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Financing Tertiary Education For Sustainable Development In Nigeria

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Abstract:

This paper stresses the importance of financing higher education for sustainable development of Nigeria. The paper was discussed in four sub-headings. The issue of funding tertiary education in Nigeria. A comparison of funding higher education in developed and developing countries was highlighted. The spill-over effects of underfunding tertiary institutions were discussed. This includes deteriorating physical facilities in the public universities, production of low quality graduates who are not useful to the demands of the societies, the poor ranking of Nigerian Universities both in Africa and the world at large. Funding strategies and their implications for economic development was also highlighted. The paper concludes by advocating for adequate financing of University education for sustainable development. This includes private sector participation in funding tertiary education, endowment fund, fund from philanthropists, University engages in commercial activities, marketing of University services and large scale farming. It is recommended that if all these strategies are adopted, universities will able to contribute meaningfully to Nigeria development.

Key words: Funding, Spill-over effects, Private Sector, Participation, endowment fund, Philanthropist.

1.Introduction

Higher or tertiary education means the next academic level after secondary education. It signifies the system of institutions that provides post secondary school courses and also engages in research. These are principally universities. Tertiary education is also defined as the education given after secondary education in universities, colleges of education, Polytechnics and mono- technics (FRN, 2004:36).

Nigeria possesses the largest University system in sub-African. It has about 124 Universities, 37 Federal, 37 states owned and 50 privately owned. In less than 50 years of tertiary education in Nigeria, the enrolment which was 210 in 1948 increased to 392,683 in 1996 (UNESCO, 2008:87). Enrolment in the Federal Universities , grew at the rapid rate of 12 percent annually during the 1990s and totaled 325,299 students by 2000 (NUC, 2002). Enrolment growth rates were the highest in the South/South Region, followed by the North East Region. Table explains furth

Year	No of Universities	Total Enrolment	% increase in Enrolment
1980/81	17	77.91	-
1981/82	19	90.751	16.7
1982/83	22	104,774	15.5
1983/84	23	116.822	11.5
1984/85	23	126.285	8.1
1985/86	24	135.783	7.5
1986/87	24	151,967	11.9
1987/88	29	160,767	5.8
1988/89	29	160,174	5.2
1989/90	30	180.871	6.9
1990/91	31	200.774	11.0
1991/92	33	232,482	15.8

Year	No of Universities	Total Enrolment	% increase in Enrolment
1992/93	38	264,684	13.9
1993/94	38	292,097	10.4
1994/95	38	-	-
1995/96	38	335,790	15.0
1996/97	38	245,699	(-26.8)
1997/98	38	374,494	53.2
1998/99	38	399,812	6.2
1999/2000	38	448,230	12.1
2000/2001	47	502,770	12.2
2001/2002	47	95,199	81.1 (% decreases)

Table 1: Enrolment In Nigerian Universities 1980/81-2001/2002

Source: Adapted From S.O. Adedeji O.Osasona And D.O. Durosaro (2003) And Oyejade (2005)

The tertiary education system in Nigeria is going through series of challenges and the least addressed, is the problem of funding and financing university education. Since the inception of university education in Nigeria financing of higher education has been the total responsibility of governments. Governments in the developing countries generally do not see the need to put a huge proportion of their budgets into tertiary education. They do not see education as an economically and socially productive investment. Hence the United Nation agency recommended as high as 26 percent of GDP to be devoted to education sector.

The largest and most industrialized economies put education as number one in their budgets, an example is that of Japan. Funding tertiary education has been of great concern to education stakeholders because underfunding has a spill- over effect on the entire education system. It affected the quality of graduates and research activities in Nigeria Universities. Oshuntokun (2006) noted that underfunding remains the major hindrance to the development of the nations university sector and by extension to national development, Research findings are a catalyst for development, but sadly, little is done in the area of research in the Universities and in institutions designated for such functions. Inadequate funding according to Obanya (1999) has contributed to the decline in the quality of higher education.

It is important to appreciate the economic efficiency of tertiary education in the nation. In the first place, education at tertiary level confers great benefits on people, making them better decision- makers, better advisers, better planners, raising the productivity of workers, improving the lives of youths at all levels, positive effects on family whereby an educated child confers benefits on siblings and parents and inter-generational benefits, arising by raising children within a better school and home environment.

The second set of benefit derivable from tertiary education is the improvement in the character of society, and the quality of the social, economic and political decisions.

The third set of benefit of tertiary education is the promotion of a high level of literacy and comprehension among the population. This also enhances growth and innovation. It also reduces crime, facilitates disseminating of credible information and enhances advance in knowledge associated with investigating and research.

Education in general, particularly higher education, serves individuals and the society therefore the society should value it, its importance cannot be over emphasized. Education is too crucial, too sensitive, involving, overbearing to be left to government alone.

The universities are currently being starved of fund at a time when the existing physical facilities on the campuses are ageing fast. Universities are operating with overcrowded classrooms, pitiable hostels and deteriorating physical facilities. These have led to a prolonged crisis between Government and the Academic Staff Union of Universities, closure of campus and the exodus of the best brains from the University system over the years. (Ajayi and Alani, 1996, Oduleye, 1985:23).

The society has lost confidence in the public Universities in producing quality outputs Obasi (2007) noted that the concomitant falling standards in public universities to poor funding have necessitated the call for private Universities. This is not surprising considering the fact that in the recent time, government revenues have reduced sharply, while the national economy itself is in total chaos. The government which statutorily bears the cost of higher education in the country now faces high budget constraints due to the rising cost of financing higher education and the increase in the number of universities in the country (Taiwo, 1994, Babalola 1998).

Odekunle (2001) noted that the financing of Nigeria's education system has reached a crisis point. Government does not seem to be able to make adequate provision for capital development of the various educational institutions.

In view of aforementioned above, this paper discussed the issue of financing tertiary education. The paper will be discussed in these sub-headings.

- The issue of funding
- Spill- over effects of funding tertiary institutions in Nigeria.
- Strategies and their implications on education growth
- Conclusions and Recommendations.

2.The Issue Of Funding

The rapid expansion of the education system over the past four decades compounded by the recent global economic crisis have rendered education sector in Nigeria underfunded in relation to the demand imposed on it. For instance, a research carried out by the World Bank on higher education (1994) shows that in the 80's developing countries (about 37 countries) spent less than 26% of their budgets on education than the previous decade. Going by the UNESCO recommendation that developing countries should allocate 26% of their total expenditure to the education sector in order to promote the necessary rapid development of the sector. The Nigerian government is far from the ideal. Table 2 explains this further.

Year	The total amount requested by Universities (in Naira)	Total Amount Received by Universities	Amount Received as % of Amount requested
1990	1,216,601,329.90	734,770,950.00	60.40
1991	1,453,291,051.00	783,816,895.00	53.93
1992	3,663,212,945.00	2,985,237,346.00	81.49
1993	5,075,859,925.00	3,801,529,278.00	74.89
1994	7,342,861,713.00	4,370,880,770.00	59.53
1995	11,328,861,713.00	6,056,784,806.00	59.53
1996	12,442,699,358.00	7,535,594,529.00	53.46
1997	15,820,155,501.00	5,348,173,942.00	60.56
1998	22,767,530,158.00	8,974,631,294.62	39.42
1999	40,884,109,125.00	11,831,930,271.93	28.94
2000	65,579,997,692.00	30,143,004,497.91	45.96
2001	68,911,759,219.11	31,270,080,668.17	45.23
Total	256,486,598,921.11	113,736,435,248.68	44.34

Table 2: Level Of Funding In The Nigerian Universities System, 1990-2001

Source: National Universities Commission 2003 Report

As indicated in table 2, Only 44.34 percent which is much less than what was requested was released for 11 years (1990-2001). The subvention made available for both recurrent and capital expenditure was not up to 50 percent and it was inadequate for the needs of the Universities. Subventions were needed to purchase chemicals for the laboratory, staff salaries to mention a few. Akindutire (2004) noted that the budgets of Universities in the past years have been under tremendous pressure due to declining budgets allocations and rising enrolments. To enable the universities to perform its roles and to make up for the shortfalls in its revenue, it is necessary for the universities to explore other avenues of funding.

3.Spill- Over Effects Of Poor Funding

The effects of poor funding of Universities over the past two decades are overwhelming. It has brought untold hardship on the governance and maintenance of Universities. Given the wide roles of Universities in the growth and development of human societies, many developed countries create, nurture and develop them. Investing a lot in them. Nigerian universities are in many fundamental respects presently far below standard.

In the past, Nigerian Universities were highly honoured, respectable for intellectual prowess. However, since the mid-80's the University system witnessed exponential, unplanned growth and development coupled with underfunding and neglect. Student enrolment has grown by 1,200 percent between October 1999 and March 2006 according to the NUC report (2006). The latest analysis of the comparative performances of the Nigerian University system over three governance period shows that student enrolment stood at 57,542 in 1979, it grew to 300,618 in 1999 and in 2009 stands at 750,235. This is the case in Federal Universities. In the State , universities, the increase was higher. These increases are without adequate funding of the Universities. This will no doubt affect some aspects of school administration such as the provision of physical facilities.

The issue of increases in student enrolment according to NUC report (2006) admits on a comparative basis that facilities/carrying capacity of the Universities which stood at 78 percent in 1979 dropped to 69 percent with the worst level of 38 percent recorded in 1999. In fact inadequate funding has resulted in problems such as the breakdown and deterioration of facilities, shortage of new books, journals in the libraries, ill-equipped laboratories and limited funding for research. The resultant effect of poor funding is the production of half baked graduate and ineffective teaching and learning.

The effects of dwindling finances is explicated in many adaptable mechanisms employed by the University authority such as:

- Curtailment of laboratory/practical class
- Limited number of field trips
- Curtailments in the attendance of academic conferences
- Reduction in research grants among others.

Since these steps have not brought about significant improvement, attention has to be turned to alternative sources of funding.

Research report identified poor planning as the bane of public universities. It is noted among other things, that physical facilities for teaching and learning were inadequate, just as administrators took more programmes than they had the capacity to handle. It is also observed that most of the available facilities were functioning beyond their original carrying capacity.

All the institutions have the problem of infrastructural and man power deficits, poor classroom facilities, impoverished open air spots pavilion, old cafeteria, convocation areas and even uncompleted buildings used for lectures in some cases, workshops are conducted under corrugated sheds or trees. So much pressure is put on existing facilities mainly due to unplanned expansion of programmes. The report also advanced reasons why Nigerian universities have been unable to compete favourably with their counterparts across the globe.

4. World Ranking Of University

The present world ranking of universities between 2004 and January 2006 was not favourable to any Nigerian universities: An analysis that must have been considered include, squality of teachers, facilities, student/ teacher ratio, level of research, contributions to international Journal among others. Ranking of top 1,000 universities in the world no Nigerian university was among the first 50 universities, in Africa (not in the world. Six of the 1000 world best universities are in South Africa, within the top 100 African universities, Nigerian universities are rated 57th (Ibadan; 69th Ife; 78th Benin, 90th Lagos and 98th Jos). In contrast, 24 universities from South Africa made the list with 20 of them being in the top 50 (NUC, 2006). The poor ranking was a spill- over effect of inadequate funding, deplorable facilities, many good hands leaving the system and total neglect of the education sector.

5. Brain Drain

The recent challenges facing Nigerian university system have led to a number of lecturers and researchers leaving the shores of the country for greener pastures abroad. Olugbile (2006) noted that “a gale of brain drain is now blowing away whatever remain of scientists and researchers in the nation’s research institutes and this ill- wind portends danger for national development because research institutions are the pivot upon which any meaningful growth can be achieved in any nation”. Findings showed that 3,699 researchers and scientists in institutions of learning left the country for foreign lands (Punch Newspaper 2005). The loss of researchers does not urgur well for sustainable development of the country because without them there would be no technological and industrial growth in the country.

6. Funding Strategies

Studies have shown from several continents that the aggregate cost per year to train a university student would cost about \$20,000.00 which is about N2.5m today. This looks like a huge amount considering the population of the students in the Universities across the country. The question is, who pays the huge amount per student annually? It is obvious the Federal Government and the state alone cannot fund all if enrolment must continue to rise rather than decline. A cost sharing among stakeholders is needed. The three stakeholders are (1) the Government (2) the parents and (3) the University. There must be meaningful negotiation and dialogue among these stakeholders. They must come to agreement on how much and the percentage to be paid or contributed by each. Every stakeholder must set in a target of funding the enterprise. It is only at this point that achievements and development can be measured.

7. University Share Of Funding

Universities today are trying to source for funds from various channels such as fund coming from government, donor agencies and some kind of charges or levies paid by students. Sourcing for funds for capital projects through corporate organizations, alumni and endowments from individuals. are right steps that can be taken. However, the university must have a program of I G R to care for part of its recurrent costs. This includes taking their services and intellectual properties to the market. The university must be relevant since they are positioned to provide service and assistance, Areas of assistance include provision of academic support for the National Agency for Food, Drug Administration and control (NAFDAC) which is generally regarded as efficient. The Agency can be assisted by the University to provide well qualified personnel who will check the excesses of manufacturers of drugs and producer of pure water.

The universities should have the personnel and basic facilities to run regular quality control analysis education programmes for end-users in industry and organisations. The universities will thus generate income for self and the society will be protected. Many areas needed quality control is in the construction industry. Many roads got bad after a few years of construction, many buildings collapsed because of poor workmanship. The Universities and Polytechnics are there working with the project consultants to ensure that good quality job is done. The quality control expenditure becomes income for the tertiary education personnel and their departments.

Other areas where universities can render their services and be properly remunerated are in areas of research and pilot studies report. Recommendations from thesis and inaugural lectures can be utilized to address the problem of the society. It can also be used to generate additional funds for the universities. Universities can also create various independent self-financing enterprises by establishing the transport venture company which will make transportation cheaper and provide additional funding for the university. Akindutire (2004) listed areas that can be maximally tapped by higher institutions of learning for the purpose of generating funds as:

- Large scale commercial farming and animal breeding industries.
- Agricultural and food processing industries
- Printing press factory
- Bookshops
- Establishment of pure water factory.
- Setting up filling stations
- Guest houses, hotel and others

- Catering services
- Park and garden services
- Consultancy services in the area of research and other professional disciplines and other services include
- Establishment of community bank.

It is important to note that some Universities have embarked on these income generating ventures. Some have been thriving well while some are mismanaged. It is suggested that proper supervision of the ventures is necessary and additional remuneration is needed for those managing the ventures. Other universities should emulate those universities (who) have been sourcing fund through alternative sources of revenue to supplement government funding.

Conducting research analysis for private sector, partnership with them by selling their inventions will generate fund for the universities. Adopting these strategies and some others will contribute to the recurrent budget issue.

The question of students paying tuition fees to support Government spending on University education has been a bone of contention in recent years. Government's policy approach with regard to tuition charges has been cautious and carefully conditioned. This is because cost sharing with student remains highly contentious within the country's fragile democratic government. While the Federal government prohibited the paying of tuition fees in the federal Universities, states are allowed to charge fees.

In May 2002, the federal government issued an order forbidding the charging of tuition fees at all Federal Universities (The higher Education Chronicle, 2002). Since Federal government subvention cannot sufficiently solve the challenges of funding the universities, What then is the solution of meeting the challenges? Recently, the countries making up 13 Organization for Economic Cooperation and Development [OECD] reviewed Higher education funding. It concluded as follows:

- Tuition fees are becoming the international rule and not the exception..
- In Canada tuition fees are paid and they are on the rise.

In Australia, differential fees are paid on the basis of income. In Japan, as from year 2000, universities were allowed to have greater autonomy and more importantly, they have freedom to set their own tuition fee levels, and national universities, fees are set at £2,700. In China fees are set according to market conditions taking into account both costs and demand. In America, fees at public and private institutions are rising by an average of 14.1 percent from 2002-2003, to 2003-2004. The charge is \$5,000 - \$15,000 per year depending on location, type and length of course. At private Universities, fees can be as high as \$30,000 per year. In England, fees in Universities are £6,000 per year since this is the trend all over the world. (Larry Jones 2009). Nigerian parents who can pay should be made to pay instead of declaring a tuition free University policy which does not match with commensurate financial backing from the Federal government.

All tiers of government from local council, state to the federal government should be part of the fee paying process. The federal government may provide scholarship to students on merit to about 40 percent of those who properly gain admission to the University to cover 100 percent of tuition.

Loans may be granted to students to cover the cost of books and fees. Local council and state may grant scholarships and loans to indigent students. The federal Government may also grant scholarships and loan to those from disadvantaged areas. These strategies need to be addressed if the universities are to run smoothly.

However, the education Tax Decree No 7 of 1993 which enforces the payment of two percent of the profits of Limited Liability companies registered in Nigeria as an education tax fund (ETF) has helped in improving the education sector specifically the Universities. (Odebisi and Aina 1999) noted.

8.Private Sector Partnership

Private Sector Partnership is another strategic area of funding the universities. In most developed countries universities were funded through gifts and endowments. Most are funded by philanthropists, the Alumni, and the community. Members of the community donated heavily through wills which come in the form of shares and buildings to universities. This was how the great universities were funded. All these aforementioned avenues can be employed to source for fund for the universities.

Private funding sector of research grants has been poorly explored. Nigerian companies rarely fund research and development programmes whose results are designed to benefit them. Spending on research can help to find solutions to national problems. There have been unprecedented growth and development in technological terms all over the world in this 21st century. Unparalleled advancements have been achieved in all spheres of life. The computer has changed the world's outlook with the advent of internet. While we marvel at the virtues of technological development, Nigeria is being left behind by the advancing wave of this development. The federal government in its reform programmes should compel public Limited companies to set aside a certain percentage of their annual profits to fund research and development programmes in the universities. The benefits would be not only for the companies but the whole country.

- It would lead to the economic growth of the country as new products and processes will be developed and adapted to our peculiar environment.
- Foreign exchange spent on acquiring foreign technologies will be saved.
- The universities will be the major beneficiary; the best brains will be attracted to and retained in the universities.

Cooperation between government, industry and universities will bring out economic growth, decreases unemployment levels and strengthen Nigeria competitiveness with the rest of the world.

9. Summary, Conclusion And Suggestions

Nigeria public universities are gradually losing their erstwhile acceptability due to poor output resulting from poor funding. It is therefore important to correct the situation. The issue of poor funding, rising population, remuneration of lecturers, insufficient and dilapidating facilities, brain drain among others all of which have led to poor quality graduates should be curtailed so as to provide a challenging environment for both staff and students.

The question of funding has to be addressed frankly since government alone cannot fund education, the Federal, State and Local council should fund the universities. The practice all over the world is now cooperative funding involving all organs and stakeholders. The paper highlighted various funding methods which can be embarked upon by University administrators. Money generating activities such as large- scale farming and animal breeding industries, consultancy services, in the areas of research and other professional disciplines.

The trend all over the world including U.S.A and. England is to allow universities to charge fees. While the government continues to provide a percentage of the University expenses. Students with exceptional academic performances, whether rich or poor should be given scholarships. Those who are poor are entitled to one form of assistance or the other. Endowment and contribution from big companies should play a prominent role in the funding of universities. It is recommended that increasing level of funding from government to provide that minimum conducive environment for learning, teaching and research activities are necessary.

It is suggested that part-time programmes of various campuses of the universities should be made to thrive as they go a long way to provide an additional source of fund to the universities. It is believed that if these various strategies of funding are adopted, the funding of tertiary institution in the country will be made easier and yield the needed results.

UNESCO together with other education stakeholders should undertake action to alleviate the negative effects of 'brain drain' and to shift to the dynamic process of "brain gain "through adequate financing of higher education. s

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