THE IMPACT OF STRUCTURAL ADJUSTMENT PROGRAMMES (SAPs) ON EDUCATION IN KENYA

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Abstract
Since the 1980s, Kenya has had to undertake macroeconomic adjustment programs under the supervision of the International Monetary Fund (IMF) and the World Bank (WB); this was to enable the country to overcome its economic difficulties. This paper examines the impact that these macroeconomic adjustment programs have had on the educational system in Kenya. Macroeconomic policy measures, such as devaluation, reduced government expenditure, increased taxation and interest rates, the introduction of user fees, and wages restraint, are expected to affect the education sector both directly and indirectly. The impact leads to reduced enrolment in the education system. During period while Kenya was implementing these policies, reduction in student enrolment was witnessed at all levels of the education system. The paper discusses the general structural adjustment policies, followed by a discussion of Kenya's experience with these policies and their impact on the education system and finally paper ends with recommendations and conclusions.

INTRODUCTION

Kenya started the 1980s with many more favourable economic features than most other Sub-Saharan Africa countries. For example, public and private investment in human capital formation yielded education and health indicators well above the average for Sub-Saharan Africa. Primary enrollment was not far from universal (Swamy; 1994: 196). The structure and dynamism of the economy in the late 1970s evolved out of the favourable policy environment of the past. But economic management deteriorated in the late 1970s, which resulted in the intensification or emergence of a number of major distortions. During the 1980s progress was measurable and significant in only a few areas, and the economy's momentum of the first two decades of independence slowed considerably (Swamy, 1994: 193).

Kenya, like many other developing countries, suffered from the economic crises of the mid-1970s and early 1980s. International economic events have had strong impact on Kenya's economy. The sources of the economic turmoil included fluctuations in coffee prices and a rapid increase in oil prices. The first oil price shock was in 1972-75 and the second one at the beginning of the 1980s (1979-1980). There was a coffee boom in late 1970s (1976 and 1977). Other sources of problems were the collapse of the East African Community in 1977, which contracted the market for Kenyan manufactured goods; and the drought of 1984 and subsequent years that greatly affected the agricultural sector (Development Plan; 1994 - 1996: 1-2).

Since the end of 1980s and the beginning of the 1990s the Kenyan economy has been subjected to a high degree of instability stemming from both external and domestic sources. Therefore, Kenya has had to undertake macroeconomic adjustment programs under the supervision of the International Monetary

Fund (IMF) and the World Bank (WB); this was to enable the country to overcome its economic difficulties. This paper examines the impact that these macroeconomic adjustment programs have had on the educational system in Kenya. Macroeconomic policy measures, such as devaluation, reduced government expenditure, increased taxation and interest rates, the introduction of user fees, and wages restraint, are expected to affect the education sector both directly and indirectly.

STRUCTURAL ADJUSTMENT POLICIES IN GENERAL

Structural adjustment is the process of deliberately adjusting or changing the structure and organization of the economy to mitigate the effects of negative shocks or to take advantage of new opportunities or challenges. The general aim of structural adjustment is to more effectively and efficiently achieve the objectives of economic development, that is, economic growth, poverty alleviation, productive employment, social services provision (housing, health, education, transport) and environmental protection. The need for structural adjustment derives from external shocks (e.g.; oil price increases, world recession); weakness in the structure of the economy (e.g.; dependence on single crop/ service, inappropriate institutions); or flaws in domestic economic policies (e.g. expansionary fiscal policies, excessive external borrowing) (Downes; l993: 520).

Structural adjustment consists of two basic components; first, a stabilization component where defensive short-run macro-economic adjustment policies (monetary, fiscal, trade and incomes policies) are used to counteract negative shocks. Secondly, a developmental component that involves long-term changes in the operation of the economy, that is, policy reform, institutional changes, and production reorientation. These two components are not mutually exclusive since short run macroeconomic policies can have an effect on the long-run performance of the economy The stabilization program is largely demand-side driven with the central aim being the reduction of effective aggregate demand via expenditure switching and expenditure reducing policies. The IMF is usually at the forefront of the stabilization program that involves fiscal restraint (reduction in government expenditure and increases in taxation); tight monetary policy (increases in interest rates, reduction in domestic credit); the introduction of user charges for social services; exchange rate adjustment (usually a devaluation) and tight monetary policy based on a wage reduction or wage freeze.

The structural reform program is supply-side driven and is generally associated with WB lending. The central aim of this reform program is the provision of a new institutional and policy framework to enhance economic growth and development via private sector direct investment. The underlying assumption of the reform program is that the private sector can more effectively and efficiently undertake a range of activities currently provided by the public sector. The reform package usually involves tax reform, trade and tariff reform to increase competitiveness and productivity in the export-oriented sectors, financial liberalization to promote savings and investment, privatization of public operations via outright sale or contracting out, deregulation of the economy to reduce the transactions and administrative costs of doing business, public sector reform, and the creation and strengthening of institutions to service the private sector. (Downes; l993: 520).

The IMF and World Bank "Structural adjustments programmes" link loans, needed by African countries to offset persistent deficits and for limited development expenditures, to the re-introduction of competitive market forces. The typical IMF package includes government measures to:

- Reduce budget deficits by laying off workers and reducing welfare expenditures;
- Freeze wage;
- Lower taxes on higher income recipients (assumed to be potential investors) while raising those on lower income groups;
- Increase interest rates to reduce domestic borrowing;
- Eliminate foreign exchange controls and import licensing to foster increased competition from imported goods;
- Privatize public enterprises; and
- Devaluate the national currency to lower real costs and prices to sell more exports

In the l980s, the World Bank introduced Structural Adjustment Programs (SAPs) aimed at longer term restructuring of African economies along parallel lines. It required African governments to adopt reforms to:

- Expand their activities less rapidly, even in traditional public sector areas, except where they serve private investors; wherever possible, substitute user fees for universal free access to social services; replace parastatal activity by private entrepreneurs especially in directly productive spheres;
- Encourage increased agricultural exports to increase peasant earnings and foreign exchange;
  - Where possible expand industrial exports; and
  - Remove trade restrictions which hinders integration into the World market on the basis of comparative advantage;
- Train more middle and high-level personnel, encourage more financial reports and statistical data to facilitate monitoring of performance and preparation of new policies; and
- Set consistent priorities, policies and programs, and coordinate implementation and review. In this context the Bank urges donor countries to multiply concessional financial flows, linking them, not to particular projects, but to these kinds of overall structural reforms.

Given more time, members of the two financing institutions stress the fact that the programs are inevitable because these reforms will lead to improved efficiency and eventually to higher living standards. (Seidman and Anang; l992: 27). However, their economic efficiency, political practicability and social compatibility are subject to debate.

The recent interest in structural adjustment has been kindled by the lending activities of international financial institutions, such as the IMF and the WB, in a number of developing countries which have been experiencing severe economic problems. Structural Adjustment Programs have been adopted by Kenya since the late 1980s along IMF-WB lines in order to solve the problems of growing foreign debt, fiscal and balance of payments (BOP) deficits, shortage of foreign exchange, stagnant productive sectors (especially the export-oriented sectors), and rising levels of unemployment.

The general set of policies associated with the IMF-WB model of structural adjustment are outlined in table 1 shown below.

TABLE l: IMF-WB STRUCTURAL ADJUSTMENT POLICIES

l. IMF ADJUSTMENT POLICIES

a. Monetary Restraint: to reduce the growth of domestic absorption (demand) and the rate of inflation (e.g. credit ceilings to government and private sector).

b. Interest Rate Policies: set at positive real levels to encourage domestic savings and promote investment.

c. Reduction in the Fiscal Deficit: cuts in government expenditure and/or increases in taxation to reduce aggregate demand.

d. Exchange Rate Action: to ensure a real exchange rate that would improve international competitiveness and create the incentive to expand the production of exports (e.g. devaluation).

e. Reduction in External Debt: to achieve a Debt sustainable level of foreign borrowing and avoiding a debt crisis.

f. Structural Reforms: financial sector reforms, producer-pricing policies, trade liberalization tax reforms, etc to make the economy more flexible and efficient.

2. WB ADJUSTMENT POLICIES

a. Trade Policy: removal of import quotas; cut in tariffs; improve export incentives.

b. Resource Mobilization: tax and budget reform; interest rate policy reform; strengthening external debt management; improve financial performance of public enterprises.

c. Efficient Use of Resources: revise public sector investment priorities; raise agricultural prices; reduce state intervention; reduce or eliminate agricultural input subsidies; raise energy prices; revise industry incentive system

d. Institutional Reform: Remove price Controls; strengthen Capacity to formulate and implement public investment programs; increase the efficiency of public enterprises

(Frenkel and Khan (l990); and Mosley (l99l).

STRUCTURAL ADJUSTMENT: THE KENYAN EXPERIENCE

Since independence in 1963, Kenya's economic development was based on the state control of the economy. The government pursued the so called African socialism which involved the nationalization of key sectors of the economy; the regulation of trade, prices, and finance, and the social provision of housing (to public servants), education and health.

Since the early 1980s the Kenyan economy has been subjected to a number of external shocks - oil prices increases 1972-75 and 1980 and subsequent years in the 1990s, recession in the world economy, reduction in export earnings, high foreign interest rates - along with a rapid expansion of government expenditure which has forced it to undertake some kind of economic adjustment. These shocks created financial imbalances and are manifested in twin deficits in both BOP and public sector accounts (see various Kenya's economic surveys of the years 1985 -1999).

Since the middle of the 1980s Kenya has been engaged in a structural adjustment process along IMF-WB lines. This is because it is faced with unsuitable fiscal and BOP deficits and a rapid growth in external debt (Swamy; 1994). This was caused by the recession of late 1970s and the deterioration in the commodity terms of trade.

Although severe structural distortions were building throughout the 1970s, the critical trigger point was the financial imbalances created by the terms of trade shocks and by fiscal indiscipline. The country first sort out the IMF assistance, as it had to on two occasions since 1975. The first adjustment attempt was between 1980-84 and the second period of adjustment was between 1985 -91. Despite the fact that reform under the first structural adjustment loan was proceeding more slowly than planned, the second structural adjustment loan was ambitious - picking up the largely unfinished agenda on trade reform and addressing reforms in grain marketing, interest rates, energy, and even family planning (Swamy; 1994: 200).

The economy stabilized between 1982 and 1984 (at the expense of growth and consumption), although little or no progress was made toward structural adjustment. The unsatisfactory implementation led to a pause in adjustment lending, and nearly four years passed before another attempt. Given the limited implementation capacity of the government, and in the hopes of building great consensus, it was decided that adjustment should proceed on a sectoral basis with support from the World Bank, with the IMF monitoring the macroeconomic balances. Accordingly, adjustment programs were developed in agriculture (supported by two sector loans in 1986 and 1990), industry (1988) the financial sector (1989), export development (1990), and education (1991) (Swamy; 1994: 193-200).

The economic liberalization of the Kenyan economy has involved the design of a reform program aimed at stimulating private sector investment. This, it is assumed will consequently foster economic growth and strengthen the government's financial position. The reform program has involved the liberalization of import licensing, reduction in the protection given to the industrial sector, tariff reform whereby tariffs were lowered significantly; comprehensive tax reform program which sought primarily to simplify the tax structure, lower high tax rates that may encourage evasion and discourage investment, and strengthen tax administration; and control of government expenditure via retrenchment, removal of subsidies to public enterprises and divestment of state corporations (parastatals) (Swamy; 1994: 200 – 203).

It is argued that privatization will encourage the efficient allocation and use of resources. Other adjustment measures have involved elimination of price controls on a number of commodities and the introduction of user charges in the social sectors of education and health; and programs have been designed to increase the foreign exchange earning capacity via private sector development e.g. the Export processing Zone (EPZ) in Athiriver.

In general, the program of economic liberalization of the Kenyan economy has met with moderate success to date. However, inflation and interest rates and unemployment still have remained considerably high. The export agricultural sector has responded positively to the economic measures undertaken in the recent years. However, the balance of payment position still remains a concern for the Kenya Government.

STRUCTURAL ADJUSTMENT POLICIES AND THE EDUCATION SECTOR IN KENYA

Information available in government publications shows that Kenya's education indicators are some of the best in Africa. Some of these indicators are; a 90 per cent primary school enrollment rate, an enrollment rate of 48 per cent among females and an adult literacy rate of 60 per cent for males and 40 per cent for females (Economic surveys, various issues and National Development Plans). Public expenditures on education are also among the highest in Africa - at 6 per cent GDP. Some 57 per cent of public recurrent expenditures go to primary education; the spirit of "Harambee" which means "Let's pull together", has brought parents into the funding fold they bear 56 and 73 per cent shares of the capital (and some recurring) cost of education at the primary and secondary school levels respectively (Swamy; l994: 226).

In February 2000 the Ministry of Education announced new higher fees guidelines to be paid by students in secondary schools. These new fees guidelines are shown in tables 2 and 3 given below.

Table 2: National Schools Fees Guidelines: A comparison (amount in Kshs) per year.

Item	**MOE fees**	**What one school levies**
Tuition	3,500	3,800
Boarding	9,000	15,000
Repairs, Maintenance& Improvement	1,200	1,500
Electricity, Water & Conservancy	1,200	2,000
Local travel & Transport	900	1,200
Contigencies	700	1,300
Activity	1,000	1,000

Medical	500	600
Salary for BOG employees	4,500	4,700
Insurance cover		400
PTA funds		700
Laundry		700
Computer Projects		1,000
Sundry Creditors		4,000
Electricity		2,100
Total	**22,500**	**40,000**

Table 3: Other Schools Fees Guidelines: -Provincial and Day Schools amount in Kshs) per year.

Item	**Boarding Schools**	**Day Schools**
Tuition	3,500	3,500
Boarding	7,000	-
Repairs, Maintenance& Improvement	600	300
Electricity, Water & Conservancy	800	300
Local travel & Transport	800	400
Contingencies	600	275

Activity	700	275
Medical	250	125
Salary for BOG employees	3,000	1,500
Total	17,250	6,850

Source: Ministry of Education.

Before the introduction of the new fees guidelines, most national and provincial boarding schools were charging between Kshs.30, 000 and Kshs. 50,000 annually, three times the recommended Kshs. 15,000 and Kshs.13, 500 respectively; excluding project fees. In a few cases, the high school fees result from poor management and embezzlement of schools funds by heads as highlighted in audit reports by the Efficiency Monitoring Unit. With the new guidelines, the schools will be allowed to charge extra Kshs. 2,000 for development projects approved by the District Education Boards and another Kshs.500 for caution money. The minister for education instructed that new projects in schools should be undertaken after consultation with parents and the ministry. He said that taxpayers should not be burdened with costs for facilities that were not crucial for teaching. The guidelines are silent on uniform costs, which average about Kshs.4, 000 per student The ministry of education guidelines show that 85% of the fees charged go into boarding and other non- tuition expenses, which raises the questions about school priorities. Out of the Kshs. 22,500, only Kshs. 3,500 or 15 % of these expenses will go into actual tuition costs like buying books and laboratory equipment. Most of the money is taken up by boarding expenses and salaries of non - teaching staff (Board of Governors employees).

Despite the additional funds from parental sources, public expenditure on education has grown as a share of National Recurrent Budget (see Table 4) and comprised 37 per cent of the budget by the l993/94 financial year. Public recurrent expenditure financed primarily teacher salaries (at the primary school level), due to their large numbers (see Appendix l). This left little funds available for non-wage operational and maintenance expenditure, hence the low figures for Development Expenditure (see Appendix 2). This has caused an upward, pressure on the central government's recurrent expenditure on education (see Table5).

Table 4: Share of Recurrent Education Expenditure in the National Recurrent Budget. (Ksh. '000) l985/86 - l995/96

	1 Education Recurrent expenditure	2 Growth Rate (%)	3 National/Recurrent Budget	4 Growth Rate (%)	5 1 as % of 3
l985/86	5,926,843	33.8	16, 529,646	11.5	35.9
1986/87	6,760,134	14.0	18,593,876	12.5	36.4
l987/88	7,7l1, 678	14.l	23,338,l93	25.5	33.0
l988/89	9,08l, 167	l7.8	29,955,940	28.4	30.3
l989/90	9,750,200	7.4	26,208,036	L2.5	37.2
l990/9l	Ll, 238,063	15.3	29,89l, 769	14.l	37.6
l99l/92	12,344,148	9.8	33,484,l59	12.0	36.9
l992/93	14,477,804	l7.3	39,273,724	l7.3	36.9
l993/94	L8, 824,075	30.0	50,826,877	29.4	37.0
l994/95	25,67l, 424	36.4	68,242,88l	34.3	37.6
l995/96	27,222,780	6.0	77,894,442	14.1	34.9

Source: Kenya Government Printed Estimates l985/86 - l995/96

The table 4 above shows that the growth rate of education's recurrent expenditure has been erratic; that is, changing from year to year. The largest growth rate was experienced in the year 1993/94 and the largest decline was experienced in the 1995/96. Further, the proportion of education recurrent expenditure as a percentage of the national recurrent budget has been changing in the period under discussion. But lately has declined to 34.9% in 1995/96. The implications of these changes is that provision of educational facilities has declined or parents have to pay more and for those who cannot afford their children have to drop out school.

Table 5:Ministry of Education Expenditure: l985/86 - l994/95 (K Million Pounds)

YEAR	Recurrent Expenditure	Development Expenditure	Total
l985/86	295.44	11.12	306.56
l986/87	336.27	21.l4	357.4l
l987/88	404.02	23.41	427.43
l988/89	450.28	36.76	487.04
l989/90	521.l7	59.56	580.73
l990/9l	582.12	63.23	645.35
l99l/92	625.38	55.82	68l.20
l992/93	730.88	66.39	797.27
l993/94	935.40	54.62	990.02
l994/95	1305.42	124.75	l,430.l7
l995/96	l,36l.47	123.49	1484.9

Source: Kenya Government Printed Estimates l985/86 - l995/96

In the last few years, the number of public universities increased from one to five. Higher education in public universities enrolls a small number of students compared to other levels of the educational system. (See Table 6). Yet this sub sector has continued to take the largest share of the funds allocated to development expenditure (see Appendix 2) and a reasonably high proportion of the recurrent expenditure (see Appendix l) throughout the period under discussion (l985/86 -l995/96). Until recently a large percentage of university spending went for student boarding and other allowances. Recent structural changes that made admission easier, and the fact that cost- sharing is substantially lower than in secondary education, contributed to a very high private demand for university education in Kenya. Hence the high enrollments in late l980s and early l990s. (See Table 6).

Table 6: Kenya Students enrollment at Public Universities; 1986/87 -1997/98

Fields	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	1997/98
Under graduates	8,593	15,051	20,046	24,164	36,691	38,836	38,604	37,019	37,694	40,131	36,188	33,894
Post graduates	1,236	1,291	1,292	1,598	1,580	1,726	1,606	1,652	2,107	2,129	1,764	2,559
Other e.g. Diploma	59	83	1,800	1,532	1,160	1,112	986	572	1,267	1,549	1,395	551
Total	9,888	16,425	23,138	27,294	39,431	46,674	41,196	39,243	41,068	43,909	39,347	37,004

Source: Statistical Abstracts; various Issues

It is widely recognized that human resource development is integral to the overall development process. As part of the national development programs, the Kenya Government has placed particular emphasis on the development of the education sector. For example, the guiding philosophy underlying the development of the educational system in Kenya is that;

"In general, the education system should aim at producing individuals who are properly socialized and who possess the necessary knowledge, skills, attitudes and values to enable them to participate positively in nation - building". (Development Plan; l989-93: 2l0-2ll).

The educational system is therefore expected to provide for the preparation and training of skilled human resources to manage the economy, to facilitate by means of trained personnel, the generation and advancement of knowledge in pure and applied fields, and to perform consciousness - raising function of the social, cultural, political and physical environment.

One of the World Bank's (l988) major recommendations on education in Sub-Saharan Africa was to introduce cost sharing. As stated in Sessional Paper No.l of l986 on Economic Management for Renewed Growth, the Kenya Government has decided to gradually reduce the share of the Ministry of education in the national budget. This reduction is to be achieved through increased cost sharing between the Government and the community. Increased cost sharing in education will have two major impacts on Government revenues. First, it will provide financial relief on the overall national budget.

Reduction of expenditure on education, assuming that no substantial growth of expenditure occurs in other sectors, will reduce the budget deficit. Secondly, it will make it possible for the Government to provide additional educational and other services to other needy areas (Maina; l989: lll).
Among the social sectors hardest hit by economic stringency is education. That, too, has serious implications for the development of a country: people who are illiterate or ill - educated cannot participate effectively in development process. Yet rationalization of public sector expenditure has meant increased fees and cost sharing, which many families are finding it difficult to afford. The link between education and development was argued during the World Conference on Education for all, convened by UNESCO and held at Jomtiem, Thailand, in l990, where it was pointed out:

"... that human development must be at the core of any development process; that in times of economic adjustment and austerity, services for the poor have to be protected; that education - the empowerment of individuals through the provision of learning - is truly a human right and social responsibility" (UNESCO, 1990).

Economists have long recognized the role which education plays in the economic development process. Recent research on the relationship between education (i.e. human capital investment and development has found a strong link between the level of educational achievement in different countries and productivity growth. Countries with a high level of educational achievement tend to absorb new technology more quickly and hence grow more rapidly. The quality of a country's education is also important in determining the pace of innovation (see Economist, January 11, 1992 and September 12, 1992).
The drive to provide universal primary education, to meet the rising demand for skilled man-power and the importance of the political capital to be gained from meeting the social demand for education has made educational spending a high priority in the budget of the Kenya government. Between 1985/86 and 1995/96, Kenya government spend between 35.9% and 37.6% of her total recurrent budget in the education sector (see Table 4).
The provision of resources for the education sector could come via the state and/or private sector. However, in Kenya the state has been the main provider of financing for education since 1963 - the year of independence. Given the limited resources available to the Kenya government, it has had to borrow funds from international financial institutions in order to expand the educational system. For example, a major source of funds for educational projects has been the World Bank. Particularly funding of the construction of more teacher training colleges and also funds to public universities.
The adverse macroeconomic environment and the attendant policies adopted to overcome the economic problems facing the country have put pressure on the ability of the tax payer to foot the bill for education and other social services. Education budget has been unable to keep the pace with rising educational costs and student numbers. There is, therefore, a need to rationalize the public resources devoted to education.
Structural adjustment policies adopted by the Kenya Government have both a direct and an indirect effect on the educational system. The effects of the policies also raise issues of efficiency, equity and flexibility in the provision of education. Adjustment policy measures affect the education sector via changes in the macro economy. (e.g. via reduction in government expenditure, cost recovery systems)

and also through changes in the micro economy (i.e. increased prices and taxes and reduced disposable incomes). As Noss (1991) notes, the effects of structural adjustment policies depends on the initial conditions of the education sector, the nature and implementation of the adjustment program and the extent to which the adverse effects of short-run stabilization policies can be reversed.

In a review of the impact of structural adjustment policies on the education system across countries, Noss (1991) reached the following conclusions:

(i) Public education expenditures and gross primary enrollment rates are negatively associated with WB adjustment lending;

(ii) Using the female to male primary enrollment rate as an indicator of equity, adjustment policies did not affect equity. Female enrollment rates continued to approach male rates during the adjustment period;

(iii) Reliable evidence on the effects of adjustment policies (vis-à-vis external hocks, poor policies, etc) on the educational system is limited;

(iv) There is a causal link between adjustment and education but the nature of the link varies and in most cases is poorly understood. There is a greater need to understand the dynamics of the process rather than the comparative statistics.

Available information for examining the effects of adjustment policies on the educational system in Kenya shows that the impact of structural adjustment policies has been negative in a number of levels. The IMF-WB assistance in Kenya in the last few years is one of "retrenchment and reversals":

l. the policy of free university and college education was reversed with the introduction of fees in l99l.

2. Fees in secondary school has been increasing in the last few years. Since user fees for social-services (health and education) are regarded as "regressive", poor parents are finding it difficult to send their children to schools.

3. Teacher - pupils ratio increased; particularly at university level.

4. Education share of government recurrent expenditure had fallen from 35.9% in l985/86 to 34.9% in l995/96.

5. Many schools have fallen into a state of disrepair due to lack of maintenance; furniture, supplies, and equipment are lacking.

6. Teacher's salaries have declined dramatically in real terms due to the rapid rate of inflation.

7. There has been no recruitment of new teachers since 1997.

To emphasize further the decline of the educational system in Kenya, one needs to look the decline in real expenditure on education. (**see Tables 2 and 3).** In this regard, therefore, since human resource development is important to the economic development of Kenya, the government must re-examine its educational system to make it more responsive to the development effort and also more resilient to structural adjustment policies.

Although it may be too early to quantitatively determine the effects of structural Adjustment Programs (SAPs) on the educational system in Kenya, there is evidence that the SAPs being implemented by the Kenya Government have, in the absence of social safety nets exacerbated the crisis in the education sector. The experience of Kenya with SAPs points to the adverse effects of reduced government expenditure and an increase of user fees on the education system. Data available shows that there has been significant reduction of the budgetary allocation to education. (see Appendix l and 2). An examination of the l99l/92 and l992/93 estimates of expenditure indicates that the budget allocation for education has been cut significantly for central administration and pre-primary and primary education. The budgetary allocations for tertiary and technical and vocational education have been increased slightly (see Appendix l and 2). It should noted, however, these cuts in expenditure are based on current price estimates and may not necessarily reflect the real value of the expenditure change.

One can gauge the likely impact of the expenditure cuts. Since the bulk of the expenditure on education consists of wages and salaries due to its labour intensive nature, the cutback in public spending, occasioned by laying off temporary teachers and early retirement and the stoppage of recruitment of new teachers would affect the number of teachers available for the school system. It is expected that the pupils - teacher ratio would increase from the current levels both at the primary level and secondary school levels. The reduction in the provision for teacher training can also result in the shortage of teachers in the medium term.

With the reduction in the budget allocation to certain sections of the education sector, it is expected that there will be a slight decline in the quantity and quality of the education service in the near future. This will be orchestrated by the following: higher pupil - teacher ratios especially at the primary school level; reduced availability of materials and equipment; and some decline in teachers' morale, due to the decline in their standard of living caused by a reduction of their real wage due to high inflation rate. The lack of funds for maintenance and the purchase of furniture and equipment has resulted in the deterioration of the school plant. Many schools in Kenya have been faced with a shortage of furniture and equipment for a number of years, so that the reduction in financial resources for education has only aggravated the situation in some schools. This means that in the medium and long term the quality of the output of the school system is likely to decline.

Another element of SAPs on the education sector has been the introduction of user fees at the university level and increase of fees paid by secondary school

Students. (See tables 2, 3 given earlier and table 7 below).

Table 7; University fees in Kenya

ITEM	AMOUNT IN Kshs.
l. Tuition	l6,000/- per year
2. Accommodation	7,000/- per year
3. Catering (cost of meals) Pay-As-You-Eats Cafeteria	l8.000/- per year
4. Book Allowance (Books and Stationary)	9,000/- per year
SUB -TOTAL	**50,000/- per year**
5. Medical Fees	l,500/- per year

6. Registration Fees	l00/- per 1st years
7. Students' ID card	l00/-per year
8. Caution money	l,000/- for lst years
9. Examination fees	l,200/- per year
l0.Activity Fees	500/- per year
SUB-TOTAL	**4,400/-**
GRAND TOTAL	**54,400/-**

Source: University of Nairobi.

The Higher Education Loans Board (H.E.L.B) advances loans to students who are unable to pay the fees. However, the maximum loan available to a student is Ksh. 2,000 per year. This means a student joining the Public Universities who gets the maximum amount of loan has to pay Ksh 12,400 per year. Those who receive no loan at all are supposed to pay the full amount tabulated in Table 5. Those who receive part of the loan are supposed to pay the difference. Many parents are finding it difficult to pay the direct charges that are not covered by the loan. In this regard the Government should reconsider awarding loans to meet all the expenses by the needy students. Otherwise, many students from the poor families may have to drop out from the universities.

In addition to paying fees, there has been a reduction in the students' allowances in public universities. The increases in school fees and user charges for university education can result in a decline in school attendance. This is because the low income and unemployed parents would be unable to meet the cost of sending their children to school. Data given in Tables **4,6, and 7)** indicates that, in Kenya, there has been a considerable decline in enrollment at all levels of the education system. In 1995, total enrollment in primary school dropped marginally from 5.56 million in 1994 to 5.55 million in 1995. This could partially be explained by the introduction of user fees at university level and increase of fees paid at secondary school. It should be noted that although direct fees has been abolished at the primary school level, the parents are paying indirectly for their children e.g. to purchase books construction of buildings, activity fees, etc. These, in some schools are so high beyond the low-income earners.

Table 6:Kenya Primary School Enrolment 1985-l998 ('000)

YEAR	BOYS	GIRLS	TOTAL
l985	2,434.9	2,267.5	4,702.4
l986	2,512.6	2,330.9	4,843.5
l987	2,604.0	2,427.4	5,031.4
l988	2,638.5	2,485.1	5,123.6
l989	2,766.0	2,623.3	5,389.3
l990	2,766.3	2,626.0	5,392.3
l99l	2,797.l	2,659.0	5,456.l
l992	2,806.8	2,723.4	5,430.2
l993	2,76l.l	2,667.5	5,428.6
l994	2,8l4.8	2,742.0	5,556.8
1995	2,802.3	2,734.1	5,536.4
1996	2,843.4	2,754.3	5,597.7
1997	2,880.2	2,797.1	5,677.3
1998	2,994.5	2,925.1	5,919.6

Source: Economic Surveys; Various Issues l985 - l998

Table7: Kenya Secondary School Enrolment 1985 - 1998

YEAR	MALE	FEMALE	TOTAL
1985	270,033	167,174	437,207
1986	269,318	189,394	458,712
1987	308,044	214,217	522,261
1988	318,001	222,191	540,192
1989	383,135	257,600	640,735
1990	353,695	264,766	618,461
1991	345,788	268,373	614,161
1992	355,079	266,364	621,443
1993	295,196	236,146	531,342
1994	336,439	283,400	619,83
1995	341,807	290,581	632,388
1996	352,926	305,327	658,253
1997	363,848	323,625	687,473
1998	373,440	327,098	700,538

Source: Economic Surveys various Issues: 1985-1998

The table above shows that although there has been a considerable decline in enrollment from 1989, there was a notable rise in enrollment of 2.0 percent from 619,839 in 1994 to 632,388 in 1995.

The experience of Kenya with SAPs indicates that they have had a negative, impact on the educational system. Reductions in government expenditure and increases in user fees have reduced the demand for both public and private education as indicated by the decline in enrollment at the primary, secondary and university levels of education. **(See Tables 4,6, and 7).**

RECOMMENDATIONS

The adverse effects which structural adjustment policies have had on the educational system and other social services have forced the WB to reconsider some of its policies. As NOSS (l99l) notes, the recent years, more attention has been paid to the education sector via sectoral adjustment loans (SECALS). The WB and other financial Institutions are becoming aware that destroying the human capital of a country impairs the long-term economic development which their policies are seeking to achieve. Both the government and the financial institutions should assess priorities in education provision with respect to the problems of sustainability and affordability. With the increase in demand for education and the increasing costs of its provision, the government must establish priorities for public educational provision given the restrictive budget. Limited resources must be carefully managed in order to maximize the benefits derived from their use. Kenya government needs to ensure that in adopting the SAPs the educational system, the human resource development programs of the country is not impaired since this can result in long-run economic stagnation.

In the rationalization process, the following criteria can be applied; efficiency (both internal and external) and equity and flexibility. Internal efficiency refers to how the educational institution educates its pupils and turns out graduates. Using cost-effectiveness analysis, differential cost are compared for producing the same output. External efficiency is concerned with how the graduates of the system fit into the socio-economic system in relation to the resource used in the educational system. Equity of access and opportunity in the education sector has an influence on the degree of social and occupational mobility and the structure and earnings in the labour market. A flexible educational system can respond quickly to the technological changes taking place in the economy by providing the necessary human resources. Developing countries, such as Kenya, must have flexible educational systems. This should incorporate new teaching methods, curriculum changes, new teaching aids etc if they are not to be relegated to the backlands of international economic activity.

In allocating scarce financial resources, the following decisions must be made:

i. How much of the resources should go to the education sector vis-à-vis other sectors of the economy;
ii. How much of the resources should be devoted to different levels of education, primary, secondary, and tertiary;
iii. How much should be allocated to academic/ general education versus vocational/technical education;
iv. How should shortfalls be financed is it by increased taxation, private provision, or user fees to recover cost.

In the context of Kenyan education system the following recommendations are made:

i . Parents seem to be overburdened, particularly at the primary school level where they have to pay a lot in form of indirect fees. Hence the need to review and standardize the indirect charges at the primary school level. There is need to continue financing of education especially Primary and Secondary education by the government in order to develop the human resource base of the country.

ii. Partial funding of tertiary (especially university and college) education. Since the universities engage in teaching, research and public service activities, students should asked to finance part of their university education. Given the relatively high unit costs of providing tertiary education, the government should only contribute to the capital and research cost of these institutions. Payments by students can bring greater efficiency and effectiveness in the university system.

iii. The provision of loans, scholarships, and bursaries, especially for the needy and good performers.

iv. There is need to balance expenditure on teachers salaries and expenditure on maintenance of buildings and equipment, books and teaching supplies. Teachers' salaries generally form the bulk of recurrent expenditure; therefore, consideration should be given to:

1. The re-use of text books over short periods to avoid the deterioration of the quality of education;
2. Using low-cost learning materials;
3. Community and parent - teacher association (PTA) continue to maintain and repair schools and equipment;
4. Using the private sector to provide some supplies and equipment;
5. The need to maintain basic salaries of teachers at a sufficient level to provide a comfortable living and avoid turnover and lack of motivation;
6. Maintain and provide incentives to help sustain the motivation and commitment of teachers (e.g. special awards, leave allowance, medical allowances, etc).
7. Greater involvement of PTAs in the management of schools and also greater decentralization of management systems to reduce administrative costs and ineffective management structures.

   Finally the Economic Commission of Africa has suggested that the results of structural adjustment programmes have to be carefully evaluated in reaching a judgement on how successful they have been. In this connection a number of issues regarding the social impact of SAPs have to be addressed. These are:

1. The social consequences of the adjustment programmes, and for how long these could be tolerated without serious political and social disruptions;

ii. The impact of SAPs on human development (education, health, nutrition and employment) which is basic to structural transformation; and

iii. The effect of SAPs on the aggravation of income inequality and the worsening of the standard of living of the most vulnerable groups in society (women, children and the elderly). (Economic commission of Africa,: 20-2l).

CONCLUSION

The Structural Adjustment process in Kenya has had a negative impact on the educational system. High rates of inflation, declining real wage rates and declining real per capital social expenditure have reduced the economic welfare of the citizens. Deterioration in the social services (For example, lack of drugs and equipment in government hospitals and the deterioration of school physical plant) has occurred over the years. This has affected the human capital base of the country. Thus, the social cost of adjustment has been high, and this has affected the recovery process. Therefore, the experience from Kenya suggests, that the costs of adjustment can be high in terms of unemployment and reduced standard of living during the initial stages of the adjustment process.

After many years of building up the educational system in Kenya, the structural adjustment policies taken to redress economic imbalances have adversely affected the educational system thus undermining one of the pillars needed for economic recovery.

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APPENDIX 1
EXPENDITURE OF THE MINISTRY OF EDUCATION

K Million

RECURRENT EXPENDITURE	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95
General Administration and Planning	42.09	35.44	41.38	56.92	54.68	48.89	42.70	55.14	45.06	1,053.53
Pre-Primary Education	0.18	0.22	0.30	0.58	-	-	0.67	0.68	0.78	0.17
Primary Education	158.37	189.24	221.40	224.29	265.96	292.52	348.36	393.95	551.22	2.26
Secondary Education	42.30	48.23	57.32	74.05	87.58	88.20	98.30	122.14	158.08	1603
Technical Education	2.53	2.87	3.12	3.22	7.73	6.10	7.22	6.11	6.36	8.92
Teacher Training	11.42	12.80	15.08	1390	13.82	14.97	12.87	16.14	17.16	8.45
Special Education	1.40	1.85	2.73	3.37	3.49	3.44	6.14	6.60	6.91	4.76
Polytechnic Education	2.64	2.84	2.94	3.58	4.53	3.62	9.70	4.53	5.82	6.53
Higher Education	32.99	41.40	58.42	68.61	93.21	122.21	97.93	125.04	142.04	203.73
Miscellaneous	1.52	1.38	1.33	1.76	2.43	2.17	2.49	1.55	2.98	4.04
TOTAL	295.44	336.27	404.02	450.28	533.43	582.12	625.38	730.88	935.40	1,305.42

APPENDIX 2 K Million

DEVELOPMENT EXPENDITURE	1985/86	1986/87	1987/88	88/89	89/90	90/91	91/92	92/93	93/94	94/95
General Administration and Planning	1.44	4.21	2.88	3.17	7.04	4.18	1.68	12.87	15.64	29.23
Pre-Primary Education	-	-	-	-	-	-	-	-	-	0.83
Primary Education	1.15	0.81	0.62	0.90	1.65	0.69	3.60	1.33	0.69	3.31
Secondary Education	1.61	1.67	2.18	2.50	-	5.28	5.16	2.89	3.12	2.96
Technical Education	0.01	-	0.08	-	2.10	0.28	0.81	0.04	0.05	6.14
Teacher Training	2.44	1.69	1.67	8.75	6.90	10.09	20.23	14.66	16.00	37.64
Special Education	0.25	0.32	0.30	0.36	0.41	0.69	0.54	0.43	0.25	3.27
Polytechnic Education	0.02	1.21	0.21	1.84	2.35	0.20	0.26	0.34	0.06	1.52
Higher Education	3.91	10.61	15.01	18.88	39.60	41.74	23.54	34.03	1881	39.85
Miscellaneous	0.29	062	0.46	0.36	3.96	0.08	-	-	-	-
TOTAL	11.12	21.14	23.41	36.76	64.01	63.23	55.82	66.39	54.62	124.75
TOTAL RECURRENT AND DEVELOPMENT EXPENDITURE							681.20	797.27	990.02	1,430.17

About the author

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