Slaughtering Kenyan Public Universities with a Blue Knife: The New IMF Loan Conditionalities

By:

Tomasz Milej

May 10, 2021

My toilet broke. More precisely, the hook with which my toilet cistern was affixed broke off. The cistern lid slipped down and shattered into little pieces. A friendly plumber sent by the university maintenance department informed me that it would not make sense to order a new lid, since the university did not have enough funds and the procurement process would take too long.

The toilet story might seem like an unimportant and even a private detail. Yet, as a university lecturer in one of Kenya's public universities, I'm part of the labour force in a state-owned enterprise (SOE), according to the International Monetary Fund (IMF). And the story of my broken toilet system is that of a university struggling to make ends meet on a shoestring budget.

The plumber found a solution for my broken toilet. He found an old used cistern lid from the store. We placed it on the cistern. He apologised for how my

bathroom now looked like, but I was happy. Once again, we did what we have become really good at: finding a solution to a problem with little resources at our disposal. If the IMF has its way, we will soon have even less resources.

For many students and staff members, these sort of things are not amusing at all. We are struggling to access scholarly materials, as the fees to access the databases are huge. To go for a moot court competition, the students have to rely on the goodwill of external donors. And the sponsorship is not easy to get, request letters for sponsorship sometimes go unanswered. But those are still the least of our worries. Even before Covid-19, we had students working full time on construction sites, selling charcoal or even walking many kilometres from a hostel located on one campus to a lecture held on another campus to save on bus fare. Now, the students are also expected to buy electronic gadgets and internet bundles to attend online classes. In this situation, public universities have social responsibilities towards the students. And they have been trying to live up to it. The fees for the government-sponsored students have remained unchanged since 1989, and the students have access to subsidised accommodation, meals and recently also internet bundles.

SOEs

Some four years back things were different. For example, every other year, the staff members were allowed to apply for funding to attend conferences – from the three items (hotel, conference fee, flight ticket), the university would cover two. The policy was suspended three years ago. The public universities in Kenya have been making headlines for crippling debt and the inability to remit statutory deductions (taxes and social security contributions). In 2020, the government decided to triple the university fees for government-sponsored students.

Based on this, I would have expected that the new IMF loan of about USD 2.34 Billion would be used to strengthen the financial position of Kenyan higher education institutions. Yet, the opposite is the case.

The loan conditionalities are spelled out in the Memorandum of Economic and Financial Policies (MEFP). Despite the talk about “ownership” of these memoranda and “active contribution of authorities” of the loan beneficiary, the drafting is done mostly by the IMF staff. It was reported in the media, the push

towards a “structural and governance reform” of SOEs, too, came from the IMF.

And this is what the Government of Kenya is supposed to do according to the said MEFP (para. 37):

“Complete financial evaluation of the 9 SOEs with largest fiscal risk to the FY20/21 budget, to include projection of related urgent fiscal needs in FY2020/21 supported by clear presentation of their necessity (prior action). The entities will be selected based on largest financial and fiscal risks and will include Kenya Airways, Kenya Airports Authority, Kenya Railways Corporation, Kenya Power and Lighting PLC, Kenya Electricity Generating Company PLC, Kenya Ports Authority, **and three of the largest universities** [emphasis mine - TM]”.

Having stated that my university is an SOE with a large fiscal risk, the report goes on to shed light on its future (same para.):

“The strategy for addressing financial pressures in the SOE sector will include a framework for deciding on interventions and reforms to rationalise government involvement in the sector and ensure the viability of SOEs’ continued operations. It will reflect the limited fiscal space and be consistent with programed fiscal targets. Given the broad implications, the IMF team will be closely consulted as the strategy is developed.”

What “rationalising government involvement” reflecting “limited fiscal space” really involves, is quite clear. The pretentious jargon means that the government is required to cut down on funding for public universities in Kenya.

But what if the IMF is right? What if the Kenyan Government is spending on its universities lavishly, and it is only the “rationalisation”, “intervention” and “reforms” that would free up funds which they miss and so direly need?

Let us look at some random figures. In the financial year 2020/2021, the Government of Kenya allocated for all public higher education institutions **USD 1.13 billion**, down from USD 1.53 billion in the previous year. This allocation is to be used to pay the salaries (1.06 billion), with only USD 70 million left for infrastructure development (It seems I will have to wait for a new cistern lid). In 2017, the Government of Austria, allocated to its universities EUR 11,07 (**USD**

13,30) billion, which is more than 12 times the Kenyan allocation. Yet, the population of Kenya (with its youth bulge) is nearly six times larger than the (aging) population of Austria (53 million to 9 million). The largest university in Kenya – the University of Nairobi spent in the financial year ending in 2017 some 18 billion Kenyan Shilling (about **USD 165 million**). Annual spending of a middle-sized university in the UK (University of Leeds) and Germany (Ruhr-Universität-Bochum) was GBP 619 million (**USD 847 million**) EUR 614 million (**USD 737 million**) respectively. The State University of Ohio in the US plans to spend **USD 7.5 billion** in 2021. What the Government of Kenya is spending for its over 30 public higher education institutions is thus only slightly more than the annual expenditure of the University of Leeds. Needless to say, an average Austrian, German or British student is in a better financial position to contribute to her education, that her Kenyan counterpart.

It is of course not to say that the Government of Kenya should increase its funding to the Austrian levels, especially given the size of the economy and the historical conditions. It is also not about claiming that Kenyan model of higher education financing does not need reforms. Its shortcomings are known and have been widely discussed. It is just about putting things into a right proportion, and demonstrating that if the Government of Kenya wants to remain serious about its commitment to education, there is nothing in this budget line to cut down on. The IMF is trying to get blood from a stone. Not for the first time.

Dear Gordon

This is how Kristalina Georgieva, the IMF managing director, begins her letter to Gordon Brown a former British Prime Minister, UN Special Envoy for Global Education and Chair of the International Commission on Financing Global Education Opportunity. She lets “Gordon” know that

“[T]he IMF is deeply committed to the idea of building forward better. For most countries, this means prioritizing public spending to invest in people—in education, health, and social protection—as well as in critical infrastructure: from digital connectivity, to green energy and transportation, and water and sanitation.”

And the letter goes on to state:

“This is not just about spending more on schools and distance-learning capacity, but it is also about improving **the quality of education** [emphasis mine - TM] and the access to life-long learning and re-skilling.”

Dear Ms Georgieva, having studied in Bulgaria in the 1970s and being my senior “Eastern Bloc” fellow, you will surely know what chronically underfunded university looks like. You will have heard a lecturer telling the students that because they cannot get what they deserve, they must make the best out of what they have. And please do not tell me about the responsibility of the Kenyan Government because it is the People of Kenya who will hold it accountable. Look at your institution, and you will realise there are so many other things you can tell Gordon. You might say to him that the right to education is a human right enshrined in Article 13 of the International Covenant on Economic, Social and Cultural Rights and an international customary law obligation with erga omnes effect, an obligation of everybody’s concern. Tell him that “the importance of education is not just practical; [that] a well-educated, enlightened and active mind, able to wander freely and widely, is one of the joys and rewards of human existence.” Tell him that higher education is not for a small wealthy elite, who will send their offspring to study overseas anyway (or is this the IMF policy?), but that it must be available, accessible, acceptable and adaptable; accessible also for that student in this small village in the Homa Bay County in Kenya, struggling with the internet connection and depleting bundles, helping his parents on the farm, doing research on his smartphone and thinking how to get money for the cheapest laptop. Tell Gordon how your institution wants the Government of Kenya to run its universities on the cheap, for a tiny fraction of what is spent in his country. Tell him how it is keen on depriving the Kenyan Universities of their ethos, their pride, and their mission. Tell him, how the MEFP is degrading my university, portraying it as a SOE with limited fiscal space, not different from a railways corporation, with students as customers and lecturers as content deliverers. But tell him also, that it is not your IMF’s money that is Kenya’s greatest resource. It is its young people with their zeal, their character, their ambition and their talents. The young Kenyans who will keep defying your IMF’s conditionalities, who will be shining in international competitions, and who will impress you not once. One day, they could even repay your institution’s loan. But as things are now, this will be no thanks to IMF’s “help”, but despite it.

View online: Slaughtering Kenyan Public Universities with a Blue Knife: The New IMF Loan Conditionalities

Provided by Afronomicslaw