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## **Alternative sources of funding and government subventions as indices for infrastructure development in Nigerian Universities**

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### **Abstract**

Infrastructure development in Nigerian Universities has been in the front burner as trade unions such as the Academic Staff Union of Nigerian Universities (ASUU) has not relented in her effort at persuading the government through strikes and agitations on the need for infrastructure development in public universities at both federal and state level. Consequently, the fund available to managements of universities in Nigeria is inadequate and the more reason why the universities governing council in conjunction with the management have to put on their thinking hats and come up with strategies that would proffer alternative source of funding that will accelerate the provision and maintenance of a sustainable infrastructure in the universities. Therefore, this study examined alternative sources of funding and government subventions as indices for infrastructure development in Nigerian universities and suggested that for a meaningful development with regards to infrastructure in Nigerian universities to be achieved, there is need for proactive strategic plan that would drive alternative source of funding and proper and effective utilization of subventions from government.

**Keywords:** Alternative Sources of Funding, Government subventions, Infrastructure Development, Nigerian Universities.

### **Introduction**

Over the years the infrastructures in most of the first and second generation universities in Nigeria have become moribund or are in dilapidated condition because the authorities in the universities are not mindful of them or have simply abandoned them with the mindset that it is owned by the government and as such it is the responsibility of government to refurbish it or better still build new infrastructures. Consequently, with over populated number of students and a less corresponding infrastructure as well as its decaying state of condition, Universities in Nigeria has suffered its own share of infrastructure deficit and this has affected the outcome of teaching -learning processes of both the lectures and students (Akintoye, 2008) [4]. According to Adedeji (2002) [1], these decayed infrastructures have caused the institution a lot in terms of the quality of graduates produced each year, the hygiene and health conditions of students in their hostel of residence and during examinations. Going into examination these days by students has become a very difficult task due largely to inadequate lecture rooms, chairs and desk for writing as well as unkempt environment (Ajayi and Alan, 1996) [3]. The students do not have conducive academic environment to prepare for examinations. Little wonder they sought the help of mercenary, copying from one another and even inducing lecturers with money where necessary or sex for mark which is more pronounced in recent time not only in universities in Nigeria but globally. Ogburuga (2003) [8] define infrastructure from the stand point of educational setting, its outlays, buildings, network of roads and even electricity and water. The functional libraries, laboratories, the physical conditions of the classroom and hostel accommodation of the school according to him also form part of the infrastructural facilities. The scholar emphasized that in this modern age, the computer and electronic media and adequate classrooms are necessary to enhance a functional education system in the tertiary institutions. He observed that it is obvious that the defining status of a tertiary institution is its state of infrastructure. However, Yusuf (2010) [9] noted that in most cases, some of the tertiary institutions in Nigeria have been classified as glorified secondary schools because of dearth

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or decayed infrastructures in such institutions as they are unable to function adequately as universities.

Akintoye (2008)<sup>[4]</sup> submitted that over the years, university system has been infested with decayed infrastructure and this has certainly affected teaching. The decay itself has affected the quality of teaching staff whose working condition is nothing compared to what obtains in overseas (Aina, 2007)<sup>[2]</sup>. For instance, the decay has practically affected the classrooms, lecturers offices and students hostels. Thus successive government consistent inconsistency and inability at providing infrastructure has been the bane of development in terms of actualization of effective teaching and learning that would bring about accelerated development in every sphere of the nation both manpower and economic development.

### Alternative sources of funding

According to Yusuf (2010)<sup>[9]</sup>, government alone cannot fund the university system to meet the required expectation of the society. Thus, (Odebiyi & Aina, 1999)<sup>[10]</sup> emphasized that government encourages participation and commitment of the states, local government, corporate organizations, wealthy individuals to assist in cushioning or better still help reduce the burden of funding education. Hence, the need for alternative sources of funding university in Nigeria becomes imperative. Aina (2007)<sup>[2]</sup> stated that management of universities in Nigeria can embark on revenue drive by being creative in terms of the internally generated revenue and this can be achieved in different ways such as Levying students, partnering corporate organizations through public private partnership (PPP) school fees, setting up a mechanized farm, owing businesses Renting out part of school premises etc. Obasi and Asodike (2007)<sup>[11]</sup> enumerate other sources of alternative sources of funding to universities to include "School fees, levies of different types, school fund raising, allied school business, sale of school farm produce, school cultural dance troop, Alumni association and external aids, as well as borrowing through the issuance of bonds.

The provision of university education all over the world is capital intensive and Nigeria can not be an exception. The running of universities requires a lot of funds to be accomplished. The government alone cannot shoulder this great and tasking responsibility. Thus Yusuf (2010)<sup>[9]</sup> stressed that the Federal Republic of Nigeria in her National Policy of Education recognized that "Education is an expensive social service and requires adequate financial provision from all tiers of government for successful implementation of the Educational Programmes". That is, funding should be joint responsibility of the federal, state and local government, and the private sector. Ebong and Afangideh (2006)<sup>[7]</sup> posited that though the funding of education is a shared responsibility by the federal, state and local governments, the Federal Government bears the greatest responsibility. Base on the foregoing, Ayo, Sobowale & Akinyemi (2011)<sup>[5]</sup> identified a number of sources of funding university education in Nigeria particularly public universities to include among others:-

**1. Commercial Ventures:** Universities have to embrace commercial ventures in response to government mandate that each university must generate at least 10 percent of its total revenue. The commercial ventures which are of different kinds include: Consultancies,

Petrol Station, bookshop, publishing houses, schools, hotels, etc. The margin of profits from the different ventures' ranges between 4.7 million naira and 82.9 million naira annually from each university. The ventures which attract high profit margin are those offering professional services such as consultancy, distant learning programmes and hotel services. It is important to note that University of Ibadan was the first to develop insights into commercial ventures, many of which were established in the 1970s. generally, the profits made from those various ventures are ploughed back for expansion and for enhancing the working conditions of staff.

**2. Private Sector Contributions:** Contributions from the private sector to university education in Nigeria are limited to the endowment of prizes and professional chairs, gifts and voluntary donations. The Petroleum Technology Development Fund (PTDF) established professional chairs in some universities to undertake research relevant to capacity building in the oil and gas industry. The institutions involved have been enjoying annual allocations ranging from N14 million to N 25 million per institutions in the recent past to support the chairs. Bamiro & Adedeji (2010)<sup>[6]</sup>, stated that gifts and donations from the private sector are usually in the form of cash and physical structures given to the universities by individuals or groups.

**3. Education Trust Fund (ETF):** This education trust fund was established in 1993 to facilitate the execution of projects aimed at improving funding to university education in Nigeria. In order to generate sufficient funds, the act which established it imposed 2 percent education tax on the accessible profit of all registered companies in Nigeria. Currently, the ETF is a major source of funding university system in Nigeria, particularly the Federal Government direct the fund through a major policy that stipulates that it should assist universities in the commencement, completion and rehabilitation of capital projects embarked upon by them. It is currently the source of special interventions by providing and upgrading the facilities for teaching, learning and research, and the development of the requisite human capital (Bamiro & Adedeji, 2010)<sup>[6]</sup>.

**4. Grants:** Several foreign grants have aided and supported Nigerian universities postgraduate study programmes and staff development. Some of the agencies that have supported Nigerian Federal Universities include; John, David and Catherine, T. Mac Arthur Foundation, World Health Organization (WHO), Carnegie Foundation etc. for example, the Mac Arthur and Carnegie Foundation have been supporting four universities in Nigeria since 2010 in this key areas of staff development and development of Information Communication Technology (ICT) infrastructure. The University of Ibadan was awarded a total of \$6.4 million between 2005 – 2012 and \$3.1 million to Bayero University, Kano for the period 2008 – 2010 by Mac Arthur and Carnegie Foundation respectively for various development projects Bamiro & Adedeji (2010)<sup>[6]</sup>.

**5. Alumni Association:** This is an association of old students in an institution. There are old students who are very proud of their institutions and so remember their Alumni. Often times, these students made financial contributions for the up-keep of their former schools, sometimes they are invited to give financial, material and moral support to them. Ayo, Sobowale & Akinyemi (2011) <sup>[5]</sup> submitted that there is underfunding of university education in Nigeria; that the principles of fiscal justice and fairness should be used as a way of involving all education stakeholders in sharing the burden of funding university education.

**6. Internally Generated Revenue (IGR):** In Nigeria, the Federal Government has compelled each university to generate at least 10 percent of its total revenue. It is in response to this that the universities have expanded the scope of internally generated revenue base to include: student fees/levies, grants, private sector contributions e.g endowments, gifts, donations, commercial activities/consultancy and other diverse initiatives. (Adedeji, 2002) <sup>[1]</sup>

### Government Subventions

Universities in Nigeria are supposedly meant to enjoy huge subventions from the government both federal and state going by the enormous resources available in the country most importantly the oil revenue. However, research has shown that even when government releases money to universities, such subventions are mismanaged by the universities management and this has hampered accelerated developments in the ivory towers most especially in the area of infrastructure development. In the same vein, even though alternative sources of funding is suppose to be channeled for effective fund management towards infrastructural development of Universities such as; Alumni Associations provision of funds for smooth running of universities, donations from philanthropists, massive financial support by multinationals and international organizations such as NNPC, SHELL, UNICEF, UNDP, UNESCO, World Bank etc, these funds have not translated into infrastructure developments in the universities and this scenario is one that needs urgent attention by the government to forestall total collapse of the universities with regards to infrastructure deficit (Akintoye, 2008) <sup>[4]</sup>.

According to (Yusuf, 2010) <sup>[9]</sup>, the way and manner administrative tool is being used for effective fund management towards infrastructural development of Universities in Nigeria such as; timely release of funds to universities, appropriate sanction of administrators found wanting as a measure to avoid embezzlement of funds released by the government and employment of qualified and competent administrators has not yielded the expected results. Fundamentally, the appropriation and subsequent management of fund which could have hitherto served as strategies for effective fund management that could have enhanced effective delivery and management of infrastructures in the universities thereby helping to expand the frontiers of knowledge in this present day world that is driven by knowledge economy is hitherto not effectively applied and this may have been responsible for the decay of infrastructures in Nigerian universities.

Funds allocated to either the federal or state universities is challenged by competing sector of the economy. The

funding of universities in Nigeria is hampered by government refusal to muster the right political will and the over politicization of universities fund which frustrates the implementation of universities programmes viz-a-viz infrastructural development in Nigerian universities.

### Conclusion

The need for infrastructural development and maintenance in the Nigerian Universities need not over-emphasized. However, there could not be a better way of achieving sustainable infrastructural development in Nigerian Universities than embracing alternative sources of funding which is a key instrument in advancing infrastructural deficit that has plagued Nigerian Universities. Consequently, government subvention is needed and must be adequate and readily made available through appropriation to help fast track infrastructure provision and maintenance in Nigerian Universities. These two key factors can be considered highly critical if any meaningful infrastructural development is to be achieved in Nigerian Universities.

### Suggestions

Based on the foregoing, the following suggestions are hereby adduced;

1. Universities management in Nigeria should explore means of generating funds and also look inward by improving on the internally generated revenue (IGR) to be able to provide adequate and sustainable infrastructure in the Universities.
2. Government at both federal and state should give top priority to subvention released to universities so that management of universities can put such funds into proper use for infrastructure development in the Universities.
3. Proper monitoring of subventions disbursement to universities should be paramount in the mind of government to checkmate embezzlement.

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