

**ADDRESS BY ARC SONNY ECHONO, EXECUTIVE SECRETARY, TERTIARY EDUCATION TRUST FUND, ON SUSTAINABLE FUNDING OF TERTIARY EDUCATION IN NIGERIA, ON THE OCCASION OF NUC @ 60 ANNIVERSARY CELEBRATIONS, ON MONDAY, 5<sup>TH</sup> DECEMBER, 2022**

**Protocol**

1. Let me start by congratulating the Board, Management and Staff of the National Universities Commission (NUC) on this auspicious occasion of the 60<sup>th</sup> Anniversary Celebrations of the Commission. It is gratifying to note the humble beginning of the Commission and its evolution from an Administrative Unit in the then Cabinet Office in 1962, to one of the leading and most consequential Agencies of the Federal Government; with the mandate to regulate the entire Nigerian University System (NUS)
2. An occasion of this nature not only affords stakeholders the opportunity to applaud the phenomenal growth in the sector, from five (5) Universities in 1962 to the current 220, but also to review its many achievements and challenges with the view to charting the right course for the future.
3. I also want to thank the Executive Secretary of the Commission, Prof. Adamu Rasheed, *MFR, mni, FNAL*, for the gesture of inviting me to share my thoughts on the topic of “Sustainable Funding of Tertiary Education in Nigeria” which, undoubtedly, is one of the burning issues of our time. Permit me to also pay tribute to the succession of great minds, including Prof. Jubril Aminu and Prof. Peter Okebukola, who led the Commission and laid a solid foundation for its success.

4. No doubt, Education occupies a unique position among the sectors of any economy being the catalyst for sustainable transformation. The legendary African leader, Nelson Mandela, described education as “the most powerful weapon which you can use to change the world” Higher education is believed to generate a higher level of returns on investment for a longer period while promoting social cohesion as well as crime reduction. Although tertiary education alone will not make development happen, it is instructive that development in this knowledge era cannot happen without tertiary education. A sustainable tertiary education system is critical for a country and its citizens to participate in and benefit from the global knowledge economy, and a thriving economy is required to generate the wealth necessary to fund tertiary education, sustainably.
5. In Nigeria, public universities are funded majorly by Government, taking less than 10% of the Federal Budget and even less at the State levels. The Budget is based mostly on staff strength and the number of students and often directed at payment of staff salaries. The public universities typically do not charge tuition fees, (although many State Institutions have been forced to do so) and charge only a fraction of the full economic cost for services such as power, water supply, cleaning and waste disposal, etc. Relying heavily on limited government funding, these public universities struggle to meet their costs or diversify their revenue streams hence the recurring calls for their repositioning and revitalization to enable them compete on the global stage for venture capital, research grants, international scholars and students.

6. The rapid expansion of the higher education system, particularly over the last few decades, coupled with the re-occurring global economic crisis and fiscal stringency arising from the structure and poor management of the economy, has affected the funding of tertiary education institutions in Nigeria. This has exacerbated the endemic problem of poor quality of graduates, overcrowding in classrooms, outdated curricula and deteriorating facilities. Others include high students-lecturer ratio, high ratio of non-teaching staff to teaching staff, inadequate motivation of academic staff and consequential inability to attract academics from across the globe as well as a shift of recurrent expenditures to salaries, and neglect of other essentials such as library, educational materials and complimentary facilities.

7. According to Rodney S. Earle (2010), a greater stock of tertiary level graduates enhances productivity levels in an economy. Therefore, every state's playbook should include three key elements:

- i. ensuring that higher education funding is adequate;
- ii. ensuring that institutions use funding efficiently, and
- iii. ensuring they have sustainable funding models for tertiary education.

8. Public tertiary institutions in Nigeria are facing the twin pressure of rising demand and fiscal constraint. The country is grappling with rapidly growing population and declining revenue due to corruption (oil theft) and greater vulnerability to fluctuations in price of oil and the inherent financial sustainability risk. It is, therefore, evident that near total dependence on Government for Education funding is no longer sustainable.

9. The National Policy on Education provides that basic education, which is seen as a fundamental right of every citizen, should be free and

compulsory in the country. However, tertiary education, which provides a full range of learning options and opportunities, is an investment with lifelong returns to the individual. Increased social demand for tertiary education in Nigeria and the desire of the country to participate in the knowledge economy have generated the need for greater investment in tertiary education through sustainable funding. But the question is, where will the funds for the needed investments come from?

10. There are some even wider questions, bordering on pertinent policy issues to be addressed:

- i. Where does tertiary education fit, in terms of national strategy for socio-economic development?
- ii. What are the policy goals for tertiary education in Nigeria?
- iii. What is the role of the government in a diversified tertiary education system?
- iv. What is the desirable limit of government expenditure?
- v. How much infrastructure is the government able to fund and maintain?
- vi. What is the role of government in research and innovation and what is the funding strategy?
- vii. How can a student financing system be developed with due consideration for equity?
- viii. Will the private sector be willing and able to invest in public tertiary institutions? and under what conditions?

11. The incessant industrial actions, over the last few decades, by various staff unions in our tertiary institutions, bordering on challenges of funding, have further heightened the need to explore innovative, sustainable funding regime for tertiary education in the country. This implies rethinking stakeholders' involvement in education financing to

secure a qualitative and functional tertiary education system, which is an essential tool for sustainable development.

12. A new model of sustainable funding for tertiary education in Nigeria is needed. There are three fundamental areas that need to be addressed. The first is the government funding, which is currently below the global average and needs to be increased and deployed in a more transparent manner and better managed. An increase in Education Tax to 3% will address this imperative and fulfil our President's pledge to the Global Partnership for Education (GPE). The second is the University curricula. It needs a revamp to produce graduates who are better suited to the realities of the national economy, which is an economy that cannot offer more formal employment at present, but rather needs job creators. Faithful implementation of the Triple-Helix-Model of Government, Academic and Industry collaboration, will upscale private sector contribution and demands, and ultimately deliver benefits to all. The third is for the nation's Universities to generate their own income to complement government funding. With the current economic fluctuations in the country, higher institutions need to fully embrace their roles as economic contributors, along with research and teaching. Our Universities should be encouraged and supported to seek for additional revenue sources by developing a range of pathways and mechanisms, including ventures related to their core business of education delivery, research and services such as clinical medical facilities, agribusiness and consultancy services that would be self-financing to generate surplus to the institution and similar initiatives.

### 13. KEY RECOMMENDATIONS FOR CONSIDERATION

#### (a) **Government Role in Tertiary Education**

- (i) Government should re-define its role by allowing full implementation of the 2004 Universities Miscellaneous (Autonomy) Act which empowers University Councils to take full charge of their operations and development;
- (ii) Government should limit its role to overall policy framework, regulation and the creation/strengthening of institutions such as NUC, TETFund, Education Bank, Federal Scholarship Board and a Students Loans Board to address the multifaceted challenges of education;
- (iii) Where Government chooses to implement policies, such as the ill-advised free tuition policy, it should make full financial provisions for same as grant per student based on the costs of training for individual courses, established by University Governing Councils;
- (iv) Government should continue to provide scholarship and bursary for exceptionally gifted scholars and verifiable indigent students based on income levels of parents and other discernable criteria. It should also provide dedicated funds for research and innovation to be accessed on strictly competitive bases.

#### (b) **Enhanced Role for University Governing Councils**

- (i) The composition of University Governing Councils should de-emphasize political patronage in favour of academic, business and policy expertise and disposition;

- (ii) Governing Councils should determine the structure of fees based on revenue streams, including government grants and their cost structure. This will enable them pay the right wages to attract and retain the best brains as well as provide a conducive teaching and learning environment for national and global competitiveness, and
- (iii) They should ensure that the nation's Universities operate on the strength of their balance sheets by demanding accountability and efficient harnessing and deployment of internally generated revenue.

(C) **Cost sharing by Stakeholders**

- (i) It is expedient to encourage students, who are primary beneficiaries, to contribute to the funding of the system through payment of tuition to complement Government subventions/interventions. In fact, it is common knowledge that many state Government owned Institutions have already adopted this model, and
- (ii) The rest of society, including university alumni, faith-based and other philanthropic organizations, the organized private sector, professional associations and other stakeholders, should be encouraged to support tertiary education through endowments, partnerships and linkages, and execution of designated projects on our campuses.

(d) **Education Bank**

- (i) Decree No. 50 of 1993, established the Nigerian Education Bank but it hardly took-off due to policy summersaults and

opposition from certain quarters. A resuscitation of the Bank will provide a pool of long-term concessionary funds to finance PPP projects in public tertiary institutions, fund critical infrastructure in private institutions, and it may also incorporate a student's loans scheme for greater efficiency in loans amortization;

- (ii) It is instructive to note that currently, at least three (3) Banks, namely Access, First Bank and GTBank offer loans to Nigerian students to study either at home or abroad. The tenor and interest rates are unattractive hence the need for a moderating strategy.

(e) **Students Loans Scheme**

- (i) In 1974, the Gowon regime established the Nigerian Student Loans Board to grant loans to indigent students to pursue their education, repayable in 20 years after graduation. The Board became moribund in the heady days of the oil boom era. The model is highly effective and is being used successfully in the USA and many Western countries;
- (ii) The model aims to ensure that upfront costs do not deter potential students. Governments provide loans to universities for students' tuition. They also offer accommodation and maintenance stipends for students. Once students graduate and are earning above a certain threshold, they begin to pay back the loans. Applying this model to the Nigerian University System raises two scenarios:-

- The wide availability of opportunities for formal employment in western countries is at the heart of the success of this funding model. Does the Nigerian economy have such graduate opportunities for formal employment?
- Conversely, can the introduction of this model motivate and re-energise the Nigerian graduate to take on the role of job creator in order to pay off student debt?

(iii) This scheme would obviously require effective loan repayment system from an identifiable, even if not entirely predictable sources.

(f) **Partnerships, Endowments, Research Grants and Ventures**

- (i) TETFund, NUC and other Agencies of Government should intensify efforts and investments to prepare and capacitate Nigerian tertiary institutions to effectively compete in the global research and innovation ecosystem. This will enhance their relevance and upgrade their financial/infrastructure base;
- (ii) Our Institutions should be supported to explore partnerships and collaboration with funding agencies and development partners, both at home and abroad, to attract support and complementary resources;
- (iii) The Institutions should strengthen their R&D activities and ensure effective linkage and collaboration with industry towards the commercialisation of their research outputs to generate revenue and sustain the system;
- (iv) They should establish functional Business Development Offices to support fund-raising and pursue knowledge intensive business

opportunities as well as opportunities for research grant funding, and

- (v) Tertiary Institutions should device innovative ways of engaging in entrepreneurship initiatives and explore commercial opportunities to guarantee self-sufficiency.

#### 14. **Conclusion**

The future of tertiary education in Nigeria lies in sustainable funding, which is clearly rooted in sharing costs amongst stakeholders, greater autonomy for our Institutions, diversifying income sources, creating new sources of income, building partnerships at home and abroad, and creating wealth beyond teaching and research.

Thank you for your kind attention.