohort are enrolled in some form of postsecondary education and “*Universal*” from 50% of the age cohort (Trow 1974). In addition, there are other variables like life-long learning and adult education which have become very prominent in recent years, thus adding to the regular age cohort of high school graduates. About 47 years in post colonial governance, many African countries are faced with similar situations of massification. Looking at the structure and transition of the African or Cameroonian family, one would agree that as late as the 1980s, it was possible not to find a university student in some extended families. Today, the probability that there can be as many as five on six students from one home in the university is very high.

Amongst other factors contributing to the uncontrollable numbers into higher education are governments’ deliberate access policies, increasing social beliefs on the importance of higher education, occupational demands and demographic growth, increase in knowledge users as well as scarcity of alternatives (Trow 1970). Above all, the beliefs and increases are embodied in the broad sense of the Human Capital Theory (Schultz 1961; Becker 1964) whereby HE is seen to

increase productivity, future incomes by more than its initial cost and other non-pecuniary benefits. Such benefits render HE more attractive as a profitable investment from the individual's point of view. The impact of massification on funding and quality becomes more acute and problematic to handle in developing countries with immature economies. As the numbers in higher education have increased, its dependency on the state commensurately increases, whereas there are other sectors such as health, basic education, defence, public works etc that compete for government funds; the principal source of government funds being taxes. Even if the taxes were to be substantially and successfully increased, higher education is simply not at the forefront of the queue of governments' funding priorities (Johnstone 2003).

Higher Education is a sub sector of the entire educational system amongst other sectors. Because functional literacy remains one of the main challenges for the development of every society, there is the traditional tendency that more attention is being paid to basic education (primary and secondary). This attention to basic education remains logical for every country as an incremental approach towards a more educated and developed society. The incremental approach is further reinforced by economic theories and empirical evidence where the social returns for basic education have been found to be higher than higher education's and private returns for higher education usually outweighing basic education's (Psacharopoulos 1981, 1985, 1994; Blaug 1965). Besides, the economies of most African countries have been handicapped by the economic crises of the 1980s which may be attributed to worsening terms of trade with industrialised countries, drop in export earnings and the oil shocks of 1979. The situation is further exacerbated by loans and accumulated interest repayments to international financial agencies as the developing countries' attempted to catch up with industrialisation trends, most of which paradoxically failed. Castells (2000, 133) attributes the failures to the conditions of competitiveness in the new informational economy which rendered it difficult for them to achieve the goals within a short term with primitive economies.

Reduction as well as the parsimonious nature of the disbursements in Cameroon can also be explained by the fact that the state is no longer the only user of knowledge and consequently it is reluctant (Mora & Villa 2003). As in most African countries after independence (1960s), one of the crucial problems was to train indigenous manpower or senior civil servants for their administration and economies. The state employed almost all the HE graduates. Nowadays, not up to 10% of university graduates in Cameroon are recruited into the civil service. A sheer size of the graduates ends up in the private sector and other international knowledge users. This economic evolution affects the perspectives of HE investments in most countries. The government was inclined to prioritise the full financing of HE because it was in need of trained cadres to fill positions in the public services and the system was dominantly public.

The cost of higher education has dramatically risen in recent years, thereby increasing its burden on the state. Besides the increased numbers, per student cost in HE rises faster than unit costs in the general economy. This rise is partly explained by the traditional resistance of universities and academics to adopt measures that could increase productivity by substituting capital for labour or by shedding existing but lower priority programs and their associated labour cost (Johnstone 2003; Baumol and Bowen 1966). The cost of HE on the state is relatively higher than those of other sectors because it is one sector that intensively uses highly skilled personnel whose remunerations constitute enormous state expenditures. While the productivity does not substantially and immediately improve as those of other sectors, its cost (basically wages) rise at the same pace as those in other productive sectors (Mora & Villa 2003). Changes in the

technologies employed in higher education also account for the rising cost. Today, computers, projectors, information and communication technologies (ICT) and various sorts of innovative teaching aids which are cost-intensive, are almost indispensable for university lecturers and students in developed and developing countries alike. University programmes and courses are bound to be shifted or restructured on regular bases to respond to changing educational and stakeholders' demands. Research is intensively consuming and above all, quality is of prominence in a competitively globalising world. Paradoxically, while HE expenditures continue to rise, state funding decreases in relative terms. There is thus a demand pressure leading to an imbalance between the number of persons wanting to go into some form of higher education and government capacity to meet its cost.

2.1 Rationale for greater private contributions

2.1.1 Cost-sharing in Higher Education

The concept of “cost-sharing” in higher education might explain the necessity of an innovation in the funding policy in Cameroon. According to Johnstone (1986;1992;1993b;2002,2003), government cost sharing with student/parents may take the form of tuition fees (introduced or increased) , “break even” or full cost fees for rooms, board and books and other cost of living covered by the government or reduction of grants (loans) or less subsidized tuition-dependent private sector. Proponents of cost-sharing base their arguments on the private benefits that accrue to the individual. This resonates from the notion that those who benefit from HE should bear its cost. Higher Education generates substantial private benefits both monetary and non-monetary that accrue to the student from higher levels of education and which therefore justify their contributions in defraying the cost. Teixeira et al., (2004) contends on grounds of cost and benefit analyses that the expansion of HE be led by individual demands based on a rational assessment of the potential net benefits arising from schooling rather than on social policy and governmental interventions.

The above opinions seem logical especially in the context of economic austerity since government resources have proven to be insufficient to keep pace with such expansion. Following the 1993 reform in Cameroon, living cost in conjunction with other user charges are already borne by the student. Yet, the financial situation of the universities has not substantially improved due to surging numbers and other demands. The reflection to introduce or increase students' and parents' share of HE contributions seems logical and timely as having moved to what Johnstone (2004) describes as another “stage” of cost sharing, viewing the surging numbers and demands as opposed to the state's financial insufficiency and the unstable allocations.

2.2 Theoretical and empirical Considerations

2.2.1 The Human Capital-Related theory

According to the human capital theory (Schultz 1961; Becker 1964; Barr 1998) higher education increases the individual productivity and consequently it is a profitable venture from a private perspective. It produces knowledge and skills which enhance or raise the human capital of an individual thereby leading to better enlarged incomes and smaller chances of being unemployed (Canton & Venniker 2001). Various studies (Psacharopoulous and Woodwall 1985; Blaug 1965) indicate a correlation between individual education and life time earnings. Blaug (1970) reveals that within few years after leaving school, better educated people earn more than less educated

individuals. Higher Education renders people aware of new and better opportunities and capable of seizing them (Teixeira et al, 2004). Other scholars (Canton & Venniker .2001; Barr 1998) reinforce the productivity arguments by classifying the benefits into “investment and consumption” benefits which explain why students would always want to participate in HE. Benefits generated from higher education may include: higher incomes, non monetary returns, job satisfaction, personal development, greater prospects for social mobility and participation in social life. Consumption benefits are represented in the curiosity and pleasure obtained in the educational process. People receive satisfaction and pleasure when they succeed in their educational ambitions as benefits which may not necessarily be monetary.

2.2.2 *Rates of Return*

Other studies show that rates of return from the accumulation of human capital are very substantial if the benefits are to be set against the direct and indirect cost (Asworth 1997; Canton & Venniker; Blundell et al. 2000). Direct costs include tuition fees and studying materials and indirect cost, one of which is “foregone earnings” (Canton & Venniker 2001). The perspective on foregone earnings holds that if the students were not in higher education or probably ended at pre-university level, they may have been working. According to Canton & Venniker (2001), international estimates on returns for an extra year of education are between 5 to 15%. Blundell et al., (2000) estimated private returns of undergraduate degree in the UK to be around 17% and 37% for women and men respectively.

The non-financial or non-pecuniary benefits of HE accruing to the individual (though immeasurable) have been surveyed to be enormous and may be in the same magnitude as the financial returns. These refer to non-wage remunerations, intra family productivity, child quality, own spouses health, consumer choice efficiency, labour market search efficiency, marital choice, attainment of desired family size, children’s education etc (Wolfe & Haveman 2000). The fact that there is very high demand for HE in Cameroon at the time when graduate unemployment is known to be very high, and when there are no financial incentives as before may justify the relevance of the productivity and profitability theory in higher education.

2.2.3 *The Informational role of higher education*

Another perspective which is related to the productivity-adding human capital model is the information role which higher education is opined to serve; “filtering”, “sorting” “screening” or “signaling” individuals’ abilities for the labour markets (Arrow 1973; Weiss 1995; Canton & Venniker, 2001). This perspective holds that higher education is a mechanism for reporting the individual’s innate abilities to knowledge users. According to Arrow (1973), the information role is the productivity-adding role from the private view point. This implies that students would always want to go to higher education to proof their extra abilities, to be competitive and to certify their productivity. Studies carried out by Hartog (2000) reveal that significant differences exist on the earnings between university drop outs and those who actually obtain the degree. By screening, sorting, filtering and signaling the productivity of individuals to knowledge users, HE provides added economic or labour market advantages to some individuals against others.

2.3.4 *(Higher) education as a human right*

The difference between basic and higher education is somehow captured by Article 26 of the Universal Declaration of Human Rights (UN 1948) which provides a clearer and prescriptive

emphasis for education to be free (compulsory); 'at least in the elementary and fundamental stages' and HE, on the 'basis of merit'. The fluidity of the definition of 'merit' in the context begs for another analysis. It can be academic 'merit' or based on an equity perspective. Equity implies that if individuals A and B have similar tastes and abilities, they should receive the same education irrespective of irrelevant factors like income (Barr 1998). If the main entry requirement for a university's Physics programme is that the candidate should have undertaken Physics in the previous levels of the educational system, then, it is the place of the candidate to be selected and admitted, irrespective of other factors. This also implies the admittance that some people shall be filtered from the community on such academic basis, consequently not everybody would progress

as well as the universities becoming more conscious and responsive to individual and societal needs (Johnstone 1998; Teixeira et al 2004). A case in point is that of academic malingering likely to be rampant in situations of free tuition whereby students spend more than required years to complete their degree programmes. In economic terms, repetition and drop out constitute some of the main causes of inefficiency in the educational systems.

Teixeira et al. (2004) highlights the effects of tuition fees in increasing the range of programmes, choices, supply and delivery as well as efficiency gains that may result from universities competing for students to acquire additional funding advantages. Ben Jongbloed points to the importance of tuition fees in inducing greater freedoms and highlights eight (8) sorts of “freedoms” on the provider and consumer ends. On the institutional side, they comprise of: freedom of “entry”, “product specification”, “use of available resources” and to determine prices and on the consumer side; freedom to ‘choose provider, product, adequate information on prices and quality; with direct and cost-covering prices being paid by the consumers (Jongbloed 2003, 114). The freedoms are summarized below:

Table 1: Eight conditions for a market

<i>‘Four freedoms’ for providers</i>	<i>‘Four freedoms’ for consumers</i>
Freedom of entry	Freedom to choose provider
Freedom to specify the product	Freedom to choose product
Freedom to use available resources	Adequate information on prices & quality
Freedom to determine prices	Direct & cost-covering prices paid

Source: Jongbloed 2003: 114

Doh (2007) observes that governments’ strong involvement in different aspects and at different levels of the Cameroonian HE system is explained by the power of the purse and then exacerbated by the culture of free higher education on the part of students and parents. It is often the case that when the state has to foot almost all the funding responsibilities for HE, its involvement becomes unavoidable and may commensurately increase in situations of such capacity imbalance because as the sponsor, it has to ensure greater value for money. Consequently, the universities end up losing their autonomies and academic freedoms and may become politicized and more vulnerable. Up-front tuition fees in Cameroon would lead to greater efficiency in the use of resources, academic and administrative autonomy and equity as well as eliminate inefficiency from the unavoidable mobility of students, defaults and brain drain. If the government finances HE because it is in need of man power and its advantages to the society, who accounts for the large amount of subsidies on students whom after graduation turn to the diasporas and never return to work or live in Cameroon? Who accounts for the huge subsidies spent on the almost 20 to 30% of graduates from the Faculty of Medicine whom after graduation travel abroad in the name of specialization and never return? Nowadays, there is increasing uncertainty on where accumulated human capital from state-financed training end up being applied because of the increasing prospects for graduate mobility. Some studies point to the fact that up to 50.000 African Ph.d holders currently work outside of Africa and the situation seems to be more acute in the medical profession (Cornish 2005). Because of governments’ inability to retain graduates in developing countries like Cameroon, their HE would seem to be largely subsidized for individual benefits and external users, which justifies commensurate cost-bearing.

3.1.1 Proper (Flexible) tuition fee

The basis of this perspective is on the importance of flexibility in the new HE policy on private contributions in Cameroon. Based on its economic rationality (private returns), this author agrees almost entirely with other scholars who contend that tuition fees should reflect the 'cost for particular institutions, the per student cost in that institution or programmed and sometimes with considerations on the student-teacher ratio (Barr 2002; Johnstone 2003; Jongbloed, 2003). Differential tuition is structurally feasible in the Cameroon system of Higher Education. It is both a stratified and university-dominated system with attractive, prestigious and job tailored institutions in the form of the French *Grandes Ecoles*, Professional schools and IUTs (University institute of Technology), whose graduates are either recruited directly into the public service or have greater prospects for recruitment by the private sectors (see Doh 2007; Ngwana 2002; ADEA/WGHE 1999). On the other hand students from the traditional university faculties are disadvantaged from the labour market because of the prestige in the above institutions and the professional nature of their programmes.

Within the traditional faculties, experience from the University of Buea (UB) for example, reveal that about 50% of the high school graduates seeking admission into the UB initially choose the Faculty of Social and Management Sciences. They are often attracted by the Management, Accountancy, Banking and Finance and Journalism Programmes. Such departments present the perfect pictures of overcrowding in developing countries due to its imbalance with infrastructure and teaching staff. Quite often, they become the most congested and their graduates constituting the bulk of the employees in the emerging private sector in Cameroon. The marketability of the graduates as against disadvantaged ones from other programmes may justify flexibility in the contributions for instructional costs to reflect their added economic advantages. The University of Nairobi through the *Module 11* or *Parallel programmes* where tuition fees are patterned after enrolments and economic strength of programmes has been able to reap considerable benefits from the ventures. Flexible fees are capable of arresting quality decline and to assist in the redistribution of teaching budgets towards programmes with more remedial teaching. In certain situations, fallouts of such contributions could cross subsidise programmes with less market values but of importance to other national goals. Considering the productivity-adding value of HE, flexibility may be reflected in the graduate/research programmes as against the traditional undergraduate or classical graduate programmes. And of course, these are the cycles with better prospects for external funding when the external stakeholders require making insights of specific programmes and related research and they usually have greater chances of mobility. While the students are generally supposed to pay fees those who pay from external sources (grants and scholarships) would add to the lot. Such policies may also stimulate the search for external funding as well as participation of other stakeholders in the funding of the system.

3.2 Loan schemes and other deferred payments

An increase in registration fees or introduction of tuition fees in Cameroon would certainly face some challenges especially with respect to access and equity. It is tantamount to exclude students from poor socio-economic backgrounds. Considering that Cameroon is a low income country, one would suggest a formula where only students from poor socio economic backgrounds are targeted through means-tested loans or some form of deferred payment such as "graduate" or

“income contingent” taxes. Income contingent tax (already being experimented in Ethiopia) is feasible in similar and more advanced developing country like Cameroon. Such deferred payments may be appropriate for students from low socio economic backgrounds (LSEB) from the onset or subsequently and incrementally to all needy students if cleverly formulated. The loan scheme could simply cover full or partial instructional cost of students from the low socio economic backgrounds to reduce the risk of inefficiency from high unemployment, mobility and probability of defaults that may arise if the scheme were to be designed for all. With the income contingent tax, repayments are calculated at a particular percentage of the graduate’s subsequent earnings until the loan is repaid. It automatically and instantly responds to changes in earnings whereby people with low earning make low repayments and people with low life time earnings do not repay in full. It thus protects borrowers against excessive risk (Barr 2002). The proposed formula combines upfront payment for those capable of affording it (or wanting to avoid future debts) and also deferred payment for initially poor students. It can be an equitable form of cost-sharing since it cuts across all the backgrounds. This argument is based on its efficiency gains in terms of access and the stratified economic situations of most African societies. It may be borne in mind on the other hand that a good percentage of parents spend about 6 times, the registration fee (50.000FCFA) (being paid to the Cameroonian universities) in mission and private secondary and primary schools and as many as ten (10.000) to twenty thousand (20.000) times in foreign universities. Considering the productivity-adding value of HE, its filtering and signaling effects and its financial and non financial benefits, it seems paradoxical that HE be perceived to be free good when a good proportion of the population could afford to spend several folds for pre-university studies without constraints or complaints. Secondary school backgrounds could be an important indicator for means testing. Statistics on high school graduates with private (mission) secondary backgrounds in Cameroon would certainly yield interesting results.

3.3 Higher Education-related taxes

Some forms of Higher Education-related tax or deferred reimbursement in Cameroon may seem indispensable as a cyclical strategy to sustain the HE system. The culture of free HE and non-reimbursable government subsidy in Cameroon constitutes one of the main drawbacks to any eventual reform towards private contribution. It may be understood that in many countries students have often received some form of support but in most cases as loans, refunded through the graduate taxes or income contingent taxes. Such repayments often enable the state to recover part of the subsidies and which may be reinvested for future student generation.

It also occurs that within the past two decades when recruitments into the public sector in Cameroon was drastically reduced upon recommendation from donor agencies, there has been a massive influx of private companies (notably in the ICT, mobile telephony companies, banks and various money exchange companies), which recruit a sheer size of its university graduates. Seemingly, such private and international companies escape the governments’ attention as the major consumers and beneficiaries of HE capitals and externalities. If the same logic that state funding of higher education was assured because the public sector was dominant in development were to be applied in the current situation, then the private sector which employs the major share of the university graduates should pay for the graduates and their education (Varghese 2004). The above assertion translates that HE in those developing countries like Cameroon is publicly and dominantly financed for the private sector. Some opinions hold that one of the alternatives towards a more realistic and sustainable HE funding policies might be to request the private

sector to pay for the running of public universities. Such standpoints can be premised on the questionability of the practice with the private sectors that when they hire human capital, they only want to pay for its use. Whereas, when they acquire physical capital, they are willing to pay for the capital asset and also for its use (ibid). The introduction of new HE taxes for the private employers in Cameroon may seem indispensable and justifiable since graduates in the public sector already and indirectly bear the tax burdens in the current public subsidy for universities. However, the policy may seem deficient from the perspective where it could also be argued that the private enterprises and international companies equally pay taxes to the state, be it directly from the graduates' income or the company, which constitute part of the subsidies in higher education. The thrust of the argument would be that the use of the human capital from graduates in the public sector justifies the state subsidies for their education as opposed to state subsidies for education when the human capital is used by private companies, enterprises and for private profits. It is incumbent on the policy makers to ensure that such sectoral differences are reflected in the taxes especially in situations where HE access and the necessity for sustainable funding may seem urgent for those developing countries. One of the many options which can help litigate the above HE-related taxation argument is the institution of a general and statutory contribution (rates or percentage) for the private enterprises as a higher education fund. The GETFund in Ghana where 20% of value added tax is set aside for the development of education (Effah 2006, 64) presents one of the best examples for developing countries.

3.3.1 Challenges in the implementation of scheme 3.2 and 3.3

Weaknesses and risks involved in loan systems and taxes in developing countries due to their immature economic (tax) systems, high default rates, challenges of means-testing, unemployment, high mobility and brain drain as well as problems in getting students and parents report private incomes cannot be overemphasized. Individual incomes, business profits and retail sales on which so much taxation depends are simply too easy to hide (or similarly, too difficult to verify) (Teixeira et al. 2004). Such risks can be averted by inventing a clever loan system with commensurate employment and tax records. It should be acknowledge that default is an inevitable and uncontrollable variable in the venture. In any case, the introduction of taxes and loans is more economically efficient than generous non reimbursable government subsidies.

3.4 Privatization/Private Higher Education

The sense employed here is the state's commitments to spur the development of a private sector or an increase in the percentage of students to be enrolled in privately-borne HE institutions (Jongbloed 2003; Johnstone 1998). Private HE offers a credible alternative where public institutions are overcrowded, politicized, understaffed, poorly financed and equipped (Levy 1994). In recent years there have been new forms of government cost sharing worth emulating. There are the '*Double*' or *dual tract*' systems in East and Central Europe where enrolments into public HE follows a certain affordable government threshold and fallouts received by the private sector or in some East African countries (Kenya & Uganda) whereby students who are not academically selected into the small pool of state supported slots may be admitted for a fee.

To a limited extent, the Cameroonian system has not been indifferent to the above (dual tract) system. The example of 'state and privatehonsored students' in the Advanced Teacher'(h)17

Training College (ENS)ⁱⁱⁱ Bambili who undergo the same training may attest. Apart from the

contributions of higher education. The assumptions behind the RORA equally account for the observable reluctance that most of the Sub-Saharan African countries seem to show in recent years towards HE investments and the parsimonious manners of the disbursements which the quote in the introduction in this paper highlights. For instance, it has been observed that apart of larger World Bank HE projects in some four African countries, only a few countries mentioned the use of HE in their Poverty Reduction Strategy Papers, with three (Cameroon, Malawi & Zambia) recognizing higher education as a means through which poverty can be reduced. In addition, only two countries (Cameroon and Ethiopia) planning to step up their HE budgets (from 3.8% to 5.8% in the case of Cameroon) (Bloom et al. 2006, 6). Various shortcomings have been observed to abound with the RORA especially the fact they focus solely on financial rewards and tax revenues and neglect the broader benefits of advanced education through entrepreneurship, job creation, good economic and political governance and the effect of highly educated cadre of workers on the nation's health and social. (Bloom et al, 2006, 17). Generally, the RORA ignore the multiple roles of higher education and mostly base on egalitarian claims which give priority to basic and secondary education (see Bloom et al., 2006; Boyer 1990, Duderstadt, 2000). For instance, they ignore the positive impact of research on economic development. A study by Lederman and Maloney (2003), indicated that the rate of return from R & D and economic development was 78 %. Higher education generates human capital spillovers which benefits the society. People do not reap its benefits alone; the benefits accrue to the society (Canton & Venniker 2001). Based on the human capital theory, it is obvious that if HE adds to the productivity of the individual, the accumulation of human capital is of greater benefit and strength to the society. HE remains a priority for most African governments which justifies its role in its funding. The accumulation of human capital also determines the individual or the society's capacity to pay taxes and so the state intervenes to correct tax distortions which may result from undersupply of labor. Besides the financial returns, an accumulation of non pecuniary benefits enhances the socio-economic, political and cultural development of any country. For example higher education increases the productivity of co-workers, enhances social cohesion and reduces the possibilities of individuals from engage in criminal activities (Canton & Venniker 2001).

The 'market' leads to the necessity for stronger government regulations to curb their vagaries. The market increases fears or concerns for professional qualification of teachers, maximum physical facilities, school attendance, tuition levels and possible curricular (Barr 1998). Usually, there is an information asymmetry between students seeking to go the institutions or programmes. There is the likelihood, that students can be extorted through high tuition fees and poor quality because of lack of information. Students may be unsure about the effects of HE on their human capital, their ability to succeed and their prospective incomes and so governments are supposed to provide subsidies, loans and information to encourage access. The government also intervenes for equity reasons. The market is not a perfect arena for equity. The government intervenes in HE to guarantee rational choices, equal power and income redistribution.

In the same vein, the chances that private higher education institutions can replace the public sector are still very limited because public universities make a significant contribution to broader national objectives which cannot be substituted by the private universities (Varghese 2004). Various assessments (AAU 2000; Varghese 2004; Effah 2004) on the emerging private universities in Africa indicate that their interests have been much tilted towards market friendly programmes like Business Administration, Accountancy, Banking and Finance etc to the

detriment of programmes that could serve other national development objectives. Because most of such private institutions are aimed at maximizing profits, they seldom dare to invest in programmes that can be cost intensive, some of which may be crucial for the development of the countries. The private institutions still remain elitist around the market friendly courses and could hardly be equitable in responding to broader government access policies as the multi-faculty public universities. Research as one of the functions of HE or postgraduate programmes still lag behind in most of the private institutions. Government subsidy remains one of the assured means of funding research in higher education in those developing countries. Research is cost intensive and its insights indispensable for their development, which is economically justified as well.

5.0 Concluding Remarks.

The use of economic rationality in the funding of higher education systems in developing countries like Cameroon, which ran through the paper is premised on the extreme imbalance between government capacity and the surging demands (enrolments and costs amongst other factors like the country's economic situation). The general picture is that the capacity imbalance is depicted by inadequate funding, lack of infrastructure, inadequate staffing situations, poor student-teacher ratio and poor learning, teaching and working conditions with a general negative impact on quality (also see Trow 1970; Castells 2001). The experience and consequences of massification in those developing countries would seem to be quite atypical to the 1960s' considering the different economic and demographic contexts under which the phenomenon occurred and continues to occur in different regions. Birth rates, demographic growth and trends considerably differ and the economies of the western or developed countries were more powerful and mature to handle the demand pressures with public funding. For instance, despite the fact that some European countries witnessed massification as far back as the 1960s and 1970s, their HE systems remained publicly subsidized till today. Higher education in France for instance, still remains dominantly public despite the fact that France began witnessing massification as far back as the 1960s when it undertook a main restructuring of the system through the Faure act of 1968. Economic thinking, the use of private instruments such as tuition fees or privatization is becoming more prominent in its policy debates and processes only in recent years (see Chevalier & Eicher, 2002). In Norway it is not yet envisaged that tuition fees can be introduced in the nearest future due to the country's economic strength, limited demographic growth and a more controllable enrolment rates. One acknowledges that political and social thoughts might be strong in a situation like Norway's but the extent to which such thoughts can apply to the developing countries' raises a lot of skepticisms in relation to their economic status.

The different context of enrolment pressures that result from the demographic trends in those developing countries leads to a situation where an increase in student numbers seldom corresponds to the participation rates which partially explains the fact that despite the institutional congestion their HE system still remain elitist (around or below 15%)^v The systems expand numerically with enormous pressure on the state budgets amongst other challenges but the percentage of the age cohort still remains comparatively lower. One of the consequences is that the increases in enrolments seem to be taking place much more in traditional disciplines. Because most access policies are generally geared towards enrolment expansion, there is usually the tendency that other developmental considerations may be ignored in situations of financial

insufficiency. In a bid to spread the limited funds to as many as possible, the research functions, professional and technical aspects of HE may be ignored.

The above situations lead to a vicious circle where student recruitments are most often organized around traditional disciplines and subsequent careers which have limited relevance on the nation's development. While their training (teaching) function would seem to be making some progress; the science, knowledge production, technical and vocational domains increasingly lag behind (Castells 2001). The analyses suggest that a funding policy which reflects and prioritizes the development needs of the country with the limited public resources may be more efficient for the nation's development than deliberate 'access-for-all' policies. Some authors identify that one of the channels for the use of higher education in development and poverty reduction in SSA countries is in infrastructural development. The case of road construction which seems to cost as much as those in the OECD countries and three times higher than those of other middle income countries is illustrative (Bloom et al. 2006, 7). Bloom et al. (2006, 15) suggest that with the knowledge economy, higher education can help economies keep up or catch up with more technologically advanced societies 'because the graduates are likely to be more aware of and better able to use new technologies'. With higher education the students are likely to develop new tools and skills themselves and there are spill overs to non graduates. De Bloom and Roksovsky (2006) point to a positive correlation between higher education and entrepreneurship.

The funding strategies proposed in the paper were not perceived to be mutually exclusive. Because of the diverse needs in the higher education landscape, it is increasingly foreseen that an effective funding strategy could only result as interplay of several funding schemes. Scholars of cost-sharing conclude that HE investments should be a trade-off between private and public costs and benefits in conjunction with issues of accessibility. Although market undertones dominated the analyses, the introduction of market-steering mechanisms does not in any way imply state withdrawal or reduction of the current rate of state subsidies. According to the author, it is the contrary; viewing that with globalization the challenges for African governments which were simply developmental have been exacerbated and exist today in two folds, their 'old' and new challenges (World Bank 2002). They are first of all, bound to seek solutions to their (old) perennial challenge. Secondly, the challenges seem to have been exacerbated by new ones; amongst which integration into the global economy and the urgent need to reduce the existing digital, technological and knowledge gap with the rest of the world. On a positive note, it is good news that such countries are experiencing spectacular increases in HE enrolments, and a necessary step towards their development. An accumulation of human capital that is likely to result from an expansion in higher education enrolments is indispensable for the man power needed for the African governments to meet the above challenges. The necessity to deploy more resources to their knowledge sectors like higher education and research seems urgent to improve their knowledge economies such that solutions to both facets of the developmental challenges can be enhanced. The logic here is that while the governments should blow up their investments in higher education (which would usually seem to be insufficient) such investments should be supplemented by private contributions. Success in the implementation of the funding schemes would largely depend on the appropriateness of the policy instruments which are employed in the policy process. In a situation of almost half a century of free HE culture in Cameroon, sensitization (information, education) remains a key instrument in the policy process.

Summary of possible schemes and scenarios for the funding of Higher Education in Cameroon

No	Mechanism	Strategy	Reinforcement	Challenges ¹
1.	Tuition/increase in current registration fee .	Upfront payment	Increased investment (new gov't-HE pact)	- Less
		Flexible		Impact on access
		Deferred/reduced for students of LSEB	Small Loan scheme for students of lower SEB (to cover full or partial tuition)	Means testing
				High defaults on loan repayments
		Unemployment		
2.	Income contingent Tax (Subsidy or loan recovery)	Specifically for students of LSEB	Subsidy	Means testing
		All Students /graduates		High defaults
	(Tax) Graduate	All graduates		Unemployment
	HE tax	All Cameroonians	Current level of tuition maintained or slightly increased	Private incomes?
	New Private corporation HE tax	By employers		Reporting
		From graduate' salaries		Ascertaining amounts
		Both		
3.	Current level of subsidization	Slightly increased	Graduate tax	Irregularity in state subsidy
		Current level of fee/slightly increased	Specific HE tax for all Cameroonians	Reporting Problems
		Lump sum	Private sector HE tax	
4.	Entrepreneurship (Consumers of HE)	Provider side	Gov't/institutional regulations	Conflicts with academic freedoms, university missions, values and cultures
		Student-targeted		
		Contracts		
		Greater autonomy		
		Internationalization		
Marketisation				
5.	Private HE	Stimulate Private Provision	Subsidy	Problems with Laisser faire
		Dual tract (E. African example))	Strong gov't regulations	Establishment of equitable criteria
		Double tract (E. & Central European)		Unpredictable market vagaries
6.	Reduction of student's living cost	Housing regulations	Payment by students of greater instructional fee	Societal responses (unpredictable)
		Long term investment in student accommodation		
		Institution of reasonable user charge on accommodation	Stronger gov't interventions.	
		Various student fares: transport, restaurants, medical care etc.		

¹ Objective: strategies to avert the challenges may be formulated.

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ⁱ Author’s translation from French following participation at the PC

ⁱⁱ Estimate derived from MINESUP and PC in October 2005 while registration was going on.

MINESUP: French Acronym for Ministry of Higher Education (in French: Ministère d’Enseignement Supérieure)

ⁱⁱⁱ Acronym for *Ecole Normal Supérieure* (Advanced Teachers’ Training College)

^{iv} Highly Indebted Poor Country (HIPC). Fallouts from the debt relief

^v But there would seem to be some correlation between the spectacular, tripling or numerical increase in the student enrolments in the higher education systems in Sub-Saharan Africa and the age cohort which may challenge the traditional assumption of massification or the fact that the systems are still elitist. This explains why the term is applied for the Cameroonian context as well. Such contrary views constitute a subject for another debate or research.