

**THE SPEECH DELIVERED BY HON. EZEKIEL MACHOGU, CBS, CABINET SECRETARY, MINISTRY OF EDUCATION, DURING THE OPENING OF THE FIRST BIENNIAL KENYA UNIVERSITIES FUNDING CONFERENCE ON 23<sup>RD</sup> FEBRUARY 2023 AT THE PRIDE INN FLAMINGO, MOMBASA COUNTY**

The Principal Secretary, State Department of Higher Education and Research, Dr. Beatrice Inyangala;

The Chairman of the Universities Fund Board, Prof. Karuti Kanyinga;

The Chief Executive Officers of the various state corporations present;

Vice Chancellors and Principals of Universities and Constituent Colleges;

Distinguished Guests;

Ladies and Gentlemen;

I am very pleased to join you today for the inaugural Biennial Conference on Universities Funding in Kenya.

At the outset, may I thank the organizers of this conference for conceptualizing the idea and working round the clock to make this event a reality. I commend the Universities Fund Board, together with its partners – the KCB Group, the British Council and the United Nations Environmental Programme, for their effort to actualize this conference.

**Ladies and Gentlemen,**

This conference could not have come at a better time, for at least two reasons. Firstly, our universities are facing serious

financial challenges. As I speak now, public universities are indebted to the tune of **Kshs.56 billion** in staff pensions and statutory deductions such as Pay As You Earn and NHIF. Many of the universities face challenges in paying staff salaries and their suppliers. The debts continue to pile by the day. This sorry state of affairs is a threat to the universities' ability to perform their primary mandate of teaching and research.

Secondly, and due to this sorry state of affairs, the Kenya Kwanza administration is in the process of undertaking comprehensive reforms in the education sector, including in the higher education sub-sector. As you are all aware, one

of the very first steps that His Excellency the President took upon assuming office was to establish a Presidential Working Party on Education Reform. As party of its Terms of Reference, the Working Party is required to **review and recommend a governance and financing framework for tertiary education**. The Working Party is also required to review and recommend legislation to facilitate the amalgamation of HELB, TVET and Universities Fund Boards with a view of harmonizing and merging all tertiary education funding entities.

The link between this conference, the current challenges faced by universities and the ongoing reform process is

therefore clear. I have no doubt that the outcome of this conference will form an important contribution to the ongoing reform discourse. Indeed, I am sure that some of you have already engaged the Working Party as it collected views on the proposed reforms. I am confident that with your views and comments, the Working Party will provide solid and credible recommendations that will enhance efficiency and effectiveness in our education sector.

**Ladies and Gentlemen,**

Over the years, the Government has taken efforts to enhance access to university education through the

provision of financial support to universities and students. Presently, this is done through the Differentiated Unit Cost formula, by which the Government is required to provide 80% of the Differentiated Unit Cost per student. This formula set the foundation for enhancing access to quality and relevant university education. However, the current financial challenges in our universities are proof that more work has to be done.

As you all know, there have been challenges in the provision of capitation for students. Since 2017, the number of

students qualifying for university entry has been growing, with the matching need for increased Government funding.

In the 2022 Kenya Certificate of Secondary Education results, 173,345 students attained C+ and above and will therefore be placed in public and private universities. If all of them are to be sponsored by the Government, the number of students eligible for funding will grow from the current 449,961 students to 599,349 students.

Even as the number of students qualifying for Government funding has grown, there has been no matching increase in funding for universities. In this financial year, for instance,

the funding requirement for public universities is **Kshs. 71,945,049,600** against an approved allocation of **Kshs. 44,023,955,000**. This leaves a deficit of **Kshs. 27,921,094,600**. For private universities, the funding requirement is at **Kshs.18,448,041,600** against an approved allocation of **Kshs.3,174,791,604**. This leaves a deficit of **Kshs.15,273,249,996**.

The projected deficit for the next financial year for public universities funding is **Kshs.29,361,485,310**, while private universities will have a funding deficit of **Kshs. 20,305,673,883**.

## **Ladies and Gentlemen,**

The growing deficits only mean that the pending bills will continue to grow, thereby worsening the current problems. Unless the problem is addressed as a matter of urgency, our universities will face difficulties existing as going concerns.

The future of our nation largely depends on the quality of output from our universities. The students that the universities teach and train, the universities' research output and the innovations and inventions resulting from our universities are what will propel this country's social, political

and economic development. This is why we must find solutions and address the current challenges, immediately.

I wish to assure you that the Government will do everything possible in terms of legislative, policy and budgetary interventions to implement measures that will help ensure the sustainability of our universities and improve access to university education.

Indeed, as you may be aware, we are working on establishing the National Open University of Kenya, in an effort to make university education more affordable,

accessible, and attainable to all students, no matter their location or income level.

### **Ladies and Gentlemen,**

The outcome of this conference and the proposals that you will make to the Working Party will, therefore, be critical in shaping the Government's interventions in the sub-sector.

Even as we deliberate on funding for our universities, we have to keep in mind that building strong and sustainable universities is not just a matter of funding. There are other critical issues, such as governance and management. We need to carefully consider the role of governance and

management in our universities. One of the key questions we have to ask ourselves is, what portion of the current challenges is as a result of the failure of the governance and management in our universities? We may need to rethink the governance and management structures in our universities for efficient and optimal performance.

The Universities Act, 2012 makes provision for the qualifications and credentials of various levels of university management. A chairperson of a University Council, for instance, is required to have a doctorate, in addition to experience in university management. There is room for reasonable debate on whether the focus should be on a

person's academic qualifications or demonstrated leadership and managerial experience.

### **Ladies and Gentlemen;**

Effective governance structures will help alleviate some of the challenges that our universities are facing. Indeed, some of the causes of the financial crisis in our universities are deficiencies in governance and management. Good illustrations of this are the imbalance between the teaching and non-teaching staff, and bloated workforces, which have led to rising wage bills in some universities.

Proper and effective leadership at the universities is instrumental in ensuring that our universities are sustainable and that they play their role in national and regional development. With good leadership, our universities will be able to find innovative solutions to some of the challenges they face. We need to think about, for example, having our universities develop and strengthen unique niches that contribute to both the national and global development agenda in order to attract local and international students for training and research. Our universities also need to boost their online presence, in addition to their physical infrastructure.

We also need to think about innovative resource mobilization models, including on how universities can tap into their alumni base as universities in other places do. With increasing demands on the Exchequer, it is time for universities to also explore other project financing methods, such as Public Private Partnerships, to support some of their needs.

### **Ladies and Gentlemen,**

I am sure that you will use the opportunity of this conference to reflect on our situation and to make constructive proposals on the way forward. Once again, I assure you of

our support and commitment in implementing measures that will make our universities sustainable and efficient.

I now wish to declare the ***First Biennial Kenya Universities Funding Conference 2023*** officially opened and I wish you fruitful deliberations.

Thank you and God bless you all.