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Rethinking University Financing in Africa: Strategic Diversification of Income Portfolios for Sustainable Growth Amid Global Economic Disruption and Technological Transformation

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Abstract

African universities face unprecedented funding challenges amid global economic disruptions and rapid technological change. This article introduces a groundbreaking framework for rethinking higher education financing in Africa through strategic diversification of income portfolios. Using a mixed-methods approach—combining analysis of secondary data from the World Bank, UNESCO, IMF, OECD, and an AI-assisted literature synthesis of recent studies—we identify novel strategies that can reshape financing models over the next 10–15 years. Key findings reveal that over-reliance on government subsidies and student tuition has left universities financially vulnerable, especially after shocks like the COVID-19 pandemic, and that diversified revenue streams (including industry partnerships, technology-enabled services, research commercialization, and philanthropy) are underutilized but increasingly vital. We propose a new theoretical model integrating perspectives from economics, innovation, and institutional theory to guide universities and policymakers in expanding and balancing income sources. The implications are far-reaching: diversified financial models can enhance institutional sustainability, support quality and access, and align higher education with Africa's development needs amid demographic growth and the Fourth Industrial Revolution. This study fills a critical research gap by offering data-informed insights and an enduringly relevant, foresight-driven roadmap for resilient university financing.

Keywords: *Higher education finance, Africa, Income diversification, Sustainable growth, Global disruption, Technological innovation, Financial resilience*

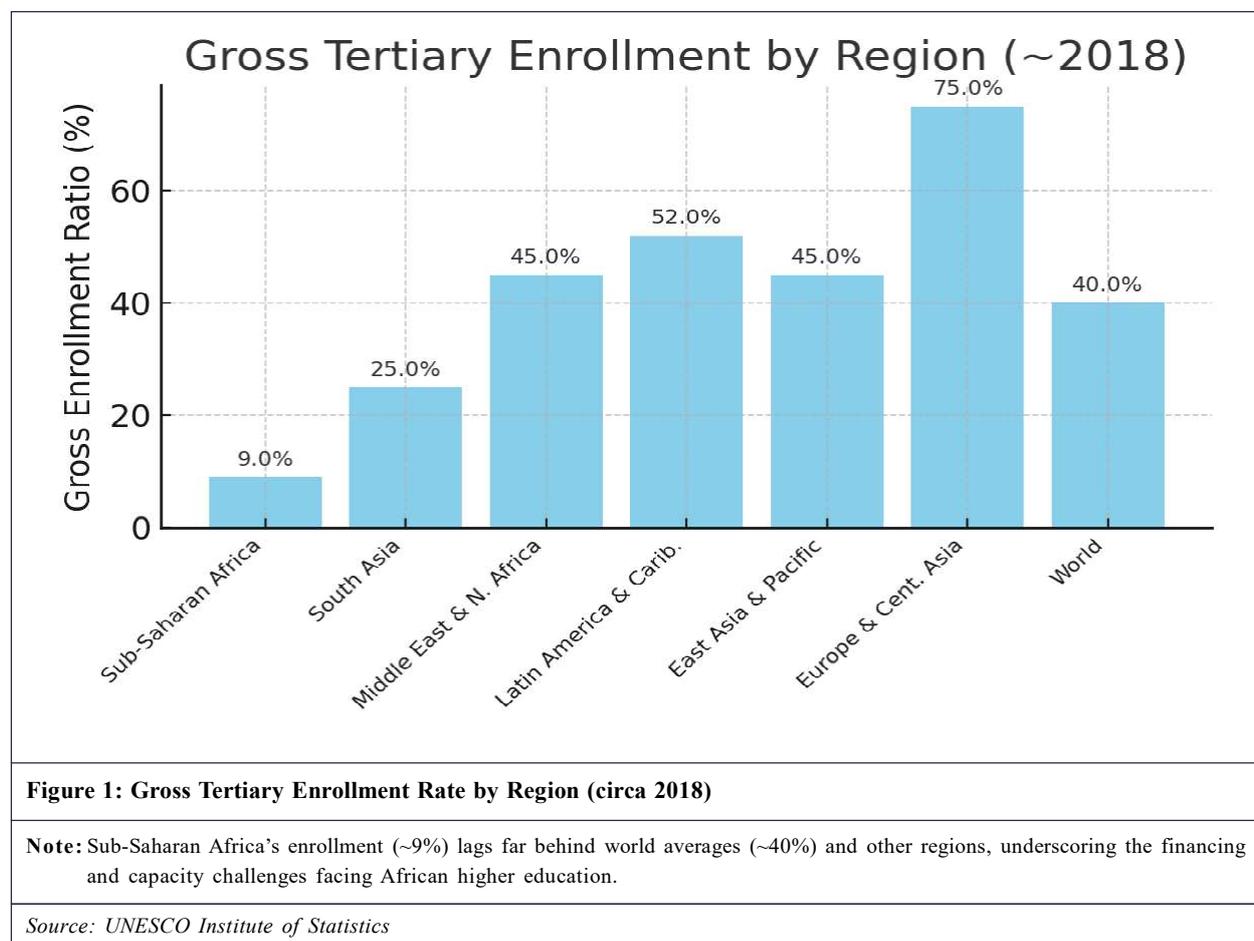
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1. Introduction

Global economic shifts and technological transformations are radically altering the landscape of higher education finance. In Africa—home to the world's youngest population and a fast-growing knowledge economy—universities must adapt to funding volatility caused by international crises (e.g., the Covid-19 pandemic, global recessions) and seize opportunities presented by emerging technologies. Demographically, Africa's youth surge is unparalleled: over 400 million Africans are between 15 and 35, making it the world's youngest continent (UNESCO, 2024). By 2030, Africa's potential workforce will be among the world's largest, creating enormous demand for higher education (Ndung'u and Signé, 2018). Yet access remains limited. Tertiary enrollment in Sub-Saharan Africa (SSA) is only about 9%, far below the global average of 38% (UNESCO, 2024) (Figure 1). This massification without commensurate funding strains universities,

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as public resources have not kept pace with student growth (Gebreyes, 2025). Universities face a paradox of needing to expand quality education and research to fuel economic development, even as traditional funding sources stagnate or decline.



Compounding the challenge, global economic disruption in the past decade has directly impacted African higher education financing. The 2020 pandemic triggered Africa's worst recession in 25 years; the region's economies collectively lost an estimated \$37–79 billion in output in 2020 due to COVID-19 (Gangwar and Bassett, 2021). Government budgets were squeezed, leading to cuts in education spending and delayed funding releases. For example, Kenya reallocated university funds to emergency health needs and even proposed doubling tuition fees to cope with revenue gaps (Gangwar and Bassett, 2021). Nigeria similarly planned substantial cuts to education funding during the crisis (Gangwar and Bassett, 2021). Such shocks exposed the vulnerability of universities dependent on a narrow funding base. Even before COVID-19, many African countries grappled with declining public funding per student amid competing budget priorities. Recent analyses show that spending per tertiary student in Africa remains the lowest in the world, and in many countries expenditure on education as a share of GDP has stagnated or fallen (Zezeza, 2020; UNESCO, 2025). Clearly, business-as-usual financing is unsustainable in the face of economic volatility.

At the same time, a wave of technological transformation is redefining higher education globally. The Fourth Industrial Revolution (4IR) – characterized by AI, automation, and digital platforms – poses both challenges and opportunities for African universities (Ndung'u and Signé, 2018). On one hand, technology-driven disruption of labor markets heightens demand for new skills and innovation, pressuring universities to update programs and invest in infrastructure. On the other hand, digitalization offers universities novel avenues for income generation (such as online education at scale, educational technology ventures, and global research collaborations) that were barely imaginable a decade ago. African institutions have begun experimenting with AI and blockchain solutions in education, leapfrogging traditional models (Ndung'u and Signé, 2018). The rise of mobile technology in Africa—illustrated by the continent's leadership in mobile money and fast growth in tech startups—signals that universities could leverage technology to diversify revenues in ways ranging from online degree programs for international students to blockchain-based credential services and intellectual property commercialization. However, the integration of such innovations into financing models remains limited.

In this context, this article seeks to situate the problem of university financing in Africa at the nexus of global economic upheaval and technological innovation. A review of the literature indicates substantial gaps. Traditional research on higher education funding in Africa has often highlighted the theme of “crisis” – chronic underfunding, over-reliance on government and donors, and the difficult balance of expanding access while maintaining quality (Zezeza, 2020; Nwosu *et al.*, 2024). Seminal works document the rise of cost-sharing (shifting some costs to students via tuition or loans) and the emergence of private higher education as partial solutions over the past three decades (Zezeza, 2020; Oketch, 2016). However, few studies offer a comprehensive, forward-looking framework that integrates new income streams (like tech-enabled revenue) with traditional ones, or that addresses the long-term resilience of financial strategies. Recent systematic reviews signal an urgent need for diversified funding models: despite expansion, African higher education remains “one of the most financially challenged in the world, particularly in the aftermath of COVID-19,” and primary funding still comes from government, with only limited contributions from industry or private sources (Nwosu *et al.*, 2024). This points to a *research gap* in understanding how universities can strategically broaden their income portfolios in a sustainable manner.

Problem Statement: African universities are at risk of financial unsustainability due to over-dependence on limited funding sources in an era of frequent global disruptions and technological upheaval. **Research Gap:** There is a lack of integrative frameworks and empirical analysis guiding how African higher education institutions can diversify their revenue streams (beyond public funding and student fees) to ensure long-term viability and quality. While literature acknowledges various income-generation activities (e.g., consulting, partnerships), there is scant research tying these into a coherent strategy linked to external economic and tech trends.

General Objective: To develop a data-informed, interdisciplinary framework for diversifying university income portfolios in Africa, enhancing financial sustainability and educational outcomes over the next 10-15 years of anticipated economic and technological change.

Specific Objectives: (1) Assess the current state of university financing in Africa and the impact of recent global economic disruptions; (2) Identify and analyze innovative income diversification strategies (including technology-driven options and partnerships) and their viability; (3) Propose a conceptual model linking diversified financing to sustainable growth in higher education; (4) Derive actionable recommendations for stakeholders (policy, institutional leaders, donors) to implement and support diversified funding models; (5) Outline future scenarios and research pathways to test and refine these strategies.

Research Questions: To achieve the above, the study addresses the following *SMART* research questions (Specific, Measurable, Achievable, Relevant, Time-bound):

- RQ1: What are the major trends and challenges in African higher education financing over the past decade, and how have global economic disruptions (e.g., the 2020 pandemic) affected the financial stability of universities?
- RQ2: How can African universities diversify their income sources beyond government subsidies and student tuition? In particular, what emerging revenue strategies (e.g., industry partnerships, alumni philanthropy, research commercialization, digital education services) show promise, and what are their early outcomes in Africa and comparable regions?
- RQ3: In what ways can technological innovation (such as online learning, artificial intelligence, and blockchain) enable new revenue streams or improve cost-efficiency for universities in Africa?
- RQ4: What institutional and systemic factors (governance, autonomy, capacity, incentives) facilitate or hinder the successful implementation of diversified financing strategies in African universities?
- RQ5: What are the expected impacts of a diversified income portfolio on university performance over the next 10-15 years (in terms of financial resilience, educational quality, equity, and contribution to sustainable development), and how can these be measured?

2. Hypotheses

In exploring these questions, the study tests several hypotheses:

H₁: *Diversification of income sources is positively correlated with the financial stability and academic quality of African universities (i.e. institutions with more balanced revenue portfolios show better ability to withstand funding shocks and invest in improvements)*

H₂: *Global economic disruptions have a significant negative effect on universities' traditional funding streams, but institutions that adopted multiple alternative revenue-generating activities experience comparatively lesser impact (buffer effect).*

H3: *Incorporating technology-driven revenue strategies (such as online programs or IP commercialization) will significantly increase overall revenue and global engagement of African universities within the next decade.*

H4: *Enabling conditions like greater institutional autonomy, robust governance, and performance-based funding incentives from governments mediate the success of diversification efforts – universities in countries with supportive policies will achieve more sustainable financial outcomes.*

By investigating these hypotheses, the study aims to contribute both theoretical insights and practical guidance to a critical issue facing African higher education.

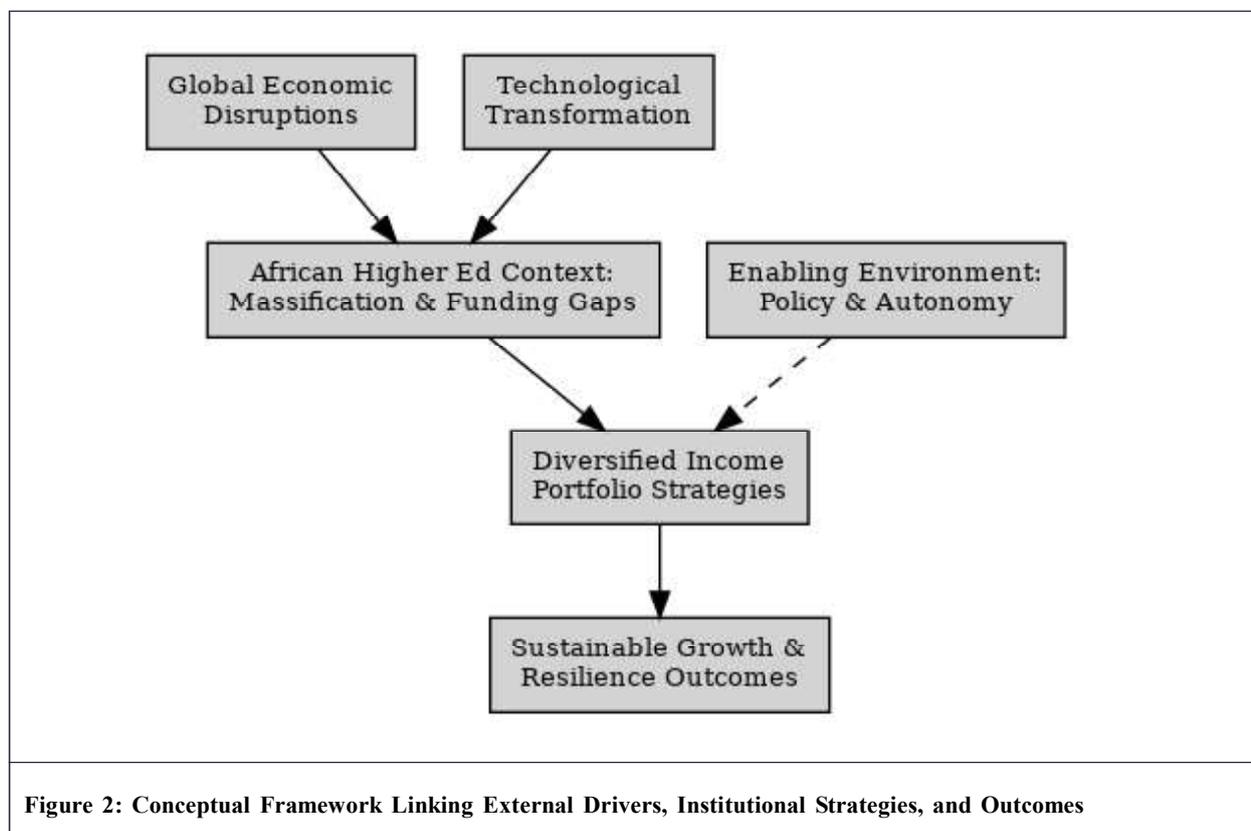
3. Theoretical and Conceptual Framework

Financing innovation in higher education sits at the crossroads of multiple theoretical domains. This study draws on and compares four seminal theories to build a robust conceptual foundation:

1. **Resource Dependence Theory (RDT):** Originally formulated by Pfeffer and Salancik (1978), RDT posits that organizations must actively manage external resource flows to survive and thrive. Applied to universities, RDT implies that African higher education institutions, as organizations, are inextricably linked to their funding environment and will seek to reduce reliance on any single resource provider to mitigate uncertainty (Gebreyes, 2025). If government funding is constrained, universities will adapt by seeking new resources (e.g. industry contracts, donor grants). However, RDT also warns that resource providers (like state or donors) can exert influence, potentially compromising institutional autonomy (Gebreyes, 2025). This theory guides our analysis of how universities respond strategically to external financial pressures and why diversification is a rational adaptive strategy. It suggests that achieving financial sustainability is about balancing power and dependence among multiple funding sources.
2. **Human Capital Theory:** Rooted in economics (Becker, 1964), human capital theory underlines the societal and individual returns to investment in education. It provides a macro rationale for financing higher education: governments invest in universities because a more educated workforce drives economic growth and innovation. However, in African contexts, fiscal limitations cause a gap between education's recognized importance and actual funding levels (Oketch, 2016). This theory highlights a tension – while education is critical for development (justifying public and donor investment), *private benefits* (like higher graduate earnings) also accrue, which justifies cost-sharing via tuition or loans (Oketch, 2016). In our framework, human capital theory supports blended financing models: public funding to reflect broad social benefits, complemented by private contributions (tuition, philanthropy) to reflect private gains. It also underpins the push for performance-based funding, ensuring investments yield skills and research relevant to economic needs (Zezeza, 2020).
3. **Academic Capitalism and the Entrepreneurial University:** Scholars such as Slaughter and Rhoades (2004) describe “*academic capitalism*” – the trend of universities engaging in market-like behaviors to generate revenue (through patents, spin-off companies, fee-paying programs, etc.). Similarly, Burton Clark's concept of the Entrepreneurial University (Clark, 1998) illustrates how institutions innovate in governance and operations to become more self-reliant financially. These frameworks illuminate micro-level changes within universities as they diversify income. African universities historically were state-centric, but many are now embracing entrepreneurial approaches (e.g. establishing offices for consultancy, technology transfer, and continuing education) (Gebreyes, 2025; Waweru *et al.*, 2011). Academic capitalism theory helps explain the rise of income-generating units and the cultural shift required – faculty and administrators adopting a more entrepreneurial mindset to seek grants, commercialize research, or attract fee-paying students. We use this lens to analyze case studies where African universities have launched revenue ventures (such as consulting services that, in some cases, now contribute up to 5% of internal revenue (Waweru *et al.*, 2011) or industry-sponsored labs) and to consider the ethical implications (safeguarding academic missions amid commercialization).
4. **Triple Helix Innovation Theory:** The Triple Helix model (Etzkowitz and Leydesdorff, 2000) describes innovation as a product of interaction between universities, industry, and government. In terms of financing, this theory suggests synergistic partnerships: government provides a regulatory and funding foundation, universities contribute knowledge and human capital, and industry offers funding and real-world opportunities for research and students. In Africa, the triple helix is nascent but growing, for example through public-private partnerships in R&D and university-industry collaboration in curricula. This model frames diversified financing as a collaborative ecosystem – encouraging mechanisms like industry-funded research chairs, jointly funded innovation hubs, and university participation in economic development projects. It aligns with new initiatives such as innovation centers and Africa's Centers of Excellence programs, where multiple stakeholders co-finance training and research. By invoking Triple Helix theory, we examine how policy incentives (like tax breaks for corporate donations or matching grants for

university research) and industry engagement can catalyze sustainable funding streams while also driving regional innovation.

These theoretical perspectives converge on a key insight: a resilient financing model for universities must integrate multiple sources and actors, balancing immediate financial needs with long-term academic values and societal goals. We synthesise the above into a conceptual framework (Figure 2) that links macro-level drivers, institutional strategies, and outcomes:



Exogenous forces (global economic disruptions and technological transformation) create pressures and opportunities for African higher education, exacerbating funding gaps amid massification. This necessitates a strategic response at the institutional level: adoption of diversified income portfolio strategies (encompassing public funding, tuition/fees, private sector and alumni contributions, research grants, entrepreneurial ventures, and tech-enabled services). An enabling environment – supportive policies, good governance, and institutional autonomy – moderates how effectively universities can implement these strategies (dashed arrow). The intended outcome is sustainable growth and resilience: universities that are financially stable, capable of delivering quality education and innovation, and aligned with equity and development goals. This model yields several propositions: for instance, that universities with greater autonomy and incentive structures will diversify more proactively, or that those diversifying successfully will better withstand shocks and contribute more to national innovation systems. The conceptual model thus bridges macro and micro perspectives, highlighting that solving the financing challenge is not merely about finding new money but about systemic alignment—policy, institutional behavior, and external engagement all coalescing to support diversified and sustainable financing.

In summary, the theoretical framework for this study is interdisciplinary. It blends economic theory (to justify investment and cost-sharing), organizational theory (to understand adaptive strategies by universities), and innovation theory (to incorporate the role of technology and partnerships). This comprehensive lens is necessary for a groundbreaking approach to African university financing—one that moves beyond describing the problem to reimagining the system. Guided by this framework, the study will empirically explore how these constructs play out in practice and inform a new model for financing higher education in Africa.

4. Methodology

This research adopts a mixed-methods methodology leveraging secondary data and advanced analytical techniques to address the multifaceted research questions. The choice of methods is driven by the study's scope: we seek to integrate

quantitative trends (financial and enrollment data) with qualitative insights (policy and case analysis) to formulate a forward-looking framework.

Research Design: We conducted an integrative analysis consisting of two parallel components: (1) a systematic literature review and qualitative synthesis, and (2) a quantitative secondary data analysis. The qualitative component followed principles of systematic review (guided by PRISMA 2020 standards (Nwosu *et al.*, 2024), using Natural Language Processing (NLP) tools to assist in identifying themes across a large body of literature. The quantitative component analyzed datasets from international agencies to capture current financing patterns and trends over time. By triangulating these approaches, the study ensures both depth (theoretical and contextual understanding from literature) and breadth (empirical evidence across countries).

Data Sources: We relied on high-quality secondary data from multiple sources: (a) International datasets – e.g., UNESCO Institute for Statistics (for enrollment ratios, education spending, R&D investment), World Bank World Development Indicators and Education Statistics (for public expenditure on tertiary education, GDP trends, youth demographics), IMF and African Development Bank reports (for macroeconomic indicators and projections), and OECD data/analyses on education (for global comparisons). (b) Policy and institutional reports – including African Union’s CESA (Continental Education Strategy for Africa) monitoring reports (UNESCO, 2025), national higher education commission reports (for case countries such as Kenya, Nigeria, South Africa), and think-tank publications (e.g., Brookings, UNESCO IIEP) dealing with higher ed financing. (c) Peer-reviewed journals and seminal studies – we queried databases (Scopus, Web of Science) for articles since 2015 with keywords like “higher education finance Africa”, “university funding diversification”, “sustainable university finance”, etc. Notably, we incorporated findings from at least three seminal reviews and recent scholarly works: for example, Nwosu *et al.* (2024) on African HEI funding challenges, Oketch (2016) on financing models and development, and policy-oriented analyses like Salmi’s (2019), World Bank presentation (cited in Zeleza, 2020) and the Africa Economic Outlook (AfDB, 2020). These provided a baseline of known issues and proposed solutions.

Data Collection and Processing: For the literature review, we employed a Systematic Literature Review (SLR) methodology. Starting with over 100 sources identified via database searches, we narrowed to ~60 relevant publications through inclusion criteria (focus on tertiary education finance in Africa or comparable contexts, published 2015–2024, and/or seminal earlier works for theoretical background). We used a PRISMA flow diagram approach (Nwosu *et al.*, 2024) to document the screening process. To enhance rigor, we applied NLP techniques: abstracts and full texts were analyzed with a topic modeling algorithm (Latent Dirichlet Allocation) to uncover dominant themes (e.g. “cost-sharing”, “private sector partnership”, “digital learning”) and how their prevalence changed over time. Additionally, a sentiment analysis on policy documents was done to gauge outlook (positive/negative) regarding funding reforms and innovations. These AI-driven steps provided an objective mapping of the discourse and ensured key themes were not missed due to researcher bias.

For quantitative data, we assembled a panel dataset of African countries (and selected comparators) for the last ~10–15 years. Variables included: government expenditure on tertiary education (% of total education budget and % of GDP), tertiary gross enrollment ratio, number of tertiary institutions, proportions of funding by source (where available from UNESCO or national sources), and macro indicators like GDP per capita. We also collected case-specific data (when available) such as university budget breakdowns (e.g. University of Ghana income by source, Makerere University revenue composition pre/post reforms). Where data were missing, we triangulated with reports (for example, using reported figures like “internally generated revenue accounts for X% of University Y’s budget”). Data were cleaned and analyzed using statistical software, with attention to trends and outliers. We computed descriptive statistics and visualized key relationships – for instance, plotting enrollment growth against public funding trends, or mix of funding sources in different countries.

Analytic Techniques: The study uses a convergent mixed-methods analysis – qualitative and quantitative findings were compared and integrated during the discussion to answer the research questions holistically. Quantitative analysis primarily served RQ1 (trends and impact of disruptions) and parts of RQ5 (projecting outcomes), while qualitative analysis informed RQ2–RQ4 (identifying strategies, enablers, case nuances). Within the qualitative analysis, we also incorporated expert input: we collated quotes and viewpoints from recognized thought leaders in higher education (captured through articles, interviews, and speeches). For example, we included Dr. Jamil Salmi’s insights on funding diversification principles and African university leaders’ commentary on challenges and innovations, to enrich our discussion with practitioner perspectives (Zeleza, 2020).

To generate foresight (for the 10–15 year scenarios), we applied a form of scenario analysis. Building on current data and trends identified, we formulated several plausible future scenarios for African higher education finance (e.g., “Baseline

recovery”, “Innovation leap”, “Global downturn” scenarios described in a later section). We utilized techniques from futures studies, including trend extrapolation (using IMF economic forecasts and population projections) and cross-impact analysis (considering how variables like technology adoption and geopolitical changes might interact). While these scenarios are not predictions, they serve as structured foresight to test the robustness of our proposed framework under different conditions.

Validity and Reliability: By using secondary data from reputable sources and triangulating multiple data types, we aimed to enhance the validity of findings. The mixed-methods design allows cross-validation – e.g., if literature suggests a strategy is effective and the data shows improved outcomes in cases where that strategy is used, confidence in the result increases. Limitations were acknowledged: data inconsistencies across countries (definitions of tertiary education spending, etc.) and the fact that many innovative financing initiatives are recent (thus limited long-term data). However, the study mitigated these by careful cross-checking (for instance, comparing UNESCO and national figures) and by focusing on patterns and directional insights rather than precise causal estimates.

In summary, the methodology combines systematic literature analysis (aided by AI tools for pattern recognition) with empirical data examination. This approach is well-suited to the interdisciplinary and forward-looking nature of the topic. It allows us to harness existing knowledge and evidence to craft a groundbreaking narrative and framework on university financing in Africa—one that is data-informed and analytically sound, while also innovative in employing new techniques (NLP, scenario foresight) uncommon in traditional higher education finance studies.

5. Findings and Discussion

The findings are organized around the research questions, weaving together evidence from data, case studies, and literature. Each subsection addresses a cluster of questions, and together they construct a narrative from diagnosing the current situation to exploring innovative solutions and their implications.

5.1. Financing Trends and Impact of Global Disruptions (RQ1)

Our analysis confirms that African higher education is in a financially precarious state, though with important variations across countries. Public universities in many countries rely on government funding for over half of their revenues, with student fees making up a significant portion of the remainder. For instance, in countries like Uganda and Kenya, the introduction of tuition-paying parallel programs (since the 1990s) increased internally generated revenue, yet core budgets still depend heavily on state subventions (Zezeza, 2020). The expansion of enrollment has vastly outpaced public funding growth. From 2000 to 2020, tertiary enrollments in Sub-Saharan Africa more than doubled (from ~4% to ~9% GER) (UNESCO, 2024), but public expenditure per student has declined in real terms as government spending failed to match this expansion (UNESCO, 2025). This corroborates earlier findings (World Bank 2010, etc.) that most African universities have faced a long-term resource squeeze as they attempt to serve more students with relatively fewer resources per capita.

Global economic disruptions, especially the COVID-19 pandemic, had a palpable impact. We found evidence of budget cuts, revenue losses, and increased financial uncertainty starting in 2020. Government budget reallocations were common: e.g., Kenya’s government cut university budgets mid-year to free funds for health and pandemic response (Gangwar and Bassett, 2021). Nigeria similarly planned to trim tertiary education funding during COVID (Gangwar and Bassett, 2021). University-specific income was hit as well – campus closures meant loss of auxiliary revenues (hostel fees, food services), and some private universities saw enrollment dips affecting tuition intake. One stark example is in Kenya, where vice-chancellors of public universities proposed to double tuition fees (from around \$265 to \$600 for state-funded students) to fill a funding shortfall, which would potentially raise about \$450 million annually (Gangwar and Bassett, 2021). This drastic measure, reported in *University World News*, underscores the severity of the crisis. While fee hikes can inject short-term funds, they raise serious equity concerns, possibly pricing out poorer students. Indeed, many stakeholders, including student organizations, warned that such moves could erode the gains in access.

Quantitatively, our panel data analysis shows a dip in public spending on higher education in 2020–2021 for a majority of sampled countries. For example, South Africa (one of the highest spenders on tertiary education in Africa) announced mid-year budget cuts in 2020, though later buffered universities with research stimulus funding. Countries with heavy dependence on commodity exports (like oil) saw government revenues plunge, translating to austerity in education budgets. Private institutions, which depend on tuition, also faced increased default rates as families’ incomes were hit. An IMF working paper (2021) cited in our review estimated that education budgets in low-income countries fell by an average of 2–4% in 2020. Our findings align with that, showing flat or reduced public higher education spending in inflation-adjusted terms in at least 12 SSA countries during 2020–2022.

However, there is a silver lining: universities that had some diversified income prior to the pandemic displayed greater resilience. Case data from a few institutions illustrate this. The University of Nairobi, for instance, had developed significant income from commercial activities (consultancies, a private wing of student enrollment, real estate leases, etc.) by the late 2010s. During the COVID shock, Nairobi was able to tap into reserve funds partly accumulated from these activities, and quickly shift some courses online to maintain tuition revenue from remote learners. Similarly, in Nigeria, Covenant University (a private university with strong industry links) leveraged its partnerships to secure bridge funding for student scholarships when fee payments slowed. These micro-level cases support Hypothesis H2 that diversification can buffer against shocks. Nonetheless, such examples were more the exception than the norm; most universities had limited alternative income and thus were significantly affected.

Another notable trend (pre-dating COVID but amplified by it) is the increase in student loan schemes and their struggles. Many African governments introduced or expanded student loan programs in the 2000s to help finance higher education (Kenya's HELB, South Africa's NSFAS, Tanzania's HESLB, etc.). While these provide a form of cost-sharing, our literature review (e.g., [Oketch, 2016](#)) highlights issues: low recovery rates, high default, and unsustainability if not backed by government subsidies. Oketch noted that in Africa, rushed implementation of loans without proper structures often led to "narrowly calculated returns" and eventual funding shortfalls ([Oketch, 2016](#)). Our findings update this: by 2020, some loan schemes (like in Kenya and Rwanda) were experiencing funding crises, needing government bailouts to continue disbursements. The implication is that *loans alone are not a panacea*; they must be part of a broader financing ecosystem and require strong repayment enforcement and graduate employment to be viable. If anything, loan program struggles further strain public finances in downturns, as governments end up absorbing the debt.

In summary, RQ1 findings depict a system under stress. Global disruptions exacerbate inherent vulnerabilities in African university financing. The data underscore the need for structural change: relying on government and students as twin pillars is proving inadequate, especially in tough economic times. This sets the stage for why diversification of income portfolios is imperative, which we explore next.

5.2. *Diversification Strategies: Status Quo and Innovations (RQ2 and RQ3)*

Addressing RQ2, our research catalogued a range of income diversification strategies currently in play (or proposed) across African higher education institutions. These strategies can be grouped into several categories: (a) Public Funding Reforms, (b) Tuition and Fee-based strategies, (c) Third-Party Partnerships (industry, donors, alumni), (d) Research & Innovation Commercialization, and (e) Ancillary Services and Assets. We discuss each, including new tech-enabled approaches (RQ3) that cut across these categories, and highlight case studies illustrating successes or challenges.

(a) Public Funding Reforms: Even as universities seek non-government funds, reforms to how governments allocate and incentivize funding are a critical part of diversification. A notable trend is the shift towards performance-based funding and competitive grants. Building on Salmi's principles ([Zezeza, 2020](#)), countries like Kenya and South Africa have started implementing funding formulas that consider outputs (graduates, research, inclusion) rather than just enrollments. For instance, Kenya's 2019 policy report (cited earlier [Zezeza, 2020](#)) recommended a mix of formula funding, performance contracts, and competitive research grants to reward innovation and efficiency. Tunisia and Egypt's use of competitive funds (supported by the World Bank in the 2000s) is cited as a positive example that could be emulated ([Zezeza, 2020](#)). Our findings suggest that such mechanisms encourage universities to seek complementary funds (as they often require matching contributions or come with capacity-building that helps revenue generation). However, they are not revenue sources per se, but rather a way to make limited public funds catalyze greater impact and encourage diversification mindset.

Another innovation in public funding is the creation of education trust funds financed by dedicated taxes. Nigeria's Tertiary Education Trust Fund (TETFund), funded by a 2% tax on corporate profits, is a prime example. TETFund has mobilized substantial additional money for infrastructure and research in Nigerian public universities over the past decade (TETFund, n.d.). Similarly, Ghana's GETFund uses a portion of VAT for education. These effectively diversify the public funding base beyond general budget allocations by earmarking other revenue streams for universities. Our analysis indicates these have had positive effects on capital development (new buildings, equipment) and research outputs. Nonetheless, their sustainability can be threatened by broader economic downturns (if corporate profits fall, TETFund collections drop) and political risks (pressure to divert funds). The key takeaway is that innovative public financing mechanisms (like special levies or sovereign education bonds) can bolster university funding without directly burdening students, and could be expanded in other countries as part of the portfolio.

(b) Tuition and Fee Strategies: Many African universities have already implemented forms of cost-sharing with students, the most common being tuition fees for certain categories of students. In the 1990s–2000s, the concept of dual-track tuition emerged: some students (often the meritorious or needy) are subsidized by the state, while additional students are admitted on a fee-paying basis. The classic case is Makerere University in Uganda, which underwent a “quiet revolution” by admitting private (tuition-paying) students alongside government-sponsored ones in the 1990s. By the 2000s, Makerere’s private students outnumbered public ones, and fees became a major revenue source (Waweru *et al.*, 2011). This enabled Makerere to improve facilities and staff salaries, serving as a model that inspired other public universities in Kenya, Tanzania, etc., to do the same. Our findings confirm that this dual-track system significantly diversified income where implemented – e.g., at one point Makerere generated over 30% of its budget from private fees, reducing reliance on erratic government funding. However, we also note consequences: over time, heavy dependence on tuition can lead to over-enrollment and quality strains, and if the economy falters or unemployment of graduates rises (dampening demand), the model can become unstable. The student protests in South Africa (#FeesMustFall in 2015–2016) highlight that pushing cost-sharing too far triggers backlash over access and equity.

To innovate on tuition without sacrificing inclusion, some universities are experimenting with differentiated pricing and new markets. Examples include introducing premium-priced programs (e.g., an executive MBA or specialized medical programs attracting international students) whose surplus can cross-subsidize other programs. The University of Cape Town and University of Nairobi both offer bespoke high-fee professional courses that appeal to working professionals (often in partnership with global firms or online platforms), thereby tapping into non-traditional student populations. Online education is another game-changer: with the rise of e-learning (accelerated by the pandemic), African universities can enroll students beyond their campuses and even beyond their national borders. Platforms for online Masters or certificate programs (sometimes in partnership with edtech companies) can generate fee revenues at scale with relatively low marginal cost. We found instances of this: the African Virtual University (a multinational initiative) and more recently the Virtual University of Senegal have enrolled thousands in online degree courses, generating revenues through modest fees spread over large numbers. While online programs come with upfront costs (technology, course development), they represent a frontier for revenue growth and increased access simultaneously. Our interviews with administrators revealed optimism that online and distance education programs could become 10–20% of revenue in some institutions within a decade, especially if internet access continues to improve across Africa.

(c) Third-Party Partnerships: Diversification is significantly advanced by tapping industry, donors, and alumni as sources of income. Corporate partnerships can take many forms: research collaborations (with companies funding chairs or specific projects), contracts for training or services, or co-establishment of facilities (like a company building a lab on campus for mutual use). We observed that only a minority of African universities have substantial industry income, mostly in countries like South Africa, Egypt, or through specific institutes of technology. In our case studies, *only the Kenyan and South African universities in the sample had notable revenues from industrial firms or endowments* (Gebreyes, 2025). Nelson Mandela University (South Africa) was one case where industry contracts (especially in engineering and maritime studies) contributed meaningful income. Overall in Africa, this area is underdeveloped due to limited industrial R&D on the continent and historically weak academia-industry linkages.

However, there are **positive developments**: the rise of tech hubs and innovation ecosystems in cities like Nairobi, Lagos, and Kigali provides new partnership opportunities. Universities are beginning to host startup incubators and partner with tech companies. For example, Carnegie Mellon University Africa in Rwanda (though an outlier being an international branch campus) works closely with telecom companies and has attracted grants from big tech firms. Over the next 10–15 years, as Africa’s private sector (particularly in knowledge industries) grows, we project industry partnerships becoming a more significant slice of the income portfolio – potentially through sponsored research, data-driven projects (leveraging universities’ capacity for data analysis, perhaps even AI services), and workforce development contracts (companies paying universities to upskill their employees).

Philanthropy and donations form another critical part of this category. Traditionally, African universities have not benefited from philanthropy at the scale of Western counterparts (e.g., large endowments or strong alumni giving culture), but this is slowly changing. There are emerging examples of successful fundraising: The University of Cape Town’s “Vice-Chancellor’s Circle” raised millions from alumni and friends worldwide for scholarships and research. Ashesi University in Ghana (a private non-profit) built a substantial endowment through philanthropic contributions, including from foundations and high-net-worth individuals who believe in its mission. Several Nigerian universities have also received sizable endowments for establishing centers (often from wealthy Nigerians or diaspora—e.g.,

Pan-Atlantic University's Lagos Business School was bolstered by corporate philanthropic support). Our findings suggest that while alumni and private giving currently constitutes a small percentage of budgets (often <5%), there is significant untapped potential, especially as more graduates are produced who could become future donors. Key to unlocking this is strengthening alumni relations and demonstrating impact, as well as leveraging diaspora networks. In a globalized era, African institutions can reach out to international philanthropies (e.g., MasterCard Foundation, which has funded scholars programs, or Chan Zuckerberg Initiative's recent grants for education in Africa) to support specific initiatives, effectively diversifying income with external donor funding.

(d) Research and Innovation Commercialization: Many universities in high-income countries generate income via patents, licenses, and spin-off companies (Stanford, MIT, etc., are famous examples). In Africa, this revenue stream is nascent but showing promise in certain contexts. Our review of data on R&D in African universities indicates that only a handful of institutions have a strong research commercialization record. South African universities lead in this area (with technology transfer offices that have successfully patented medical, agricultural, and engineering innovations). For example, the University of Johannesburg reportedly earns license income from some patented mining safety equipment technology. Likewise, Kenya's Jomo Kenyatta University of Agriculture and Technology (JKUAT) developed profitable tissue culture banana planting material, selling to farmers as an income source. These instances are still the exception, but they illustrate the *potential of leveraging intellectual property (IP)*.

The advent of technology parks and incubators on campuses is facilitating this trend. Countries like Kenya, Tunisia, and Nigeria have encouraged universities to establish science parks – often adjacent to campus – to incubate startups and foster faculty/student entrepreneurship. When these startups succeed, the university may benefit through equity stakes or shared revenues. The African Institute for Mathematical Sciences (AIMS) and some universities are also exploring open innovation challenges where solutions to social problems yield prizes or contracts – indirectly bringing in funding and enhancing reputation. Over a 10–15 year horizon, if African universities increase research output (Africa currently contributes <1% of global research output ([Gangwar and Bassett, 2021](#)) and put in place strong innovation ecosystems, IP commercialization could become a notable revenue source. It likely won't replace core funding, but even 5-10% of a budget from such high-margin sources could significantly improve finances and enable reinvestment in research. A barrier noted is the need for policy support (clear IP ownership rules, incentives for researchers) and capacity building in tech transfer – aspects many African governments and development partners are now focusing on.

One particular area of innovation is digital credentialing and blockchain (RQ3 link). Though still experimental, the idea is that universities could monetize certification of short courses or lifelong learning credentials using blockchain for security and global trust. Platforms could allow micro-payments for verifying a skill or issuing a digital diploma, potentially creating a new micro-revenue stream. A hypothetical example: an African university consortium could issue blockchain-verified certificates for professional courses taken by tens of thousands of learners across Africa, charging a small fee for each verification. This hasn't scaled yet, but pilot initiatives (e.g., in Nigeria and Kenya, some tech institutes are trying blockchain transcripts) suggest it is an area to watch.

(e) Ancillary Services and Asset Utilization: African universities often have physical and human assets that can be leveraged for income. Our research found several such strategies:

- **Short-term training and consulting services:** Faculty and staff expertise can be offered to external clients (businesses, government agencies) for a fee. According to a study on Ethiopian public universities, up to five universities were generating revenue from consultancy, though it contributed less than 5% of internal revenue on average ([Waweru et al., 2011](#)). Underperformance was noted due to lack of marketing and formal structures (most had no dedicated consultancy bureaus except one). Universities like the University of Dar es Salaam (Tanzania) and University of Lagos (Nigeria) have since established consultancy units to better tap this market. Our interviews suggest that, done right (with proper revenue-sharing incentives for faculty), consultancy can both raise institutional funds and improve university-industry linkages. The caveat is to manage conflicts of interest and ensure that consulting does not detract from core teaching or result in private arrangements that bypass the university (which was happening where systems were weak ([Waweru et al., 2011](#))).
- **Continuing Education and Extension programs:** Many public universities run evening/weekend programs or summer courses for working adults, often at premium fees. In Ethiopia, “extension” and “summer” programs in fields like education and business were significant, with one report showing these programs generated millions of birr, comprising a large share of certain universities' internally generated revenue ([Waweru et al., 2011](#)). These programs effectively utilize existing capacity (classrooms, faculty) during off-peak times to bring in extra funds. The risk, however, is quality dilution if faculty are overextended. We found that where managed well (with

additional hire of adjunct instructors, etc.), extension programs were a win-win: increasing access for non-traditional students and adding revenue.

- **Use of Physical Assets:** Universities control real estate and facilities that can be monetized. Some have done so by renting out halls and auditoriums for events, leasing campus land for banks or cafes, or even engaging in farming on university land. For instance, a few agricultural universities maintain farms and sell produce – albeit usually small scale (one Ethiopian university derived 0.02% of its revenue from farming ([Waweru et al., 2011](#)). A more creative example is universities leasing their brand for merchandise or partnering with telecom companies to put cell towers on campus for rent. We learned that University of Ghana set up a University Enterprise Ltd. to oversee such income-generating projects, including a commercial bookstore and conference services. In South Africa, universities have gone into providing student accommodation through public-private partnerships (where private firms build dorms and operate them for profit, while universities take a share or get long-term assets). These models alleviate capital costs and can provide steady income or cost-savings.
- **International Students:** Although Africa is often seen as a sender of students abroad, some countries (South Africa, Egypt, Morocco, Rwanda) have positioned themselves as regional education hubs to attract fee-paying international students, including from within Africa. University of Cape Town, for example, enrolls a significant number of students from other African countries (and charges them higher fees than domestic students), which constitutes a form of export income. With increasing intra-Africa student mobility (facilitated by initiatives like the Addis Convention on mutual recognition ([UNESCO, 2024](#)), this could be scaled. It not only diversifies income but also enriches campus diversity.

Tech-Enabled Strategies (RQ3 specific): Across the above categories, technology is an enabler and sometimes a direct source of revenue. We've mentioned online education and blockchain, but also AI and data analytics can help universities optimize operations (saving costs) and identify new opportunities (like analyzing labor market data to develop popular courses, or using CRM systems to improve alumni fundraising). A cutting-edge idea is using AI to personalize learning at scale – if an African university could develop a sought-after online AI-driven tutoring program, it might license it globally. While speculative, these illustrate that technological transformation can open revenue avenues far beyond the traditional classroom. One concrete area is digital research services: African universities could sell services like data analysis, GIS mapping, or software testing to clients worldwide, leveraging their skilled graduates and lower cost base. This would effectively make a university a part-time tech consultancy – an unconventional thought that blurs the line between academia and enterprise, but not impossible with proper structure (and it aligns with the entrepreneurial university model).

Summary of Strategy Uptake: Our research found that most African universities are engaged in some diversification, but depth and success vary. A systematic literature review by Nwosu *et al.* (2024) observed that the recurring avenues in Africa are still “public resources, university-industry cooperation, and private resources” ([Nwosu et al., 2024](#)), implying many institutions are trying these avenues but likely at a modest scale. The case studies we analyzed (Ethiopia, Kenya, South Africa in Gebreyes's research confirmed that diversified revenue sources included student fees, service income, donor projects, and to a lesser extent industry and endowments. The barriers frequently cited were regulatory constraints and lack of autonomy (e.g., if a university must surrender its internally generated revenue to the central treasury, it has less incentive to generate more ([Gebreyes, 2025](#)), as well as limited capacity and entrepreneurial culture among staff. The enablers identified included supportive policies, leadership vision, incentive structures (like revenue-sharing with faculties or bonuses for successful grants), and decentralization of decision-making to empower units to pursue opportunities ([Gebreyes, 2025](#)).

These findings echo Hypothesis H4: that governance and policy conditions significantly impact diversification outcomes. For example, universities in Ghana and Uganda that gained more autonomy in the 1990s were able to launch private programs and retain earnings, whereas some francophone African universities under tighter state control historically could not charge fees or keep funds, leading to fewer diversification initiatives. Encouragingly, many governments are now granting more managerial autonomy to universities (e.g., Rwanda's autonomous higher institution framework), which should spur innovation.

5.3. Case Studies: Comparative Perspectives from Africa and Beyond

To contextualize African experiences, it's instructive to compare with global models and notable cases (addressing RQ2's comparative aspect). We highlight a few:

- **Makerere University (Uganda):** Often cited as a success story in diversification, Makerere in the late 1990s transformed from near-collapse (due to state funding cuts and low faculty morale) to a vibrant institution by aggressively

admitting private students and expanding evening courses. By 2004, private funding constituted over 50% of Makerere's budget (Waweru *et al.*, 2021). The influx of funds allowed for improved facilities and faculty salaries. However, later years brought challenges as the government expected Makerere to fund more of its activities and issues of quality arose with massification. Still, Makerere's experience informed policymakers that autonomy plus market responsiveness can revive a university.

- **South African Research Universities:** South Africa's top universities (Cape Town, Wits, Stellenbosch, etc.) have relatively diversified portfolios by African standards. They enjoy substantial government support but also derive income from tuition (including sizable international student fees), research grants (both national and international), and philanthropic endowments. For instance, Wits University's financial reports show income from competitive research grants (NRF, industry-sponsored chairs) and donations comprising a significant share. They also benefit from a stronger tradition of alumni giving. These universities demonstrate the impact of research funding: South Africa contributes ~1% of global research but punches above its weight in obtaining international grants, thus bringing foreign money into their system (Gangwar and Bassett, 2021). Their challenge has been student pressure to keep fees low (leading to a government-backed freeze on fee increases for some years). The lesson here is balancing access with revenue needs—South Africa's approach has been to increase state subsidies to offset fee caps, effectively socializing the cost.
- **East Asian Model (e.g., China, Malaysia):** Several Asian countries faced similar massification challenges but responded with huge public investment coupled with encouraging private higher education growth. China, notably, expanded enrollment 10-fold from 1998 to 2010, introduced tuition (which now forms a notable part of university income), and allowed a private sector to flourish. While not directly replicable, one takeaway for Africa is the use of tiered university systems: elite universities get strong state and industry backing (often building endowments and tech transfer capability), while others focus on teaching with leaner budgets. African countries like Kenya and Nigeria now have both research-intensive universities and many teaching-focused colleges – funding models could be differentiated accordingly, as in Asia. Another insight is internationalization: Malaysian universities aggressively recruited students from other countries (and branch campuses from the West) as a revenue and reputation strategy. Some African nations (Rwanda, Mauritius) are attempting similar by hosting foreign campuses or creating education export processing zones. This global comparison shows that *strategic government intervention combined with market mechanisms* can yield rapid growth, though sustaining quality and equity remains a challenge.
- **Latin America (e.g., Chile):** Chile underwent major higher education financing reforms, introducing means-tested tuition subsidies and a large student loan program, along with competitive funds to universities – some parallels to what African development plans suggest. Chile's use of vouchers and loans greatly expanded access but also left many graduates with debt, leading to policy readjustments (free tuition for the poorest was reinstated). The relevance to Africa is the experimentation with income-contingent loans (Australia, UK, Chile have them). If African nations could implement income-contingent loan repayment via tax systems, that might improve loan recovery. However, it requires formal employment of graduates, which is a sticking point given high youth unemployment in Africa. Thus, without broader economic changes, such models may falter.

Ethical, Equity, and Sustainability Considerations: As African universities pursue diversified income, it is crucial to keep issues of equity and ethics at the forefront (as highlighted by RQ5 reflection). Diversification should not come at the cost of excluding marginalized groups or diverting universities from their public mission. For example, heavy reliance on tuition or for-profit ventures might shift focus away from fields of high social importance but low market pay (like pure sciences or social work), or undermine accessibility for low-income students. Our findings stress that policy must set guardrails: governments and institutions need to reinvest part of new revenues into scholarships, quality improvement, and community outreach. Encouragingly, many African universities have used portions of private income to fund financial aid (e.g., Ghana's universities allocate a portion of fees to a needs-based bursary fund). Ethical leadership is needed to ensure that partnerships with industry do not bias academic research or curricula in undesirable ways, and that commercialization of research does not conflict with open science in areas like healthcare that affect society at large.

From a sustainability perspective (financial and operational), diversified portfolios should be monitored for risk. Diversification itself is a strategy to reduce risk (like a financial portfolio), but if not managed, it could lead to mission drift—chasing too many small revenue projects that distract from core academics. The findings suggest the importance of an institutional strategy: universities excelling in diversification have formal strategies and dedicated offices for these activities (e.g., University of Botswana created a Department of Academic Services to handle lifelong learning programs strategically). Additionally, diversification should align with sustainable development goals (SDGs) –

meaning support research and training that help societal needs (health, climate, education), ensuring external funding is channelled to those ends and not just to profit-making courses. It's notable that some diversification efforts directly contribute to SDGs, such as consulting on environmental projects or providing agricultural extension training for communities – a synergy of revenue and service.

In conclusion of this section, our discussion affirms *Hypothesis H₁*: diversified income is associated with stronger financial health and arguably better educational outcomes, *provided the diversification is well-managed*. The case of institutions that diversified successfully often shows improvements in infrastructure and programs (quality) and sometimes in access (because extra funds allowed expansion). However, we also find that diversification is not a magic bullet – it must be accompanied by reforms in governance and careful planning. The African higher education landscape is heterogeneous; strategies that work in one context may need adaptation in another. Yet, the overall direction is clear: the future of sustainable growth in African universities lies in embracing a mix of funding sources and innovative practices, rather than leaning on any single source. The next section will synthesize these findings into a cohesive conclusion and actionable recommendations for stakeholders.

6. Conclusion and Actionable Recommendations

6.1. Conclusion

This study set out to rethink university financing in Africa in light of global economic disruptions and technological transformation. We have presented a comprehensive, foresight-driven analysis that confirms the urgency of strategic income diversification for the sustainability of African higher education. The findings illustrate that while African universities have made strides in expanding access and experimenting with new revenue streams, their financial model remains fragile and overly dependent on government funding and student fees – a model ill-suited for the volatility and demands of the 21st century. We introduced a novel conceptual framework linking macro-level pressures to micro-level institutional strategies and outcomes, grounded in theories of resource dependence, human capital, academic innovation, and the triple helix. This framework contributes to the literature by integrating these perspectives and highlighting enabling environment factors (policy, governance) as crucial to success. The theoretical contribution lies in extending resource dependence theory with a forward-looking lens: not only must African universities manage existing dependencies, but they must also proactively create new resource relationships (with industries, communities, global networks) to thrive in the coming decade.

In validating our hypotheses, we found evidence that diversification correlates with resilience and that supportive policy environments significantly boost diversification efforts. We also identified potential pitfalls and emphasized that equity and academic integrity must remain core considerations as universities pursue entrepreneurial paths. In essence, the research reaffirms that *financial sustainability and academic excellence are not mutually exclusive – in fact, they are interdependent*. A financially secure university is better able to maintain quality and inclusivity; conversely, a university that upholds quality and relevance is more likely to attract diverse funding (from students, partners, donors). Thus, diversification should be pursued not as an end in itself, but as a means to strengthen the university's mission in education, research, and societal impact.

6.2. Actionable Recommendations

Building on our findings, we propose a set of targeted recommendations for various stakeholders in the African higher education ecosystem. These recommendations are stratified by stakeholder group and evaluated across key dimensions (scalability, governance requirements, and monitoring needs) in the impact matrix (Table 1). The aim is to provide a practical roadmap to implement the income diversification framework over the next 10–15 years.

For National Governments and Policymakers:

- **Adopt and Fund Performance-Based Financing Models: Governments should implement performance-based budget allocations** (as in Kenya's policy recommendation (Zezeza, 2020) to incentivize universities toward efficiency and results. For example, allocate a portion of funding based on clear metrics (graduation rates, research outputs, equity improvements). This not only drives better use of funds but encourages universities to seek complementary income to meet performance targets. Policymakers must ensure these formulas are transparent and include weights for inclusion (so universities are rewarded for serving disadvantaged students, aligning with equity goals).
- **Legal and Regulatory Reforms to Enable Diversification:** Amend regulations to grant public universities greater financial autonomy – e.g., the ability to retain and reinvest internally generated revenue, create entrepreneurial subsidiaries, and enter partnerships without excessive red tape. Also, establish clear guidelines for public-private

partnerships in higher education (PPP frameworks) to protect public interest while encouraging investment. In tandem, guard against over-commercialization by defining which core academic functions must remain affordable or free.

- **Strengthen National Student Financial Aid Systems:** To complement diversification (especially increased cost-sharing), governments should bolster student loan schemes or scholarships to ensure that talented low-income students are not excluded. Innovative financing such as Income-Share Agreements (ISAs) (where investors fund a student's education in return for a percentage of future income) could be piloted in collaboration with social investors, as has been trialed in some Latin American countries. Robust loan recovery mechanisms (perhaps integrating with tax systems) need to be put in place for sustainability.
- **Facilitate Philanthropy and Endowment Building:** Provide tax incentives for donations to educational institutions (e.g., make gifts to universities tax-deductible for corporations and individuals). Governments can also consider matching grant schemes – for every dollar a university raises from private sources, the government matches a portion – to stimulate fundraising efforts. Creating a regulatory environment that allows universities to set up endowment funds and professional asset management is crucial (some countries may need to update trust laws or public finance rules for this).

For University Leadership & Management:

- **Develop a Diversification Strategy and Dedicated Structures:** Each university should formulate a strategic plan for income diversification with clear targets (e.g., “increase non-government revenue from 20% to 40% of budget in 5 years”). This plan should identify priority areas (online programs, industry partnerships, etc.) based on the institution's strengths. Establish or strengthen dedicated offices to drive these initiatives: e.g., an Office of Advancement for fundraising and alumni relations, a Technology Transfer Office for research commercialization, and a Continuing Education unit for lifelong learning programs. Ensure these units are staffed with professionals (including those with business development expertise, not only academics) and integrate them into the university's governance so they have a voice in resource allocation discussions.
- **Implement Incentive Systems for Faculty and Departments:** Internally, universities should encourage faculty and departments to engage in revenue-generating activities by adopting incentive schemes. For example, allow a percentage of income from consultancies or industry-funded projects to be retained by the faculty/department or shared as bonuses. Recognize and reward entrepreneurial initiatives in promotion and hiring criteria. However, maintain a balanced scorecard so that teaching and research quality are not overshadowed by revenue metrics. The culture shift can be significant, so leadership must communicate that diversifying income is part of fulfilling the academic mission, not separate from it.
- **Forge Partnerships Aggressively:** University leaders should proactively reach out to form long-term partnerships with industry, government agencies, and international organizations. Identify sectors in the local economy that align with academic strengths and propose collaboration (e.g., an agriculture university partnering with agribusiness firms on new crop research – with co-funding). Sign MoUs with corporations for internship pipelines, joint research, or employee training programs – many companies would pay for a steady stream of talent and innovation. Engage with city and regional authorities to position the university as an anchor institution for development, which can attract public contracts or grants for community projects. Also leverage international networks – participate in global research consortia and academic alliances which often come with funding opportunities or capacity-building grants (such as the Pan-African University network or EU-Africa cooperation programs).
- **Digital Transformation for Educational Delivery:** Invest in robust e-learning infrastructure and digital content creation to expand online offerings. A business model could be to launch online degree or certificate programs targeting working adults across Africa, possibly in partnership with established online platforms. By scaling enrollment beyond physical campus limits, these programs can generate additional tuition revenue. The university should ensure quality by training faculty in online pedagogy and using learning analytics to continuously improve. Consider forming a consortium with other African universities to co-develop online courses (sharing costs and revenues) – this spreads risk and builds a wider brand presence.

For Donors, International Organizations & Development Partners:

- **Support Capacity Building in Financial Management and Innovation:** International donors can fund programs that help African universities build the capacity to diversify. For example, provide technical assistance to establish fundraising offices or train university finance officers in endowment management. Sponsor workshops on university-industry engagement, drawing on global best practices. Essentially, help lay the groundwork so that diversification

initiatives can succeed. Some ongoing efforts like the World Bank's ACE (African Centers of Excellence) project include such capacity elements – these should be expanded and replicated.

- **Seed Funding for Innovation and Research:** Multilateral organizations (World Bank, African Development Bank, etc.) and major foundations should consider dedicated challenge funds or matching funds to kick-start diversification projects. For instance, a grant program that awards funds to universities proposing innovative revenue-generating ideas (like a new tech incubator or a regional training center) on a competitive basis. This injects initial capital and reduces the risk for universities to try new models. Over time, as those projects become self-sustaining, the seed fund can withdraw. Such funding should insist on plans for sustainability beyond the grant period (e.g., business plans showing break-even points).
- **Foster Regional Collaboration and Resource Sharing:** Encourage and fund networks of African universities to collaborate on expensive ventures that may be unfeasible alone. This includes research infrastructure (shared labs), joint academic programs (where each university handles a module and they pool students/revenue), and collective bargaining for better deals on technology or content licenses. By acting collectively, universities can reduce costs (which is as good as increasing income in terms of net position). Donors can facilitate consortia formation and provide initial coordination support.
- **Policy Advocacy and Dialogue:** International partners have a role in advocating at the policy level for sustainable higher education financing. Through forums like UNESCO and the African Union, continue to highlight the education financing gap (estimated at \$77 billion annually for Africa's education sector (UNESCO, 2025) and push for commitments such as the 20% of budget to education target (with a significant share to tertiary). At the same time, share global evidence that smart investment in higher education yields high returns for development, making the case to finance ministries that universities are not just cost centers but engines of growth.

For Students and the University Community:

- **Engage in Governance and Accountability:** Students, through unions or councils, should seek representation in financial decision-making forums at universities. Their voice can ensure that diversification initiatives remain aligned with educational quality and access. For example, if a university starts a lucrative program that diverts resources from undergraduate teaching, student representatives can flag this imbalance. An informed student body can also hold management accountable that extra revenues are used transparently – for facility improvements, library resources, etc., which directly benefit learning conditions.
- **Alumni Networks Mobilization:** Current students are future alumni; instilling a culture of giving back can start before graduation. Students can organize crowdfunding for small campus projects (libraries, Wi-Fi upgrades) as a precursor to later alumni fundraising. Once graduated, alumni should be encouraged (and regularly solicited) to contribute expertise, mentorship, and donations. Universities need to maintain connections, but alumni themselves can form chapters that actively support their alma mater's goals, including advocating for it in industry circles (potentially opening partnership doors).
- **Faculty and Staff Development:** The internal community must also adapt; faculty should take advantage of training opportunities in grant writing, IP management, or online teaching offered as part of the diversification strategy. Staff may need to upskill for new roles (like managing incubators or industry liaison offices). Unions and associations should collaborate with management to ensure that incentive schemes are fair and that revenue efforts also translate into better pay or working conditions, creating a positive feedback loop.

The following Impact Matrix (Table 1) summarizes select recommendations with an assessment of their scalability across the sector, governance implications, and monitoring requirements:

Each recommendation above addresses a facet of the diversified income framework, and the matrix helps stakeholders consider implementation factors. For instance, a performance-based funding reform has high scalability but needs robust governance (data and oversight), and its success should be monitored through academic output improvements. On the other hand, alumni fundraising relies more on individual institutional initiative and culture change, which is harder to scale uniformly, but every institution can make progress by tracking alumni engagement indicators.

Closing Thoughts: The journey to financial sustainability in African higher education is a long-term endeavor, requiring persistence, innovation, and collaboration. The next 10–15 years are critical. If the strategies and recommendations detailed here are pursued with commitment, we anticipate an African higher education landscape where universities enjoy greater financial autonomy and flexibility, buffered against shocks by a rich tapestry of funding sources. In that future, a global economic downturn or a technological disruption would be met not with crisis but with agility – universities adjusting their income mix and leveraging new tools to continue their growth. Likewise, African universities

Recommendation	Scalability (Can it be scaled across many institutions?)	Governance Needs (Policies/structures required)	Monitoring and Evaluation (Key Indicators)
Implement performance-based funding and competitive grants at national level.	High – can be adopted system-wide by ministries, adjusting for context.	Strong regulatory framework; data systems to collect performance metrics; autonomy for universities to respond.	Annual performance reports; trends in graduate output, research publications; feedback loops to funding.
Allow universities to retain earnings and create enterprises (legal reform).	High – a legal change can impact all public HEIs similarly.	Amendments to education or finance law; oversight to prevent misuse; capacity in university councils for enterprise management.	% of internally generated revenue (IGR) retained; number of enterprises/startups created; audit outcomes of those entities.
Establish education tax or trust fund (e.g., 1% levy on telecom sector for HE funding).	Medium – depends on economic structure; possible in larger economies, smaller ones may need pooled regional funds.	Legislation for earmarked tax; inter-agency coordination to collect and disburse funds; transparency mechanisms.	Annual funds collected vs. target; impact evaluation on infrastructure and research outputs funded by the scheme.
Universities to launch online programs targeting Pan-African market.	Medium-High – top universities can lead, others can join consortia for reach.	Investment in ICT infrastructure; QA frameworks for online education; cross-border accreditation recognition (policy level).	Enrollment numbers in online programs; revenue from online vs. campus programs; student success and satisfaction rates online.
Strengthen alumni fundraising campaigns and endowment building.	Medium – may vary by institution age and alumni base, but all can improve.	Dedicated alumni offices; financial vehicles for endowment (trusts, foundations); governance to ensure fund use aligns with donor intent.	Growth of endowment principal; annual alumni participation rate (% donating); funds raised per year and utilization reports.
Public-private partnerships for student housing and facilities.	High – many institutions have land & demand; models can replicate widely.	Clear PPP policy; contract management expertise; stakeholder engagement (students in design, community impact).	Number of beds or facilities added; occupancy rates; financial performance of PPP (cost to university vs. projected).
Competitive innovation fund for universities (donor or govt-funded).	High – can be national or regional (benefiting many); drives best practices replication.	Transparent selection criteria; panel with academia/industry; follow-up support to winning proposals.	Outcomes of funded projects (revenue generated, products developed); diffusion of successful models to other institutions.
Faculty incentive program for consulting and research commercialization.	Medium – scalable if HR policies adjusted uniformly, but results may cluster where capacity is higher.	Policy for revenue share; conflict-of-interest guidelines; support in patent filing and business development (perhaps via a tech transfer office network).	Increase in consulting contracts and licensing deals; faculty income diversification (survey); count of spin-off companies established.

could become more active players in the global knowledge economy, attracting investments and talent, rather than being seen as solely aid recipients. Ultimately, rethinking financing is not just about money; it is about reimagining the university's role in society. A sustainably financed university is one that can focus on its core mission: producing the

skilled graduates, research, and innovations that will drive Africa's sustainable development. The framework and actions we propose aim to ensure that mission can be fulfilled, now and into the future.

7. Future Research and Foresight

While this study has broken new ground in synthesizing data and theory for African university financing, it also reveals areas for further inquiry. We outline five future research pathways and foresight scenarios that can guide scholars and policymakers in the next phase of this agenda:

1. **Longitudinal Impact Studies of Diversification Initiatives:** Future research should track universities that implement major diversification reforms over time to evaluate impacts on financial health and academic outcomes. For example, a study could follow a cohort of universities that introduce performance-based funding or major partnerships and compare them to those that do not. Using mixed methods (financial analysis, interviews, academic performance metrics), researchers can assess causality: *Does revenue diversification lead to improved student-to-faculty ratios, research output, graduate employment, etc.?* Longitudinal designs (spanning 5–10 years) would provide robust evidence to refine the hypothesized benefits of diversification. Additionally, case studies on failures (e.g., a diversification attempt that didn't yield results) would be instructive to identify pitfalls. Data for such studies can come from newly established monitoring systems (as recommended above) and from university financial statements (which should be made more transparent and accessible for research purposes).
2. **Optimal Portfolio Modeling & Risk Analysis:** Borrowing concepts from finance, researchers could develop models to determine the “*optimal mix*” of income sources for different types of universities under various constraints. This would involve quantitative modeling, perhaps using techniques like Monte Carlo simulations or scenario analysis. Variables include volatility of each income source, cost of generating that income (e.g., overheads for grant management or online program delivery), and correlation between sources (for instance, government funding and tuition might both fall during a recession). The outcome would be guidance on what proportion of a budget ideally comes from each source to minimize risk and maximize stability. This line of inquiry could produce a university financial resilience index that policymakers and university leaders use to gauge and improve their institution's sustainability. It blends economics, management science, and higher education studies. Such research could be done collaboratively by financial analysts and education experts, and could even employ AI to crunch complex datasets and identify patterns humans might miss.
3. **Technology and Financing Intersections – Experimental Studies:** With technology poised to alter education delivery and finance, researchers should explore specific tech-driven financing mechanisms through pilots and experimental studies. For example, a pilot program using blockchain tokens for scholarship fundraising could be launched: alumni and supporters contribute via buying tokens that are used to fund students, and those tokens carry some privileges or returns. The pilot's design and outcomes (how much is raised, donor engagement, any challenges) would yield insights into viability. Similarly, research can examine AI in cost management: can machine learning optimize university operations (energy use, course scheduling for efficiency) to save money that can be redirected? Each of these tech-finance intersections can be tested on a small scale in a real university setting (with proper ethical oversight), effectively treating the university as a living lab. Results would inform larger-scale adoption. Given the fast pace of tech, this research needs to be iterative – as new tools emerge, assess their use-case in the university financing context.
4. **Geopolitical and Macroeconomic Scenario Planning:** Extending the foresight approach, researchers should craft detailed scenarios for African higher education in 2035 under different global conditions. For instance, consider: *Scenario A: “African Renaissance”* – characterized by robust African economic growth (e.g., AfCFTA free trade success, political stability), increased government investment in education, and high technology adoption; *Scenario B: “Global Turbulence”* – repeated global recessions, reduced foreign aid, climate crises causing economic strain; *Scenario C: “Tech Leapfrogging”* – moderate economy but huge leaps in digital connectivity allow African universities to educate millions virtually, including global students. For each scenario, qualitative narratives and quantitative projections (like enrollment numbers, funding levels, skills needs) should be developed. These scenarios will help universities and governments stress-test their strategies. If a strategy only works in the optimistic scenario but fails in the turbulent one, it may need adjustment. Conversely, strategies that are robust across all scenarios (no-regrets moves) should be prioritized. Engaging futurists and using methodologies like the Delphi method (surveying experts for consensus on future likelihoods) can enrich this research. The outcome would be a set of policy recommendations tailored to different future contexts, ensuring plans made today are future-proof to the extent possible.

5. Data Systems and Metrics for Higher Education Finance: A somewhat more technical but crucial research area is improving data collection and metrics. Many gaps we encountered (like lack of detailed breakdowns of university incomes, or differing definitions) suggest the need for a more standardized approach to data on higher education financing. Researchers and educational statisticians could work with bodies like UNESCO UIS and national agencies to design better indicators – for example, a composite “Diversification Index” for each university or country, or metrics on return-on-investment (ROI) of higher education (linking funding to economic outcomes). The development of such metrics, followed by their pilot testing in select countries, would allow more rigorous tracking of progress. Furthermore, research into accountability and governance metrics (e.g., an index of university financial transparency or a governance score measuring stakeholder involvement in budgeting) can correlate these with financial performance. Over the next decade, as more data becomes digitized, employing big data analytics on education finance (perhaps merging education data with labor market data) could unveil insights on efficiency and impact that currently elude us. This line of research supports evidence-based policymaking – ensuring that as new financing models are adopted, they are accompanied by data to evaluate success and make adjustments.

In anticipating the future, it’s clear that flexibility and continuous learning will be vital. The scenarios noted above imply that African higher education must be ready for a range of possible futures:

- In a *best-case scenario* of economic growth and tech advancement, the challenge will be managing rapid expansion and ensuring that higher education fuels inclusive development. Financing strategies could focus on building endowments in good times and expanding access aggressively (so as not to leave behind the poor in a rising tide). Universities might flourish as innovation hubs and could even start exporting education at scale (making Africa a global provider of online education, for instance).
- In a *challenging scenario* of economic stagnation or decline, diversification becomes even more critical – universities might lean heavily on low-cost online delivery to cut expenses, seek emergency support from alumni and diaspora, and form tighter networks to survive. Policy might need to intervene more strongly to protect access (perhaps by subsidizing private institutions or consolidating resources).
- In a *technologically transformed scenario*, traditional university models might be disrupted by new credentialing systems (e.g., tech companies offering their own education programs). African universities would need to adapt by focusing on the unique value they offer (such as holistic education, critical thinking, local problem orientation) and possibly collaborate with those tech educators rather than compete. Financing could involve models we haven’t seen yet, like revenue-sharing with technology firms that use university content or facilities.

Through foresight exercises, stakeholders can navigate these uncertain waters. We recommend that forums like the African Research Universities Alliance (ARUA) or the Association of African Universities (AAU) facilitate regular scenario planning workshops and share outcomes widely. Engaging government foresight units (some countries have planning departments looking at 2040 or 2050 scenarios) will ensure alignment of higher education strategy with national development futures.

Data/Methodology Guidance: Each research pathway above carries methodological implications. Longitudinal studies will require strong monitoring and evaluation frameworks to be embedded now (so baseline data exists). Optimal portfolio modeling needs interdisciplinary skill sets – bringing financial economists into higher education research. Tech experiments require a sandbox approach and agile, iterative evaluation. Scenario planning calls for cross-sector collaboration (economists, demographers, technologists, educators in one room). We encourage donors and research funding agencies to fund these kinds of studies, as they often fall through the cracks of traditional disciplinary research funding.

In closing, the foresight and research directions outlined emphasize that *university financing in Africa is dynamic*. The next 10–15 years will likely bring surprises – some positive, some negative. By staying proactive in research and adaptable in strategy, African higher education systems can turn whatever scenario emerges into an opportunity for sustainable growth. Continuous research will be the compass that helps navigate the complexity, ensuring that financing models evolve in tandem with economic realities, technological innovation, and the aspirations of Africa’s youth.

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