

**IMPLEMENTATION PROBLEMS OF
COST SHARING PROGRAM IN
UNIVERSITIES IN SNNPR**

**BY
ASHEBIR BEZABEH**

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REQUIREMENTS FOR THE DEGREE OF MASTER
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MANAGEMENT**

**BY
ASHEBIR BEZABEH**



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ACRONYMS/ABBREVIATIONS

- AU = Arbaminch University
- DU = Dilla University
- HU = Hawassa University
- MOE = Ministry of Education
- SNNPR = Southern Nations, Nationalities and Peoples Region
- UNESCO = United Nations Education, Scientific and Cultural Organization
- HECS = Higher Education Contribution Scheme
- SSNIT = Social Security and National Insurance Trust.

ABSTRACT

Cost sharing program as a source of financing higher education was introduced to Ethiopia in 2003/04. It was aimed at improving access, quality and efficiency of teaching learning process in the country. Hence, all students who join institutions of higher learning were obliged to cover full costs related with boarding and lodging and a minimum of 15 percent of tuition related costs.

The purpose of this study was, therefore, to identify the major implementation problems of cost sharing program in universities in SNNPR. The universities included in this study were Hawassa University, Arbaminch University, and Dilla University. In this study descriptive survey method was employed to conduct the study. Thus, 392 students and 34 administrators were selected by using stratified sampling and availability sampling techniques respectively. The instruments used in this study to gather data were research questionnaire and interview. Questionnaires were distributed to 392 students and 34 administrators while interview was conducted with 3 reform officers and 8 acting loan officers. The data collected was analyzed using statistical tools such as percentage, mean and t-test.

The findings of the study revealed that the majority of students agreed on the need to share educational costs and were convinced that those who benefited from education should share educational costs. The study also revealed that the mechanisms applied in higher education cost sharing program were appropriate. The findings further revealed that students and administrators reaction towards the management of cost sharing scheme was negative. Another finding of this study showed that the introduction of cost sharing did not bring required changes in the teaching learning process and students' services. Finally, lack of awareness of students, low participation of students and stakeholders in the designing and implementation of the scheme, shortage of finance and manpower to run the system, lack of coordination and inexistence of responsible body to manage the scheme were identified as the major problems the scheme implementation process encountered.

In light of these findings, the following recommendations were forwarded: organizing orientation programs to the university community so that it helps to create awareness about the scheme objectives and benefits, strengthening the link between universities and enterprises to generate additional income, assigning an independent body to follow and manage the scheme in the universities, and involving student representatives and stakeholders in the implementation process of the scheme.

CHAPTER ONE

THE PROBLEM AND ITS APPROACH

1.1. Background of the Study

Education, particularly higher education, plays a decisive role in the overall socio-economic progress of the country and cultural transformation of the society. Hence, nations allocate a tremendous amount of resources to their education sectors.

Nevertheless, the resources governments allocate to higher education failed to keep pace with the sub-sectors expansion. As findings indicate in Least Developed Countries there is fast growth in enrolment but very slow increment in resources. This shows the number of people wanting to get university education has skyrocketed while governments have not been able to increase the money allocated to higher education in that pace. Thus, maintaining the quality and ensuring needy students' access to higher education, while at the same time containing fiscal expenditures requires that institutions either become more cost efficient or bring in more external funds. As a result, governments are obliged to diversify the source of their educational finance.

One basic measure taken by many countries to alleviate the problem is introducing cost sharing scheme in higher education. As Johnstone (2003) noted, cost sharing is not a substitute for public funding, but it is a mechanism by which a shift of at least some of the cost burden from the governments or tax-payers to students, parents, etc. Hence, governments, particularly that of developing countries have started to introduce cost sharing as one alternative financing mechanism of higher-education.

Many countries justification for their introduction of cost sharing scheme is related with improving access, quality, and efficiency of education. As pointed out in Robinson-Pant (2001), though it is difficult to show the direct functional

relationship between cost sharing and variables like access, quality and efficiency, the fundamental rationale for cost sharing is to address these variables. Thus, in order to lessen the burden of government expenditure of higher education, and also to improve access, quality and efficiency of teaching-learning, the government of Ethiopia has introduced a cost sharing scheme after completion of grade 10 (MOE, 1994). Based on the policy the country started to implement the cost sharing scheme in all government higher-learning institutions and technical and vocational education and training institutes as of 2003/04.

Accordingly, all students who join institutions of higher learning are obliged to cover full costs related with boarding and lodging and a minimum of 15 percent of education costs (proclamation No. 351/2003). However students who attend education courses and become teachers are exempted from paying their college education cost, since they will pay the loan by providing service.

Like other universities of the country, universities in SNNPR started implementing cost sharing scheme following the promulgation of Higher Education Proclamation and Cost Sharing Regulations. The experiences of many universities that introduce cost sharing scheme indicates that the implementation of such a scheme faces problems like lack of awareness by students and managerial problems to implement the scheme (Woodhall, 1991a). Thus universities in SNNPR also faced these challenges during the last four execution years.

As Psacharopoulos and Woodhall (1985) noted in implementing any financial schemes the awareness and understanding of the beneficiaries and the implementers about the objectives and importance of the scheme is very essential. Johnstone (2002; 2004) also stated any policy that seeks to impose a new or a sharp increase in the price of a good or a service that has come to be viewed as an entitlement, will be fiercely contested. Thus, the scheme that was

not made aware to the public and students might be resisted during implementation.

Cost sharing implementation mechanism is another important area of concern in implementing the scheme. Cost sharing of education can take place in different forms. As to Johnstone and Prettishroff (2003) it takes four forms. These are users' fees, trainees' loans, income from enterprises, and communities financing. Vossenteyn (cited in Zeleza and Adebayo, 2004:88) also accept the above classification. He, however, added an increase in the availability and use of private higher education opportunities as one form of cost sharing.

Cost sharing in the form of student loans can be classified as income contingent loan, Conventional (mortgage- type loan) and graduate tax (Obasi and Eboh, 2004; Albretcht and Ziderman, 1993). In Ethiopian higher institutions, graduate tax is preferred and implemented as a cost sharing mechanism, since it was considered and felt attractive to the government and students as a simple and manageable. Besides, it gives a sense of deferment of payment addressing the issue of parental and individual inability to pay upfront (Teshome, 2005). In our context, graduate tax refers to a scheme by which an amount is deducted from the future income or earnings of a beneficiary who has agreed to share the cost of his/her higher education including services in the form of a tax (Council of Ministers Regulations No.91/2003). According to this regulation the repayments of the loan are collected through the tax system by Federal Inland Revenue Authority. It also obliged institutions of higher education to keep records of all the necessary data and transfer these data to the Ministries of Education and Revenue for tax collection purpose.

Besides, any cost sharing scheme to be effectively implemented, it should be seriously monitored by the concerned authorities. As Wana (2004) contended

unless the institutions of higher learning achieve the efficiency, quality, and equity goals, the introduction of cost sharing scheme is a futile exercise. Therefore monitoring the implementation process of cost sharing based on the already set targets and objectives is very important.

Thus, it is in light of this framework that the study is designed to assess the implementation problems of cost sharing scheme in universities in SNNPR.

1.2. Statement of the Problem

In Least Developed Countries including Ethiopia, higher education has been heavily dependent on governments funding for so many years. However, due to increased enrolment and limited financial resources, what we see now is that the quality of teaching and learning has declined. In order to lessen the burden of government expenditure of higher education and to improve the quality of teaching and learning, the country introduced a cost sharing scheme in higher learning institutions starting form 2003/2004.

However, the introduction of cost sharing scheme stays controversial in Ethiopian context. Different scholars forwarded their views for and against the introduction of the scheme to our education system based on the people's current economic status. Criticizing the adoption of cost sharing by the Education and Training Policy, Seyoum (1996) contends that the cost sharing policy is going to hurt the rural and poor people that it was made to support. He further argued that since the majority of the people are very poor, government should take the responsibility of financing education.

On the contrary, Teshome (2005) forwarded his idea that students in public education are a very small percentage of the age cohort and it is not equitable to cover their higher education costs, food and room by the tax payer. Others who support this idea contended that at higher education the private rate of

return is greater than its social rate of return, hence recovering at least part of the cost of higher education by the beneficiary is necessary.

There are others who support the idea, but take a different position in its implementation. Abebayehu (2003), for example, supports the introduction of the scheme to higher institutes of the country, and suggested it as the best mechanism to correct the deep rooted problems of the sub sector. He, however, claims that systems should be established to estimate parental (individual) income and to identify eligible individuals for loan, at least, with some rough "justice", even in the absence of reliable measures of incomes and assets.

Though there is no common agreement on the introduction of cost sharing by authorities and the general public, the country started implementing it in all higher learning institutions. Like other higher institutes of the country, universities found in SNNPR (Hawassa University, Arbaminch University and Dilla University) started implementing cost sharing scheme following the promulgation of Higher Education Proclamation and Cost Sharing Regulations.

As findings show (Demewoz, 2006; Teshome, 2005; Shimelis, 2004) the major problems Ethiopian universities encountered during the implementation of the scheme include:

- Students who are currently obliged to share their education and service cost have no idea about the schemes' importance and ultimate objectives.
- Absence of freedom in the choice of disciplines by the students.
- There are no marked improvements in the quality of instruction and staff discipline following the introduction of the scheme.
- Lack of institutional autonomy of the university to air its concern.
- There is no guarantee that the universities would receive the additional fund raised (except for the relatively small amount of up front payments).

- There are no indications of attempts to introduce sound systems of financial management at the universities.

On the other hand, in the schemes implementation a great discrepancy is witnessed between the policy statement and the actual implementation process. One justification that can be mentioned for this is information about the beneficiaries is not centrally or regionally well documented. Hence, universities in SNNPR, as part of the countries higher education system, also faced the above mentioned problems during the implementation phase of the scheme.

Thus, the purpose of this study is to identify the major implementation problems of cost sharing scheme in universities in SNNPR and to suggest the possible solutions that might help in alleviating the problems. Besides, the study tried to identify the gap between the countries cost sharing regulations and the actual implementation process in universities in SNNPR.

1.3. Objectives of the Study

The specific objectives of the study were:

- To assess students' views on the introduction of cost sharing program in the universities.
- To assess the appropriateness of the mechanisms applied to manage cost sharing in the institutions.
- To identify students' and administrators' reactions towards the management of cost sharing scheme.
- To assess the effects of the introduction of cost sharing scheme on the overall teaching learning process and student services.
- To identify the major problems in the implementation of cost sharing program.
- To provide suggestions on the effective implementation of cost sharing scheme

To this end, the following basic questions were formulated, which the study attempts to answer.

1. What views do students have regarding the introduction of cost sharing in higher education?
2. Have the higher education institutions created appropriate mechanisms for the management of cost sharing?
3. What are the students' and administrators' reactions towards the management of cost sharing scheme?
4. What effect does the introduction of cost sharing have on the overall teaching- learning process and students' services?
5. What are the major problems in the implementation of cost sharing scheme?

1.4. Significance of the Study

In any organization the existence of adequate finance has a positive impact in the success of the organization. Now a days, many countries in the world give due attention to education and spend a good amount of money on it. This is because education is found to be the road towards development.

Although an effort has been made to effect cost sharing scheme in higher education institutions of Ethiopia, there is no common understanding on its importance among government, parents, students and authorities. As a result authorities argue for and against the scheme.

The student researcher, therefore, believes that the findings of this study may shed light on the existing implementation problems and create awareness among educational administrators and the scheme implementers.

The study may also help university officials to formulate realistic strategies in addressing some of the major implementation problems of cost sharing scheme.

Finally, the findings of this study may provide specific data to act as a working platform for further studies in the area.

1.5. Delimitation of the Study

The issue associated with financing of education in general and cost sharing program in particular are deep and wide in their very nature, and studying all this in this paper is very difficult. Therefore, this study was delimited to the implementation problems of cost sharing scheme in universities in SNNPR, in order to make the study manageable and to conduct it within the resource capacity of the student researcher. The study was conducted in universities in SNNPR, since as far as the knowledge of the student researcher; no study has so far been conducted in these universities on the issue. Besides, these universities are providing educational services for a significant number of students in the country.

Currently there are five universities in SNNPR. However, the newly opened two universities are excluded from the study because at the time of the field work they did not begin their function fully. Thus, the study was conducted in all the remaining three universities- Hawassa University, Arbaminch University, and Dilla University. This is because including all the three universities helps to enrich the study by adequate information.

The number of faculties in these universities is 15 (seven in Hawassa, five in Arbaminch, and three in Dilla). Among these the study includes 8 (53.3%) faculties. The faculties included in the study were those fields of studies that are found, at least, in two of the universities (except two faculties, Health Science Faculty of Awassa, that was deliberately included in the study due to the high education cost shared by the faculty students and Education faculty of Dilla which was included due to its unique repayment system-service provision after graduation). This helps to see the common problems of these universities. Besides, in this study, from 40 departments found in the three universities, 22 (55.0%) departments were selected as a sample. Thus, the faculties included in this study

were faculty of Business and Economics, Natural Science, Technology, Health Science, and Education.

1.6. Limitations of the Study

There are a lot of factors that may affect the generalization of research undertaking. Hence, this thesis research is also not without limitations. Some of the factors that have impact on the findings of this study are: the smallness of sample size due to time and financial constraints; and reluctance of some respondents to fill out the questionnaire. These may affect the external validity of the study.

1.7. Research Design and Methodology

1.7.1. Method

In this study descriptive survey method of research was employed, since it helps to reveal the existing situation of cost sharing scheme in universities in SNNPR. Moreover, it is an appropriate research method to get a description of current state of the implementation problems of cost sharing scheme in universities in SNNPR by examining the practice.

1.7.2. Data Sources

Data were gathered from both primary and secondary sources. Accordingly, the sources of data for this study were four. The first data sources were documents of different type that are related with cost sharing scheme and its implementation. The second data sources were all reform officers and acting loan officers in the three universities, since they had adequate information in the area and were directly responsible for the implementation of the scheme. The third data sources were faculty deans, vice-deans and department heads. These were selected because of their managerial position in the faculty and department and their responsibility in the scheme's implementation. The fourth data sources were undergraduate regular students (third year), and they were

selected for the reason that they were directly affected by the scheme and have relatively better information about the schemes implementation.

1.7.3. Sample Population and Sampling Techniques

There are three universities in SNNPR that have a total of 15 faculties (i.e., seven in Hawassa, five in Arbaminch, and three in Dilla). Thus, by using purposive sampling technique the study includes 8 (53.3%) faculties of the three universities (four from Hawassa, three from Arbaminch, and one from Dilla). In the selection of faculties purposive sampling technique was employed, primarily, to include similar faculties from different universities, so that, it helps to see the common implementation process and problems of the universities. Secondly, to include faculties that have unique loan repayment system and share the highest educational cost. Hence, the faculties included in the study were those fields of studies that were found, at least, in two of the universities. Similarly, two faculties (Health Science Faculty from Hawassa University and Education faculty from Dilla University) were included in the study by using purposive sampling technique. This is because the cost shared by Health science faculty students is too high compared to others and the repayment system of Education faculty students is unique (repayment by service).

Regarding departments, from 40 departments found in the three universities, 22 (55.0%) were selected in this study. The departments from the sample faculties were taken proportionally based on the number of departments in each faculty. Then, simple random sampling technique was employed to select sample departments, since this method gives equal chance of selection. The sample departments were selected by using a lottery method from the sample frame.

In this study, there were a total of 469 respondents. These were: 3 university reform officers, 8 faculty deans, 8 faculty vice-deans, 22 department heads, 8 acting loan officers, and 420 undergraduate third year regular students.

All reform officers of the universities, college deans and vice deans and department heads of sample faculties were included in the study by using availability sampling technique. This technique was employed because each university has only one reform officer; and in each faculty of the universities, there exist only two deans. Besides, as faculty deans of all universities represent different faculties, common cases of the sample faculties can also be entertained in the study. On the other hand, in all faculties there is no separate body (individual) assigned to follow the cost sharing process (loan officer). Hence, the activities are run by department heads. Thus, one acting loan officer from sample departments of each faculty was selected by using simple random sampling technique as this technique gives equal chance of selection.

In this study student respondents were selected using stratified random sampling. They were stratified in terms of faculties (strata), since the amount of educational cost shared by students differs from faculty to faculty and there is a faculty that has a unique loan repayment system. Thus, after determining the members that should be taken as a sample, a proportionate simple random sampling technique was carried out on all eligible respondents, as this technique is unbiased and gives equal chance to students to be included in the study. Besides, purposive sampling technique was employed to include one student representative (student council member) from sample departments, since they have relatively better information about cases in their department. Accordingly, 22 student representatives were included in the study.

Therefore, from the total population of 3246 students, 420 (12.94%) were selected as a sample population by using stratified and random sampling techniques, with the assumption that students of similar group have similar information. Besides, since the total number of students is too many, increasing sample size is beyond the resource capacity of the researcher. Hence, the sample faculties, the total number of students in each faculty, and the sample students taken from each faculty are shown in the table below.

No	University	Faculty	Total number of departments in each faculty	No of sample departments	Total number of students in each faculty	Number of sample students	Percentage
1	Hawassa	Buss. and Econo.*	4	2	366	47	11.20
		Natural Scie. *	6	3	460	60	14.29
		Technology*	4	2	198	26	6.19
		Health science	3	2	281	36	8.57
2	Arbaminch	Buss and Eco.*	4	2	573	74	17.62
		Natural Sci.*	5	3	265	34	8.09
		Engineering*	5	3	347	45	10.71
3	Dilla	Education	9	5	756	98	23.33
Total			40	22	3246	420	100

Note:

* Faculties found in Hawassa and Arbaminch universities

1.7.4. Data Gathering Tools

The data for the study were collected by using research questionnaire, research interview and by analyzing documents. This is because questionnaire is an appropriate data gathering tool to obtain information and opinion from such a large population for the problem under study; while interview is appropriate to get experts knowledge from few authorities. Besides, different documents, such as policy directives, guidelines, proclamations and regulations on the issue were analyzed since these help to see the gaps between the policy and the actual implementation of the scheme in the universities.

Accordingly, two sets of research questionnaire consisting of close-ended and open-ended question items were prepared (in English) to obtain necessary data, one from college deans, vice-deans and department heads, and the other from third year undergraduate students. Besides, unstructured research interview was conducted with university reform officers and acting loan officers.

In addition to primary data sources, the study was reinforced by secondary data sources, such as, Journals and Books.

1.7.5. Instruments (Tools) of Data Analysis

After the distributed questionnaires returned from the respondents, the process of tabulation was made, and interview responses were organized. Then, depending on the nature of the questions, different statistical tools such as percentage and mean were employed for data analysis to explore and describe differences among respondents. Alpha value (α)=0.05 level was selected to test all statistical significant differences employed in this study.

1.7.6. Data Administration, Distribution and Collection

Before the final form of questionnaire and interview were ready and delivered to respondents, the instruments were pre-tested by small similar groups (Hawassa University Technology Faculty students and university Officials) to see their validity in terms of practical use and to estimate the time required for filling the questionnaires and responding the interview. Based on the inputs obtained from the pilot test, vague items were left out or rephrased. Then, the questionnaires were distributed to the respondents, collected, and finally analyzed. Similarly, the interview responses were organized and analyzed in the study.

1.8. Definition of Key terms

Cost sharing: refers to all contributions and fees paid by communities and users, whether in kind or in cash, for the delivery of educational services (Samoff, 1994).

Graduate tax: refers to a system by which the costs of higher education would be partly financed by means of an extra tax imposed upon graduates who had benefited from higher education in the form of higher life time earnings (Hills, 1982).

Higher education: refers to tertiary education of an academic level higher than that attainable on completion of a full secondary education (Taneja, 2005).

University: institution of higher education, having a high reputation in teaching and research. It is a corporate body empowered to award its own degree (Taneja, 2005).

1.9. Organization of the Study

This study has four chapters. The first chapter deals with the problem and its approach. The second chapter presents the review of related literature. The third chapter deals with presentation and analysis of data. The fourth chapter presents the summary, conclusions and recommendations of the study

CHAPTER TWO

THE REVIEW OF RELATED LITERATURE

This part of the study deals with the review of related literature pertaining to the issue under study, mainly financing of higher education in general and cost sharing in particular. Attempt was also made to examine experiences of countries.

2.1. Financing Higher Education

The resources devoted to education in general and higher education in particular is linked to a countries assessment of the worth of that education. Social decisions regarding how much to invest in education are tied, either explicitly or implicitly, to an assessment of how much benefit education generates in that country.

Nowadays, it is a widely observed phenomenon that higher education system around the world depend on a combination of public and private resources to fund their operations. Stressing on the importance of diversified sources for higher education, Chacha (2004) noted that, the financing of higher education by the government and other stakeholders must be rationalized and diversified. Hence, there is a great deal of variation among countries in the proportion of public and private resources they consume. On the contrary, Hauptman (2006) noted, in many countries, institutions are primarily financed through public resources in the form of government support. Tuition fees and other private sources of support are low or non-existent. He added that, at the other end of the spectrum, are countries, like USA, where private resources constitute as much as half or more of the total resources devoted to higher education.

The cost of education in general and university education in particular at current prices has become very high. Presently, available figures indicate that the estimated average recurrent unit cost of any tertiary education in developing

countries is far higher than the average annual income per capita of ordinary citizen (Chacha, 2004). Thus, though it's demanding, the current funding basis for all institutions of higher education in Africa is weak and the public universities often get much less than what they need for delivering quality education (King, 1995). The impact of this under funding is currently reflected in inadequate infrastructure, insufficient educational facilities, high student-lecturer ratio, inadequate trained academic and managerial staff, use of outmoded technology in teaching and learning and the delivery of a general low quality education in low income countries.

The resource constraints are not the problems of developing countries only. Developed countries also faced problems to maintain quality and competitive standing. Faced with limited tuition revenues and public subsidies, institutions have increasingly entered into aggressive pursuit of alternative revenue streams. They strive to generate rising proportions of institutional revenues by sources other than governments and tuition.

Thus, in the financing of higher education, the active involvement of private organizations, individuals, non-governmental organizations, and communities is very essential. Hence, higher level institutes must strive to generate revenue for their educational programs. In line with this, guidelines for incentives are to be provided, for instance, tax relief, government grants and so on, to institutions maintaining high quality of teaching, research and public service.

2.1.1. Emergence of Cost Sharing in Higher Education

The emergence of cost sharing policies and applications in higher education dates back to the mid of Nineteenth century. During the 1950's cost sharing in the form of student loan was introduced on small scale in Europe, in the United States, Colombia and India. During the 1960's and 1970's student loan schemes were established, or expanded, in many developed countries, including several European countries, particularly Scandinavian and also Canada,

Japan, and USA. At the same time, loan schemes were established in Latin American countries and the Caribbean, and also in some countries in Africa and Asia (MOE, 2003; Wood hall, 1983).

As literatures revealed, during 1970's the question of equity and the role of student loans in extending and redistributing educational opportunities was frequently emphasized. Hence, the difficulties of financing rising levels of educational expenditure have focused more attention on the importance of student loans as a cost recovery mechanism which would allow governments to expand enrollments without imposing impossible burdens on public funds.

One solution the World Bank's education Sector Policy paper (1980) recommended to the education systems continue to grow is making extra effort to raise additional funds to the sector. Another remedy is reducing unit costs by improving the efficiency of the education system (Ajayi et al., 1996). In developing countries, furthermore, a system of fees and loans, balanced by scholarships, is suggested as a way of overcoming financial constraints (Woodhall, 1983).

Therefore, governments have started to look for alternative funding mechanism to solve their financial problems, and in turn, to attain their educational objectives. Hence, cost sharing was emerged as one mechanism of financing education in the world.

2.1.1.1. The Concept of Cost Sharing

Authorities asserted that, nowadays, the pervasive neo-liberal policies, the harsh structural adjustment programs, and increasing liberalization of the global market have pushed many public institutions-including higher institutes- to curtail their financial dependence on the state. As a result, higher institutions have engaged in a host of resource revenue diversification and contentious cost shifting initiatives (Damtew, 2006).

Different scholars defined cost sharing differently. According to Obasi and Eboh (2004: 159) "cost sharing refers to the process of recovering part of the expenditure incurred in the provision of any service from the beneficiaries of that service." Thus, to these authorities, cost is shared between two or more parties in the provision and delivery of a service.

Johnston (2003: 403), on the other hand, defined cost sharing as "a shift of the higher educational cost burden from exclusive or near exclusive reliance on government, or tax payers to some financial reliance upon parents and/or students, either in the form of tuition fees or of "user charges" to cover the costs of formerly governmentally- or institutionally provided room and board". Similarly, the Council of Ministers Regulation on cost sharing (No. 91/2003: 2336) put the meaning of cost sharing as "a scheme by which all beneficiaries of public higher education institutions and government share the cost incurred for the purposes of education and other services". The aforementioned definitions of cost sharing by different authorities showed that it resulted in the introduction of tuition fees in the education system and a shift of educational finance, from full reliance on government to beneficiaries.

On the other hand, Johnstone (cited in Obasi and Eboh, 2004) has identified the principal parties that can share the cost of higher education. These are the government, parents, students and individual or institutional donors. In other words, with the required dose of political will and determination, governments can devise mechanisms for shifting part of the financial burden of education to individual students and their families, to employers or to local communities.

Therefore, cost sharing is a revenue diversification and generation policy that recognizes the need for beneficiaries of higher education to pay something for the cost of their education in order to keep the system on a sustainable path. Hence, as Shimelis (2004) asserted, it has the overriding importance of lowering the demand for government spending.

2.1.1.2. The Rationale for Cost Sharing in Higher Education

Higher education at the beginning of the 21st century has never been in greater demand, both from individual students and their families, for the occupational and social status it is presumed to convey, and from governments, for the public benefits it is presumed to bring to the social, cultural and economic well being of countries (Johnstone, 2003). Governments are besieged with other pressing public needs, many of which seem politically compelling than the claims of higher education and which, together with higher education, greatly exceed, in almost all countries, the available scarce public revenues (Harte, 2004; Johnstone, 2003). Thus, the mismatch between the highly increased enrollment pressure of higher education and the resources governments allocate to the level forced institutions to diversify their resources and/or use the available resources efficiently.

According to Johnstone (2003; 2004) the rationale for cost sharing is the sheer need for additional higher educational revenue in the face of three facts. The first is the dramatic increase, in most countries, in both the public and private demand for higher education, recognized as a major engine of national economic growth and provider of individual opportunity and prosperity. This demand pressure, in most countries, is a function of the sheer demographic increase in the traditional college-age cohort, compounded by an expansion of what may be considered a college-going age cohort to include adults formerly by-passed by the system. The second reason is per student costs in higher education tend to rise faster than unit costs in the general economy. The third reason, especially in low income countries, is the decline in available public revenue. This could be attributed to an increased difficulty of taxation, or the competition from other, often more politically compelling public needs.

Moreover, as Johnstone and Prettishroff (2003) asserted, one rationale for cost sharing is the existence of the view that those who benefit should, at least, share the cost of education. According to these writers, equity is said to be a

problem in a free heavily subsidized higher education to the degree that educational opportunities are heavily skewed to the advantage of the children of the elite. The writers added that ,those (elite) students receiving the benefit of higher education do so wholly or primarily at the expense of the general tax payer (even if the taxes are entirely hidden through state control of prices and wages); and the taxes are collected regressively with a heavy burden falling on the working or peasant classes.

In addition to promoting equity, the rationale for cost sharing can be justified for the reasons of promoting efficiency, promoting responsiveness and improved revenue (Zezeza and Adebayo, 2004). The efficiency argument holds that cost sharing encourages institutional efficiency aimed at lower tuition fees and a competitive edge, and for better teaching, academic programs and services. The enhanced commitment argument, on the other hand, asserts that cost sharing encourages faster completion and, perhaps, can encourage better study (Johnstone, 2002). Similarly, cost sharing can help to improve educational facilities, services and, ultimately, the quality of teaching learning process.

In general, recovering at least parts of the costs of higher education can be justified on equity, efficiency, better commitment and improved revenue grounds. Hence, cost recovery is believed to lead to a more efficient use of public and private resources, and to provide revenues to improve educational opportunities and quality at higher educational levels.

2.1.1.3. Views and Arguments on Cost Sharing

There is a widespread dialogue on the issue of cost sharing in many countries in the world. According to Woodhall (1991b) a wide variety of views and arguments have been put forward for and against cost sharing. Both the opponents and proponents have their own justification for accepting and rejecting the scheme.

2.1.1.3.1. Views and Arguments for Cost Sharing

Scholars who argue in favor of cost sharing hold that it promotes equity, efficiency, enhanced commitment and improved revenue (Obasi and Eboh, 2004). Hence, arguments for cost sharing on equity, efficiency and enhanced commitment grounds are discussed here under.

A. The Equity Arguments

As the World Bank (1995) contends, any government has two concerns regarding equity. Firstly, it must ensure that every one has a basic education that helps him to function in the society. Secondly, it must be sure that potential students are not denied of access to education due to economic, gender, ethnic and other related reasons. However, the equity argument for cost sharing claims that the beneficiaries of higher education are disproportionately from the upper middle and upper class who have the ability to pay (Obasi and Eboh, 2004).

Similarly, Shimelis (2004: 110) in his critical observation indicated that "regardless of whether education is offered free or not, a de facto price selection takes place which favors students from well to do families, the fact that education is provided free of charge means that those who go over the selection hurdle are further subsidized." Moreover, studies conducted in the area indicated that higher income groups received a larger share of tertiary subsidies than the poor (Colclough, 1995).

Hence, cost sharing would help to ensure equity in the higher institutes since in most societies educational attainment is strongly correlated with family background, so that those from high socio-economic status families receive more support out of school, and more encouragement to stay in school than those from lower socio-economic status families. They claimed that the existence of means tested grants and loans can preserve reasonable access for the lower class.

B. The Efficiency Argument

Advocates of cost sharing in developing countries suggest various ways in which they could contribute to efficiency. By reducing the level of subsidy and so bringing the private and social rate of return closer together, cost sharing can lead to a more efficient use of resources, since a massive subsidy, that exists in many developing country may lead to over-investment by individuals in higher education (Woodhall, 1983).

Similarly, as a mechanism of cost sharing, loans may also contribute to greater efficiency within institution, by improving the motivation, and performance of students and making them more cost conscious, for example, by reducing wastage and dropout. Supporting this, Harrick et al., (cited in Woodhall, 1983: 71) stated that:

There is good evidence that students receiving education credit will be more apt to complete their education, and to do so in less time than those who do not receive credit. The credit enables the student borrower to continue his education in the first instance, or to devote more time to it if he has had to be self supporting. His assumption of an obligation to pay for the education gives him the motivation to qualify himself for better paying employment and to complete his course of study as quickly as possible.

Hence, a student sharing his education cost will have a greater-sense of responsibility; and therefore, this will increase the efficiency of the education system.

C. The Enhanced Student Commitment Argument

The enhanced students' commitment argument asserts that cost-sharing encourages faster completion and, perhaps, can encourage better study. As Obasi and Eboh (2004) puts it, tuition fees compelled students to carefully select their courses, minimize their time in school and become more responsive to changing labor market needs.

Furthermore, authorities contended that where students and their families are paying little or nothing for education, the students may be too tempted to remain in that status for a very long time, denying the society and the economy the advantage of their potential productivity and preserved enhanced usefulness, whether to themselves or to the state. However, with a little cost sharing- i.e. when both parents and students are paying something and sacrificing other needs- there is, at least, presumed to be a much greater incentive on the part of the student to study hard and to graduate "on time". (Johnstone, 2004). Therefore, proponents of the scheme argue that cost sharing can enhance student's commitment to study hard and to take education as their main task.

2.1.1.3.2. Views and Arguments against Cost Sharing

Although proponents of cost-sharing advocate the importance the scheme, the concept remains in most countries politically contested. As Johnstone (2004) asserted, more fundamental and serious resistance to cost sharing can be conceptualized in three distinct, although interrelated, forms-technical, strategic and logical.

The technical argument against cost sharing stresses, for cost sharing to work, it requires both need based, or means-tested, grants, as well as loans for students to borrow against their future earnings. The strategic opposition to cost sharing, on the other hand, argues that the presumption of higher education's greater ability to supplement its public revenue needs with private revenues- including but not limited to cost sharing- is misleading, and makes the denial of public funds to higher education "politically too easy". In the fierce competition for scarce public revenue, it places higher education at a great disadvantage relative to say, basic education, health, welfare, or even national defense, none of which can so seemingly easily supplement public revenues with its own fees (Johnstone, 2004; Colclough, 1995).

A third form of resistance to cost sharing is ideological. This opposition draws on a range of views, all of which, to varying degrees, may be labeled critical: of markets; of the private ownership of capital; of the international mobility of capital, production, and trade (i.e. globalization); and of the acceptance of continuing social and economic inequalities. This view, embracing many varieties of Neo-Marxism and Socialism, emphasizes overwhelmingly the public, or social, benefits to higher education and generally disregards, or would actually diminish its private returns (Johnstone, 2004).

On the other hand, Shimelis (2004) noted, a number of equity and efficiency arguments that are forwarded against cost sharing. Primarily, the rate of return arguments usually used by the proponents of cost sharing are ridden with underlying methodological anomalies, as the benefits of education such as honesty and loyalty are hardly quantifiable, hence, undermining the ability of the rate of return calculations to depict the true picture.

Secondly, it is said that the fact that education is quasi-public good lends it the characteristic that makes its adequate provision in a free-market situation untenable. Education is also considered a merit good in which case the government, which is apparently better and more informed than the general public about the benefits of education, has to intervene for the good of its public (Burgess cited in Shimelis, 2004: 409).

Thirdly, in certain contexts household expenditure on education has already equaled or exceeded expenditure spent by government making any additional household expenditure very unlikely. Furthermore, because of increased educational costs, students may be forced to learn and work at the same time constraining their time for their studies, hence, decreasing the overall internal efficiency of the level.

Furthermore, as Colclough (1995) put its idea against cost sharing, if the state is in some sense unable to raise more monies from taxation levied on the whole population, what grounds are there for believing that such resources can be raised from the rather smaller numbers of households who are users of the college or university system?

Similarly, in Ethiopia there are authorities who expressed their ideas against the adoption of the scheme. Seyoum (1996: 25-26), criticizing the adoption of cost sharing measure by the Education and Training Policy of Ethiopian Government states that:

It is ironical... that an education policy that claims to be rural-friendly opts for such a measure. It is going to hurt the same people that it was supposed to help. Any how, however necessary and inevitable it would have been to adopt such a policy, it should have downed on the government that its people constitute one of the poorest of the poor in the world.

Hence, he argued that since the majority of the people are very poor, introducing cost sharing in Ethiopia is not fair at the current economic status of the people.

In general, though some of the oppositions on cost sharing are based on the expected oppositions to a policy that would impose a fee where none had been imposed before, the aforementioned issues and justifications should be carefully examined before implementing such a sensitive policy.

2.1.2. Modalities in Financing Higher Education

There are various sources of financing higher education. The common ones are: government financing of higher education, the market model of financing higher education, and private sector involvement in financing higher education. These modalities are discussed here under.

2.1.2.1. Government Financing of Higher Education

In most countries public sources of support represent by far the largest resource for higher education institutions and expenses for higher education, including students living costs, were financed entirely by the public budget. (Hauptman, 2006; Chacha, 2004; Nafukhao, 2004). With a few exceptions, students, their families and future employers were not making any significant contribution to the cost of university education beyond the general incidence of the tax system and the income foregone while studying (Chacha, 2004). Particularly, in developing countries a high proportion of the education funds comes from the respective governments.

As Shimelis (2004) noted, African governments bear the entire responsibility of controlling, financing and maintaining higher education. This is because, primarily, as higher education institutions are the nerve center of modernization, maximizing access to them would be in the national interest. In other words, the very presences of benefits that accrue to the society at large require, in the economic sense, the intervention of the state.

Secondly, free provision is presumed to promote equitable access to educational services. Where higher education is free, i.e., fully subsidized by the state, aspirants come and perceive it as a right rather than a privilege. In such scenario, higher education assumes the role of a gate keeper to employment opportunities; hence, social mobility, in which case limiting access to higher education, may be equated to denying the right to social mobility. Thirdly, the political motive portrayed in the aphorism "He who pays the piper calls the tune" lends a strong motive for state intervention. Thus, in Africa, governments currently contribute about 90 percent of all funds available to universities (Nafukho, 2004).

Government funded or sponsored student financial aid comes in a number of forms. Hauptman (2006) identified the following four forms. The first form is non-

repayable aid- grants or bursaries which are typically based on the financial need of the student and his or her family, as well as scholarships or fellowships which are typically based more on merit criteria than on need. The second type is repayable fund- including a wide range of student loan arrangements (which many people would not regard as aid, considering that the loan has to be repaid). The other one is -employment and service opportunities that help students pay their higher education expenses, including work study and a variety of service arrangements in which students provide services at below market rates (As in the case of loans, many observers do not regard work and service as aid, arguing that this should be viewed more as compensation). The last form is tax based benefits in some countries, particularly the US, government support to students and their families is now also being provided in the form of a variety of tax-based benefits. These tax benefits include tax credits for current expenses and tax deductions for savings that are to be used for higher education expenses.

The last two decades, on the other hand, have been characterized by tight national fiscal policies, which have basically affected the provision of free education as earlier envisaged in African countries. The number of people wanting to get university education has increased and governments have not been able to keep pace with the surging numbers in budgetary terms. The education sector in general has over the years experienced continuous and steady under funding of both recurrent and development expenditures, leading to a persistent and massive deterioration in the quality of the service (Wana, 2004).

In general, the governments of many countries are still the central actors in the financing of state universities. They allocate the lion's share of university budget to produce skilled man power in their countries.

2.1.2.2. The Market Model of Financing Higher Education

As literatures revealed, in many countries the state universities that have in the past relied on "bureaucratic" model of financing have resorted to the market

model as a survival strategy. In the market model of financing university education, selling core services like- teaching, research, and consultancy to the consumer as a way of raising supplemental income is practiced. The income raised is expected to partly supplement government grants and subsidies provided to these institutions (Nafukho, 2004). The market model of financing higher education, therefore, shifts power to the consumers and to the units that produces and sells the services.

In most African countries this model was introduced as a reaction to declining government revenues. Thus, countries introduced self-sponsored degree programs, parallel degree programs, evening degree programs, sandwich programs and school based programs. The students enrolled in these programs pay the full cost of the offerings and do not receive any form of government sponsorship (Nafukho, 2004). Hence, state universities have realized the need to supplement government funding by being entrepreneurial in their operations and this is one of the innovative ways state universities in Africa must embrace to meet the needs of their customers, the students.

The market model of financing higher education has both advantages and disadvantages. The main advantage of this model is that it makes state universities become more responsive to changing economic and social realities. Thus, universities can no longer offer programs that are not in demand. The other advantage of this model is that it forces universities to be innovative and to launch programs that meet the felt needs of the society. This makes the institutions respond to the societal concerns. They, in turn, become more efficient and effective by providing the out put demanded by the economy (Nafukho, 2004).

On the other hand, the main disadvantages of relying on the market model of financing universities is that the model is inequitable because it denies access to students that are unable to meet the direct cost of university education. This

model may also lead to sub optimal investment in education. Since the initial costs of establishing a university is very high, few individuals may opt for the establishment of a university as a business venture. The other disadvantage of the model is that the orientation of state universities toward student demand is likely to promote teaching at the expense of research and publication. This will, in turn, affect the total output of the university (Nafukho, 2004).

In conclusion, as authorities recommend, for the market model to achieve its objectives, consumers (students) must be well informed about the subjects and program choices and the labor market itself must function efficiently. If these pre-conditions meet, market model of financing state universities can help to reduce the financial problems of government universities.

2.1.2.3. Private Sector Involvement in Financing and Provision of Higher Education

Currently, private sectors have a role to play in the provision and financing of university education in many countries. This entry of private providers into higher education increasingly reduced or supplemented the government's heavy responsibility of providing education. The private sector's role has consequently increased, and higher education itself has become increasingly co-modified- students are regarded as consumers and institutions as suppliers.

Colleges and universities around the world depend on a variety of private sources of funds to support their recurrent operations and fund their capital improvements. As Hauptman (2006) and Chacha (2004) identified, private sources of revenue can take the forms of: tuition fees, gifts and other forms of philanthropy, payments from a variety of services, and the commercialization of research conducted on campus and for the support of other private entrepreneurial enterprises.

Authorities agree that private provision of higher education must continue to help in ensuring the higher education need of the society and to give alternative for students. Regarding this point, Teshome (2004) contended that private provisions shall be encouraged in order to complement public institutions, to increase diversity of training programs and broadening social participation in higher education. Hence, the private and non-governmental higher education institutions can respond efficiently and flexibly to changing demands and increase educational opportunities with little or no additional public funding.

But giving higher education provision fully to private providers is not without difficulty. Chacha (2004) identified three major problems. Firstly, private investors are insensitive to social aspirations and ideals for which higher education has traditionally stood, including the socialization of graduates to their communities, teaching the young civic responsibilities, preparing interns for their professional training, and maintaining universities as places of unfettered research and debate for the pursuit of truth. Secondly, unregulated, the private sector will decrease access to higher education by the disadvantaged regions and districts. Thirdly, the private sector tends to select and support marketable and easy to manage disciplines and avoid expensive but nationally strategic programs like engineering, medicine and veterinary.

In conclusion, private sector involvement in financing and providing higher education seems very important, and the respective governments should encourage them by formulating favorable national policies; increasing support from bilateral and multilateral donor and funding institutions; rising higher education providers; expanding technologies in information and communication and other reform initiatives.

2.1.3. Mechanisms for Cost Sharing Program

Higher education cost sharing program involves various mechanisms. The mechanisms have their own peculiar features and different countries implement these mechanisms based on their own situation.

2.1.3.1. Forms of Implementation of Cost Sharing

As Ziderman (2003) noted, cost sharing in education can take four forms. These are: user fees, trainee loans, income from enterprises, and community financing. Fees are the most obvious form of cost sharing paid by the consumers of education services. It may be determined at the government level, which is particularly common in higher education, or at the school level. Though there is little conformity, in tuition fee policy, many sub-Saharan countries introduced fees for training programs. But the timing of fees determines household's ability to make payments. Thus, the governments that do have centrally imposed fees could minimize the burden of households by being flexible in the timing of their demands (Bray, 1995).

Loans are other very important forms of cost sharing. They are given to students with the assumption that students will pay back after graduation, in cash or in services. They are provided by either government agencies, banks or other financing institutions. It can be lent either interest free or with some interest rates. Loans can also be given either for all students or for those who need to be lent (Psacharopoulos and Woodhall, 1985; Salmi, 1999). It is mostly applied in tertiary education where public resources are insufficient to finance the education system.

Cost sharing in the form of student loan can be classified as income contingent loan, conventional (Mortgage-type) loan and graduate tax (Obasi and Eboh, 2004).

According to Woodhall (1983) and Shimelis (2004), income contingent loans require a student to promise to pay a fixed proportion of his future annual income until the loan was repaid. Several advocates of student loans prefer income contingent loan to developing countries. As Shimelis (2004) stressed, income contingent loans are expected to be more favorable than mortgage type loans to low-income students. The reason he mentioned for this is that, since the future value of a degree is not known with certainty, the risk of borrowing for education is greatest for poor students whose future earning potential may be lower than that of the wealthier students. He added, the poor are more risk-averse than the well- to-do.

In conventional (mortgage type) loans, repayment is made over a specified period, usually in fixed monthly payments whose level depends upon interest rates and the maximum length of repayment period. This scheme usually gives a "grace period" after graduation, which allows a student to find a job before embarking on repaying the loan (Albrecht and Ziderman, 1993; Woodhall, 1983). The fixed repayments of mortgage type loans commit the debtor to repaying an open ended proportion of his or her income, and may, therefore, deter borrowing among the very groups that the loans are intended to reach.

In addition to the above deferred loan repayment options, there is a more radical approach currently applied in some countries referred to as a graduate tax. As Shimelis (2004) noted, the idea behind the graduate tax is that by subsidizing higher education, the government is in effect financing the creation of human capital. This creates a future stream of benefits that accrues to graduates in the form of higher earnings. Graduate tax involves a percentage tax on the graduates' income over their working lives. The graduate tax rate could vary with income level, with low income graduates exempted from the tax. In Ethiopian context graduate tax means a scheme by which an amount is deducted from income in the form of tax to be paid by a beneficiary (student of

the public higher institution) who has been obliged to share the costs of his/her higher education (Council of Ministers Regulations No.91/ 2003).

Some education institutions also gain income from factories, businesses, and other enterprises. The advent of market economies has required enterprises to pay more attention to profits, and in many instances reduced their willingness to contribute to schools. However, even in long-standing capitalist societies there exist enterprises contributing to schools. As literature indicates, in manila, for example, three elementary and two secondary schools have benefited, receiving inputs from an oil refinery, a match manufacturer, a detergent company, and a large multinational hamburger outlet. In Singapore, banks, supermarkets and other companies have donated cash and goods to schools, and have been able to claim tax relief on these donations from the government (Johnstone, 2004).

A fourth form of cost sharing involves communities. Communities may be of many kinds, including ones based on geographic proximity, religion, ethnicity, and race. In several countries, community financing reaches significant levels. For instance, Islamic communities are prominent sponsors of schools in Bangladeshi, Indonesia, and Pakistan; while Christian communities are prominent sponsors in Philippines and Vanuatu. When it works well, community financing can spread the burden of re-sourcing education so that it does not rest solely with either governments or parents, while community financing can also promote local interest in schools (Johnstone, 2004).

In a nut shell, authorities agreed that higher-education is both a 'public and private good' and as such, costs should be shared among stakeholders by using different mechanisms under certain conditions that take due cognizance of different national contexts.

2.1.3.2. Countries Experience on Cost Sharing

Ethiopia, like many other countries, has introduced cost sharing scheme in higher education to reduce the burden of government expenditure on the sub-sector. The purpose of this part is, therefore, to investigate the experiences of some selected countries that have implemented cost sharing in their higher education systems and to draw lesson from their experiences. The countries selected were those which used loan as a cost sharing mechanism, since experiences of these countries are more relevant to the Ethiopian case.

Australia

In 1989, Higher Education Contribution Scheme (HECS) was inaugurated to handle the loan scheme in Australia. The scheme describes that students in higher institutions are obliged to cover their education with a fair and equitable contributions and the tuitions could be borrowed and repaid latter at a rate of interest in the country (Johnstone, 2003).

When the HECS was introduced, about a quarter of the instructional costs were covered directly with fees. According to the frameworks of HECS, students were allowed to follow either of the two choices to settle their tuition fees: to pay tuition charges up-front with 25% discount or after graduation with the established system.

The HECS follow a uniform charge until 1996. In 1997, however, three different tariffs were introduced. These are: students studying programs that are expensive and have a higher rate of return such as, law, medicine, etc are subject to high charges; students involved in relatively cheap and with low job expectancy programs pay the lowest rate of charges, and institutions were given the right to establish their own tuition levels for not more than 25% for the students they will enroll.

Regarding repayment, a tax system is used to undertake it. A percentage of the gross income will be directly taken as a repayment after a graduate's income passes a certain threshold. That is graduates with higher incomes repay their debts rapidly, whereas those with low incomes will repay only slowly. Thus, the average rate of repayment being as fast as expected, within a period of ten years after graduation, almost all graduates repay their HECS debts.

There were two debating parties regarding repayment terms of student loans. Some argue that the repayment period to be limited to 10-15 years giving a justification that income immediately after graduation is not always that much good. Others, on the other hand, justifies that more students can be attracted for borrowing when graduates with low income repay only small amounts with an extended period or nothing at all.

The innovative feature of HECS is that students can choose to meet their liability by making a lump sum payment each semester with a 15 percent discount or they can choose to pay the full amount through the taxation system in the same way that they pay income tax.

Ghana

In Ghana, buildings, equipment and all other infrastructure for public tertiary education are provided by central government. However, the central government was unable to cover students' accommodation costs at tertiary level. As a result, at the beginning of the 1971/72 academic year, a student loan scheme was introduced, under which university students were expected to take a loan for their upkeep while tuition remained free (Woodhall, 1991b). This scheme was abolished after a change in government in 1972.

A revised scheme was introduced in 1975 under which any Ghanaian university student could obtain a loan from a specified state bank to purchase books and equipment and also to meet his living expenses. Each year central government

provided the bank with the amount required for disbursement. As further stated by Woodhall (1991b) in 1989 a new loans scheme was put in place. This scheme is financed with funds provided by the Social Security and National Insurance Trust (SSNIT). Central government has given SSNIT initial capital to be invested so as to meet government's obligation of paying 16.5 percent as interest on the loan while student borrowers pay an interest of three percent.

Woodhall (1991b) further states that, the main feature of this scheme is that it does not directly affect the pay packets of borrowers. Workers must normally pay contributions for 20 years in order to qualify for a full social security pension.

As it has been discussed, the Ghanaian experience is that, the government continues to bear the cost of tuition and all students are required to sign bonds as a condition for accepting a scholarship /bursary/grant from government.

Kenya

Upon Kenya becoming independent in 1963, all fees for higher education were abolished in order to encourage greater numbers to pursue higher education. However, in 1974, the government changed the financing of university education through the introduction of a loan scheme as a cost-sharing strategy. As stated by Woodhall (1991b), in Kenyan HEIs the loan scheme was introduced as a means of assisting needy students to pursue their higher education, while reducing the burden on public funds. The writer further discusses that, the loan covers items such as accommodation and feeding, books and personal expenses, and during the 1989/90 academic year an additional tuition loan was introduced to cover 25 percent of the tuition cost.

In Kenya, a section of the MOE was charged with the responsibility for disbursement of the loans. The student loans for public universities have been managed under the two sections of the MOE until 1988/89 when loans

disbursements were decentralized to districts in the country side to be processed by the provincial administration and the commercial banks. An interest rate of two percent has been charged on the loans as a service charge. The repayment period for the loans is ten years. For the new graduates, about 15-20 percent of their salary is directed to the repayment of the loans (Woodhall, 1991b).

In dealing with Kenyan experience, a point worth noting is that the government of Kenya is preparing legislation to enhance the loans collection. There are also proposals to enhance the recovery mechanisms by linking the system with income tax. All student loan borrowers would be issued with a tax payer number which identifies them as loaner's. The employers would be expected to cooperate and inform the student loaner's agency about the number of loaners on the payroll.

2.1.4. Problems Associated with Implementing Cost Sharing Program in Higher Education

Despite their persistent failure to fund their universities adequately, only very few African countries have adopted cost sharing as a major source of financing higher education. This slow progress of cost sharing policies in Africa compares poorly with the global tendency where by a growing numbers of countries are moving in the direction of cost sharing (Obasi and Eboh, 2004).

Cost sharing raises problematic issues concerning equity, access and efficiency. To be socially efficient, cost sharing policies need to conform to the principle of equity among the various social groups (Obasi and Eboh, 2004). A crisis-free cost sharing policy cannot, therefore, be implemented equitably with out an active student aid scheme or without a financial safety-net to academically qualified poor students, that are unable to absorb the direct and indirect costs of higher education (Woodhall, 1991a).

As Derebssa (1998) noted, critics of cost sharing question whether loan schemes are feasible in developing countries which lack the financial and administrative infrastructure needed to ensure effective management and loan recovery. Higher rates of default, problems of graduate unemployment, inadequate banking mechanisms and political oppositions and political hostility to the idea of loans are all cited as reasons why loan programs could not work in developing countries.

In Ethiopia, studies in the area revealed that, the major problems Ethiopian universities encountered include: Students who are currently obliged to share their education and service cost have no idea about the schemes' importance and ultimate objectives, the implementers and the major stakeholders seem reluctant to implement the program since they were not involved at the design and implementation phase of the scheme, absence of freedom in the choice of disciplines by the students, there are no marked improvements in the quality of instruction and staff discipline following the introduction of the scheme, lack of institutional autonomy of the university to air its concern, there is no guarantee that the universities would receive the additional fund raised (except for the relatively small amount of up front payments), there are no indications of attempts to introduce sound systems of financial management at the universities, and no means testing of parental or individual income or criteria for loan eligibility is required to be a beneficiary (Demewoz, 2006; Teshome, 2005; Shimelis, 2004).

Therefore, in our case as much as the need for cost sharing has been recognized, working towards its implementation remains a daunting challenge to the nation in general and to the sector in particular. In a country such as Ethiopia where students are used to receiving everything from the government, it seems that a change in attitude among beneficiaries is needed to accompany policy change.

2.2. Financing Higher Education in Ethiopia

Like most African countries, higher education in Ethiopia has been free, with the government covering 90-100 percent of education costs (Wana, 2004; Derebssa, 1998). The main rationale for free higher education in Ethiopia was based on the country's need to create highly trained manpower that could accelerate the countries overall development.

However, the government of Ethiopia is now unable to fund the expansion of higher education as required since higher education enrollments have increased rapidly and the unit cost of students at this level is too high. The high unit cost of tertiary education and the disproportionate spending on this sector in relation to enrollment, raise some fundamental questions about future public investment in tertiary education.

Similarly, any national tertiary system would be hard pressed to substantially expand enrollments while maintaining levels of educational quality. Ethiopia faces a double challenge in that it seeks to accomplish this, while also introducing major reforms in institutional governance, management and curriculum. If the bold vision contained in the new higher education proclamation is to have any chance of success, the solution to this double challenge will have to be found in the financing strategy that underpins and supports these reforms (World Bank, 2004).

Therefore, some policy reforms such as encouraging private investors to participate in expanding tertiary education and seeking revenue diversification mechanisms like introducing cost sharing schemes, seems unavoidable to finance higher education in the country (Derebssa, 1998).

2.2.1. The Need for Cost Sharing in Ethiopia

As literatures revealed the mechanism of cost sharing via a 'graduate tax' deserves recognition for its innovativeness. If it works well, it will make the

higher education system more accessible, more equitable and more efficient in the allocation of social resources. It will also have a positive spill over effects on the internal managerial efficiency of institutions, which in turn will allow for greater access (World Bank, 2004; MOE, 2002; Saint, 2004).

As noted in higher education capacity building program document (MOE, 2002), by diversifying revenue and embarking on alternative financing strategies higher institutions will increase income, recover cost, enhance academic and research development and rationalize the effective use of resources. Hence, implementation of cost sharing will encourage the mobilization of financing higher education and at institutional level will call for cost-effective and responsive systems development.

Thus, the need for cost sharing in Ethiopia was raised with two very important objectives. Firstly, the budget allocated to tertiary level by the government is so small that institutions shall strive for finding additional revenue for their activities. Secondly, for the expansion of higher education in the country and to improve the quality of teaching learning, the availability of adequate and reliable finance is unquestionable. Hence, ensuring financial capacity of institutions, among others, calls the introduction of the scheme (MOE, 2003).

2.2.2. Policies on Cost Sharing in Ethiopia

Prior to the coming into power of the Transitional Government of Ethiopia, which later evolved into the Government of the Federal Democratic Republic of Ethiopia, the education system of the country had been characterized, among others, by problems of accessibility, inequitable distribution of school services, inefficiency, lack of quality and relevance (MOE 1994). Thus, the Transitional Government found it necessary to issue the 1994 Education and Training Policy. Therefore, the EFDRE government took the Agricultural Development Led Industrialization (ADLI) strategy as the basis that sets the direction for the overall socio-economic policies and strategies. Hence, provisions in the

education and training policy are geared towards the achievement of this strategy.

The Education and Training Policy (MOE, 1994) has been the major frame work for higher education reform and transformation. Regarding educational finance in Ethiopia the Education and Training Policy of 1994 states that, the priority of government financial support will be up to the completion of general secondary education and related training (grade 10) with increased cost sharing at higher levels of education and training and mechanisms will be created for students to cover their expenses through service or payment after graduation .According to the policy, scholarship will be given to deserving (outstanding) students and special financial assistance will be given to those who have been deprived of educational opportunities. Similarly, steps will be taken to raise the educational participation of deprived regions and the government will provide financial support to raise the participation of women in education.

As stated in the policy document, the government will create the necessary conditions to encourage and give support to private investors to open schools and establish various educational and training institutions, and the necessary conditions will be created for educational and training institutions to generate their own income and to use it to strengthen the educational process. Thus, the education and training Policy document clearly indicates that cost sharing at higher levels of the education system is unavoidable. As a result, the country introduced cost sharing program in 2003/2004 (Proclamation No. 351/2003).

Regarding cost sharing in higher education Article 90 of this proclamation noted, any student who has graduated from higher education of a public institution is required to share the cost of his education, training and other services on the basis of cost sharing principles. The proclamation added, payment of cost shall be effected in the form of tax payable from the salary or other income obtained after graduation (Proclamation No. 351/2003).

Similarly, on the beneficiaries share and mode of application of cost sharing in higher education the Council of Ministers Regulation on Cost sharing (Regulation No. 91/2003) clearly identified five points. Firstly, all beneficiaries of public institutions of higher learning shall share full costs related with boarding and lodging and a minimum of 15% tuition related costs. The amount to be shared shall be calculated based on the cost to be incurred at each institution and program of study and shall be revealed to the beneficiaries at the beginning of each academic year.

The second point contends, the beneficiary shall pursue his education after entering a written contract agreement with the respective institution for the future discharge of the amount of cost to be born by him and this contract document is a legal document. The other point here is, any beneficiary who discontinues or completes his education shall be given a document stating the amount owed. The document shall have full name of the beneficiary, address, photo and other relevant information. Another point in the regulation is the cost of education and training shall be revised, at least, every three years. The ministry shall enact directives to this effect.

Finally, as the regulation puts, only an Ethiopian national is eligible for pursuing his higher education or training upon the contractual commitment for future payment, in cash or in service, of his share of the cost in the form of graduate tax. Therefore, according to this proclamation all students who join higher education institutions of learning are obliged to share their education costs. However, students who attend education courses and become teachers are exempted from paying their education costs.

Generally, the regulation obliged institutions of higher education to follow the implementation of cost sharing system; to notify the beneficiary at the beginning of the academic year the appropriate amount of cost the beneficiary has to share, and to keep record of all necessary data; and to provide the

beneficiary with documents stating the amounts that is to be paid by beneficiaries (Regulation No.91/2003).

2.2.3. Cost Sharing Implementation in Universities in SNNPR

Although bringing about change, particularly in higher education settings, is a difficult task, in the past few years significant financial reforms have started to take place in Ethiopia. The major turning point regarding financing of higher education in the history of Ethiopian higher education came in 1994 E.C. This was the time when a new Education and Training Policy was adopted which stipulated the boundary between the provision of 'free' education and education cost sharing by the user as of 2003/04.

Like in other higher institutes of the country, students in universities in SNNPR have been sharing their education and service costs starting from 2003/04. The graduate tax introduced at universities in SNNPR covers government's full costs for student's meals, accommodation and health services, plus 15% of estimated tuition costs. Accordingly, the full cost of food and room is estimated to be about 1850 birr (220 USD) per annum per student. However, tuition fees differ on the basis of the program a student follows- medicine being the most expensive and humanities and social sciences being in the lower ranges (MOE, 1995).

The equivalent amount in industrialized countries ranges between the lowest of 1750 USD in Australia to the highest of 5828 USD in Sweden, while in developing countries this amount ranges between the lowest of 200 USD, in Ghana, to the highest of 845 USD in Kenya. Payment in our universities will take place at a differential rate based on group of disciplines but flat across institutions, regardless of income category until the individuals agreed share is fully recovered.

The need to introduce cost sharing in higher education system of Ethiopia is to provide adequate finance for the expansion and quality improvement of the higher education provision. This requires respecting the preference of students of their field of choice and interest to share their education cost, so that this may bring the

expected result. In this regard, a study is conducted on Dilla University teachers college students. The findings indicate that only one fourth of the students join the departments they are learning with their first choice (Demewoz, 2006).

Another important issue that was expected to be improved due to the implementation of cost sharing is the teaching learning process and different facilities in universities. Similarly, a study conducted on medical schools in SNNPR revealed that there was a high shortage of academics and teaching facilities, like relevant books, laboratories, demonstration equipment, etc (Beard, 2004). Hence, these situations affect student's perception on the importance of the scheme, as students expect significant improvements in the quality of teaching learning process and services they pay for.

Furthermore, for effective implementation of the scheme, authorities shall design awareness creation sessions, as the issue of cost sharing is new for the country education system in general and to the universities in SNNPR in particular. This awareness creation program shall include academic staff members, non-academic staff members, and students since these group need orientation on new policies, proclamations and regulations. This may, therefore, ease the implementation process of the scheme.

CHAPTER III

PRESENTATION, ANALYSIS AND INTERPRETATION OF THE DATA

This chapter deals with the presentation, analysis and interpretation of data gathered through questionnaire and interview. It consists of two parts. The first part presents the characteristics of the sample population included in this study, while the second part focuses on presenting, analyzing and interpreting the data that are important to the problem under study.

3.1. Characteristics of the Respondents

In this study a total of 469 respondents were included from students, deans, department heads and university officials of the three universities. Accordingly, two sets of research questionnaire consisting of close ended and open ended question items were distributed to 420 students and 38 administrators. From a total of 458 questionnaires distributed to the two groups, 426 (93.01%) were appropriately filled in and returned, while 32(6.99%) questionnaires were wrongly filled in and were discarded. Besides, unstructured research interview was conducted with three university reform officers and eight acting loan officers (all of these are department heads) of each sample faculty.

Hence, table 1 and 2 presents the characteristics of respondents in terms of sex, age, educational background, service years and field of study (faculty).

Table 1: Respondents by sex, age, educational achievement and services Years

No	Item	Respondents			
		Students (N=392)		Administrators (N=34)	
		No	%	No	%
1	Sex				
	Male	344	87.8	33	97.06
	Female	48	12.2	1	2.94
2	Age				
	Below 20	-	-	-	-
	20-25	354	90.31	4	11.76
	26-30	35	8.93	9	26.47
	31-35	3	0.76	9	26.47
	36-40	-	-	8	23.54
	Above 40	-	-	4	11.76
3	Educational Achievement				
	Diploma	-	-	-	-
	First degree(B.A/Bsc/BED)	-	-	6	17.65
	Second degree (MA/MSC/MED)	-	-	23	67.65
	Ph. D	-	-	5	14.7
	Others	-	-	-	-
4	Service Years in Teaching				
	Below 5 Years	-	-	14	41.18
	5-10 Years	-	-	14	41.18
	10-15 Years	-	-	3	8.82
	15-20 Years	-	-	2	5.88
	Above 20 Years	-	-	1	2.94
5	Service Years in Managerial position				
	Below 2 Years	-	-	20	58.83
	2-5 Years	-	-	7	20.59
	6-10 Years	-	-	4	11.76
	Above 10 Years	-	-	3	8.82

Table 1 presents students by sex and age, and administrators by sex, age, educational achievement, service years in teaching and in managerial position. As indicated in item 1, 87.8 percent of student respondents and 97.06 percent administrators were male while, female representation in this study was only 12.2 percent for students and 2.94 percent for administrators.

As studies shows female representation in Ethiopian education system in general and in university education in particular stayed low in the previous regimes and the low representation of females in this study also take the already existing trend of the system. Hence, in this study gender gap in enrollment was clearly observed in university students. Similarly, administrative positions of higher institutes of the sample universities were mainly occupied by male.

Regarding the age distribution of respondents, item 2 depicts that, 90.31 percent of student respondents and 11.76 percent administrators were in the age range of 20 to 25. Similarly, 8.93 percent students and 26.47 percent administrators were in the age range of 26 to 30. Besides, 0.76 percent student respondents were above 30 and 26.47 percent administrators were in the age range of 31 to 35. Similarly, the greater proportion (35.3 percent) of administrators were above 36. This preponderance of older individuals in management position is a manifestation of cultural value that attributes leadership ability to adults and wiser people.

Item 3 shows educational background of administrators. Accordingly, 17.65 percent of the respondents have first degree, while 67.65 percent of the respondents have second degree (Masters Degree). Among the respondents, only 14.7 percent administrators have PhD degree. Hence, the this reveals the existence of unqualified individuals qualified for the level, but working even in the administrative positions of the sampled faculties.

In item 4, data on administrator's service years in teaching and managerial position was presented. According to the respondents, 41.18 percent of the administrators served below 5 years as a teacher while 41.18 percent of the respondents served from 5 to 10 years in the profession. Only 17.64 percent of administrator respondents served above 10 years in teaching. Regarding service years in managerial position, 58.83 percent of the administrators served below

2 years in the management position. Besides, 20.5 percent of the respondents served from 2 to 5 years and the same percent of administrators were served 6 years and above in managerial position. This shows the high proportion of administrators lack experience in the teaching profession in general and in administrative positions in particular. Hence, this may have its own impact on the implementation process of the scheme.

Table 2: Respondents by University and Faculty

No	Item	Respondents			
		Students(N=392)		Administrators(N=34)	
		No	%	No	%
1	Hawassa University				
	Business and Economics	44	27.85	3	20
	Natural science	56	35.44	4	26.67
	Technology	24	15.20	4	26.67
	Health science	34	21.51	4	26.67
	Total	158	100	15	100
2	Arbaminch University				
	Business and Economics	68	47.22	4	30.77
	Natural science	33	22.92	4	30.77
	Technology	43	29.86	5	38.46
	Total	144	100	13	100
3	Dilla university				
	Education	90	100	6	100
	Total	90	100	6	100

Table 2 reveals respondents by university and faculty. Accordingly, 158 student and 15 administrator respondents from Hawassa University, 144 students and 13 administrators from Arbaminch University and 90 students and 6 administrators from Dilla University were included in the study.

Regarding Hawassa University, four faculties were included in the study. These were Business and Economics faculty, Natural science, Technology and Health Science faculties which account 40.3 percent of student and 44.11 percent administrator respondents of the total sample population of this study.

Arbaminch University was also represented by 3 faculties in this study; namely: Business and Economics faculty, Natural science faculty and Technology faculty.

The proportion of AMU students and administrators in this study was 36 percent and 38.23 percent respectively.

Respondents from Dilla University was selected only from Education faculty since the university opened new faculties this year and hence, other faculties did not have third year students(as this study focuses on third year students). Thus, the proportion of DU accounts 22.96 percent of the total sample population of the study.

As seen in the first part of this study, the sample distribution among universities depends on the total population each faculty contains. Hence, the representation of all the three universities in this study was proportional and it was performed without any bias.

3.2. The Need to Share Educational Costs and Possible Provisions

Due to the high cost of higher education provision, cost-sharing has been devised as a means of reducing public funding on higher education. More importantly, as most authorities agree cost-sharing helps to generate additional funds, to increase access to higher education, to improve quality of higher education and efficiency.

This part of the study, therefore, looks at how students perceive the need to share higher education costs and the circumstances under which students accept cost-sharing program. To this end, student respondents were asked to rate the statements in table 3 and 4 accordingly.

Table 3: Students' Views on the Need to Share Educational Costs

No	Item	University	Responses (N=392)												
			Rating scale										Total		mean
			5		4		3		2		1				
			No	%	No	%	No	%	No	%	No	%	No	%	
1	The expansion of heavily subsidized higher education has taken the public resources from the lower levels of education	Hawassa	43	27.22	59	37.34	32	20.25	19	12.03	5	3.16	158	100	3.73
		Arbaminch	25	17.36	49	34.03	46	31.94	17	11.81	7	4.86	144	100	3.47
		Dilla	18	20	39	43.34	21	23.33	3	3.33	9	10	90	100	3.6
2	Free higher education does not ensure equality of education	Hawassa	13	8.23	25	15.82	24	15.19	63	39.87	33	20.89	158	100	2.50
		Arbaminch	24	16.66	33	22.92	16	11.11	27	18.75	44	30.56	144	100	2.76
		Dilla	9	10	18	20	9	10.0	27	30	27	30	90	100	2.5
3	The government alone can not bear full responsibility for funding higher education.	Hawassa	13	8.23	87	55.06	30	18.99	11	6.96	17	10.76	158	100	3.43
		Arbaminch	61	42.37	46	31.94	17	11.80	4	2.78	16	11.11	144	100	3.92
		Dilla	36	40	23	25.56	8	8.89	17	18.89	6	6.66	90	100	3.73
4	The beneficiaries who take the advantage of higher education should contribute more to the cost of their education.	Hawassa	42	26.58	53	33.54	30	18.99	26	16.46	7	4.43	158	100	3.61
		Arbaminch	36	25.00	48	33.33	36	25.00	16	11.11	8	5.56	144	100	3.62
		Dilla	35	38.89	37	41.11	6	6.66	7	7.78	5	5.56	90	100	4.0
5	By its nature education is a public good guaranteed by the government and accessed by every body	Hawassa	64	40.51	45	28.48	34	21.52	7	4.43	8	5.06	158	100	3.95
		Arbaminch	76	52.78	30	20.83	30	20.83	6	4.17	2	1.39	144	100	4.21
		Dilla	54	60	21	23.33	6	6.67	6	6.67	3	3.33	90	100	4.3
6	Fee free higher education is likely to give greater resources to the poor.	Hawassa	36	22.78	59	37.34	27	17.09	17	10.76	19	12.03	158	100	3.48
		Arbaminch	70	48.62	28	19.44	18	12.50	16	11.11	12	8.33	144	100	3.90
		Dilla	33	36.67	27	30	12	13.33	6	6.67	12	13.33	90	100	3.7

Key: 5=strongly agree 4=agree 3=undecided 2=disagree 1=strongly disagree through out the same table

Table 3 presents students' view on the need to share higher education costs by showing their degree of agreement and disagreement to the five point likert scale. Accordingly, item 1 show that 64.56 percent student respondents of Hawassa University, 51.39 percent of Arbaminch University, and 63.34 percent of Dilla University agreed with the objective of cost-sharing aimed at shifting public fund to lower levels of education. However, a significant number of students (15.19%), (16.67%) and (13.33%) of HU, AMU and DU respectively disagreed with this objective. On the other hand, 25.26 percent respondents of the three institutions neither agreed nor disagreed with the statement. Hence, one of the aims of cost sharing, shifting public funds to lower levels of education, was still not clearly understood by a significant number of students.

Table 3, Item 2 reveals that, while the majority of student respondents of HU (60.76%; Mean = 2.50), DU (60.0%; Mean = 2.5) and AMU (49.31%; Mean = 2.76) disagreed with the view that cost sharing promote equality of higher education, a considerable number of students of the three institutes (31.12%) agreed that cost sharing helps to ensure equality of education. As shown in the table, the majority of student respondents believed that free higher education ensure equality of education. This may be due to the fact that students associate cost-sharing with the economic level of their families. But as studies revealed the beneficiaries of higher education are disproportionately from the upper middle and upper class. Hence, education is provided free of charge means those who go over the selection hurdle are further subsidized and this does not promote equality.

Item 3 deals with the idea that cost-sharing reduce the full burden of financing higher education from the government. Students were required to show their agreement or disagreement to the item. Accordingly, the majority of student respondents (HU = 63.29%; AMU = 74.31%; and DU = 65.56%) confessed that the government should reduce its responsibility of funding higher education through cost-sharing while the rest disagreed and undecided on the idea.

One of the needs to introduce cost sharing is to make the beneficiaries of higher education incur part of their educational costs. Student respondents were asked to show their agreement or disagreement to the statement in Item 4 of the same table. Thus, 60.12 percent (Mean = 3.6) of student respondents of HU, 58.33 percent (Mean = 3.62) of AMU, and 80.0 percent (Mean = 4.0) of DU showed their agreement, while 17.60 percent of all the respondents disagreed with the idea of making students contribute to the cost of their education, and the rest few did not respond positively or negatively.

Item 5 intends to assess students' view on the relation between education as a public good and the need to share educational costs. With regards to this, students are asked to show their agreement or disagreement on the argument that education is a public good which should be accessed by every body. Thus, the great majority (HU = 68.99%; AMU = 73.61% and DU = 83.33%) of student respondents of the three universities confirmed the argument and only 8.16 percent respondents showed their disagreement. This, therefore, shows a tendency of student respondents to fee free higher education.

The final item of the table, item 6, reveals that the majority of student respondents of the institutions, 60.12% (Mean = 3.48) of HU; 68.06% (Mean = 3.90) of AMU; and 66.67% (mean = 3.70) of DU agreed that cost-sharing imposes burden on the poor. However, a considerable number (20.92%) of the students of the institutions believed that, fee free higher education is unlikely to give greater resources to the poor and, thus, cost sharing is important. Here again the equity argument that asserts beneficiaries of free higher education are the middle or high income groups of the society was not clearly understood by the respondents.

In general, the analysis of responses of the student respondents of the three institutions clearly shows that students positively viewed the need to share higher education costs in terms of shifting resources to the lower levels, sharing burden from government, and they also believed that the beneficiaries of higher education should incur their education costs partly.

Table 4: Views on conditions to accept cost-sharing

No	Item	Respondents	Response										Mean	Total	
			Rating scale											No	%
			5		4		3		2		1				
No	%	No	%	No	%	No	%	No	%	No	%				
1	Students accept cost sharing: If the revenue from fees actually go to improve educational quality	Students	120	30.61	90	22.96	71	18.11	60	15.31	51	13.01	3.43	392	100
		Admin	13	38.24	12	35.29	7	20.59	1	2.94	1	2.94	3.65	34	100
2	If fees are set low that poor families can afford	Students	129	32.91	127	32.39	57	14.54	52	13.27	27	6.89	3.71	392	100
		Admini.	17	50	12	35.30	4	11.76	1	2.94	-	-	4.32	34	100
3	If they perceive that the income level of their parents are increased to the level that it can enable them to pay.	Students	130	33.16	102	26.03	85	21.68	36	9.18	39	9.95	3.63	392	100
		Admini..	13	38.24	15	44.12	6	17.64	-	-	-	-	4.21	34	100
4	If they perceive that their education will be highly demanded on the labor market	Students	124	31.63	142	36.22	60	15.31	45	11.48	21	5.36	3.77	392	100
		Admin.i	16	47.06	12	35.29	5	14.71	1	2.94	-	-	4.26	34	100
5	If they sense a significant improvement in the quality of services delivered	Students	139	35.46	130	33.16	54	13.78	30	7.65	39	9.95	3.77	392	100
		Admin.i	13	38.24	16	47.06	4	11.76	1	2.94	-	-	4.21	34	100
6	If they Join fields of studies according to their interest	Students	171	43.62	85	21.68	24	6.12	58	14.80	54	13.78	3.67	392	100
		Admini.	20	58.82	7	20.59	3	8.83	4	11.76	-	-	4.26	34	100

Table 4 depicts respondents' views on the possible provisions for students to accept cost sharing. In item 1, the majority of student respondents (53.57 percent, Mean = 3.43) and administrators (73.53 percent, Mean = 3.65) agreed that cost sharing could be accepted by students if the revenue from fees go to improve instruction. On the other hand, a significant number of students (28.32 percent) and 5.88 percent administrators disagreed with the idea. Hence, this shows students are willing to share educational cost if the money collected is invested on the improvement of their education.

As item 2 shows, 65.30 percent students (Mean = 3.71) and 85.30 percent administrators (Mean = 4.32) agreed that students accept cost sharing if fees are set low that poor families can afford. However, a significant number of

students (20.16 percent) and 2.94 percent administrators disagreed with the idea.

Item 3 presents respondents view on students' interest to accept cost sharing. According to the responses, 59.19 percent students (Mean = 3.63) and 82.36 percent administrators (Mean = 4.21) confirmed that students acceptance of cost sharing is directly related with the increment of their families income. However, this relation is opposed by 19.13 percent students. Hence, as revealed in the above discussions, the majority of the students understood the objective of cost sharing and they are volunteer to share government burden if the cost is set to the economic level of their parents.

Item 4, table 4, revealed the relation between respondents view on acceptance of cost sharing and marketability of disciplines. The majority of respondents, (67.85 percent students; Mean = 3.77 and 82.35 percent administrators; Mean = 4.26) agreed that students acceptance of cost sharing and marketability of disciplines have a positive relation. Conversely, 16.84 percent students and 2.94 percent administrators disagreed with the idea. Hence, expansion of fields should take into consideration both the countries need of man power and marketability of fields so that students can willingly pay their educational cost.

Item 5, of table 4, revealed respondents view on the relation between cost sharing and students service improvement. The responses shows that 68.62 percent students (Mean = 3.77) and 85.30 percent administrators (mean = 4.21) agreed that students are willing to share their educational cost provided the cost shared creates a significant improvement in the quality of service delivered. This idea disagreed by 17.60 percent students and 2.94 percent administrators.

Item 6 discusses students view on the relation between cost sharing and choice of fields of study by students. It was revealed that 65.30 percent students (mean = 3.67) and 79.41 percent administrators (mean = 4.26) agreed on the existence of positive relation between cost sharing and choice of fields of study.

On the contrary, 28.57 percent student and 11.76 percent administrators disagreed with the idea. Hence, to promote the acceptance of the scheme, as much as possible considering students' interest of field of study during students' placement is helpful.

As it is clearly stated in the cost sharing regulation that students will pay their loan from their future earnings. But as shown in the table students still associate cost sharing with their parent's income. This may be due to two reasons. Firstly, although very few, there are students who pay education cost up front (in cash) and most of these students got the money from their parents. Hence, for these students setting fees low might help to accept the scheme. Secondly, there are many students in higher institutes whose family expects their support after graduation. Thus, if the income level of their parents increased, they indirectly reduce the responsibility of helping them, so that they can repay their loan without much difficulty.

The calculated t-value at alpha 0.05 level confirmed that there was statistically significant difference between the average means of the two groups of respondents. (See appendix D)

On the other hand, as the interview responses of the officials showed, students oppose the introduction of the scheme. The officials added that students accept cost sharing scheme since they have no option. Thus, the response of the officials seems completely different from the responses of other respondents.

3.3. Cost Sharing Implementation Mechanism

Cost Sharing Implementation was one of the decisive factors that affect the effectiveness of the scheme. Among the commonly used cost sharing mechanisms the under mentioned are prominent. These are loan system, parental contribution, giving scholarship to outstanding as well as poor

students, using the combination of work and study programs and income generation activities by the universities. Hence, table 5 presents students and administrators views on the appropriateness of the mechanisms applied to implement cost sharing scheme in the sample universities.

Table 5: Views on Preferred Implementation Mechanisms of Cost Sharing

No	Item	Respondents	Response										Mean	Total	
			Rating scale											No	%
			5		4		3		2		1				
No	%	No	%	No	%	No	%	No	%	No	%	No	%		
1	students loans programs	Students	109	27.81	121	30.87	97	24.74	28	7.14	37	9.44	3.6	392	100
		Administrators	15	44.12	9	26.47	8	23.53	1	2.94	1	2.94	4.06	34	100
2	Scholarship programmes for academically qualified poor students	Students	171	43.62	115	29.34	57	14.54	34	8.67	15	3.83	4.00	392	100
		Administrators	17	50	9	26.47	6	17.65	2	5.88	-	-	4.21	34	100
3	Participation of private investors	Students	130	33.16	139	35.46	76	19.39	25	6.38	22	5.61	3.84	392	100
		Administrators	11	32.35	8	23.53	10	29.41	1	2.94	4	11.77	3.61	34	100
4	Institutionally based revenue generation initiatives	Students	73	18.62	133	33.93	97	24.75	55	14.03	34	8.67	3.39	392	100
		Administrators	7	20.59	20	58.82	6	17.65	1	2.94	-	-	3.97	34	100
5	Parental contributions	Students	57	14.54	93	23.72	75	19.14	110	28.06	57	14.54	2.96	392	100
		Admini.	7	20.59	7	20.59	14	41.18	3	8.82	3	8.82	3.35	34	100
6	Combination of work-study programs	Students	94	23.98	151	38.52	61	15.56	64	16.33	22	5.61	3.59	392	100
		Admini.	10	29.41	13	38.24	11	32.35	-	-	-	-	3.97	34	100
7	Exemption of poor students	Students	83	21.17	122	31.12	80	20.41	84	21.43	23	5.87	3.40	392	100
		Admini	13	38.24	7	20.59	10	29.41	2	5.88	2	5.88	3.79	34	100
8	University fee from local residents	Students	67	17.09	76	19.39	91	23.21	82	20.92	76	19.39	2.94	392	100
		Admini	2	5.88	11	32.35	10	29.41	6	17.65	5	14.71	2.97	34	100

Table 5 presents students and administrators views on the preferred cost sharing implementation mechanisms. Item 1 shows, 58.68 percent students (Mean = 3.6) and 70.59 percent administrators (Mean = 4.06) agreed that student loan programs are preferred mechanism to implement cost sharing scheme. On the contrary, 16.58 percent students and 5.88 percent administrators did not accept loans as a preferred mechanism for the schemes implementation. Similarly, a significant number of respondents (24.74 percent students and 23.53 percent administrators) neither agreed nor disagreed on the

issue. This shows that the currently applied cost sharing mechanism is accepted by students and administrators of the universities.

As Item 2 depicts, 72.96 percent students (Mean = 4.00) and 76.47 percent administrators (Mean = 4.21) agreed that scholarship is a preferred cost sharing mechanism for academically qualified poor students. Similarly, a significant number of respondents disagreed with the idea and others neither agreed nor disagreed on the issue. Hence, scholarships should be considered as an alternative mechanism for cost sharing scheme.

Item 3 reveals respondents view of private investors involvement as a preferred mechanism for cost sharing. Accordingly, 68.62 percent students (Mean = 3.84) and 55.88 percent administrators (mean = 3.61) agreed that the involvement of private investors in cost sharing is a preferred mechanism to implement the scheme. On the other hand, 11.99 percent students and 14.71 administrators disagreed with the idea, while a significant number of students (19.39 percent) and administrators (29.41 percent) undecided on the issue.

Items 4, 6, and 7 dealt with cost sharing mechanisms such as institutionally based revenue generation, combination of work-study program and exemption of poor students from paying their educational cost are whether a preferred mechanisms or not. The responses revealed that from 52.29-62.50 percent of students (Mean = 3.39-3.97) and from 58.83-79.41 percent of administrators (Mean = 3.79-3.97) agreed that revenue generation, work-study program and exemption of poor students are the preferred cost sharing mechanisms. On the contrary a significant number of student respondents (21.94 percent) disagreed that a combination of work-study program as a preferred mechanism for cost sharing. This may be due to respondents' belief that performing two duties at the same time may affect their university education.

Hence, the majority of the respondents agreed that revenue generation initiative, combination of work-study program and exempting poor students from fee are the preferred mechanisms, institutes can use them as an alternative for implementing cost sharing scheme.

Items 5 and 8 of table 5 revealed whether parental contribution and university fee from local residents are preferred cost sharing mechanisms or not. Accordingly, the majority of student respondents (42.6 percent, mean = 2.96) disagreed with the idea, while 41.18 percent of administrators (Mean = 3.35) agreed that parental contributions are preferred mechanism for implementing cost sharing. Similarly, the majority of students and (40.31 percent, Mean = 2.94) administrators (32.35 percent, Mean = 2.97) opposes the idea that university fee from local residents is a preferred mechanism for implementing cost sharing program. This may be due to the perception of the respondents on the living standard of the society in general and the near by local residents in particular. Hence, it is possible to say that relying upon parents for higher education funding is difficult for the reason that most parents are very poor and cannot afford the cost of education of their children.

The difference between the two average means of the two groups was statistically significant at alpha 0.05 levels. These shows all the mechanisms are not equally rated as appropriate for implementing the scheme.

Similarly, when the interview responses on the appropriateness of the cost sharing implementation mechanism were summarized, the mechanisms used by the three universities were considered appropriate.

3.4. Management of Cost Sharing Scheme

As literatures revealed, the management of cost sharing scheme is one of the decisive aspects in the implementation process of the scheme. Hence, proper

handling of this aspect leads to the expected objectives attainment of the scheme. This process includes activities like publicity campaign to ensure widespread understanding and acceptance of the objectives and principles of cost sharing and creating a sound institutional structure for management and administration of the scheme. Besides, looking for different sources of fund and arranging the repayment system of the obtained money is part of the management of cost sharing scheme.

Thus it is in light of the aforementioned issues that the under presented tables, (table 6 and table 7) designed.

Table 6: Views on Preferred Loan Repayment System

No	Item	Resp.	Response										Mean	Total	
			Rating scale											No	%
			5		4		3		2		1				
			No	%	No	%	No	%	No	%	No	%			
1	Mortgage like loan repayment	Students	90	22.96	142	36.22	72	18.37	61	15.56	27	6.89	3.53	392	100
		Admin	7	20.59	12	35.29	6	17.65	4	11.76	5	14.71	3.35	34	100
2	Income contingent loan	Students	65	16.58	152	38.78	84	21.43	44	11.22	47	11.99	3.37	392	100
		Admini	5	14.71	9	26.47	11	32.35	5	14.71	4	11.76	3.18	34	100
3	Graduate tax	Students	51	13.01	97	24.74	108	27.55	94	23.98	42	10.72	3.05	392	100
		Admini	4	11.76	11	32.35	8	23.54	7	20.59	4	11.76	3.12	34	100

Table 6 presents students and administrators views on preferred loan repayment system. As item 1 shows, 59.18 percent students with the mean scores of 3.53, and 55.88 percent (Mean = 3.35) administrators agreed that mortgage like loan repayment is the preferred loan repayment system for paying their educational costs. This shows that, students preferred the system in which repayment is made over specified period, usually in fixed monthly payment whose level depends upon interest rates.

Item 2 reveals respondents' views on income contingent loan as a preferred loan repayment system. Accordingly, 55.36 percent (Mean = 3.37) of the students and 41.18 percent (Mean = 3.18) of the administrators agreed that income

contingent loan repayment system is the preferred loan repayment system to repay the cost shared. It seems that students prefer to use a fixed proportion of graduates' annual income to repay the loan.

Similarly, item 3 shows that, 37.75 percent (Mean=3.05) students and 44.11 percent administrators (Mean=3.12) agreed that graduate tax is the preferred loan repayment mechanism. On the contrary, 34.70 percent students and 32.35 percent administrators disagreed with the appropriateness of this mechanism, (the currently employed loan repayment system in the country). This implies that making beneficiaries repay loans similar percentage for all income groups is not equally accepted by the respondents. This entails the need to assess the already existing loan repayment system from the beneficiaries' point of view.

The calculated t- value shows the existence of statistically significant differences between the averages mean scores of the two study groups, at 0.05 level of significance. Hence, the responses of the two groups of respondents vary with regard to repayment mechanisms of cost-sharing scheme.

Table 7: Views on the amount of cost shared by students

No	Item	Resp onde nts	Responses										Mean	Total	
			Rating scale											No	%
			5		4		3		2		1				
No	%	No	%	No	%	No	%	No	%	No	%				
1	The amount of cost shared by students shall be decided by: the university administrators based on the unit cost per program	Students	76	19.39	79	20.15	70	17.86	100	25.51	67	17.09	2.99	392	100
		Admin	8	23.54	9	26.47	4	11.76	9	26.47	4	11.76	3.23	34	100
2	university administrators based on the marketability of disciplines	Students	66	16.84	111	28.32	59	15.05	96	24.48	60	15.31	3.07	392	100
		Admini	9	26.47	4	11.76	5	14.71	12	35.30	4	11.76	3.06	34	100
3	MOE to make the same for all disciplines in all universities.	Students	154	39.28	112	28.57	37	9.44	52	13.27	37	9.44	3.75	392	100
		Admini	14	41.18	10	29.42	4	11.76	4	11.76	2	5.88	3.88	34	100
4	university administrators to make uniform within a university for all disciplines	Students	75	19.13	52	13.27	46	11.73	94	23.98	125	31.89	2.64	392	100
		Admini	1	2.94	3	8.82	5	14.71	10	29.41	15	44.12	1.97	34	100

Table 7 presents the views of the respondents on the amount of cost shared by students. According to item 1, 50.01 percent (Mean = 3.23) of the administrators agreed that, the amount of cost shared by students should be decided by the university administrators based on the unit cost required for each program. Student respondents of the universities (42.6%; Mean = 2.99) disagreed with the above alternative.

Item 2 reveals the idea that, the decision on the amount of cost shared by students should be made by the university administrators based on the marketability of the discipline. This strategy is agreed by 45.16 % (mean=3.07) of the students and 38.23 percent (mean=3.06) of the administrators. This reveals that, both groups of the respondents agreed on who should decide the amount to be shared but they differ on the criteria by which the decision to be based.

As regards to item 3, 67.85 percent (Mean = 3.75) students, and 70.60 percent (Mean = 3.88) administrators agreed with the idea that, the amount of cost

shared by students shall be decided by the MOE to establish uniform application for similar disciplines in all universities. As this is the currently applied system in the country, it should continue to function throughout the sample universities.

The last item of the same table shows that, 57.87 percent of the students and 73.53 percent administrators (with a mean of 2.64 and 1.97 respectively) disagreed with the option of deciding the amount of cost shared on all students uniformly within a university.

Regarding the differences in responses between the two average mean scores of the two groups of respondents, the calculated t-value confirms that there are no statistically significant differences between the mean scores of the respondents at 0.05 degree of significance level.

Similarly, the interview responses of the officials on the management of cost sharing summarized as follows:

- In all the universities there is no responsible body to follow the schemes implementation. The activities are performed by department heads in all faculties.
- In AMU students are forced to use the dormitory and cafeteria services, hence, this is done without asking students interest.
- In Dilla university education students are forced to pay the loan in service without giving them options.

3.5. Effect of Cost Sharing on the Teaching Learning

Process and Student Services

On the link between cost-sharing and teaching-learning process, scholars contended that cost-sharing should enhance the quality of teaching-learning process, since a paying student expects quality and relevant instruction. Similarly, students' expectation extends to seeking proper service delivery from universities as they share their educational costs.

However, studies on Ethiopian universities revealed that in addition to the poor quality of instruction given, higher institutes has so far failed to dish up food, lodging, medical and library services that are worth paying for (Shimelis, 2004: 137; Beard, 2004: 8). The studies added, apart from minor changes that facilitate service delivery, such as the introduction of buses, higher institutes of Ethiopia has not created sound systems of administration, management and finance that ensure accountability, transparency and efficiency. Hence, it needs serious attention. From this perspective, table 8 examines respondents view on the effect of cost sharing on teaching-learning process and students' services in the institutions under study.

Table 8: Effect of cost sharing on teaching- learning process and students' services

No	Item	Respondents	Response										Mean	Total	
			Rating scale												
			5		4		3		2		1			No	%
1	The introduction of cost sharing brings changes in improvement in the quality of cafeteria services	Students	67	17.09	66	16.84	25	6.38	54	13.77	180	45.92	2.45	392	100
		Admini	5	14.71	10	29.41	8	23.53	7	20.59	4	11.76	3.15	34	100
2	Improvement in the quality of dormitory service	Students	54	13.78	100	25.51	36	9.18	82	20.92	120	30.61	2.71	392	100
		Admini	5	14.71	10	29.40	7	20.59	7	20.59	5	14.71	3.09	34	100
3	The availability of up to date reference books in the library	Students	39	9.95	91	23.21	45	11.48	100	25.51	117	29.85	2.58	392	100
		Admini	3	8.82	10	29.41	9	26.47	7	20.59	5	14.71	2.97	34	100
4	The availability of adequate reading places (libraries)	Students	39	9.95	106	27.04	54	13.77	88	22.45	105	26.79	2.71	392	100
		Admini	3	8.82	8	23.54	10	29.41	9	26.47	4	11.76	2.91	34	100
5	The availability of qualified teaching staff for the level	Students	33	8.42	94	23.98	60	15.31	91	23.21	114	29.08	2.59	392	100
		Admini	3	8.82	10	29.41	9	26.47	10	29.41	2	5.89	3.06	34	100
6	The relevance of curriculum	Students	51	13.01	91	23.21	93	23.72	64	16.34	93	23.72	2.85	392	100
		Admini	4	11.76	10	29.41	9	26.48	7	20.59	4	11.76	2.62	34	100
7	Reduction in student classroom ratio	Students	54	13.78	130	33.16	42	10.72	88	22.45	78	19.89	2.98	392	100
		Admini	3	8.82	12	35.30	10	29.41	6	17.65	3	8.82	3.18	34	100
8	Improvement in the classroom facilities (chairs, tables)	Students	56	14.29	137	34.95	51	13.01	71	18.11	77	19.64	3.06	392	100
		Admini	3	8.82	11	32.35	10	29.41	6	17.65	4	11.76	3.09	34	100
9	Improvements in the services of laboratories	Students	57	14.54	100	25.5	60	15.31	67	17.09	108	27.55	2.82	392	100
		Admini	3	8.82	12	35.29	12	35.29	4	11.76	3	8.82	3.24	34	100
10	Improvement in audio visual equipment	Students	39	9.95	109	27.81	66	16.84	61	15.56	117	29.85	2.72	392	100
		Admini	3	8.82	10	29.41	11	32.36	7	20.59	3	8.82	3.09	34	100
11	The placement of students according to their interest of fields	Students	54	13.78	64	16.32	60	15.31	91	23.21	123	31.38	2.58	392	100
		Admini	9	26.47	4	11.76	10	29.41	5	14.71	6	17.65	3.15	34	100

In table 8, item 1, 11 questions were asked to respond on the changes brought in the teaching-learning process and student services due to the introduction of the cost-sharing scheme in the universities. As it can be seen in the table, except for item 8, student respondents showed disagreement to all the items, with the mean scores below the average (3). This means students believed that, the introduction of cost sharing did not bring significant improvements on the quality of cafeteria and dormitory services; availability of adequate reference books and reading room; availability of quality teaching staff; relevance of curriculum; reduction in student-

classroom ratio; improvement in laboratory services and audio-visual equipment, and placement of students to fields of study of their choice. Regarding item 8, 49.24 percent (Mean = 3.06) of the students agreed that the introduction of cost-sharing brings change in the improvement of classroom facilities, like chairs and tables.

When the administrators' responses were analyzed, they agreed that the introduction of cost sharing brings change in items 1, 2, 5 and, from items 7 to 11, which deal with issues such as quality of cafeteria service, dormitory service, quality teachers, small class-size, and improvement in classroom facilities, laboratory service, adequate audiovisual equipment and placement of students in the fields of their interest. On the contrary, administrators disagreed with items 3, 4 and 6 that refers to improvement in the availability of up date reference books, adequate reading rooms (libraries) and on the relevance of curriculum.

Here, a point worth nothing is that, in all the institutions the currently applied budgeting system was the continuation of the former system and hence, universities may not start benefiting from the already implemented cost-sharing repayment system except a small amount of up front payment effected by very few students of the universities. Thus, it was difficult to relate the minor changes brought in the universities with the introduction of cost sharing scheme.

The calculated t-value for the table at alpha 0.05 level of degree of freedom shows statistically there is a significance difference between the responses of the two study groups.

The interview responses of the three university officials revealed that the introduction of cost sharing have no impact on the systems improvement. Others, on the other hand, contended that the introduction of cost sharing creates sense of belongingness on students.

3.6. Implementation Problems of Cost-Sharing Program

Like the implementation of any other schemes, the implementation of cost-sharing program was not without a problem. In Ethiopia, studies revealed that, among others, problems related to students' and administrators' awareness, low participation of stakeholders and students during the design of the program, and managerial problems within the universities can be cited as a major problem. Hence, identifying and addressing the major problems is the objective of this paper. Therefore, in table 9 different issues were mentioned as problems and the respondents showed their agreement or disagreement with the items.

Table 9: Major Problems cited in the Implementation Process of Cost Sharing

No	Item	Respondents	Responses										Mean	Total	
			Rating scale											No	%
			5		4		3		2		1				
No	%	No	%	No	%	No	%	No	%	No	%	No	%		
1	awareness of students about the scheme	Students	96	24.49	127	32.40	81	20.66	52	13.27	36	9.18	3.49	392	100
		Admin	9	26.47	12	35.30	7	20.59	3	8.82	3	8.82	3.62	34	100
2	Adequacy of participation of student representatives during the design of the scheme	Students	159	40.56	100	25.51	63	16.07	40	10.20	30	7.66	3.81	392	100
		Admini	10	29.41	8	23.53	8	23.53	8	23.53	-	-	3.59	34	100
3	Financial constraints to run the system	Students	93	23.72	109	27.81	111	28.32	55	14.03	24	6.12	3.49	392	100
		Admini	4	11.76	11	32.36	10	29.41	6	17.65	3	8.82	3.21	34	100
4	Competence of personnel to run the program	Students	54	13.78	94	23.98	111	28.32	100	25.50	33	8.42	3.09	392	100
		Admini	4	11.76	12	35.30	7	20.59	8	23.53	3	8.82	3.18	34	100
5	Adequacy of participation of stake holders during the design of the scheme	Students	81	20.66	130	33.16	99	25.25	49	12.51	33	8.42	3.45	392	100
		Admini	8	23.53	12	35.29	8	23.53	6	17.65	-	-	3.65	34	100
6	Coordination of cost sharing program	Students	90	22.96	160	40.82	75	19.13	52	13.26	15	3.83	3.66	392	100
		Admini	10	29.41	13	38.24	4	11.76	7	20.59	-	-	3.76	34	100
7	Freedom of choice of disciplines	Students	131	33.42	98	25	60	15.31	59	15.05	44	11.22	3.54	392	100
		Admini	13	38.24	10	29.41	7	20.59	4	11.76	-	-	3.94	34	100
8	Record keeping trend of the faculty	Students	81	20.66	115	29.34	106	27.05	72	18.36	18	4.59	3.43	392	100
		Admini	6	17.65	11	32.35	7	20.59	7	20.59	3	8.82	3.29	34	100
9	Institutional autonomy of the university to air its concern	Students	63	16.07	121	30.87	123	31.37	70	17.86	15	3.83	3.38	392	100
		Admini	5	14.71	11	32.35	13	38.24	3	8.82	2	5.88	3.41	34	100
10	Systems of financial management in the faculty	Students	82	20.93	106	27.05	109	27.81	70	17.87	25	6.34	3.38	392	100
		Admini	3	8.82	15	44.12	9	26.47	7	20.59	-	-	3.41	34	100
11	Quality of instruction given	Students	123	31.35	130	33.17	63	16.07	64	16.34	12	3.07	3.73	392	100
		Admini	6	17.65	16	47.06	8	23.53	4	11.76	-	-	3.71	34	100

Table 9 revealed the major implementation problems of cost-sharing program. As indicated in the table, student and administrator respondents agreed that, all the items were considered as problems in the sampled institutions. This was confirmed by the responses of the respondents with mean scores above the average (3).

As agreed by the respondents, some of the challenges to the implementation of the scheme include: lack of awareness among the students; low participation of student representatives and stakeholders during the design and implementation of the scheme; shortage of finance and manpower to manage the system; lack of coordination; weak record keeping trend and absence of a body charged with the responsibility of managing the program in the institutions.

Comparisons of the responses shows that, at 0.05 degree of freedom, t -calculated is less than table value of t , hence; there is no statistically significant differences between the averages mean scores of the two groups of respondents.

As the interview and open ended questionnaire responses are summarized, the following are cited as the major implementation problems in the universities.

- No rule for dismissed and readmitted students to re pay the loan.
- Money given for students is not enough to cover their living costs.
- Students participation in the schemes implementation process is minimal.
- Lack of transparency in the institutes on the schemes implementation process.

CHAPTER IV

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter of the thesis contains the major findings of the study, conclusions drawn from the findings and recommendations that are hoped to contribute to the alleviation of the problems related to cost sharing implementation.

4.1. Summary

The main purpose of this thesis was to identify the major problems encountered during the implementation of cost sharing scheme in Universities in SSNPR. Hence, research questions addressing issues related to students view on the introduction of the scheme, appropriateness of cost sharing mechanisms implemented, reaction of students and administrators towards the management of the scheme, and cost sharing related issues was raised. Thus, the study attempted to answer the following research questions.

1. What views do students have regarding the introduction of cost sharing in higher education?
2. Have the higher education institutions created appropriate mechanisms for the management of cost sharing?
3. What are the students and administrators reactions towards the management of cost sharing scheme?
4. What effect does the introduction of cost sharing have on the overall teaching-learning process and student services?
5. What are the major problems in the implementation of cost sharing?

Cost sharing program has been implemented in Ethiopian higher institutes for the last four years. Hence, the findings of this study will help to identify the major implementation problems and to provide relevant information to educational planners and university administrators. It may also help other people who want to make detail investigation on the issue.

This study includes 8 faculties of the three universities in SNNPR (HU, AMU, DU). The faculties included in this study were those fields of studies that have been found, at least, in two of the universities (except Health Science Faculty of HU and Education Faculty of DU). This was done purposely since it helps to identify the common problems of these universities. Hence, the faculties included in the study were four from HU, three from AMU and one from DU.

In this study there were a total of 469 respondents. Among these, 420 were students (third year) and 49 were university administrators and officials. The selection of students was guided by stratified random sampling technique followed by a proportionate simple random sampling technique. They were stratified in terms of faculties. Besides, purposive sampling technique was employed to include student representatives; hence, 22 student representatives were included in the study.

Similarly, 8 deans, vice deans and 22 department heads were included in the study by using availability sampling technique, since each faculty has only 2 deans and each department has only one department head. Besides, 3 reform officers were included by using availability sampling. This technique was employed since each university has only one reform officer. Moreover, eight acting loan officers from sample departments were selected by using simple random sampling technique.

The data for the study was collected by using research questionnaire and research interview. A total of 420 questionnaires were distributed to students and 38 questionnaires were distributed to administrators. Among these, 392 (93.33%) students and 34 (89.47%) administrators filled in and returned the questionnaires. Hence, the final analysis was made by the returned questionnaires. Similarly, interview was conducted with 3 reform officers and 8 acting loan officers (department heads) and the responses were included in the study.

Before the questionnaire and interview were delivered to respondents the instruments were pre-tested by small similar groups to see their validity in terms of practical use and to estimate the time required for filling the questionnaire and responding the interview. Hence, based on the inputs of the pilot test vague items were left out or rephrased.

For the purpose of analysis different statistical tools such as percentage, mean and t-test were employed. Alpha value (α) = 0.05 level was selected to test all statistically significance differences employed in this study.

Hence, the student researcher identified the following as the major findings of the study.

1. The study revealed that the majority (52.1 – 64.6%) of students convinced with the objectives of cost sharing and they agreed that the beneficiaries of higher education should contribute to the cost of their education. Similarly, they confirmed that students accept cost sharing provided:
 - The revenue from fees goes to improve educational quality and service delivered.
 - fees are set low that poor families can pay.
 - Student's education was highly demanded on the labor market.
 - Students join fields of study by their choice.

Hence, students view on the introduction of the scheme was found to be positive as far as the aforementioned requirements are fulfilled.

2. As the majority of the respondents confirmed, cost sharing implementation mechanisms such as student loan, scholarship, involvement of private investors, revenue generating initiatives, combination of work-study program, and exemption of poor students from paying educational costs are viewed positively by the respondents. On the contrary, parental contributions and university fee from local residents are not preferred by the majority of respondents as a cost sharing mechanism.

3. The findings of the study on the management of cost sharing revealed that:
- In all universities there was no separate (responsible) body that followed the implementation process of the scheme (loan officers) and the task was performed by department heads as an additional duty.
 - The implementation process in the universities lacks uniformity. Some universities give the money (cost shared) to their students in cash or in kind based on their students interest, while others urged students to use the cafeteria and dormitory services without asking students' interest (Arbaminch University). Similarly, in Dilla University Education students were forced to enter commitment to repay the loan only in service without asking their interest and giving them options.
 - A significant no of respondents viewed and reacted positively to loan repayment systems such as mortgage-like loan repayment, income contingent loan repayment and graduate tax. However, a considerable number of respondents (34.69%) reacted negatively towards graduate tax, the already implemented loan repayment system in our higher institutes.
 - The majority of the respondents agreed that the amount of cost shared by students should be decided by the MOE to make it uniform for similar disciplines in all universities. Similarly, a significant number of respondents also agreed that the decisions should be made by university administrators as far as it was made based on the marketability of disciplines and the unit cost required per program.
4. The findings of the study revealed that the majority of student respondents and administrators agreed that the introduction of cost sharing did not bring changes in the availability of up to date reference books and libraries, and on the relevance of curriculum. Similarly, student respondents confirmed that its introduction did not bring changes in student services- like cafeteria and dormitory services, availability of qualified teaching staff, reduction in student class room ratio, improvement in laboratories and audio visual equipment, and placement of students by their choice.

5. As it was found out in the study, the major implementation problems the of cost sharing includes: lack of awareness of students about cost sharing scheme, low participation of students and stakeholders during the design and implementation of the scheme, shortage of finance and manpower to manage the system, lack of coordination in the universities and faculties and lack of separate responsible body in the universities to follow the implementation process of the scheme.

4.2. Conclusions

Based on the findings of the study the following conclusions were drawn:

As the findings of the study revealed students in the study area knew the objectives of cost sharing and agreed that those who benefited from higher education should contribute the cost of their education. Moreover, with the fulfillment of certain criteria, like -better income level of parents, significant improvements in educational quality and service and placement of students according to their interest- students accept the introduction of cost sharing scheme. This shows students viewed the introduction of the scheme positively.

Similarly, the implementation mechanism of cost sharing applied in the study area is found to be appropriate since it was supported by the majority of the respondents. But using graduate tax as a loan repayment system was not accepted by a significant number of students. On the contrary, the management of cost sharing scheme in the universities was found to be poor. The situation that made the problem more severe was lack of responsible body to control and coordinate the scheme. The findings also showed the existence of a gap between students and university administrators hence, the above mentioned managerial problems led students and administrators to react negatively to the management of the cost sharing scheme.

Obviously, students who pay their education cost expect quality education and appropriate services. However, the findings revealed that there was no significant improvement in the services delivered and education given. Thus the effect of the introduction of the scheme in the overall university teaching-learning process was found to be insignificant.

Thus, in addition to the above mentioned shortcomings, the study also identified problems like-lack of awareness of students about the scheme, low participation of student representatives and stakeholders during the design and implementation of the scheme, shortage of finance and man power to run the system, lack of coordination and responsible body to follow the implementation process of the scheme.

Thus, from the above discussion it was possible to conclude that the cost sharing program in universities in SNNPR encountered serious implementation problems and, hence, attention given by university officials to the implementation of the scheme was very low. Besides, the loan repayment system used by universities (graduate tax) was not accepted among the students.

4.3. Recommendations

On the basis of the findings and conclusions, the following recommendations are forwarded that would help to alleviate the problems encountered during the implementation of the scheme.

1. The findings of the study revealed that students view on the need to share educational cost is positive. But still there are symptoms that show the existence of awareness problem about the schemes overall objectives and importance by a significant number of students and administrators. Thus, to facilitate the implementation process of the scheme, creating common understanding among students and administrators is very important.

Therefore, the respective universities should organize orientation programs to the university community and the programs should be conducted in the form of workshops, panel discussions, seminars and distribution of pamphlets to the university community. Besides, universities should conduct exit-seminar to graduating students to remind their obligations and social responsibility after graduation.

2. In this study, the appropriateness of the currently used cost sharing mechanism (student loan) is confirmed by the majority of the respondents. But, the loan repayment system employed in the universities (graduate tax) was not accepted by a significant number of students. However, in addition to this mechanism, universities in the study area in collaboration with higher government officials need to put in place credible and transparent mechanisms by which extra revenue could be secured to higher education. One mechanism could be strengthening the link among universities and enterprises. Further studies should also be conducted on the implemented loan repayment system (graduate tax) in the universities.
3. As studies indicated, one of the determinants for the effectiveness of a given program is the strength and weaknesses of its management. Hence, the management of cost sharing implementation is one of the decisive factors for the effectiveness of the program. However, the findings of this study revealed that the management of the scheme's implementation in the universities is poor. One of the reasons for this weakness is the inexistence of independent responsible body to run the program and coordinate the implementation process. Thus, universities should assign an independent body entrusted with the function of managing and follow up the implementation process in each faculty.
4. As the findings of the study revealed, inappropriate students placement in different departments was considered as one challenge that the implementation of the scheme encountered. In fact, MoE and universities

follow criteria like better achievement in Higher Education Entrance Qualifying Examination [EHEEQE] and creating better opportunity to female and students of disadvantaged regions in assigning students to different fields of study. But the criteria used should be clear, convincing and transparent, and hence this will help to minimize resistance during the implementation of the scheme. Besides, programs that are not chosen by university students need to be identified and sponsored by government if required for the benefit of the nation.

5. Any policy that seeks the cooperation of the implementers and beneficiaries to its success should involve these groups from the design of the policy to the implementation process. The findings of this study disclosed that the participation of student representatives and stakeholders during the design and implementation of the scheme was very low. Besides, the tasks of implementing the scheme were totally handled by university administrators. Thus, universities should involve student representatives and other stakeholders in the implementation process of the scheme. This will ease the implementation process and create sense of belongingness in the university community.

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APPENDICES

Appendix A

**Addis Ababa University
School of Graduate Studies
College of Education**

Department of Educational planning and Management

A questionnaire filled by Faculty Deans, Vice-deans and Department Heads

Cost sharing, as one mechanism of financing education, was introduced to the higher education system of Ethiopia in 2003/2004. For the last three years the scheme was implemented in the higher institutes of the country, and universities in SNNPR are among these institutes.

Hence, the purpose of this questionnaire is to gather information and opinion regarding the practices of cost sharing in universities in SNNPR. It's hoped that the findings are significant to pin point the major problems encountered while implementing the scheme.

Therefore, your honest and appropriate responses to the items in the questionnaire help to meet the objective of the study. Be sure that the information and opinion you provide will be kept secrete and used only for academic purpose.

Thank you for your cooperation!

General directions

1. Please, tick (✓) or write brief answer as necessary in the space provided.
2. Please, give only one answer to each question unless you are requested to do other-wise.
3. You do not need to write your name.

Part I. Back Ground Information

1. Name of the university _____
2. Your faculty _____
3. Your department _____
4. Sex: 1. Male 2. Female
5. Age in years:
 Below 20
 20-25
 26-30
 31-35
 36-40
 Above 40
6. Educational achievement:-
 Diploma
 Bachelor degree
 Masters degree
 PhD
 Specify if other _____
7. Total service years in teaching:-
 Below 5 years
 5-10 years
 10-15 years
 15-20 years
 Above 20 years
8. Total service years in managerial position:-
 Below 2 years
 2-5 years
 6-10 years
 Above 10 years

Part II:

Instruction- Read each statement carefully and respond by ticking (✓) the answer that represent your thinking on the issue.

If you strongly agree, tick 5

If you disagree, tick 2

If you agree, tick 4

If you strongly disagree, tick 1

If you undecided, tick 3

No	Statements	Responses				
		5	4	3	2	1
A	Views on the need to share educational costs:					
1.	The expansion of heavily subsidized higher education has taken the public resources from the lower levels of education					
2.	Free higher education does not ensure equality of education opportunity					
3.	The government alone cannot bear full responsibility for funding higher education					
4.	The beneficiaries, who take the advantage of higher-education more, should contribute to the cost of their education					
5.	By its nature education is a public good guaranteed by the government and accessed by every body					
6.	Fee free higher education is likely to give greater resources to the poor					
	Students accept cost sharing:					
7.	If the revenue from fees actually go to improve educational quality					
8	If fees are set low that poor families can afford					
9	If they perceive that the income level of their parents are increased to the level that can enable them to pay					
10	If they perceive that their education will be highly demanded on the labor market					
11	If they sense a significant improvement in the quality of services they receive					
12.	If they join fields of studies according to their interest					
B	Mechanisms preferred to implement cost sharing scheme in higher institutes:					
13.	Student loan programs, to assist who need to borrow for their education					
14.	Scholarship programs, that guarantee necessary financial support for academically qualified poor students					
15	Participation of private investors, to establish standard training institutions					

No.	Statements	5	4	3	2	1
16	Institutionally based revenue generation initiatives					
17	Parental contributions					
18	Combination of work-study program					
19	Exemption of poor students					
20	University fee from local residents					
C	Issues related to management of cost sharing scheme					
	Preferred sources for cost sharing					
21	Parents					
22	Students loan					
23	Part time work of students					
24	Scholarship					
	Preferred cost sharing (loan repayment) system					
25	Mortgage like loan repayment-where repayment is made over specified period, usually in fixed monthly payments whose level depends up on interest rates					
26	Income contingent loan-in which a fixed proportion of graduate's annual income is used to repay the loan					
27	Graduate tax-where for all income groups similar percentage of loan repayment is conducted from beneficiaries future income.					
	The amount of cost shared by students					
28	Differential rate based on field of studies but similar (flat) across institutions					
29	Differential rate based on field of studies and across institutions					
30	Differential rate based on group of field of studies and across institutions					
31	Differential rate based on group of fields of studies but similar (flat) across institutions					
32	Uniform within a university what ever discipline a student study					
	The cost shared by students					
33	Shall be decided by the university administrators based on the unit cost required for each student					
34	Shall be decided by the university administrators based on the marketability of the different disciplines					
35	Shall be decided by the ministry of education to make it uniform for similar disciplines in all university					
D	The introduction of cost sharing brings changes in the					
36	Improvement in the quality of cafeteria services					
37	Improvement in the quality of dormitory service					
38	The availability of up to date reference books in the library					
39	The availability of adequate reading places (libraries) for students					
40	The availability of qualified teaching staff for the level					
41	The relevance of curriculum					

42	The construction of additional classroom, so that it reduces student- classroom ratio					
43	Improvement in the classroom facilities (chairs, tables...)					
44	Improvement in the services of laboratories					
45	Improvement in audiovisual equipment					
46	Placement of students according to their interest of field's of specialization					
E	Challenges faced during the implementation of cost sharing scheme include:					
47	Awareness of students about the scheme					
48	Participation of student representatives during the design of the scheme					
49	Financial constraints to run the system					
50	Competence of personnel to run the program					
51	Participation of the stake holders during the design of the scheme					
52	Coordination of the scheme in the institute					
53	Freedom in the choice of disciplines by the students					
54	Record keeping practice of all the necessary data in the faculty					
55	Institutional autonomy of the university to air its concern					
56	Sound systems of financial management in the university					
57	Improvements in the quality is instruction following the introduction of the scheme					
60	Guarantee of universities to receive the additional fund raised					

61. What other implementation problems of cost sharing did you came across?

62. What do you think to be the solutions for the major implementation problems of cost sharing scheme in your university /faculty/

Appendix B

**Addis Ababa University
School of Graduate Studies
College of Education
Department of Educational Planning and Management**

A questionnaire filled by University Students

Cost sharing, as one mechanism of financing education, was introduced to the higher education system of Ethiopia in 2003/2004. For the last three years the scheme was implemented in the higher institutes of the country, and universities in SNNPR are among these institutes.

Hence, the purpose of this questionnaire is to gather information and opinion regarding the practices of cost sharing in universities in SNNPR. It's hoped that the findings are significant to pin point the major problems encountered while implementing the scheme.

Therefore, your honest and appropriate responses to the items in the questionnaire help to meet the object of the study. Be sure that the information and opinion you provide will be kept secrete and used only for academic purpose.

Thank you for your cooperation!

General directions:-

1. Please, tick (✓) or write brief answer as necessary in the space provided.
2. Please, give only one answer to each question unless you are requested to do other-wise.
3. you do not need to write your name

Part I-Background information

1. name of the university _____
2. your faculty _____
3. your department _____
4. year level (year) _____
5. Sex 1. Male 2. Female
6. age in years:-
 - Below 20
 - 20-25
 - 25-30
 - Above 30

Part II

Instruction- Read each statement carefully and respond by ticking (✓) the answer that represent your thinking on the issue.

If you strongly agree, tick 5

If you disagree, tick 2

If you agree, tick 4

If you strongly disagree, tick 1

If you undecided, tick 3

No	Statements	Responses				
		5	4	3	2	1
A	Views on the need to share educational costs:					
1.	The expansion of heavily subsidized higher education has taken the public resources from the lower levels of education					
2.	Free higher education does not ensure equality of education opportunity					
3.	The government alone cannot bear full responsibility for funding higher education					
4.	The beneficiaries, who take the advantage of higher-education more, should contribute to the cost of their education					
5.	By its nature education is a public good guaranteed by the government and accessed by every body					
6.	Fee free higher education is likely to give greater resources to the poor					
	Students accept cost sharing:					
7.	If the revenue from fees actually go to improve educational quality					
8	If fees are set low that poor families can afford					

9	If the income level of your parents are increased to the level that can enable you to pay					
10	If your education will be highly demanded on the labor market					
11	If you see a significant improvement in the quality of services delivered					
12.	If you join fields of studies according to your interest					
B	Mechanisms preferred to implement cost sharing scheme in higher institutes:					
13.	Student loan programs, to assist who need to borrow for their education					
14.	Scholarship programs, that guarantee necessary financial support for academically qualified poor students					
15	Participation of private investors, to establish standard training institutions					
16	Institutionally based revenue generation initiatives					
17	Parental contributions					
18	Combination of work-study program					
19	Exemption of poor students					
20	University fee from local residents					
C	Issues related to management of cost sharing scheme					
	Preferred sources for cost sharing					
21	Parents					
22	Students loan					
23	Part time work of students					
24	Scholarship					
	Preferred cost sharing (loan repayment)system					
25	Mortgage like loan repayment-where repayment is made over specified period, usually in fixed monthly payments whose level depends up on interest rates					
26	Income contingent loan-in which a fixed proportion of graduate's annual income is used to repay the loan					
27	Graduate tax-where for all income groups similar percentage of loan repayment is conducted from beneficiaries future income.					
	The cost shared by students shall be					
28	Uniform within a university what ever discipline a student study					
29	decided by the university administrators based on the unit cost required for each program					
30	Decided by the university administrators based on the marketability of the different disciplines					
31	Decided by the ministry of education to make it uniform for similar disciplines in all universities					
D	The introduction of cost sharing brings changes in the					
32	Improvement in the quality of cafeteria services					
33	Improvement in the quality of dormitory service					

34	The availability of up to date reference books in the library					
35	The availability of adequate reading places (libraries) for students					
	The availability of qualified teaching staff for the level					
36	The relevance of curriculum					
37	The construction of additional classroom, so that it reduces student- classroom ratio					
38	Improvement in the classroom facilities (chairs, tables...)					
39	Improvement in the services of laboratories					
40	Improvement in audiovisual equipment					
41	Placement of students according to their interest of field's of specialization					
E	Challenges faced during the implementation of cost sharing scheme include:					
42	Awareness of students about the scheme					
43	Participation of student representatives during the design of the scheme					
44	Financial constraints to run the system					
45	Competence of personnel to run the program					
46	Participation of the stake holders during the design of the scheme					
47	Coordination of the scheme in the institute					
48	Freedom in the choice of disciplines by the students					
49	Record keeping practice of all the necessary data in the faculty					
50	Institutional autonomy of the university to air its concern					
51	Sound systems of financial management in the university					
52	Improvements in the quality is instruction following the introduction of the scheme					
53	Guarantee of universities to receive the additional fund raised					

54. What other implementation problems of cost sharing did you came across?

55. What do you think to be the solutions for the major implementation problems of cost sharing scheme in your university /faculty/

Appendix C

Addis Ababa University
School of Graduate Studies
College of Education
Department of Educational Planning and Management

Interview Guides to University Reform Officers and Loan Officers

I. General Background

- 1.1 Name of the Institution _____
- 1.2 Sex _____
- 1.3 educational Qualification _____
- 1.4 years of service in the current position _____

II. Question items related with the implementation of cost-sharing program

- 2.1. What necessitates the introduction of cost-sharing scheme in your institution (faculty)?
- 2.2. What views do students have towards the introduction of cost sharing scheme in higher institution?
- 2.3. What mechanisms have been used to implement the cost sharing scheme in your institution (faculty)?
- 2.4. Are the mechanisms applied to implement the scheme in your institution appropriate?
- 2.5. Who decides the amount of cost shared by students, and on what Criteria do the decision is based?
- 2.6. What is your opinion on the management of cost sharing scheme in the university (faculty)?
- 2.7. What is the reaction of students on the management of cost sharing scheme in your institution (faculty)?
- 2.8. What effect do the introductions of cost sharing scheme have on the quality of teaching learning process and students services in the institution (faculty)?
- 2.9. What are the major problems in the implementation of cost sharing scheme in the institution (faculty)?
- 2.10. What do you think to be the solution to solve these problems?

Thank you