Towards Alternative Sources of Higher Education Funding in Nigeria: Imperatives of Public Private Partnership

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Abstract
In recent time, the dwindling resources of government all over the world has put more strain on investment in higher education making the task of funding becoming increasingly difficult. This problem has become particularly worrisome in most less developed countries where the annual budget allocation to education over the years has been a far cry. The supply-demand gap in higher education in Nigeria is on the increase. Lack of financial and managerial capability impede government’s ability to provide sustainable and qualitative higher education. This calls for the need to explore alternative sources of funding for higher education in Nigeria. Public private partnership (PPP) has been defined as the collaboration in the delivery of public services between government and private business on account of corporate social responsibility and societal demands for strategic partnership. The main objective of this study was to examine the imperatives of Public-private partnership as alternative sources of higher education funding in Nigeria. The ex-post facto research design was adopted for the study. Secondary sources of data are employed to achieve the objective of the study. Findings revealed that the benefits of public private partnership include cost saving and reduction through innovative technologies; cost sharing with a private partner; enhancement of revenue generation from different sources and economic benefit in terms of transfer of expertise and economic growth. The Development Finance Model - where the government shares risk and responsibility with private firms but ultimately retains control of assets was recommended. Also we recommend that the system of PPP in the USA and Republic of Korea where many private universities obtain grants from government should be introduced in Nigeria to achieve improved quality, greater access and better control.

Keywords: Higher Education Funding, Imperative, Public Private Partnership

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I. Introduction
In the global knowledge economy, higher education has a crucial role in nurturing human capital. It promotes economic growth, leads social transformation, and finds solutions to national development challenges. Major challenges for higher education development are: (i) limited access despite the recent expansion, (ii) regional imbalance, (iii) questionable quality and relevance to the job market and national development priorities, and (iv) inadequate financing and governance arrangements. Assurance of quality is a critical issue in higher education. In a country of about 170 million people and with a history of modern university education for decades, the country cannot boast of one single “world-class” university, Quality in higher education can be viewed both in terms of overall quality of the Higher Educational Institution, particularly of the universities, and also in terms of individual or specific academic programs or disciplines. The quality assessment of universities normally considers many aspects, such as academics, campus and infrastructure, management and governance, research performance, and publications. Various indicators within each of the above categories are examined in the quality evaluation: for example, under academics, the quality of faculty and curricula would feature prominently.

In the face of declining government funding for higher education, there is the growing needs and justifiable pressure for direct beneficiaries to bear a reasonable part of the cost of higher education. The Gray Longe commission set up about ten years ago, recommended, among other things that the funding of higher education should be shared among various interest groups within the economy which include the various tiers of government, parent/sponsors of students, the private sector and the higher institutions themselves (Faniran and Akintayo, 2012). Though this recommendation was not properly implemented, it continues to be tenable and has become a major issue in higher education discourse in Nigeria. Managing higher education involves continuous improvement in the maximization of resources for the attainment of objectives. Obanya (1999) noted
that the attainment of meaningful higher education requires the genuine participation of the public, the organized private sectors, donor agencies, individuals and civil society.

Public-private partnership (PPP) has been defined as the collaboration in the delivery of public services between government and private business on account of corporate social responsibility and societal demands for strategic partnership. In other words, people and organizations combine to engage in mutually beneficial relationship to achieve common aims (Zadok and Nelson, 2000). In the context of this study, PPP is seen as collaboration among the governments and the private sector in financing higher education.

II. Statement of The Problem

Higher education financing was traditionally the responsibility of government. The assumption was that only the government can effectively provide higher education, given the externalities with it, and the huge investment required. In recent years however, the dwindling resources of government all over the world has put more strain on investment in higher education making the task of funding becoming increasingly difficult. This problem has become particularly worrisome in most less developed countries where the annual budget allocation to education over the years has been a far cry. The supply-demand gap in higher education in Nigeria is on the increase. Lack of financial and managerial capability impede government’s ability to provide sustainable and qualitative higher education.

At the world declaration on higher education for the 21st century, UNESCO gave a mandate on partnership and collaboration which specify that higher education institutions should engage in public-private partnership in the process of research and infrastructural development (UNESCO, 1998). In line with this declaration, research has shown that developed countries have embraced PPP in financing and management of education (Anand, 2012, Kayongo 2007, and Caldwell 2004). However the case in developing countries is a little different as not much success has been recorded in some of these countries, e.g. Nigeria. This is evident in the fact that the provision of higher education in Nigeria has continued to be devoid of the quality, accessibility and funding expected. In the midst of these problems, alternative sources of financing become an imperative.

III. Objectives Of The Study

The main objective of the study is to examine the imperatives of Public-private partnership as alternative sources of higher education funding in Nigeria. In line with this, the following secondary objectives will be pursued:

(i) to examine the international experience of public-private partnership and how it can be applied in Nigeria Situation,
(ii) to discuss the benefits and risks of public-private partnership,
(iii) to draw conclusion make recommendations

Research Questions

The following research questions are posed:

(i) what is the international experience of PPP and how is it applicable in Nigerian situation?
(ii) What are the possible benefits and risks of Public Private Partnership?

Methodology

The research presented here holds on an analysis of discourses within the range of documentary evidence and is based upon an examination of some publications and materials emanating from academic research carried out in the past. Therefore, the ex-post facto research design has been adopted for this study. Secondary sources of data are employed to achieve the objective of the study. The method is considered most appropriate due to the nature of the study which is an examination of the challenge of funding confronting higher education in Nigeria and exploration of alternative sources.

THE NIGERIAN HIGHER EDUCATION INSTITUTIONS

Nigeria is located in the west coast of Africa with a population of 170 million people. The population growth rate is 2.47% per annum, 62.5% are below the age of 25 years, the economy grows at the rate of 7% per annum on average in the last one and half decades. The country has 36 states plus the federal capital territory and 774 Local Government areas (Mohammed, 2014).

Nigeria regards education as a tool for national development and the country’s philosophy of education is based on:

(i) The development of the individual into a sound and effective citizen, and
(ii) The provision of equal educational opportunities for all citizens.

The overall goal of Nigerian tertiary education is the production of group of Nigerians that are highly skilled and who will be well prepared for the world of Work, Sustainable national development and global
competitiveness in terms of expertise. Higher education stimulates innovations in technology and new sources of energy that would facilitate process towards reducing poverty and improved health conditions. (Mohammed, 2014). Thus, future economic growth and prosperity of a nation is at risk without investment in higher education. Deep concern has been expressed over the years about the adequacy of the institution of higher learning in the preparation of graduates for the world of work and for global competitiveness. The potentials of higher education in developing countries to fulfill these responsibilities is frequently affected by long-term problems of funding and poor governance as well as the challenge of access and equity. In Nigeria, the demand for popular education is so high because education is not only an investment in human capital, but also a pre-requisite as well as a correlate for economic development (Famade, 2015).

The Nigerian Higher Education Institutions (HEIs) comprise at present 122 Universities (36 Federal, 36 State, 50 Private), 71 Polytechnics, 47 Monotechnics and 79 Colleges of Education with geographical distribution (Bamiro, 2012). The uneven spread of these institutions over the country is obvious with the southern part of the country having the highest concentration of these institutions. The uneven distribution of the federal universities probably informed the establishment in one fell swoop of 9 Universities by the Federal government in 2011 towards ensuring a federal university in each of the 36 states in the federation. The institutions are regulated by their respective agencies under federal ministry of education (NUC, NBTE and NCCE).

On funding, Mohammed (2014) said that both federal and state governments have jurisdiction over higher education matters within their realms and determine how their respective higher institutions are to be funded. Public higher institutions get a significant part of their fund from: the federal and state government for federal and state owned institutions respectively, the remaining part of their funding is Internally Generated Revenue (IGR) from levies/charges/fees. There are equally government agencies that complement the government budgets in higher education. These are TETFUND, PTDF, CBN and NCC. Private higher educational institutions get most of their funds from students’ levies/charges/fees. The remaining part of their funding is from international development partners (if any), support from alumni associations and linkages with industries in Nigeria and abroad.

The Higher Education (HE) sector in Nigeria has been described, to a large extent, as a sector locked in an iron triangle defined broadly by the vectors of Access, Quality and Cost (Bmire, 2012). The findings of Agha (2014) revealed that the major challenges facing the higher education institution system in Nigeria is inadequate funding. The Nigeria government over the years has not been meeting the United Nation Education, Scientific and Cultural Organization (UNESCO) recommendation of 25% of the total budget allocation to education sector. The gap between funding and educational development particularly with the proliferation of universities over the years has continued to generate interest among researchers and other stakeholders. Bamiro and Adedeji (2010) indicated that the quality of teaching and research has fallen considerably because of lack of adequate teaching and research materials, coupled with overcrowded, unconducive teaching and learning environment. They noted that the Nigerian government spends just 0.1 percent of her budget on research.

The effects of inadequate funding are evident in the fact that the physical facilities in respective Higher Educational Institutions are in a state of disrepair, several capital and research projects have been abandoned, laboratories and libraries are ill equipped, academic staff do not attend conferences regularly and there is a drastic reduction in the award of research grants and fellowship. The National policy on education acknowledges the fact that adequate funding is a criterion for the success of any educational programme (Agha, 2014), however it could be noted that there is a general reduction in efficiency and productivity of higher education institutions because of dearth of funds.

**Public Private Partnership (PPP) Model**

The University Grants Commission in India recommended four models of public private partnership, while the four models are not only feasible, mutually exclusive, but have their own strength.
Figure 1: Public Private Partnership (PPP) Model.

Model 1 - Basic Infrastructure Model depicts that the private sector will invest in infrastructure while government will run the operations and management of higher education with annualized payment to the private players.

Model 2 – The Outsourcing Model suggests that private players will invest in infrastructure and also run the operations and management while government would pay for specific sources.

Model 3 – The Hybrid Model suggest that private player and government should share investment in infrastructure while operations and management will be taken care of by the private player.

Model 4 - This is the reverse of model 1 – the Reverse Outsourcing Model. Here the government will invest in infrastructure and private players run the operations and management of higher education.

INTERNATIONAL EXPERIENCE OF PUBLIC PRIVATE PARTNERSHIP

Public Private Partnership (PPP) has received great recognition across the globe. In the United Kingdom, government adopted the Private Finance Initiatives (PFI) in the early 1990s with the sole aim of constructing and refurbishing of school through lease arrangements and establishing The Academy Sponsors Trust to secure private sponsorship. In Sri Lanka, government effort to make the country ‘the wonder of Asia’ coupled with the fact that government funds are not sufficient to make Sri Lanka the hub of knowledge in the region led to a new public and private sector partnerships project which directly contributes to university research. Kumarasinghe (2011) affirmed that public and private sector partnerships are essential for Sri Lanka to be part of the emerging world.

In the United States many private universities obtain substantial government money through competitive grants. Harvard University, for example, as a leading private institution, receives 30% of its income from tuition, 10% from private donations, and 60% from projects. Most of the projects are government projects allocated on a competitive basis. The university levies as much as 65% of each project as university income.

The Government of the Republic of Korea supports its private higher education institutions. Although most institutions are private, a distinctive characteristic of Korean higher education is the strong control the government traditionally has assumed. The government exerts influence through such indirect measures as competition grants and performance funding. Private research universities have significantly benefited from these government-initiated funding programs. (World Bank (2011)).

In order to raise the quality of private higher education institutions, the Government of Indonesia introduced certain forms of subsidies and incentives for private Higher Institutions. The incentives are mainly in the form of staff either seconded from public sector Higher Institutions or subsidized external qualified teachers. All in all, the government pays some 10% of private HEI academics. The objective of the scheme is to
encourage private institutions to hire teachers with higher academic qualifications (Welch, 2007; UNESCO, 2009).

At the same time, the rapid expansion of higher education and the trend toward privatization have raised concerns about quality. Asia has the majority of private Higher Institutions in the world—but the private institution is lowest in prestige among academic institutions in the world. In most cases, the private institutions provide access at the expense of quality. However, countries are experiencing heightened competition within the higher education sector. This competition can impact institutional quality and international efficiency in several ways. Within a country, institutions compete for funding, qualified students, and physical resources. In the international context, countries race to create world-class universities to engage in cutting-edge research that contributes to economic growth, innovation, and international leadership. With the support of the private sector, the governments of the People’s Republic of China and India have succeeded in establishing educational institutions that can compete internationally (ADB, 2012).

The cost-sharing system led higher education in the People’s Republic of China (PRC) into a new era of mass education. The PRC made a historic breakthrough from elite higher education to mass higher education. The proportion of the government’s education budget allocated to higher education showed little change between 1998 and 2004. However, the proportion of tuition fees to total higher education revenue gradually increased. In 1995, tuition fees accounted for 13.6% of revenue, later increasing to 15.7% as the cost-sharing system was put into practice in 1997. The year 1999 witnessed the first great expansion of higher education, pushing the level to 17.2%. In the years that followed, the proportion of tuition fees rose annually, maintaining its annual rate of increase at around 3%, finally breaking through the 30% mark in 2004 (Wang, 2011).

In Uganda, Public Private Partnerships (PPPs) were encouraged in higher education in the late 1990s when government was made to realize that total privatization of education was not feasible in the prevailing economic conditions of the country. This was initiated by higher education service providers operating in the private sector, with their recommendation, that the need to work together with government in the planning, manning and funding of higher education is imperative so as to bring out desire quality and accessibility (Kayong, 2007).

Report from the India Education Review revealed that India has made a remarkable progress in higher education sector over the last five years. The gross enrolment ratio in the eleventh plan period increased from 10% to 17. This was possible by the Public Private Partnership (PPP) support to higher education (Anand, 2012).

In Nigeria, such high level Public Private Partnership (PPP) as evident in other countries is limited. Despite the fact that PPP has been identified as an important way of financing higher education from alternative sources as it relates to funding, the opportunities have not been properly harnessed due to dicey dialogues between higher institutions and private sector as well as inadequate marketing on the part of the institutions. However, there are steps towards this direction. For instance, the John D and Catherine T Mac Author Foundation has developed partnership with some Nigerian universities in its global programme for sustainable development. In 2001, the foundation provided a planning grant of US $100,000 and an institutional strengthening grant of US $3,000,000 to University of Ibadan in 2001 and 2002 respectively. The focus of partnership includes ICT (provision and training) and university – industry collaboration for research, entrepreneurship and innovation. The latter catalyzed into the Ibadan Business School.

Furthermore, Zinox Technologies, a computer company have collaborated with universities in developing Information Communication Technology (ICT) facilities and training of high level manpower on ICT components. The communication industry such as MTN, GLOBACOM, the banks, and other financial institutions are also involved in private initiatives and collaboration. For instance, in university of Lagos, MTN has lend support in the area of e-library, banks have also intervene in the areas of funding scientific research. The private sector have formed partnership in higher institutions in the advancement of research which include donation of teaching and research infrastructure such as lecture halls, laboratories, hostel accommodation, ICT centers, promotion of scholarship, supply of textbooks and journals, and the development of work – related curriculum (Ogodo and Nwaoku, 2007 and Oghenekohwo and Abu, 2011).

However, contributions from the private sector to the emerging situations in higher education are still appalling. These situations have prompted the federal government of Nigeria to evolve several reforms for effecting positive change in Public Private Partnership (PPP). Some of these reforms which include Public Private Partnership Initiative (PPI), Community Accountability and Transparency Initiative (CATI), Private Development Initiative (PDI) and Higher Education Collaboration (HEC) are geared towards providing an enabling environment and stimulating active participation of the private sector in higher education development. Despite these reforms Public Private Partnership (PPP) still remain limited in Nigeria. It is therefore important to find out the limiting factors and challenges to PPP in managing higher education in Nigeria.
BENEFITS AND RISKS OF PPP IN FUNDING NIGERIAN HIGHER EDUCATION

Public Private Partnership (PPP) is important in managing higher education because a greater deal of education reforms revolves around the collective input of all parties concerned. Caldwell (2004) stressed that if a broader perspective of PPP is adopted, it will provide an additional opportunity to strengthen the social capital base of public education.

The PPP model in support of higher education extends enough opportunities for government and the public sector to tap into private sectors. According to Odekunle and Babalola (2008) the benefits of public – private partnership include cost saving and reduction through innovative technologies; cost sharing with a private partner; enhancement of revenue generation from different sources and economic benefit in terms of transfer of expertise and economic growth.

PPPs are an important tool for education development, quality improvement, and efficiency (value for money). Furthermore, a PPP can be a promotional tool for reform, and can help reform a sector like higher education. In a PPP contract and tender, the private party will ask the public party how things are done and how they could be done in a more innovative and efficient way. Because a PPP is structured as an organizational model, it requires the public party to define the way things ought to be done today, rethink, and be open toward how it can be done, differently in the future. It also requires the public sector to define its needs and expected service standards for the private party.

The imperative of public private partnership in funding higher education in Nigeria is evident from the studies by Famade (2015); Mohammed (2014); Odekunle and Babalola (2008) and Bamiro (2012) which outlined the following benefits of a successful PPP:
(i) better quality of higher education to compete better in a world driven by knowledge;
(ii) Government certification of higher education;
(iii) more efficient use of resources;
(iv) development of competencies;
(v) utilization of knowledge of both public and private sectors to develop better education;
(vi) budget security;
(vii) realization of more university projects;
(viii) faster realization of projects;
(ix) develop science to secure the future knowledge pool; and
(x) closer cooperation with the private sector.

One of the reasons for letting a private party deliver a public service in a PPP project is that the private party might be more capable than the public party of delivering the service at a specific time, at a fixed price, and an agreed-upon service level (quality). These are some of the findings in Asian and international PPP projects. If it is possible to identify services that are handled better by the private sector than the public sector, it will most likely be advantageous to build the services into a PPP contract.

The risks inherent in public –private partnership are loss of control by the public sector; bias and labour issues; reduced efficiency of education services and questionable level of accountability.

However, governments are looking to public-private partnerships (PPPs) to radically reduce the cost of providing education while increasing cost effectiveness. They are hoping that the Development Finance Model - where the government shares risk and responsibility with private firms but ultimately retains control of assets — will improve services, while avoiding some of the pitfalls of privatization such as unemployment, higher prices and corruption. This form of PPPs suggests that, above all, governments must fundamentally improve their systems for dealing with the private sector to realize the efficiency and effectiveness gains that the partnerships promise. Farlam (2011) affirmed that partnerships that have been most successful in Africa have been characterized by thorough planning, good communication, strong commitment from parties and effective monitoring, regulation and enforcement by government.

IV. Conclusion/Recommendations

In the context of this paper, Public Private Partnership (PPP) mean collaboration among the governments and the private sector in the delivery of high quality, effective and efficient higher education. Under such PPP initiatives the organized private sector and corporate organizations see support to education as a corporate social responsibility. The role of government takes a new dimension and shift from the passive participation to active involvement in the provision of education. Likewise, the private sector strengthen their supply chains, invest in donating resources and capacity building such as buildings, scholarships, books, prizes, computers with internet facilities, sponsoring research activities and training specialist in different fields and discipline. In addition, private involvement could be through training opportunities and provision of needed

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human resources. The main goals that government hopes to achieve by contracting with private sector in higher education are to increase enrollment, improve educational outcomes, and reduce inequality and cost. The risks inherent in public –private partnership are loss of control by the public sector; bias and labour issues; reduced efficiency of education services and questionable level of accountability. The Development Finance Model — where the government shares risk and responsibility with private firms but ultimately retains control of assets is recommended. This will improve services, while avoiding some of the pitfalls of privatization such as unemployment, higher prices and corruption. Also we recommend that the system of PPP in the USA, Republic of Koreaand Indonesiawhere many private universities obtain grants from government should be introduced in Nigeria. If the government decides to render assistance to private universities and other higher education institutions, there will be a lot of advantages like improved quality, greater access, and better control. Finally, thorough planning, good communication, strong commitment from parties and effective monitoring, regulation and enforcement by government are essential conditions for successful partnership.