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# A Review of Fund Allocation to the Nigeria Federal University System (1992-2002)

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## Abstract

*The study sought to discover the trend of funding federal universities in Nigeria from 1992 – 2002. The release of funds during the period, as issued by the National Universities Commission was the major source of data, which were analysed and presented in tables and graphs. It was found that the funding patten did not give adequate consideration to the requirement of the universities. Allocation to the education sub-sector was rather arbitrarily made. This was so because what each university, on average, got was a far cry from what could meet their needs. Thus, individual university's allocation could hardly cover its staff emoluments and other overheads while a paltry sum of money was always allocated for capital expenditure. To ameliorate the financial crisis in this sub-sector, a number of recommendations were made. These would also curtail wastage and make more money available to the sector. Among these recommendations is the avoidance of duplication of agencies in the education sector. There are currently about 22 such agencies performing overlapping roles.*

## Introduction

Almost everyday, we hear cries from all sectors of our economy for funding of their programmes. There were no less than six national strikes in the university system over poor funding of the universities by the various staff unions of the Nigerian universities from 1992 to 2002. Of course, the funding pattern is determined by the amount of funds allocated to the system by its proprietors. Buttressing the understanding of public institutions, a front page caption of the *Punch* of Tuesday, September 2, 2003 read thus "CAC, Law School, others groan under poor funding'. The body of the story listed the Corporate Affairs Commission, the Legal Aid Council, the Human Rights

Commission and the Nigerian Law School as some of the institutions begging for funding. But if, as Drucker (1967), paraphrased by Umoru-Onuka (1997), stated, 'the wealth of a nation is actually determined by the number of its educated people and the quality of these people', then government needs to invest in the basic training of its human resources as would be manifested in the funding of universities. Studies have also shown that the universities and other educational institutions are being grossly under-funded (Oboegbulem, 2001, Ogbona, 2001; Umoru-Onuka, 2001 and Adegboyega, 2002). Oboegbulem (2001) found that the highest proportion of the funding of the education sector was in 1989 (16.86%) in the years from 1986 – 1991, which indeed is a far cry from the ideal. Also discussing funds allocated to the educational sector from 1983-2001, Jaiyeoba and Atanda (2004) state that the sector was allocated only 3.8% in 1983, 6.4% in 1984, 7.9% in 1986, 8.3% in 1989, 1.8% in 1991 of the budget estimate for those years. While in 1992 it was 2.9%; 3.3% in 1993, 5.9% in 1994; 4.9% in 1995; 4.4% in 1996; 3.9% the following year in 1997, the percentage was 5.1% in 1998; 3.3% in 1999; 7.1% in 2000 and 7% in 2001. These figures are not in any way near the 26% of national budget prescribed by UNESCO. This situation of underfunding the education sector has been responsible for the various crises that had been witnessed in the sector during the period under review.

Enyi (2001) found that the funding of higher education is not what it should be. Yet, despite this inadequate funding pattern of higher education, there was still high-level corruption in the management of the higher education enterprise, among others. Ogbona (2001) discovered that highest percentages allocation of annual budget to higher education among allocation for 1972, 1988, 1990, 1991, 1992, 1993, and 1995 was 7.3% in 1993 followed by 6.9% in 1995, 6.3% in 1992, while the allocation for 1988 brought up the rear with the allocation to higher education being 2.8% of the annual budget for that year. A case of declining funding of higher institutions in Maryland, USA has also been reported (Kerr and Clagget, 1996), while Newmyer (1992) reported that a gap existed between government funding to California community colleges and what was actually needed to fully support them.

Underfunding of education (particularly the higher education) in Nigeria has caused both disequilibrium and instability in the higher education terrain as well as the loss of sessions of many universities. Thus, arises the need to study the funding pattern of the universities in the last decade or so in view of the inadequate funding of higher institutions and the constant agitation by teachers in the university system, and others alike, for better funding of the system. Funding must, in fact, be viewed as a worthy investment in the future development of the country. This is because the university system produces

the bulk of the nation's managerial and high level technical personnel. Besides, the system is equally charged with high level research activities, which would provide (propose) bases for technological and other forms of development. Research efforts must also be adequately funded. In fact, a properly funded university provides a good basis for research execution and thus the attendant national development. It, therefore, becomes very much imperative to undertake this kind of study on funding of the sub-sector. Funding of the Nigerian Federal University must be regarded as an investment, which will definitely yield unquantifiable dividends in all facets of Nigeria's national life. As Umoru-Onuka (1997) observed, budgetary allocation to education for the period, 1986-1991, was grossly inadequate, the highest being 7.1%, a far cry from the advocacy for 26% of national revenue for education by UNESCO. Babalola (2001) reported that the University of Ibadan responded to the decline in government's funding by increasing student/teacher ratio as a cost-saving device meaning that the teacher's performance was negatively affected by the attendant workload. Consequently, this development also significantly affected the teaching/learning process in the negative sense. Fajingbesi (1999) agrees that resource allocation has influence on productivity. It thus, becomes obvious that fund allocation has a lot of bearing on educational outcomes because every of the other resources can be denominated in terms of funds. There is no gainsaying, therefore, fund plays a prominent role in realizing the objectives of the university system.

### **The Problem of this Study**

This investigation sought to review the allocation pattern to the Nigerian Federal University System for 1992 to 2002, since, crises in the sector have been attributed to inadequate funding of federal institutions, and to find the reason, if any, for the poor fund allocation as well as to proffer possible solutions to this lingering problem in the education sector and the Nigerian Federal University System, in particular.

### **Research Questions**

1. What was the pattern of funding of Federal Universities in the decade of (1992-2002)?
2. What was the probable reason for inadequate funding of the Federal Universities in Nigeria?

### **Procedure**

This study is cross-sectional research utilizing descriptive analysis of secondary data obtained from relevant bodies. Interview was undertaken to find answers to two of the questions.

### Population and Sample

The population for this study is made up of all the 24 Federal Universities in Nigeria, which also made up the sample for the investigation. The researcher decided to select all of them in order to give the true holistic overview of the funding pattern of the Federal University System over the period in consideration (1992-2002).

### Methods of Data Collection

Available literature and relevant documents were scrutinized to get the relevant information on funding. The data was tabulated and from them inferences were made. Fifty eight students, who were the real beneficiaries of education, 72 teachers and 28 support staff in the system, were interviewed. The responses from the interview were analyzed analyzed and synthesized.

### Results and Discussion

Table 1

Grants to Federal Universities through the NUC (1992-2002)

Year	Total Recurrent Grant	Total Capital Grant	Gross Total Allocation
1992	2312056465.00	743808475.00	3055864940.00
1993	3315915278.00	590000000.00	3905915270.00
1994	3497486980.00	991775000.00	4489261980.00
1995	4720756980.00	1518194570.00	6238950796.00
1996	6051136450.00	1677596019.00	7696732369.00
1997	3830438010.00	1677117302.00	5507555312.00
1998	6628894283.00	2565945000.00	9194839283.62
1999	10736131535.77	10166681045.00	20902812580.77
2000	28733320663.43	5110170598.00	33843491261.43
2001	28742711957.09	5878555739.00	34621267696.09
2002	30644828005.00	20400000000	32694828005.00

Source: (NUC, January 16<sup>th</sup> 2003).

From table 1 above, one can deduce that more grants were given for recurrent expenditure than for capital expenditure, in the years shown, except for 1999 to 2002 where votes for capital expenditure for the universities were more than the recurrent expenditure. These are, however, a far cry from what is required to regenerate the sub-sector. Ninety-two of those interviewed felt that the duplication of agencies in the sector is responsible for depletion of the allocation to institutions in the sector. In fact, there are about 22 such agencies. Among are Nigerian Universities Commission, National Examination Council and joint Admission and Matriculation Board. If one takes into cognizance the inflation rate in the economy and particularly the exchange rate, which was about N85 to 1 dollar in 1999, and the present rate N140 to a dollar, the inference would definitely be that there has not been any substantial change in funding of the universities in the real sense. The falling value of the naira means less purchasing power of the currency. Therefore, all the allocation in the above table are a far cry from the reality in terms of what the money can do, if we take cognizance of the level of the current purchasing power of the naira, which means it purchases less than it purchased in 1999.

A study of the table above shows that sharing, for instance N33 billion, N34 billion, and N32 billion for the 2000, 2001 and 2002 respectively among the 24 Universities would give each university, on the average, something less than N1.5 billion. This amount hardly covered staff and other overhead expenses for the period. Capital development suffered as a result. The figure for the year 2002 showed a decline of N1,926,439,691.09 over the previous year whereas the value of the naira was for less than it was the previous year. The inflation rate was higher in 2002 than it was in 2001. Thus, there was never real increase when both the value of the naira which has always been on the decline from 1986 till date and inflation, which has also been on the increase, are taken cognizance of. This situation of under funding confirms the findings of Babalola (2001), Umoru-Onuka (2001), Jaiyeola and Atanda (2004), Onuka (2004) and Bakkabulindi (2005) that public sector institutions are grossly under-funded. More so, current average wage bill and overheads such as electricity bills, water rates, maintenance and administration costs cannot be less than N2.4 billion monthly for all the Federal Universities.

In looking at questions 2 and 3, the respondents in the study unanimously believed that if there was no duplication of intervention agencies like the Education Tax Fund (now Education Trust Fund) or so many other regulatory bodies such as the National Universities Commission, the overhead costs of these over twenty extra-ministerial bodies would have been channeled to funding the system. The decline in the funding of Federal Universities in Nigeria has led some of the universities to increase their student intake thus worsening the

student-teacher ratio resulting in greater teacher workload and teachers' declining productivity. This in turn culminated in ineffective learning due to large classes. (Babalola, 2001). They were also of the opinion that if these bodies did not exist, duplication in capital expenditures and personnel costs would have been used to develop the sector for equipment and other facilities for functional education in the country. Such facilities would include the provision of laboratories and more classrooms to reduce overcrowding in the system (Wosyanjo, 2005). It was also their view that wastes arising from ill conceived programmes and lack of transparency in programme execution also had negative impact on pattern of funding the Nigerian Federal University system. Over 90% of respondents agreed that if the organized private sector joined hands with the government to fund education the situation would improve tremendously.

It is believed that if the extra ministerial bodies being supervised by Federal Ministry of Education were reduced to a manageable size, the problem of funding in the sub-sector would be reduced to the barest minimum.

### Other Findings

**Table 2**  
**Comparison of report on funds release by FME and NUC**

Year	*FME Report on Fed. Un. Funding (Amount)	**NUC Report on Fed. Univ. Funding (Amount)
1992	N3.1bn.	N3.1bn
1993	N2.9bn.	N3.9bn.
1994	N4.5bn	N4.5bn
1995	N6.2bn	N6.2bn
1996	N7.7bn	N7.7bn.
1997	N5.5bn	N5.7bn***
1998	N9.2bn	N9.2bn
1999	N12.2bn	N20.9bn***
2000	N30.2bn	N33.8bn
2001	N33.2bn	N32.6bn***
2002	N30.6bn	N32.7bn***

\*FME Report on Funds Released to University

\*\*NUC Release on Funding of University (2003)

\*\*\*Indicates where NUC figures differ from those of the Federal Ministry of Education.

There are a few but significant differences in the figures given by the FME and NUC as the funds released to the Federal Universities System. Differentials are N.02 bn for 1997, N8.7bn for 1999, N3.8bn for 2000, N0.6bn for 2001 and N2.1bn for 2002. In all the year, the NUC figures were higher except in 2001 where the difference is N0.6bn in favour of the figure by FME. As a result of these disparities, one is left to wonder which of the two sets of figures is authentic. However, an inference that can be made is that the government is not even sure of how much it spends on Universities and the public could as a result of these disparities disbelieve the government. Government, therefore, needs to reconcile its accounts properly before going public if it is to be believed. The duplication of functions by Federal Agencies, as observed, has been responsible for these conflicting figures on the same issue by the two Federal agencies.

**Table 3**  
**Extra-budgetary Allocation to Federal Universities 1995-2001**  
**(stabilization fund)**

Year	Description	Amount in Naira
1995	Abacha Relief Package for all University Staff	23,000,251.00
1999-2001	Accreditation Exercise for all Universities	96,184,040.00
1999	FGN/ASUU shortfall paid to all Federal Universities	64,523,890.98
2000-2001	Presidential Visitation exercise to Federal Universities	132,226,320.00
2001	April/May Stakeholders Universities Curriculum	26,431,380.00
2002	Loan to FME for all the take-off of the National Open University	600,000,000.00
<b>Total</b>		<b>1,722,362,581.98</b>

Total Stabilization Fund: Principal+Interest up to 30/11/2002 = 1,500,000,000.00+1088,172,799.24 = 2588172799.24 Net balance

*Source: NUC Release (January 11, 2003).*

Table 3 shows that extra-budgetary allocation to Federal Universities were in some instances used for purposes other than was originally intended. It was utilized for accreditation of universities, stakeholders' meeting and loaned to



Federal Ministry of Education for the take-off of National Open University of Nigeria; none of which is part of stabilizing the universities fund-wise. It is, therefore, a misapplication of fund and should be returned to the universities. It was also observed that, in two years (2000 and 2001), presidential visitation to the universities gulped N132,226,320.00. This again, is an expenditure that does not impact directly on the universities. The take-off loan of N600,000,000.00 to Open University should not have been taken from the fund as the National Open University was not conceived when the fund was instituted for the universities. The rest of the stabilization fund of N1,265,807,217.26 should have been released to the universities to cushion the effect of the dearth of funds in the sub-sector. The finding here was that if 24 Universities shared N1.7 billion stabilization fund between 1995 and 2001, each would have got only a paltry sum. It would have been a drop in the ocean as far as concrete development or facility provision was concerned. The result confirms the findings of Babalola (2001) and Jayeoba and Atanda (2004) that Nigeria Universities and the education sector are under-funded. This also results in decline in the University students' welfare (Babalola, 2001).

**Table 4**  
**Annual (Mean) Allocation per University irrespective of**  
**categorization as first, second or third generation**  
**(computed from table 1)**

Year Allocation	Total Recurrent Grant	Total Capital Grand	Gross Total
1992	96335727.71	30992019.79	127327705.83
1993	138163136.58	24583333.33	162746469.58
1994	145728624.17	41323959.33	18705282.50
1995	196698176.08	63258107.08	259956283.17
1996	252130685.42	69899834.13	320698019.54
1997	159601583.75	69879887.58	229481471.33
1998	276203928.48	106914375.0	383118303.48
1999	4473388113.99	423611710.21	870950524.20
2000	1197221694.31	212923774.92	1410145469.23
2001	1197612998.21	244939822.46	1442552820.67
2002	127686733.54	854116666.67	1362284500.21

The above table shows the mean allocation to all federal universities at the current number. Thus it follows, therefore, that the average grant per year ranged

from N127,327,705.83 in 1992 being the lowest in absolute terms to N1,442,552,820.67 in 2001, which in absolute terms was the highest in the period under study. This declined to N136,284,500.21 the following year (2002). This is in spite of the fact that wage bill increases yearly, and that inflation has also been on the increase. Thus, in relative terms, there was no real increase in the grants to the universities, if any at all, since the economy has no real growth and also since the costs of overhead and development materials keeps on rising. If the number of the ministry's parastatals (23 in all) were reduced to a manageable size, waste would be minimized (Opeke, 2002). This allocation does not also take account of the needs of each University in terms of personnel costs, capital project requirement and other overhead costs hence some go a-borrowing (Falase, 2004).

The responses from the interview that was undertaken during the course of the study indicated that the following measures could be taken to find solution to the crisis of under funding:

The government should increase the level of the funding of its universities; even though it is obvious that it cannot do it alone. The government should reduce its spending on some projects that do not impact on the life of the people directly such as the funding of political parties, expenditures on advertising its achievements which should be tangible enough for the people to see for themselves and spending on incessant hosting of international programmes which have no direct bearing on the life of the common man.

Companies and other profit-making organizations, apart from their contributions to Education Trust Fund (ETF) should be committed to providing funds for the universities to conduct research and sell their findings for development purposes. In addition, these bodies could commission research projects in the universities in order to enable them to generate funds internally.

Parents and guardians should pay some token for their wards' education and those well endowed compatriots should make some sacrifice to assist in the education of the less privileged.

It was also the general belief of the respondents that there are too many parastatals in the education industry, which they propose should be reduced through merger of those that may be performing same functions like those playing regulatory roles for higher education viz: National Universities Commission, National Commission for Colleges of Education and the National Board for Technical Education among others.

### **Implications of findings**

The implications of the study are that the system is grossly inadequately funded, that there are too many regulatory and intervention agencies in the

sector whose functions are duplications of one another's. For instance, there are three regulatory bodies for higher education namely the National Universities Commission, National Board for Technical Education and the National Commission for Colleges of Education. One body could have taken care of these institutions of higher learning and wastage would thus be avoided. Rationalizing these bodies into a manageable number would thus release more funds to the system. Proper funding would help develop the manpower base of the country. Government needs to devise methods of mobilizing the citizenry and these profit-making organizations so to mobilize the necessary fund to educate citizens at the highest level. It also means that the government should ensure that all stolen money, which is stashed away in other countries, is not only returned but channeled to funding education at the university level.

### **Conclusion and Recommendations**

From the above analysis it could be concluded that judging from the enormity of the challenges facing the university system in Nigeria, with regard to facilities and dearth of academic staff, Federal Universities, are under-funded. It could be deduced also that there are too many intervention and regulatory agencies in the sector as has been pointed out above. For instance, we have such agencies like the National Universities Commission, the National Board for Technical and Business Education, the National Commission for Colleges of Education (all for the tertiary sub-sector), the National Commission for Adult and Non-formal Education, the Joint Admission and Matriculation Board (JAMB), the National Commission for Nomadic Education, the Education Task Fund, among others (twenty-three in all). These are too many and are thus duplication. They also amount to wastage of scarce national resources. The administrative costs, overhead and duplicated capital expenditures by these numerous agencies in the sector could have been used to judiciously beef up the funding of Federal Universities and other educational institutions. Inadequate funding of the Universities had led to serious crises during the period (1992-2002). This often led to closure of the Universities and loss of time by students amounting to nothing less than eighteen to twenty months of the ten-year period covered in the study.

In view of the above conclusion, the following recommendations are made:

The Federal Government should forthwith stop playing politics with the funding of education particularly, the university system, which is the factory for producing high-level manpower for the private and public sectors of the economy.

The Federal Government should step up its funding of the institutions directly rather than through intervention agencies such as the ETF or NUC (whose original functions were regulatory), which themselves have become drains on

the national economy as the money spent on these agencies is tantamount to an economic waste since such money could be channeled to properly funding the university system.

Therefore, as a matter of urgency, the Federal Government should reduce the number of agencies in the education sector to the barest minimum through the merger of, for instance, the National Universities Commission, the National Board for Technical Education and the National Commission for Colleges of Education into one body to cater for the monitoring of all Federal Government-owned tertiary institutions and thus make more money available to all Federal higher educational institutions in Nigeria.

Education Trust Fund and such other undesirable agencies in the sector should be scrapped immediately and education taxes should be paid into Education Tax Account to be administered directly by a department in the Federal Ministry of Education.

There should also be the restructuring of the Ministry of Education to prepare it for the additional responsibilities aimed at reducing cost that would now be thrust on it. Private organisations and well-endowed individuals should be encouraged to assist in funding research and providing of facilities for the University system as well as offering scholarships to indigent students in the University system and other tertiary institutions. Universities should also be encouraged to establish foundations.

Further study should be undertaken on the utilization of allocations to the system as well as on the needs of the sub-sector before allocation of funds is made in the future. These recommendations, if implemented, would not only make more funds available to the system but also improve the quality of the Nigeria education system.

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