The Ugandan Journal of Management and Public Policy Studies (UJMPPS)
December 2023, Vol. 24, No. 1, pp. 192-209
ISSN: 2078-7049 (Print), 2959-4316 (Online)

Published by Uganda Management Institute

Public Financial Management: A Case of Public Universities in Uganda

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Article History

Received: October 11, 2023
Revised: November 23, 2023
Accepted: December 15, 2023

Abstract

The study addressed Public Finance Management (PFM) in Public Universities in Uganda. PMF, also called the public sector economics, is the government's strategy for managing revenue, expenditure and taxation. It oversees how the government's cash flow planning, coordination and investment are managed. The study delved to identify funding sources of public universities in Uganda; evaluated the current financial management practices within Public Universities in Uganda; examined the transparency and accountability mechanisms used for financial transactions within Public Universities in Uganda; discussed challenges encountered by public universities in Public Finance Management; and proposed recommendations for enhancing the overall public financial management system. Data collection strategy included extensive desk reviews of documents and previous researches on higher education. The study was purely qualitative and was conducted both face-to-face and online. In its findings, the study established various sources of funding for Public Universities in Uganda; confirmed that there is drastic decline and untimely funding to Public Universities in Uganda; highlighted the incidences of mismanagement and lack of transparency; and enumerated the challenges encountered by the sub-sector in Public Finance Management. The study concluded that there is drastic decline and untimely funding of Public Universities. Secondly, it noted that low and untimely funding negatively impact on achievement of the

Universities' core functions. Thirdly, it was established that funds injected into Universities are mismanaged and lack proper accountabilities. In its recommendations, the study proposed that the Universities should strengthen their Public Private Partnership engagements; carry out timely audits; reinforce their staff capacities in teaching and research as well as in publications and align public universities' funding to be performance-based; and lastly, position Public Universities to be more innovative so that the economy continues to grow, remain viable and sustainable.

Keywords: *Public Finance, Management, Public Universities*

Introduction

Higher education today is not only perceived as an avenue to train and create knowledge, do research and carry out community engagements, but it is also viewed as a business-like enterprise. Most governments and private agencies have injected their funds into this sub-sector to attempt and drive their nations towards desired Sustainable Development Goals (SDG). According to Oketch et al.'s (2014) report on tertiary education, the low and middle-income countries received a substantial amount of domestic and external investments during the immediate post-independence period from the World Bank to attempt and put more energy in higer education. Universities, however, cry foul that governments and donor fundings have dwindled and become untimely to the detriment of quality provision in the sub-sector. In the doldrums of this tension, both governments and the other funding agencies worry that funds sent into these institutions are mismanaged and lack proper accountabilities.

This study, therefore, attempted to dig into the higher education funding scenarios in the low and middle-income countries of the world, but with specific reference to Public Universities in Uganda; identified and analysed the key issues in Public Financial Management. such as sources of funding, transparency, accountability and efficiency affecting the financial management process. By examining these challenges, The study further aimed to provide insights and recommendations for improving the public financial management system in Public Universities in Uganda.

In the discourse, public finance is considered to be related to the financing of state activities and can be narrowly defined as a subject that discusses operations of the fiscal policy and functions (public treasury) (Bhatia, 2003). Public finance is concerned with government policy on revenues, expenditures, and taxation. Public finance also oversees the government's cash flow planning, coordination and investment.

Management, on the other hand, is viewed as a process of completing activities efficiently and effectively with and through other people. Secondly, as a process of setting and achieving goals through the execution of the basic management functions viz: planning, organizing, staffing, directing and controlling which in operational principles puts management into three components, thus: planning, executing and measurement and evaluation. In the context of the afore-mentioned, therefore, public financial management is considered to mean the process through which institutional financial matters are accomplished efficiently and effectively with and through other people in line with public treasury operations policy for expenditure and taxation.

Finally, Public Universities which are the focus of this study are those universities held in trust by the state on behalf of the public. In public universities, governance, funding, infrastructural development and academic strategy rest in the control of the state. According to Mathenge and Maturi (2017), financial management is becoming increasingly important for public and private enterprises worldwide because the practice enables managers to raise funds efficiently and control resources to achieve their objectives. In the same vein, OECD (2005) articulates that the call to order to accentuate financial management procedures comes to fulfil the World Bank's Structural Adjustment Reforms (SAR), which introduced several improvements in the World Bank's Public Finance Systems. At the centre of these reforms is the Integrated Financial Management System (IFMS), which has acquired various names such as: Public Sector Financial Reforms (PSFR), the Integrated Payroll and Personnel Information System (IPPIS), the New Public Management (NPM) tool, the Public Expenditure and Financial Accountability (PEFA) system, etc. The scope of the IFMS may vary from government to government to include a simple General Ledger System to a comprehensive system covering Budgeting, Revenue Accounting, Expenditure Control, Debt Management, Resource Management, Human Capital Management, Payroll Processing Accounting, Financial Reporting and Auditing.

Background of the study

Higher education financing: a Historical perspective

Since World War II (WWII), university education globally has expanded rapidly (Sanyal,, 1997). By the 1970s, higher education was primarily a publicly provided entity. Financing was the domain of governments in most countries except the USA, Japan, the Republic of Korea and the Philippines. Three reasons were given for state dominance in the sub-sector (Sanyal, 1997), namely:1) the replacement of the colonial expatriates with their national counterparts in the colonised nations, 2) the states representing all their citizens had to play a critical role in achieving a socially optimum amount of investment in higher education, and 3) the equity equation which stood as another critical factor to subsidize costly higher education institutions and balance enrolments within individual nations after the post-war period (Sanyal, 1997).

According to Pell (2023), only 13 % of higher education spending in the USA is funded entirely by state and local revenues. Ward et al. (2020) placed these education spendings under three categories:

a) The incremental funding in which the states set the levels of appropriations in a given year and then, each year, increases or decreases the amount by a fixed percentage;
b) The formula funding method, which unlike incremental funding, emphasizes variation in inputs across campuses and enrolments change from year-to-year; and

c) Performance-based funding is where the State allocates appropriations based on the outcomes of the institutions rather than inputs.

Oketcho (2016) referred to this state dominance in higher education as “the taxpayer-funded model seen as free, against individual students or their families’ model.”

In China, higher education was exclusively funded by the government until the beginning of the

1980s. According to P. Yang (2017, p.3), Chinese higher education funds come from three important channels:

a) Governments (central or local), in terms of core funding for teaching and research;
b) Students, by way of tuition and fees;
c) Other entities, by way of projects, contracts, revenue-generating ancillary operations, and donations.

In 2020, total public spending on college and university education in China amounted to approximately 1.4 trillion Yuan (Kalita, 2022). Yang (2019) further expounded that the exciting thing about Chinese higher education funding is that it has adopted various classifications of funding mechanisms. For instance, China is moving from incremental- and negotiation-based funding in the north-western quadrant toward formula funding driven by performance indicators in the north-eastern quadrant.

The Indian perspective of higher education funding includes government funds, funds from self-governing bodies, tuition fees, donations, scholarships, among others. Kalita (2022) discusses several agencies which are responsible for providing finance in higher education namely: The University Grants Commission (UGC), NITI Aayog, Ministry of Education, higher education funding agencies, public funding, private funding, local bodies, students’ fees, education loans, NGOs’ funding, income from endowment, Alumni fundraising, income from campus operations,e.g. property leasing, printing, photocopy etc.; and other sources of income, e.g. income from university press, rent from university land, building, infrastructure, sale of university publications, self-financing courses are also considered as sources of income in higher education. Because of all these interventions, India’s higher education system is now the world’s third largest, next to China and the United States.

In the low-income countries of sub-Saharan Africa, the fundamental financial problems faced by institutions of higher education stem from three nearly universal forces namely: i) the high and increasing *unit* or *per-student* cost of higher education; ii) the pressure of increasing enrolments particularly where high birth rates are coupled with rapidly increasing proportions of youth finishing secondary schools with legitimate aspirations for tertiary education (Jervan & Johnstone, 2015); and iii) the economic meltdowns experienced during and after the Covid-19 pandemic in most nations of the world also resulted into an extreme decrease of government grants to the sub-sector. Zeleza (2019) further asserted that: “Funding for higher education worldwide has become a challenge because governments across the globe have reduced their funding to universities over the years, especially under the neoliberal model where higher education has been viewed as a private rather than a public good since the 1980s; and which led to the privatization of university funding."

Bollag (2004) whose submission was in line with the abovementioned statement emphasized that during the periods 1985-1989 and 1995-1999, only 17% and 7%, respectively, of all education lending in Sub-Sarah Africa (SSA) was directed for higher education as compared to 29% and 46% of the same lending directed for primary education respectively. It is also worth noting that between 1999 and 2004, tertiary education enrolment in Sub-Saharan Africa (SSA) grew at 9.5 % a year, much faster than the corresponding world average of 6.6 % a year.

In Uganda, financing higher education traces back to the de La Warr Commission of 1937. According to Ssekamwa (1997), the then Colonial Office in London sent the de La Warr Commission to East Africa on the suggestions of Sir Philip Mitchell, the Governor of Uganda, from 1935 to 1940. The Commission's work was to examine the state of higher education in East Africa. Makerere College, the highest educational institution established in 1922, was by 1929 admitting students from Kenya and Tanzania, besides those from Uganda. In 1949, Makerere College was turned into a University College under the direction of the University of London, which financed the entire budget. Kajubi (1992) agreed with this assertion:

> *"From the founding of Makerere College in 1922, the Central Government assumed complete responsibility for financing higher education entirely out of public funds. Both undergraduate and postgraduate students have had not only their tuition fees but also all their food and other living expenses and transport to and from their homes paid for by Government and also received an allowance known as "Boom" for pocket money."*

The Visitation Committee of Public Universities [VCPU] (2007) claims that public universities in Uganda have experienced a drastic decline in government funding. The universities have complained about government's and other agencies' low and untimely budget financing (Lam, 2014). This situation is believed to have negatively impacted the accomplishment of core university functions. On the one hand, there is a general outcry by the government that funds injected into universities are mismanaged and lack proper transparency and accountability.

UNESCO's data (World Bank, 2010) shows that between 2000 and 2013 government expenditure on education as a percentage of gross domestic product (GDP) fell in 39 countries, 12 of them in Africa, Uganda inclusive (Omona, 2012). Secondly, expenditures on tertiary education as a percentage of total government expenditure fell in 34 countries, of which 11 were African. In addition, Africa remains the only region in the world that has experienced a decrease in the volume of current public expenditure per student (30 per cent over the last 15 years). Yet average annual current public expenditure per student remains relatively high (approximately US$2,000 in 2006), more than twice the amount allocated in non-African developing countries. Nonetheless, international aid in support of higher education is on average, US$600 million annually, or one-quarter of all the international assistance to the education sector in Sub-Saharan Africa (World Bank, 2010).

The World Bank (2010) further postulated that although difficulties in financing higher education are universal, their magnitude and consequences in the low-income countries of sub-saharan Africa are extraordinary because; growth in demand is extremely high, the fiscal base is very weak, public spending per student is declining, primary education is not yet universal and remains a priority, and families' contributions are relatively larger in primary education than in higher education; though there are attempts by various governments to implement the free primary and secondary education. The foregoing has even made the situation direr in the poorest countries in Africa, which allocate approximately 0.63 per cent of their GDP to higher education despite the continuous rise in student numbers from 2.7 million in 1991 to 9.3 million in 2006 (an annual average rate of 16 per cent), and where during the 1991–2006 period, the number of students quadrupled (The World Bank, 2010).

Statement of the problem

The public financial management system within Public Universities in Uganda faces challenges that hinder its optimal functionality (Mukasa & Gumisiriza, 2022). Over the years Public Universities in Uganda have experienced drastic decline in government's funding. The universities have complained of low and untimely funding of their budgets despite the huge expectations of their roles by the public. On the one hand, there is general outcry by government that funds injected to universities are mis-managed and lack proper accountability (Uganda Vice Chanchellors' Forum, 2017). The study identified and analysed the key issues in public financial management, such as sources of funding, transparency, accountability and efficiency affecting the financial management process. By examining these challenges, the study aimed to provide insights and recommendations for improving the public financial management system in public universities in Ugandan universities, thereby contributing to enhancing fiscal responsibility, resource utilization and overall financial sustainability in Public Universities.

Objectives of the study

i) Identify the various sources of funding in Public Universities in Uganda;
ii) Evaluate the current financial management practices within Public Universities in Uganda;
iii) Examine the the transparency and accountability mechanisms in place for financial transactions within the Public University system in Uganda;
iv) Propose recommendations for enhancing the overall public financial management system in Uganda Public Universities of Uganda.

Significance

It was envisaged that the findings of this study would help university managers to cope with government expectations on the management of finances; urge them to adhere to transparency and accountability mechanisms as requied by the Public Finance Management Act; and draw strategies to enable them address the challenges posed by public finance management. It was also hoped that the findings of this study would help university Managers to realize the importance of economics of the public sector for enhancing quality operation within public universities. Lastly, it was strongly believed that the strategies discussed in this manuscript, if successfully exploited, would go a long way to improving government's funding into Public Universities and consequently address the Public Finance Management in the sub-sector.

Methodology

The study was carried out using document review of previous research findings in the area of study. A checklist of required information was developed to guide the review process. Both printed and electronic resources were used. The Authors sought permission for the study from relevant authorities after receving information on the call for papers from the *UMI Journal*. Relevant information required for the study was gathered electronically from the portals of the universities studied, viz: Gulu University, Makerere University and MUBS. To gain broader understanding of public finance management, the authors consulted the Public Finance Management Act and triangulated their findings with data collected from the field of study. Triangulation helped the researchers to guard against the accusation that a study's findings are simply an artifact of a single method, a single source, or a single investigator's bias (Patton, 1990). The interviews were qualitative in nature and were conducted both face-to-face and online and only targeted the study objectives.

Findings

Main sources of funding in Public Universities

The study findings indicated that the main sources of funding in Public Universities across the world including Uganda are as enumerated here below:

Government subvention

Today the State takes charge of an annual quota of 4,000 new students in Uganda, paying their tuition and living costs, including room and board, transportation, and health care. The 4,000 quota accounts for only 17 per cent of candidates who are eligible based on their "A" level results and 10 per cent of candidates who are eligible as a result of their performance on an entrance examination (Zaafrane, 2008; Otieno, 2008; Musisi & Mayega, 2007 in, The World Bank, 2010). Accordingly, government grants to each University in Uganda are awarded based on their yearly budgets. For example, in 2015, the Report of the Auditor General of Uganda revealed that in that said Financial Year (FA), Gulu University received grants from central government of up to UGX 15, 406,733,197, while UGX 2, 565,556,647 was received as donations from foreign governments. In the same vein, UGX. 11,068,563,558 was received for tuition under the Non-Tax Revenue collection and UGX 405,139,199 was received as miscellaneous income. At the Makerere University Business School (MUBS), the school was financed by grants from central government totalling UGX.17, 182,705,456 as well as from International Organizations amounting to UGX.694, 223,753. The School also collected UGX.35, 516,378,057 in Non-Tax Revenue, bringing total revenue to UGX.53, 393,307,266.

This constituted about 85% of the budgeted revenue of UGX.62 782,145,931 for the year under review.

Fees-supported funding model (Cost-sharing) and access
Under this model, students meet the partial cost of their university education while the government pays for the rest. All public universities in East Africa, notably Kenya and Uganda, and in West Africa, notably Ghana, now run what is called “the dual-track model” whereby a small number of students are enrolled on state funding and another group, usually twice or more the number on state funding, are enrolled to pay the full economic cost on their own. In Uganda, the Makerere University Visitation Committee of 1987 recommended the introduction of the principle of cost-sharing in financing university education, which stemmed from the rising cost of education and the need to democratize access to education (Kajubi, 1992). Johnstone and Marcucci (2010), key advocates of cost sharing, asserted that higher education costs can be borne principally by four groups: the government/state/taxpayers, students and/or graduates, their families, and individual or institutional donors or philanthropists. They define cost-sharing policies as those that shift “some of the higher education costs burden from government, or taxpayers, to parents and students” (Johnstone & Marcucci, 2010).

Students’ loan scheme
Loans tend to have the following advantages: they increase access to higher education; they make the richer students contribute to the university budget; they increase the seriousness of students towards their studies and thus minimize or eliminate dropout; and they are considered a fair way of expanding higher education. However, whether the loan is a feasible way of expanding access and maintaining quality in low-income countries is arguable. In countries such as the USA, loan is a way of life and students accept that, and most recently in the UK, it has grudgingly been accepted as the way to realize the 50% participation rate. The aim of such models, as in the UK, is to promote equality of opportunity and equality of outcome such that someone who starts poor but ends up very rich pays more than someone who starts poor but ends up less rich. It also makes it possible for someone poor and someone rich to have equal access at the point of use. Barr (2004) alludes to this as fair to society and everyone.

Private students and other sponsors, including religious organizations and business enterprises
According to the Omaswa Report (2013), Makerere University’s precarious cash flow established that Private student fees contributed nearly 60 per cent of the University’s budget, irrespective of the irregularity of its payments. Similarly, the audited accounts of the University and the budget for FY 2011/12 gives the total projected income as UGX 149.64 billion, and for FY 2012/13 the projected income was UGX 164.63 billion, out of which Government’s Subvention contributed UGX 55.53 billion and UGX 59.67 billion respectively leaving the rest funded by other sources.

Table 1: Excerpt showing totals of various fees collected at Makerere University in five selected Financial Years

Year	Government Recurrent Funding	Private Funding	Internally Generated Research Funds	Percentage of IGF Spent on Research
2000/2001	23,228,971,654	14,014,545,258	121,627,560	0.87%
2002/2003	27,526,750,819	29,438,099,323	49,599,690	0.17%
2004/2005	36,653,142,917	37,411,816,460	60,176,550	0.16%
2007/2008	44,147,434,819	55,701,794,772	407,213,850	0.73%
2009/2010	44,952,151,664	59,572,726,655	572,698,884	0.96%

Source: Omaswa Report 2013

The clear interpretation of the above table vindicates that Private Funding and Internally Generated Research Funds, yield financial resources far more than Government Recurrent Funding.

A study conducted at Gulu University in 2014, similarily alluded to the fact that, "there is meagre government's funding for public universities and excessive reliance on fees by private students and other institutions". See Table 2 below.

Table 2: *Respondents' Opinion on Source of Funding and its Management for the Science-based Departments at Gulu University 2014*

ITEMS		**Frequency**	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	Government	49	21.2	21.8	21.8
	Students Fees	39	16.9	17.3	39.1
	Endowments	4	1.7	1.8	40.9
	Donors, Friends, Development Partners	49	21.2	21.8	62.7
	Not sure	84	36.4	37.3	100.0
	Total	225	97.4	100.0	
	No response	6	2.6		
Total		231	100.0		

Source: Authors Research Findings (2014)

Needy students work scheme

At Makerere University in Uganda, this scheme started after the government abolished the personal allowances of students, namely: transport and pocket money in 1987 (Kajubi, 1992). The scheme was meant to identify bona fide needy students willing to work to be assigned jobs in the University to earn money. It was also anticipated that these crops of students would continue to be identified by the local administration and communities and recommended to the University.

Intellectual property rights (patents and books)

The Authors (2016) while contributing to the debate on University Enterprises, recounted the experiences of Earth University in Costa Rica and Moi University in Kenya and postulated that African Universities need to establish and strengthen a business-oriented entity that is semi-autonomous from the University as a training institution, but managing the commercialization of university products to include Patenting and Intellectual Property Rights of its innovations and products.

Contracts for research, courses and consultancies (Usually, a percentage of revenue earned goes to the department concerned)

Funding is one of the critical conditions for successful and effective research activities. However, some research undertakings are highly costly, requiring heavy investment for longer periods before society can feel or appreciate their impacts. In order to be able to address issues of national priority, the allocation of adequate funds for research from internal sources is extremely important. According to UNESCO data, in 2013, gross domestic expenditure on research and development as a percentage of GDP in Africa was 0.5%, compared to a world average of 1.7%, 2.7% for North America, 1.8% for Europe and 1.6% for Asia. Africa accounted for a mere 1.3% of global (research and development funding). Global spending on research and development has now reached US$1.7 trillion, 80% of which is accounted for by only ten countries.

Commercial activities (printing, bookshops, rental of facilities)

Oketch revealed that an example of a university enterprise has been very successful at Moi University, where a Textile industry and a Flying school to train pilots are running. The success story of these enterprises he recounted was that the funds generated can be used to support additional students' scholarships and research while students can be hosted to conduct research in the established projects.

Investments in productive areas

University farm, university guest house, university printery, university café and restaurant, university bookshop, university conference facilities, university research centres etc. All plough huge sums of money into the University's coffers!

Functional Fees

These categories of fees include (Registration fees, Library fees, examination fees, identity card fees, medical fees, graduation fees, convocation fees, etc. which are paid as conditional fees before students are granted official access).

Endowments

An endowment fund, quite simply, is money set aside (invested) to earn revenue to fund some type of charitable activity. University endowments comprise money or other financial assets that are donated to academic institutions. Charitable donations are the primary source of funds for endowments. Endowment funds support the teaching, research, and public service missions of colleges and universities (https://www.investopedia.com › ask › answers › how-do-...).

Foreign aid

According to a 2014 World Bank report, Africa receives about $133.7 billion each year from official aid, grants, and loans to the private sector, remittances, etc.17 Dec 2018 (https://newint.org › features › 2018/11/01 › giving-aid-to...). This figure has however fluctuated over time between US$49.1 billion to as low as US$41.2 billion or 3% less than in 2018. Today, Africa receives roughly $50 billion of international assistance annually for donor development support (https://www.lejournalinternational.fr › Foreign-aid-is-hurti).

Tax relief in the US

Tulip (2007) explains that the federal and state governments' finance higher education through tax breaks for students and their families in the US. The Lifetime Learning Tax Credit and the HOPE Tax Credit provide tax credits of up to $ 2 000 per year per person for higher education costs. Alternatively, individuals can deduct up to $ 4 000 per year from their taxable income in higher education expenses. The other main concession aimed at promoting access to higher education is the deductibility of interest paid on student loans.

Financial Management Practices within Public Universities in Uganda and others in Sub-Saharan Africa

Public Universities in Uganda, as is the case with other in Sub-Saharan Africa, are funded by their country's government. In Uganda, for instance, the dual-track tuition policy is implemented whereby a certain number of free (or very low-cost) university places are awarded based on criteria such as academic excellence, income level, or positive discrimination, while other places are available on a tuition fee–paying basis or deferred-tuition policy (The World Bank, 2010). What should, however, not be overlooked in this discourse irrespective of the aforementioned, is that from colonial times, budgeting for and financing higher education was predominantly the domain of governments up to as late as the 1990s when the cost sharing model of funding universities was introduced. At Makerere University, the Omwaswa Report (2013) giving the statistics of Academic Year (AY) 2011/12 revealed that the number of registered students for the period was 34,694, of which 6,243 were Government-sponsored students, while 27.239 were privately-sponsored ones, with the rest being International Students (1,112) and the remainder being sponsored by the Refugee Council (66) and the Inter University Council (34).

In Kenya, higher education has also remained the domain of government though cost sharing has also gained prominence. In the 2018 Finance Bill cut, a total of KES2.37 billion (US$23 million) for university education (KES1.07 billion) and vocational and technical training (KES1.3 billion) from their proposed budgets that was implemented in the 2018-19 financial year were effected (https://www.usiu.ac.ke>bridging-research-university-b) Retrieved on 22/07/22. The Joint Admission Board regulates access to public higher education in Kenya through highly selective criteria according to which only candidates with a C+ grade at the end of secondary education are eligible for admission to University. Of those students, approximately 10,000 are allowed to register in a regular university programme each year. The remaining candidates may register by paying relatively high tuition fees. In 2004/05, for instance, of the 193,087 potential candidates, 58,218 were eligible for admission to the University. Only 10,200 were admitted by the Joint Admission Board—17.5 per cent of the eligible candidates (and 5.3 per cent of secondary education graduates). These selection procedures ensure a level of (public and private) financing that safeguard the quality of education (Zaafrane et al., 2008 in The World Bank, 2010).

In Madagascar, various measures including selective admission to the University were adopted. Admission is based on an examination (particularly for vocational studies) or an evaluation of applications. In 2006, only 54 per cent of new baccalaureate holders were admitted to a higher education institution. Access to higher education depends mainly on the type of baccalaureate obtained. By the criteria used, such access is easiest for those with a mathematics baccalaureate (96.1 per cent admission rate in 2006) and most difficult for those with a literary or technological baccalaureate (46.9 per cent and 13.8 per cent admission rate, respectively (see Madagascar Ministry of Higher Education and Research, 2008).

Lastly, in South Africa's current model for delivering university education amounts close to R50 billion annually. South Africa subscribes to a funding framework in which costs are shared among the beneficiaries of university education (mainly government and students) https://www.pwc.co.za › publications › funding-public-hi...

Mismanagement of Public Finance by some Universities in Uganda

Prevailing data on financial accountability available in the public domain from the Office of the Auditor General of Uganda highlighted many cases of mismanagement of funds in some public universities which apparently constitute their mode of financial management operations. These include:

Non-remittance of mandatory contributions

Section 11(1) of the National Social Security Fund (NSSF) Act requires that every contributing employer pays the mandatory contributions within fifteen days of the following month. However, some institutions fail to remit these contributions, e.g. Gulu University had an outstanding obligation to the National Social Security Fund which dated way back to the 2009/10 financial year and kept accumulating interest. The figure had already increased to UGX 563. 617,875 by the audit of 2015 FY from UGX 317,118,073 of the previous year with an interest of UGX 246, 499,823, which is considered wasteful expenditure since it could have been avoided with prompt remittance of the amounts to NSSF. At MUBS, it was also noted that UGX 433, 684,818 was deducted as PAYE from salaries and other allowances paid to staff for various activities. Still, there was no evidence of remittance to URA contrary to the Income Tax Act, Cap 340 (as amended).

Internal Borrowing

According to the Audited Report of Gulu University Accounts of 2015, the University borrowed UGX 350 000,000 from Gulu University Constituent College, Lira in June 2012 to refund the funds during the FY. Still, when the audit was done, only UGX50, 000,000 had been refunded, leaving the balance of UGX 300, 000, 000 outstanding. There was no indication that the University was implementing the refund.

Inflation of enrolment

At Makerere University, the Visitation Report (2017) revealed, among others, that Makerere, the first and oldest University in the country, was entangled in several procedural flaws which placed management and administration of finances to disrepute. The glaring examples were: inflation in the number of students and fraudulent financial reporting. The report in addition indicated that the University was running on false students' population of 46,000 students while after a head-count at all levels, the institution had only 30,000 students with over 16,000 students recorded as 'ghosts'. Worse still, over 4,000 students did not even have the official university identification cards and the money they paid, if any, was not remitted to the University's account.

Unaccounted for funds

At MUBS, a review of accountabilities revealed that funds totalling UGX 547,449,075 advanced to several staff to carry out various university activities and another UGX 93,335,100 paid to different visiting professors to the University in the year under review remained unaccounted for beyond the required period. There is uncertainty about whether the amount in question was utilised correctly for the intended purposes. Similarly, the University charged the wrong expenditure codes to UGX 259, 930,020, misstating the balances in the financial statements. This practice undermines the importance of the budgeting process, as well as the intentions of the appropriating authority to instil budget discipline (Auditor General Report, 2016).

In Gulu University of Northern Uganda, it was reported that inadequacy of funding created huge staffing gaps to the extent that out of 918 posts existing in the approved structure as of 2015, only 365 (40%) were filled, leaving 553 (60%) posts vacant. Among the vacant posts were 34 Professors and 37 Associate Professors (AGR, 2015). Equally, the Auditor's General Report (2016) for Makerere University Business School (MUBS), on the approved University staff establishment revealed that out of 1,152 posts, only 971 (84%) were filled leaving 181 (16%) posts vacant. A review of the structure revealed that: out of the required academic staff, only 63% of the posts were filled which implied that the University did not have the requisite number of staff despite teaching and research being its core activity.

Kasozi (2020) while elucidating on existing gaps in financing higher education, stated that; "there is meagre government's funding for public universities and excessive reliance on fees by private students…translating into inadequate funding for research, excessive reliance on foreign donors or 'partners' for research funds". He further justified his point by unearthing that in 2015/16 and 2016/17, only one Ugandan university had a research budget that attained 5% of the entire university budget. In conclusion, he accentuated that at Makerere University, up to 80% of critical research is paid for by donors

Funding challenges in other Universities in Sub-Saharan Africa

In Kenya, the state has continued to fund university education at a fixed rate of KSh 70 000 per student per academic year, regardless of the programme of study for the last 26 years (Zeleza, 2019). Zeleza further stated that for a Dentistry student, state funding leaves a gap of KSh530,000 per academic year and for the entire five-year training programme, the funding gap per student stands at KSh 2.65 million. The overall cost for arts courses is KSh 144,000 per student per academic year, with KSh 70,000 funded by the State. This gives a funding gap of KSh74, 000 per student per year. Therefore, that gap for a four-year academic programme stands at KSh 296,000 per student. In the same vein, he goes on to postulate that, for an average class size of 100 students, the funding gap in that programme alone would stand at KSh 29.6 million every graduation cycle. Thus looking at the same picture from a different angle, the state is accepting responsibility for less than 19 per cent of the university education burden, passing on the remaining 81 per cent to the universities.

In Tanzania, research funding available at the National level amounts only to about 0.24% of GDP. This is much lower than the 1% of GDP proposed in the 1996 National Science and Technology Policy and for SADC countries (COSTECH, 2005; NEPAD, 2010). This figure is far below those of South Africa and the United States of America, which are 0.81% and 2.76%, respectively (Osama, 2007). Thus, a funding level adequate for research is necessary to take on board and push national priority areas forward with equal vigour and consistency. NEPAD (2010), while addressing itself to the University of Dar-es-salaam Research Agenda (2018-27), postulated that the number of researchers in Tanzania in 2009 was 50 per million populations as compared to Kenya and South Africa which had 100 and 800 per million population, respectively. Thus given such a low number of researchers in Tanzania, it will be challenging to acquire tangible research results aimed at creating a quantum leap in new products, processes and services.

Conclusion

Though governments worldwide have continued to support the growth of their higher education sub-sector, it is increasingly clear that there is a drastic decline and untimely government funding, especially under the neoliberal model where higher education has been viewed as a private rather than a public good from the 1980s. Secondly, incidences of low and untimely funding negatively impact the accomplishment of core university functions. Thirdly, University Management should work towards mitigating financial mismanagement practices and lack of transparency and accountability within Public Universities' systems in Uganda. The following lessons were also drawn from the study: Firstly, since its inception, higher education globally has remained the central role of governments concerning providing strategic direction and goals, quality and relevance, and the ultimate attainment of fitness of purpose. Secondly, higher education has continued to experience drastic decline and untimely funding of their budgets by their governments and agencies. Thirdly, and most disappointing is that the down-scaling and untimely funding of the sub-sector has also caused the gradual decline in the core functions of higher education namely: teaching and learning, research and publications, community engagement as well as the ICT-mediated roles and preservation of knowledge in repositories. Fourthly, it is evident that higher education institutions are grappling with accountability matters and the diversion of funds at their disposal.

Recommendations

The following recommendations are thus proposed: Firstly, the state should emphasize the role of university education in the country's socio-economic agenda to strengthen Public Private Partnership engagements. Secondly, the state and other agencies should carry out timely audits and cause the universities to address all matters of financial mismanagement. Thirdly, the universities should endeavour to increase the number of staff devoted to teaching and research as well as the volume of their research publications. Fourthly, funding to public universities should be performance-based. Lastly, the universities must become more innovative so that their investments in productive areas of the economy continue to be viable and sustainable.

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