



The Challenges of Funding Higher Educational Institutions in Nigeria: The way forward

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Abstract

This paper provided insights into higher education in terms of the levels and functions of the educational experiences offered, it highlights the aims of higher education in Nigeria as outlined by the Federal Republic of Nigeria (2004) section 8 (59), the paper discussed the challenges of funding Nigerian higher educational institutions, and highlighted the conventional sources of funding institutions of higher learning. It also discussed the way forward for attracting alternative sources of revenue for higher institutions. It was suggested that government and institutions must focus attention on funding and funding sources of higher education for the provision of adequate staffing to ensure quantity and quality; adequate resource inflow to support the fundamental functions of teaching/learning, research among others. The paper concludes that Government alone cannot provide free education at all levels, institutions and individuals should contribute to finance education.

Key Words: Higher Education and Funding

Introduction

Education in general, and higher education in particular, is fundamental to the construction of knowledge, economy and society in all nations. It has been described as the bed rock of every society and the tool for nation building. Education is widely accepted as a major instrument for promoting socio-economic, political and cultural development in Nigeria. Higher education also referred to as post secondary or tertiary education is the education given after secondary education in colleges of education, monotronics, polytechnics and universities and those institutions offering correspondence courses (Federal Republic of Nigeria 2004). These institutions educate future leaders and develop the high-level technical capacities that underpin economic growth and development (Odekunle, 2001). In respect of universities, Boulton (2010) while observing that Universities play increasingly important roles in modern society, noted that Universities are now seen as crucial national assets in addressing many policy priorities, such as; sources of new knowledge and innovative thinking; providers of skilled personnel and credible credentials; contributors to innovation; attractors of international talent and business investment; agents of social justice and mobility; contributors to social and cultural vitality; and determinants of health and well-being. Polytechnic education is designed among others to provide technical knowledge and vocational skills necessary for agricultural, industrial, commercial and economic development; impart the necessary skills to produce craftsmen, technicians, technologists and engineers, and to

enable men and women to have the intellectual understanding of the increasing complexity of technology and the role it plays around them and the society at large. Colleges of Education are responsible for the training of teachers to feed the primary and secondary tiers of the educational system in the country. Their relevance is derived from the fact that the quality of trained teachers determines the quality of the products of these sectors which eventually enter the universities and polytechnics.

Defining higher education in terms of the levels and functions of the educational experience offered, Bernett in Asiyai (2013) sees higher educational institutions as unique institutions which are differentiated from others in terms of research and its managers are designated as Provosts, Rectors, and Vice-chancellors for colleges of education, polytechnics/monotronics, and universities respectively. Higher education has been recognized as a fundamental instrument for the construction of knowledge driven economy and the development of human capitals all over the world (World Bank, 1999). According to Peretomode and Chukwuma (2007), higher education is the facilitator, the bed rock, the power house and the driving force for the strong socio-economic, political, cultural, healthier and industrial development of a nation as higher education institutions are key mechanisms increasingly recognized as wealth and human capital producing industry. World Bank (2004) argues that higher education is fundamental to all developing countries if they are to prosper in a world economy where knowledge has become a vital area of advantage. The quality

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of knowledge which is generated in institutions of higher learning is critical to national development. It is only quality education that can sharpen the minds of the individual and help transform the society economically, socially and politically. Countries of the world can achieve sustainable development by improving through training in higher level, the skills of their human capitals.

Higher education in Nigeria as outlined by the Federal Ministry of Education (2004) section 8 (59) is expected to:

1. Contribute to national development through high level manpower training.
2. Develop and inculcate proper values for the survival of the individual and the society
3. Develop the intellectual capabilities of the individual to understand and appreciate their local and external environment.
4. Develop and inculcate both physical and intellectual skills which will enable the individual to be self-reliant and useful member of the society.
5. Promote and encourage scholarship and community services.
6. Promote national unity as well as national and international understanding and interaction.

Section 8 (60) of the policy document also state that higher education in Nigeria should vigorously pursue these goals through:

- Teaching
- Research and development
- Knowledge generation and dissemination and international cooperation

Dedicated services to the communities through extra-mural and consultancy services. In consideration of the importance of tertiary education, Ajayi and Ekundayo (2006) submit that the funds allocated to higher education should not merely be considered as an expense but a long-term investment, of benefit to society as a whole. These benefits are reflected on a societal level in terms of lower unemployment rates, better health, lower crime rates, more involvement in societal activities, higher tax returns and other trickle-down effects.

In their opinion, Odiya and Omofonmwan (2007) argue that successful development entails more than investing in physical capital, or closing the gap in capital. It also entails acquiring and using knowledge as well as closing the gaps in knowledge. Thus to successfully confront the challenges of development, a developing country must undertake three major tasks:

- (1) Acquire and adapt global knowledge and create knowledge locally;
- (2) Invest in human capital to increase the ability to absorb and use knowledge; and
- (3) Invest in technologies to facilitate both acquisition and the absorption of knowledge.

Despite the immense benefits of university education to nation building, the potentials of higher education and indeed the university system in developing countries to fulfil these responsibility is frequently thwarted by long-standing problems bedeviling the system.

Considering the relevance and roles played by education and higher education in particular, Tyokyaa and Odeh (2015) posit that education is an expensive social service and therefore requires adequate financial provision from all stakeholders including government for successful implementation of all identified educational programmes adopted for implementation. Education is expensive because money is needed to hire, train and pay teachers; provide and maintain facilities (like classrooms, laboratories, studios, workshops) and replace consumable equipment on a continuous basis. Unfortunately in Nigeria, successive governments have erroneously encouraged people to believe that Government alone can provide free education at all levels. This state of affairs is not only wasteful in itself but has made it very difficult to formulate policies that will make the Nigerian people contribute to finance education. Even though the government has realized its mistakes and is now begging or welcoming or encouraging the participation of local communities, individuals and organizations to assist in funding education, there is an urgent need to embark on a programme of reorientation of the Nigerian people to appreciate the need to adequately finance education. On the part of government, relevant sectoral bodies such as the Education Trust Fund (ETF), Industrial Training Fund (ITF) and National Science and Technology Fund (NSTF) have been established to respond (by way of intervention) to the funding needs of education.

The Challenges of funding Nigerian Higher Educational institutions.

According to Okebukola,(2003) higher education in Nigeria is in travail, the system is riddled with crises of various dimensions and magnitude. A number of multi-faceted problems have inhibited goal attainment and are raising questions, doubts and fears, all of which combine to suggest that the system is at a cross road. This paper therefore examines the most critical of these problems which is the challenge of funding that has been rendering the system incapacitated. In spite of the magnitude of financial needs confronting tertiary institutions in Nigeria, the significant adjustment to their allocated budget amount is minimal. Consequently, the internal distribution of these fixed allocations among staff salaries, student services, staff development, and operational expenses becomes a challenge. There are, in addition, other problems in financial management, such as the lack of transparency in decision-making, fragmentation in budget responsibilities and the absence of measures for curbing out-of-control budgets in higher education. The inefficient application of funds often dilutes the impact of funds provided. This is the consequence of numerous factors, including the absence of defined funding mechanisms, poor system planning, poor monitoring of expenditures, excessive public expenditure on students studying overseas and inefficient use of available funds by higher education institutions, as demonstrated by high student dropout and repetition rates, high proportions of overhead and salary expenses for administrative staff, and high levels of institutional debt.

Inadequate funding is the most critical challenge that has threatened the attainment of good quality higher education in Nigerian tertiary institutions. The problem of inadequate funding of education has been a bane to educational development in the country. Quality higher education is dependent on the quality and quantity of human and material resources put in place in institutions of higher learning. The lack of infrastructures such as science laboratories, workshops, students' hostels, libraries and electricity will affect the quality of education. For good quality delivery, these facilities must meet the minimum standard specified by the National Universities Commission (NUC), the National Board for Technical Education (NBTE) and National Council for Colleges of Education (NCCE). For quality teaching and learning, the class size must be small for effective students/teacher interaction. Unfortunately, most institutions of higher learning in Nigeria, the lecture halls are overcrowded with majority of the students standing at the corridors during lectures. Besides, the libraries in most institutions of higher learning in the country are stocked with obsolete text books, with current journals and text books lacking. In the opinion of Okebukola, (2003) the library is at the heart of the academic effort in a college or university. For an institution to be strong academically, it must have a formidable library put in place. This explains why the top universities of the world (Harvard, Cambridge, Tokyo and university of California) are academically of high strength and quality. The acute shortage of educational facilities in institutions of higher learning in Nigeria has led to decline in the quality of higher education in the country. For example, in most universities and colleges, the science laboratory and vocational and technical education workshops are empty, lacking the equipment needed for effective teaching and learning. It is not uncommon to see a student graduating from chemistry department without handling volumetric analysis apparatus. The undesirable conditions of institutions of higher learning in Nigeria have been worrisome to many scholars (Asiyai, 2005). Students in some institutions of higher learning in Nigeria are learning in dilapidated buildings which are poorly ventilated, poorly illuminated, poorly furnished and environmentally depressing and disabling situations. Even many lecturers share small offices. Worried about the poor quality of graduates of higher education institutions in Nigeria, the national universities commission carried out a need assessment survey which was reported by Okebukola, (2005) and highlighted the following; only about 30% of Nigerian students' population has adequate access to classrooms, workshop, lecture halls, laboratories and libraries; Deficient libraries in terms of currency and number of books, journals, and electronic support facilities; Inadequate academic calendar resulting from staff unions' industrial action premised on low salary, wages/welfare and students strikes often time related to inadequate facilities; and Lack of practical experience, often times resulting from deficient facilities. These factors are all threats to quality attainment in higher education in Nigeria.

Conventional Sources of Funding Tertiary Institutions

Isuku and Emunemu (2010), maintained that higher education must remain a "public good" for the low socio-economic class to have access to it. They identified Conventional Sources of Funding Tertiary Institutions. Be that as it may, it will be pertinent, at this juncture, to highlight the conventional sources of funding institutions of higher learning, before proffering alternative strategies for sustaining the revenue base of tertiary institutions in Nigeria. In the same vein, Abdu (2003) sees funding of higher education in Nigeria today as 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. Some of the possible options of financing higher education in Nigeria could be; Fund from government, Tuition and fees, Grants and Endowments, Investment income, Auxiliaries (Enterprises, Licenses, Parents and Alumni Association), Consultancies and Research activities and Community Participation among others. Some of the sources are discussed below.

Government Subventions (Grants): Government grants and subventions constitute a very substantial proportion of the finance that is available for use by institutions of higher learning in Nigeria. Institutions of higher learning that are publicly-owned depend on government for funding. According to Akangbou in Abdu (2003), this method of funding education is usually very important because, in most, if not all countries, education is seen as a social service and governments allocate a sizeable proportion of their annual budgets to the provision of and financing of education. These grants could be capital or recurrent grants. The former (capital), when paid to institutions of higher learning, is meant for the erection or construction of new buildings, carrying out of major repairs of old structures and the purchase of hardware, school equipment such as laboratory equipments, and others. The principle that underlies the granting of the subvention is the same, except that the amount of grants does change from year to year. Recurrent grants on the other hand, are used for the payment of teachers and non-teachers' salaries and allowances and the purchase of other educational goods and services.

Donations and Endowment Funds: Another source of financing institutions of higher learning in Nigeria is through donations and establishment of endowment funds. These donations are made by corporate organizations especially Multi-National Companies (MNCs), communities and individuals who are eager to contribute to the upliftment of higher education in their states or nation. Most of these donations are essentially free will gifts in cash or kind to institutions of higher learning. Such donations have been remarkably quite small. However, in the past, substantial (foreign) grants were received from organizations like the United Nations Educational Scientific and Cultural Organization (UNESCO), the United Nations Development

Programme (UNDP), the Ford Foundation, the Rockefeller Foundation, the Carnegie Foundation, the German Academic Exchange Services, Canadian International Development Association (CIDA), etc. These grants were mainly geared towards aiding programmes in the Universities, especially Postgraduate studies and staff development. Unfortunately, these grants actually declined in the 1970s when Nigeria's oil wealth gave the impression that such aids were no longer necessary. Also following the face-off with the United Nations over non-democratic principles in governance and a bad record of human rights violations when Nigeria was under military dictatorship, many of such organizations have had to withdraw their funds, and stopped supporting researches and programmes in institutions of higher learning. Be that as it may, a handful of these international organizations, following the dawn of democratic governance in 1999, have reinstated their commitment to the financing of higher education in Nigeria. Organizations such as MacArthur Foundation, the World Bank, the Commonwealth of Learning (COL), British Council, and the United States Agency for International Development (USAID) and others, are quite notable. It is important to note too that most of the established Non-Governmental Organizations (NGOs) in Nigeria and around the globe equally contribute substantially to educational development in Nigeria. In the recent times, many corporate organizations have also been seen to be financially supportive to higher education in Nigeria. On the other hand, endowment appeal funds are a recent introduction to assist educational establishments in executing their developmental plans. Institutions of higher learning in Nigeria have, in the recent, been launching endowment appeal funds, but unfortunately, very little have been realized from these launchings.

Tuition Fees/Levies: When students attend school or university, they are likely to be asked to pay for the teaching they are going to receive. When such payments are made, we say that tuition fees are paid by such students. Usually, tuition fees may not be the only payments made by students, they may have to pay levies for such purposes as examinations, laboratory use, development, uniform, municipal fees (for water and electricity consumption), hall maintenance fees, non-refundable admission deposits among others. All these are possible forms of sourcing funds from students. Such fees represent a small percentage of the total institution's income, especially in the publicly owned schools. More importantly, there has been a general government embargo on the payment of tuition for undergraduate programmes in all federal-owned institution of higher learning.

Education Tax Fund (ETF): The Education Tax Fund was established through the Education Tax Decree Number 7 of 1993 which compelled companies operating in Nigeria, which have up to 100 employees on their pay roll to contribute 2% of their pretax earnings in any one year to the Education Tax Fund (ETF) for the funding of education. The ETF has so far made its presence felt in many institutions of higher learning across the country through the construction and/or rehabilitation of new classroom blocks, hostels, staff office complexes, laboratories among others.

Internally Generated Revenue: In response to the government mandate that each university must generate at least 10% of its total revenue, each university has now embraced vigorously, commercial ventures, and linkages with the productive sector. Most universities are now involved with running commercial ventures of different kinds, ranging from hotel services, primary and secondary schools, publishing, consultancies, sales and marketing, including petrol stations, supermarkets, bookshops, farms among others. However, this method of financing shows that it is still very insignificant.

The way forward for attracting alternative Sources of Revenue for Tertiary institutions

From the foregoing, it is apparent that tertiary institutions cannot continue to depend essentially on government subventions for their operations, as the government meets only about 40% of the required total recurrent expenditure, and this hardly caters for staff salaries. Therefore, activities such as research, staff development as well as social and recreational programme would virtually all but be grounded. For the tertiary institutions to attain greater heights, therefore, it cannot continue to rely on government subventions alone. Indeed, the institutions of higher learning must aim at generating from other sources nearly all that it needs, at least, in the long term. At this juncture, it will be pertinent to proffer some alternative strategies for sustaining the revenue or financial base of tertiary institutions in Nigeria.

These alternative strategies include the following:

Providing consultancy services: Universities and other institutions of higher learning should endeavour to sell the products of their researches and the available expertise (in form of services) through competitive project bidding and consultancy. In fact, institutions of higher learning should take a more aggressive posture in commercializing innovative research findings.

Joint venture with private sector: Institutions of higher learning should also strive to explore joint venture participation with private sector operatives in diverse areas of endeavour. In other words, tertiary institutions should establish partnerships with the private sector, more so that the latter are essentially the major consumers of their products. A current and worthy example of such partnerships is the University of Ibadan Schlumberger Learning Centre; a collaboration between the University of Ibadan and Schlumberger. The council of the University approved and provided funding for the building and Schlumberger equipped it. Schlumberger carries out research activities in the Centre and the University community has access to the facilities the company has provided. This, obviously, is a win-win relationship for all parties involved.

Private support and endowment funds: Of comparable importance to the financial strength of public universities and other tertiary institutions are "private giving" in form of private support and endowment funds. Tertiary institutions should embark on aggressive fund-raising campaigns with greater private sector participation. In a similar manner, institutions of higher learning in the country should pursue

vigorously its endowments. Endowments are contributed funds, held and invested by the university in perpetuity, whose proceeds are dedicated for a particular purpose such as supporting a distinguished faculty member (an endowed professorial chair), a student (an endowed scholarship or fellowship), or perhaps an academic program. Generally the benefactor's name is associated with the endowed activity.

Donations from Alumni and other groups: All institutions of higher learning in the country should develop a strong and vibrant relation with their alumni/alumnae within and outside the country; as well as other groups of people like former faculties and staff, visiting scholars or associates and friends of their various institutions; corporate bodies and individuals. The alumni/alumnae are veritable sources for such institutions to seek alternative sources of revenue, since most of them are prime movers of the economy at home and abroad. Tertiary institutions may organize Home-coming programmes for such groups of people on an annual basis. Such fora should be used essentially to source for funds from the alumni/alumnae.

Sponsored Research Fund: As part of seeking for alternative sources of revenue for higher education in Nigeria, tertiary institutions should equally seek for sponsored research funding from both the government (federal and state), as well as industrial sources, for their faculty members.

Bearing in mind that the outcomes of such researches would be of high benefit to the government and the industrial/corporate organizations, the support derived from such ventures would go a long way in ameliorating the sufferings of the academia in their quest to find sponsorship for their researches.

Tuition Fees: Tuition fees should be re-introduced to all undergraduate programmes in Nigerian universities as well as other institutions of higher learning in Nigeria, as opposed to the present situation whereby tuition is made free. However, this can only be achieved, if and only if, universities are granted full autonomy by the government. This will enable them to take decisions on sensitive matters affecting them like the issue of tuition payment. With the sharp reduction in government subventions to these institutions, and the seemingly enrolment upsurge in the universities and other institutions of higher learning, the institutions are left with no choice but to introduce tuition. The payment of tuition will make students to appreciate the value of education and also imbibe in them the spirit of hard work. Consequently, there will be an improvement in the overall quality of higher education.

Development of professional programme: Universities, especially, could also increase their resource or financial or resource base by embarking on an aggressive but efficient programme expansion. This could be done by developing professional, masters and doctoral programs in selective, high demand disciplines and career fields that create opportunities for economic development. The University of Ibadan, through its Postgraduate School, is currently adopting this line of approach, and the level of success is very overwhelming.

Part-time teaching: Universities and other institutions of higher learning in Nigeria could also increase their resource base by engaging in Part-time teaching through the operation of Open and Distance Learning (ODL) programme. Such programme will attract a critical mass of people who were not privileged to have a regular university education. The ODL programme can also be complemented with e-learning courses, the success of which will be greatly dependent on the provision of an effective and efficient Information and Communications Technology (ICT) base. Again, the University of Ibadan is also taking the lead with the establishment of a Distance Learning Centre (DLC), which is currently running both degree and sub-degree programmes in various fields of study, especially in the humanities, social sciences and mathematics. If properly managed, this certainly will be a veritable source of income generation for the university.

Recommendations

To address the challenges of funding of higher education in Nigeria, the following recommendations are made.

- The government of Nigeria should place high premium on education by meeting up the recommended 26% educational spending prescribed by UNESCO, to help revitalize the higher education system
- Institutions of higher learning in Nigeria should focus on alternative strategies of funding their institutions.
- The Nigerian citizens should be prepared to contribute to finance education either by way of Parents Teachers Associations (PTAs) or alumni/alumnae members of the various institutions of higher learning in Nigeria.

Conclusion

Higher education is expensive because money is needed to hire, train and pay teachers; provide and maintain facilities and replace consumable equipment on a continuous basis. Successive governments in Nigeria have erroneously encouraged people to believe that government alone can provide free education at all levels. This state of affairs is not only wasteful in itself but has made it very difficult to formulate policies that will make the Nigerian people contribute to finance education. The paper concludes that government alone cannot provide free education at all levels, institutions and the Nigerian people should contribute to finance education.

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