

FINANCING HIGHER EDUCATION IN NIGERIA

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ABSTRACT

One of the major problems now facing higher education in Nigeria is the problem of under-funding. This is not surprising considering the fact that in the recent times, government revenues have reduced sharply, while the national economy itself is in total chaos. The government, which statutorily bears the costs of higher education in the country, now faces tight budget constraints due to the collapse of the oil market, and the need to meet heavy and raising debt service obligations. This paper attempts to examine the past and present trend of funding higher education in Nigeria, the effects of inadequate funding and possible sources of funding. To sustain higher education in the country, it was suggested among others that all stakeholders - parents and guardians, the society in general, the private sector and non-governmental agencies must become involved in the financing education in the country.

Keywords: *Financing, higher education, underfunding, inadequacy*

INTRODUCTION

In Nigeria, the demand for higher education is so high because education is not only an investment in human capital, but also a pre-requisite as well as a correlated for economic development. Thus, education has remained one of the most challenging of the seven - point Agenda enunciated by the Late Umaru Yar'Adua administration on assumption of office in 2007. The administration met an education sector that was in comatose. In spite of the reforms, at best half-hearted, which were carried out by the immediate past government, there was really nothing on ground to inspire confidence in that very vital segment of our national economy (Nwosu, 2009). The universities and other tertiary institutions were in a state of advanced decay with most of the teaching staff leaving the country in droves in search of greener pastures abroad. Apart from the impact of inadequate funding on the quality of the teaching and learning process in our institute of higher education, students support is now inadequate. The number of students from poor and disadvantaged background attending our higher institutions has become insignificant. The funding of higher education has been regressive over the years.

It was therefore not surprising that the late Yar' Adua's administration had to be confronted by labour unions in the education sector with long lists of demands on what should be done to uplift the sector. The unions, one after the

other had to embark on debilitating strike actions to press home their points. The ensuing face-off-between the Federal Government and Academic Staff Union of Universities (ASUU) resulted into the shutting of the universities for close to four months. Furthermore, Imhabekhai & Tonwe, (2001) also highlighted that currently, universities education at present is under funded. Inadequate funding put the university management under stress and strains hence they are incapacitated in providing essential services. This has led to rampant crises in the system resulting in strikes by academic and non-academic staff, dearth of equipment and facilities, indiscipline among staff and students, upsurge in the activities of secret cults among others. In addition, Nigeria as signatory to the United Nation Education Scientific and Cultural Organization (UNESCO) programme is still unable to meet the statutory requirement of the international body which required that 15% of their total yearly budgets be devoted to education sector (Olupona, 2001).

According to Udoh (2008), Nigeria as a developing nation is currently witnessing increased enrolment of university students. This increase in enrolment demands corresponding increase in funding which is not the case in Nigeria. Fund allocation does not increase to meet the demand of funds occasioned by the enrolment increase. The unfortunate expectation of both parents and students according to Abdu (2003), are apprehensive of any new initiative in the management of tertiary institution to mean introduction of tuition fees. There still exist difficulties on the higher institutions especially on the universities to meet her only 10% internal fund generation quote despite the normal government subventions (allocation) to universities. These can only be facilitates through adequate financing.

THE NIGERIA TERTIARY EDUCATION SYSTEM

The tertiary education system in Nigeria is composed of Universities, Polytechnics, Institutions of technology, Colleges of Education, that form part of or affiliated to, universities and polytechnic colleges and professional, specialized institution. They can further categorized as state or federal universities and as first, second or third generation universities (Hartnett 2001) Three levels of university education exist in Nigeria University. First level stage offers a Bachelors's degree after a minimum of three years and a minimum of six years (e.g. in medicine). The university second level stage offers a Master's degree following one year of post-Bachelor's study. The university third level offers a Doctorate degree two to three years after the Master's. To gain admission into the first level of university education, one has to pass the competitive University Matriculation Examination (UME) (IAU, 2000). Higher education in Nigeria can be further divided into the public or private, and the university sectors. Public universities owned by the federal and state Government dominate the education system. In recognition of the need to

encourage private participation in the provision of tertiary education, the Federal Government issued a decree in 1993 allowing private investors to establish universities following guidelines established by the Government.

The non-university sector is composed of Polytechnics, institutions of technology, colleges of education and professional institutions operating under parent ministries (Akintoye, 2008). The universities, polytechnics and colleges have a governing board or council appointed by the government and have some internal representatives of the institution as elected member or members. These councils generally govern the affairs of the institution on behalf of the government. The management of each institution is headed by a chief executive officer, that is, the vice-chancellor in the case of universities, the rector in the case of the polytechnics and the provost in the case of college of education. The federal government has established supervisory and coordinating agencies for each group of institutions: the National Universities Commission for the universities, the National Board of Technical Education for the Polytechnics and National Commission for College of Education for the colleges. Funding is channeled through these agencies, as are government policy directives.

Funding Tertiary Education in Nigeria: The Past and the Present

The underlying rationale for public funding of education is to equip people with the requisite knowledge, skills and capacity to enhance the quality of life, argument productivity and capacity to gain knowledge of new techniques for production, so as to be able to participate evocatively in the development process. Public sector funding of education in Nigeria is anchored on the notion that for society to continue in perpetuity, the new generation must be given the appropriate access to knowledge that previous generation have accumulated. Initially, Ibadan being the only University in the country was adequately funded in all aspects of teaching and research. Infact, the first generation universities were all well - funded and some of them established and maintained internationally acclaimed and respected standards. It was reported that there were years in which the amount received was slightly more than the amount requested for. But this no longer true today. (Okebukola, 2002).

Hinchiliffe (2002), highlighted that federal budgetary allocation to education in nominal terms rose from =N6.2 million in 1970 to =N1,051.2 in 1976. Thereafter, it declined to =N667.1 million in 1979, rose again to N1,238.5 million in 1980, declined in succeeding years before rising to N3,399.3 million in 1989. It dropped further to =N1,553.3million in 1991 before rising gradually to =N9,434.7 million in 1994. Thereafter, the declining trend continued. Specifically, in 1996, the federal government funded its polytechnics at the rate of \$251 per student, its colleges of education at the rate \$394 per student and its universities at the rate of \$300 per student. However, in the year 2000, funding for tertiary institutions, did improve significantly. For the federal universities, unit costs rose from \$370 to \$932, a

rise of 252%. Current funding levels are low and lead to poor remuneration for academic staff. According to Ekundaya (2007), between 1990 and 1999, for instance, as a result of enrolment growth and currency devaluation, recurrent allocation per university student in the federal system fell from \$610 to \$360, and this has obvious implications for educational quality. Thus, in current value terms, the governments' recurrent grants to federal universities would appear to have increased dramatically from 530 million naira in 1988 to 9.6 billions naira in 1999. In real terms, however, total recurrent grants per student in 1999 were at only one-third of their 1990 level. Thus, increased budgetary allocation has been muted by the effect of rising enrolment.

Today, Nigeria is experiencing a crucial manpower development handicap occasioned by the fact that the number of prospective students seeking for admission into tertiary institutions is projected at over 1.2 million (JAMB 2001). However, only about 20% of this number actually secures admission to such institutions private or public. The reason is that the demand out-weighs the supply especially in the universities. The unfortunate expectation of both parents and students according to Abdu (2003), are apprehensive of any new initiative in the management of tertiary institution to mean introduction of tuition fees. It is a fact that the source of many problems facing higher Educational system in Nigeria today can be traced to insufficient funding of the system. Funding short falls have therefore, become the norms for many years as enrolments have increased more quickly than the governments capacity to maintain its proportional financial support. There still exist difficulties on the universities to meet her only 10% internal fund generation quote despite the normal government subventions (allocation) to universities. These can only be facilitated through adequate financing (Akinsanya, 2007). The trend in fund allocation to federal universities and higher institutions of learning are shown in table 1, 2, 3 and 4 below as provided by NUC and ETF 2001, 2002 and 2003 records.

Table 1: Source of Funds for University Financing

Heading	Source	Percentage
Personnel	Government grant	98
	Other sources	2
Overhead	Government grant	45
	Income from user charges	49
	Income from Investments	6
Capital	Government grant (NUC)	68
	Government grant (ETF)	12
	Private sector support	10
	Income from investment	4
	Others	6

Sources: NUC (2001, 2002)

Table 2: Yearly total public expenditures on University Education in Nigeria by student enrolment and by the rate of inflation in the economy

Year	Total public expenditure (in millions)	Student enrolment in all fed. universities	Rate of inflation
1970	30890.0	14,468	13.8
1971	55,695.7	17,093	15.6
1972	85,083.2	20,889	3.2
1973	98,270.3	23,228.	5.4
1974	168,270.3	26,448	13.4
1975	243,835.0	32,286	33.9
1976	199,689.1	40,914	21.2
1977	288,602.0	46,684	15.4
1978	280,988.0	48,698	16.6
1979	302,913.9	57,742	11.8
1980	436,103.7	77,761	9.9
1981	684,019.2	90,751	20.7
1982	554,276.3	104,774	7.7
1983	514,404.1	116,822	23.2
1984	481,022.3	126,285	39.6
1985	488,110.3	135,783	5.5
1986	557,973.9	151,767	5.4
1987	424,263.1	160,767	10.2
1988	611,173.3	174,133	38.3
1989	726,961.3	179,494	40.9
1990	659,996.6	200,774	7.5
1991	743,502.2	232,482	13.0
1992	2,153,1925.8	255,730	44.0
1993	3,317,518.9	281,303	54.2
1994	3,993,570.3	309,433	57.0
1995	4,392,927.3	340,376	72.0
1996	4,832,220.0	375,414	100.3

Sources: National University Commission.

Table 2, presents data on all the Federal universities, showing total public investment expenditures on university education: the total Student's enrollment: and galloping inflation trend, for the period 1970 to 1996. The total student enrolment figure moved from 14,468 in 1970 to 375,414 in 1996. The phenomenal increase in student's population meant that the public investment on university education also increased. Although not in the same proportion. Also, with the devaluation of the local currency, came the need to increase the nominal value of public investment (which may not necessarily increase the real value of such investment). The public investment in university education moved from N30, 890.00m in 1970 to N4, 832,220.00 in 1996.

However, what is gained in nominal value of the increased investment in public expenditure in university education is lost to the galloping inflationary trends (inflation rate being 13.8% 1970, and 100.3% in 1996).

Table 3: Total Government Grant and Local Income in Federal Universities

Institution	1 TR (RC) (N)	2 LI (N)	3 TI(N)	Col 2 % (3)
Ibadan	2,509,890,696	196,575,448	2,706,466,144	7.8
Lagos	1,955,127,150	359,502,258	2,314,629,408	18.4
Nsukka	2,512,793,291	98,141,298	2,810,834,589	3.9
Zaria	2,567,587,409	73,210,330	2,640,797,739	2.9
Ife	2,304,114,896	40,031,187	2,344,148,083	1.7
Benin	1,949,126,834	155,172,513	2,104,299,347	8.0
Jos	1,332,790,023	48,744,424	1,381,534,447	3.7
Calabar	1,227,113,256	105,939,905	1,333,053,161	8.8
Kano	981,801,323	54,218,393	1,036,019,716	5.5
Maiduguri	1,089,098,496	137,148,440	1,226,248,938	12.6
Sokoto	651,927,799	39,025,328	690,953,127	6.0
Ilorin	1,472,655,002	65,616,425	1,548,571,427	4.5
Port Harcourt	1,268,403,040	110,415,425	1,378,818,465	8.7
Abuja	402,154,078	84,674,826	486,828,906	21.1
Awka	1,013,481,643	86,476,190	1,099,957,833	8.5
Uyo	801,835,95	34,697,558	836,555,468	4.4
Owerri	611,326,365	29,751,258	641,077,623	4.9
Akure	545,315,202	35,855,281	581,170,483	6.6
Minna	417,130,171	20,549,000	437,676,171	4.9
Bauchi	556,280,147	17,268,097	537,548,244	3.1
Yola	499,590,326	21,962,043	521,552,369	4.4
Total	26,669,544,060	1,815,176,627	28,484,720,687	6.8

N/B: TR (RC) = Total Releases (Recurrent and Ccapital), LI = Local Income, TI = Total Income
Source: NUC 2003.

Generally, the results show that funding is still a major pre-occupation of government at both federal and state levels. This led to the stakeholders' National summit on Higher education, which held in March 2002, where a number of conclusions were reached on the issue of funding of higher education, thus:

1. An increase in the funding levels to universities is required to enable them improve on the provision of faculties and services. Universities must increase their internally generated funding levels.
2. All stakeholders should be challenged to share in the cost of education by paying some fees in order to attain and sustain a reasonable level of funding of higher education in Nigeria.
3. Government should implement and sustain the provision of scholarships, bursaries and loans to ensure that all Nigerians with capacities to seek education at the tertiary level can actualize them.
4. Development partners have great potential to bring in significant resources to the institutions and agreed that this potentials be

comprehensively explained with due cognizance to national interest (Okebukola, 2003)

A notable source of fund for the federal universities is the Education Tax Fund (ETF), established under Acts No. 7 of 1993. The objective is improve the quality of education in Nigeria. However, this has not yielded much result because of the low capacity utilization of funds by the beneficiary institutions. Table 4 present a summary of ETF intervention in higher education between 1999 - 2001

Table 4: ETF Funding of Higher Institution, 1999- 2001 Sub-Sector.

	1999 (N)	2000 (N)	2001(N)
Universities	2,041,374,962.50	466,000,000.00	184,800,000.00
Polytechnics	1,087,209,288.00	369,500,000.00	76,926,000.00
College of Education	1,099,137,930.00	431,200,000.00	181,800,000.00
Monotechnics	NA	193,500,000.00	89,616,000.00
Inter Universities & Others			
Govt. Agencies NECO, NMC, NFLV, NNLAN, NERDC, NIEPA, NOU, NTI, Nigeria Law Schools	218,368,885.33	117,360,404.50	277,000,000.00

Source: ETF 2001 Annual Report

Furthermore, the Britain - Nigeria Educational Trust Fund (2009), has reported that the education sector, which suffers from inadequate funding at all levels, has not utilized the sum of N22.6 billion allocated by the Education Trust Fund covering the period 2002 - 2007. It was to be made available to universities, polytechnics, State Ministries of Education and the Universal Basic Education Boards. Lists of the beneficiaries, which are being made public by the ETF, included 25 Federal and State universities, 24 Federal and State Polytechnics, 14 Federal and State colleges of education, 11 monotechnics, 17 State ministries of education and 21 State universal basic education boards. Top on the list of the universities which have total of N6,343,000,000 yet to be accessed, is the Federal University of Petroleum Resources, Effurun, Delta State, that has N552 million; followed by Universities of Port Harcourt and Abuja with N302.3 million and N278.7 million unclaimed respectively.

This is considered very embarrassing and unacceptable especially in a situation where most of these institutions are in dire straits; yet they have free funds lying in the coffers of the Central Bank of Nigeria (Nwosu, 2009). However, the above analysis leads us to consider the effect of this inadequate funding on Nigeria tertiary educational institution.

EFFECTS OF INADEQUATE FUNDING ON TERTIARY INSTITUTIONS

In the last three decades, higher education in Nigeria has witnessed a significant growth in terms of expansion of access through increase in enrolment and establishment of additional institutions. However, it is saddening to note that many of the indices that can guarantee qualitative higher education are

not taken into consideration in the country's quest to meet quantitative target. It has been observed that political factors are the main motives behind many of the expansion policies especially in the university system (Ekundayo, 2008). In fact, capital projects to meet the expanding programmes could not take off in case where they took off they had to be abandoned due to lack of funds.

The result according to Ekundayo (2008) was a sum of pressure on the available limited resources thereby resulting in downward pressure on staff salaries together with deteriorating working conditions. The effect includes high degree of "brain-drain" among the academic staff, incessant strikes action, students riots and lecture boy-cots etc. All these will have a by - effects in the quality of higher education in Nigeria. Akintoye (2008), in his own view posited that the by-effects of dwindling finances in higher institutions (Nigeria University) is explicated in many mechanisms such as:

- i. Curtailment of laboratory/practical classes
- ii. Limited number of field trips
- iii. Curtailment in the attendance of academic conferences,
- iv. Curtailment of the purchase of library books, chemicals and basic laboratory equipment
- v. Freezing of new appointments
- vi. Virtual embargo on study fellowships, and
- vii. Reduction in research grants, among others.
- viii. Too narrow strategic profiles and core areas
- ix. Loss of variety in research and teaching
- x. Danger: close down of studies not in demand at present or expensive (unprofitable) studies
- xi. Loss of autonomy through increased dependence from external principals (third party funding)
- xii. Internal centralization and expansion of administration
- xiii. Increased administrative burdens at the expenses of research and teaching
- xiv. Reduced coordination (harmonization) between universities because of increased competition.

POSSIBLE SOURCES OF FUNDING HIGHER EDUCATION IN NIGERIA

Financing higher education in Nigeria today is a crucial national problem. The political, social and economic factors, which are currently having significant impact on the world economy, have necessitated the need to diversify the sources of education funding, mainly because reliance on only one source of revenue can inhibit educational growth (Akinsanya, 2007). However, these are some possible options of financing higher education:

- (a). Support from federal and state governments constituting more than 98% of the recurrent costs and 100% of capital cost (Ogunlade, 1989).
- (b). Tuition and fees

- (c) Private contributions by commercial organizations in the form of occasional grants for specific purposes
- (d). Consultancies and research activities
- (e). Community participation, Auxiliaries (Enterprises, Licenses, Parents, Alumina Association)

Other sources of finance to higher education in Nigeria include endowments, gifts and international aids from international organizations. For example, the World Bank has financed a US\$ 120 million project titled: Federal Universities Development Sector Operation (Odebyiyi and Aina 1999, Babalola, Sikwibele and Suleiman, 2000).

CONCLUSION AND RECOMMENDATIONS

The facts remain that higher education in Nigeria has been experiencing loss of facility, deterioration of equipment and plants and uncompleted projects as a results of financial crises facing the system. When all these pressures are not meeting with increasing revenues the results are obvious; less increase in efficiency and productivity and diminish quality and output (that is, teaching, scholarship and services, diminished working and living condition for professors, staff and students alike). The implication of all these is that output from this investment process in higher education cannot actually achieve the goals that were set for it (Adewale, Ajayi and Enikanoselu, 2006). To sustain higher education in the country, the following suggestions are hereby made:

1. The Nigerian Government should ensure that allocation of financial resources in Tertiary Educational Institutions is based on quality of research and number of students.
2. The apex government should ensure that policy makers consider the full implementation of autonomy of tertiary educational institutions
3. All stakeholders must become involved in the financing - parents and guardians, the society in general, the private sector and non-governmental agencies.

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