

TERTIARY EDUCATION TRUST FUND (TETFUND) FRAMEWORK FOR FUNDING OF TERTIARY EDUCATION IN NIGERIA

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ABSTRACT

Aside the global economic recession ravaging the Nigerian economy at the moment, other factors like declining government revenue from the oil sector which Nigeria depends on, misappropriation of economic resources, decreasing revenue from non-oil sectors due to neglect and increasing rate of corruption in all sectors of the Nigerian economy. All these have handicapped the Nigerian government in generating sufficient resources to fund tertiary education in the country (Jaja 2013). As a result of this, there is the need for management of tertiary education to generate revenue internally so as to supplement government subventions. Against this backdrop, this paper examined the concept of tertiary education fund. The paper equally looked at tertiary education in Nigeria and tertiary education trust fund policy as an intervention agency. Furthermore, the paper highlighted the principal activities of TETFund. Moreover, the paper discussed the TETFund framework for tertiary education in Nigeria

Keywords: TETFund, Tertiary education, Framework, Funding

INTRODUCTION

A study in 2010 by the World Bank revealed that the challenge of higher educational funding is well pronounced in the African region than the entire world. Aside the global economic recession ravaging the Nigerian economy at the moment, other factors like declining government revenue from the oil sector which Nigeria depends on, misappropriation of economic resources, decreasing revenue from non-oil sectors due to neglect and increasing rate of corruption in all sectors of the Nigerian economy. All these have handicapped the Nigerian government in generating sufficient resources to fund tertiary education in the country (Jaja in Ajayi, 2018). As a result of this, there is the need for management of tertiary education to generate revenue internally so as to supplement government subventions. In the same vein, Ogbogu (2011) stated inter alia, the problem of underfunding of Nigerian tertiary institutions is a consequence of the expansion of the system in response to the growing demand for tertiary education and the intensifying needs of modern economy driven by knowledge, without an increase in the corresponding rates of available resources. The government of Nigeria for a long time remained the sole financier of tertiary institutions, but due to economic depression and a drop in oil receipts, the country now faces tight budget constraints. Consequently, the federal government has made it mandatory for tertiary institutions to generate 10 percent of their total income, while the government provides the remaining 90 percent. As a result of this, the tertiary institutions in Nigeria have set out on income producing activities.

Tertiary education, according to Ukpai and Ereh (in Ajayi, 2018), needs to be invested in through a high level of funding, purposely for effective administration. As the annual national budget provides statutory revenue for tertiary institution administration, tertiary institutions management is expected to seek alternative sources of revenue to supplement government allocations at all levels. This revenue can come from the private sector, grants and aids from foreign countries, business investments in the tertiary institution, endowment funds, payment for tertiary institution services and many others. The revenues generated from these various sources should be transparently accounted for and prudently used to service the

needs of the institution (Ukpai & Ereh in Ajayi, 2018).

It is against this backdrop that the Education Tax Fund (ETF) was created by the Education Tax Act No. 7 of 1993 and amended by Act No. 40 of (22nd December) 1998. The Act imposes tax at 2 percent rate on the assessable profits of all registered companies and organizations in Nigeria. The profit of a company will be determined in the process stipulated in the Companies Income Tax Act or the Petroleum Profits Tax Act. This Decree was repealed by Tertiary Education Trust Fund (TETFund) Act, 2011. What prompted the creation of Education Tax Act was the great decrease in educational standards and a decay in infrastructural facilities at all tiers of the educational system in Nigeria. Right from primary to secondary and tertiary levels, it was clear that there was an immediate need for urgent financing to improve and develop educational infrastructural facilities, improve on training and development of teachers to boost their morale, create a conducive teaching and learning environment so as to improve the overall educational standard in Nigeria (Ugwuanyi, 2014). Therefore, this paper examined Tertiary Education Trust Fund (TETFUND) framework for funding of tertiary education in Nigeria

The Concept of Tertiary Education Fund

Tertiary Education Fund can be depicted as the accumulation and dispensing of funds for educational purposes. It has additionally been viewed as the financial acts of tertiary institutions as far as taxation, spending, acquiring and loaning and it includes the methods of expenditure associated with the staffing, equipment and servicing, maintenance of higher institutions (Schultz in Ajayi, 2018). The funding of education as a part of public finance grasps all parts of subsidizing of education including the wellsprings of financing and how the cash reserved for education is spent particularly for the purchase of goods and the administrations of men and materials. The financing of education is thus, an important aspect of Education Economics. The significance of effective financing of education cannot be over-emphasized. According to Ozigi (in Ajayi, 2018), no organization could carry out its mandate effectively without substantial financial resources at its use. Funds are required to pay employees, maintain the equipment and keep the services going.

Tertiary Education in Nigeria

Tertiary education is the institutions established for the production of middle and high-level manpower for national development. Tertiary education is a means for developing national consciousness especially in a society with a great diversity of cultures (Ivowi, 2001). Babalola (2008) posited that Tertiary education has two meanings. According to him, first it means the next academic level (without research component) after secondary education. Second, it signifies the system of institutions that provides post-secondary school courses and also engages in research. These are principally universities (Babalola, 2008). The federal republic of Nigeria through the national policy on education presented Tertiary education as the education given after secondary education in universities, colleges of education, polytechnics and monotechnics including those institutions offering correspondence courses (FRN, 2004). Also, the National Policy on Education (FRN, 2014) declared Tertiary education as the education given after Post Basic Education in institutions such as universities and inter-university centres, innovative enterprise institutions (IEIs), Colleges of education, monotechnics, polytechnics and other specialized institutions such as college of agriculture, schools of health and technology and the National Teachers' Institutes (NTI). Specifically, Tertiary education, according to the National Policy on Education (FRN, 2014), has the following goals to:

- a. contribute to national development through high level manpower training;
- b. provide accessible and affordable quality learning opportunities in formal and informal education in response to the needs and interests of all Nigerians;

- c. provide high quality career counseling and lifelong learning programmes that prepare students with the knowledge and skills for self-reliance and the world of work.
- d. reduce skill shortages through the production of skilled manpower relevant to the needs of the labour market;
- e. promote and encourage scholarship, entrepreneurship and community survives;
- f. forge and cement national unity; and
- g. promote national and international understanding and interaction

The establishment of Tertiary institutions in Nigeria could be traced to 1932, when Yaba Higher College was established and in 1948, the first university in Nigeria, the university college, Ibadan also came on board. Since then, the rate of growth of Tertiary institutions in Nigeria had been phenomenal. As indicated in table 1 below as at December, 2008 there were 94 universities; 36 monotronics; 23 innovative enterprise institutions; 64 polytechnics and 80 Colleges of Education (Ajayi & Afolabi, 2011).

Table 1: Tertiary institutions in Nigeria as at December, 2008

Forms of Tertiary institutions in Nigeria	Number available as at December, 2008
(a) Universities	
Federal	26
Military	1
State	32
Private	34
Total	94
(b) Monotronics	36
(c) Innovation enterprise institutions (IEIs)	23
(d) Polytechnics	
Federal	21
State	30
Private	13
Total	64
(e) Colleges of Education	
Federal	21
State	41
Private	18
Total	80

Source: Ojerinde, Dibu as cited in Ajayi & Afolabi (2011) limited access to tertiary education by prospective candidate in Nigeria

Over the years, the number of Tertiary institutions in Nigeria, kept on increasing. For instance, within four years, that is, between January 2009 and January 2012, twenty additional universities had been established, indicating 21.5% increase (Ajayi & Afolabi, 2011). According to them, other additional Tertiary institutions established within the period include ten polytechnics representing 15.6% increase, seventeen monotronics representing 47.2% increase and twenty two innovation enterprise institutions representing 96.7% increase over that of 2008 as indicated in table 2.2.

Table 2: Tertiary institutions in Nigeria as at January, 2012

Forms of Tertiary institution	Ownership	Number
(a) Universities	Federal	35
	State	35
	Private	43
	Total	113

(b) Polytechnic	Federal	23
	State	33
	Private	18
	Total	74
(c) Colleges of Education	Federal	20
	State	43
	Private	17
	Total	80
(d) Monotechnics	Federal	27
	State	24
	Private	2
	Total	53
(e) Innovation enterprises institutions	Private	45

Source: Jamb statistical report on 2011 admissions and 2012 UTME applications as cited in Ajayi and Afolabi (2011). Limited access to tertiary education by prospective candidates in Nigeria.

Tertiary Education Trust Fund (TETFund) Policy as an Intervention Agency

The Tertiary Education Trust Fund (TETFund) was built up as an Intervention Agency under the Education Tax Act No. 7 of 1993. Tertiary Education Trust Fund (Establishment, Etc) Act, 2011 replaces the Education Tax Act Cap. E4, laws of the Federation of Nigeria, 2004 and Education Tax Fund Act No. 17, 2003 and sets up the Tertiary Education Trust Fund mandated with the duty regarding overseeing, dispensing and observing the education tax to government owned tertiary institutions in Nigeria. Below is a table that shows the funds injected into tertiary education institutions in Nigeria through the Education Trust Fund (ETF) policy from 1999 to 2016.

Table 3: Tertiary Education Funding – ETF Allocations (1999-2016)

YEAR	UNIVERSITIES	POLYTECHNICS	COLLEGES OF EDUCATION
1999	2,124,999,960.12	1,087,209,288.00	1,099,137,930.00
2000	1,050,000,000.00	450,000,000.00	520,000,000.00
2001	1,794,128,000.00	967,500,000.00	1,108,048,500.00
2002	3,243,500,000.00	1,642,500,000.00	1,742,625,000.00
2003	1,440,500,000.00	634,500,000.00	678,625,000.00
2004	1,515,750,000.00	722,750,000.00	744,625,000.00
2005	2,025,000,000.00	1,657,500,000.00	1,249,000,000.00
2006	2,475,000,000.00	1,302,000,000.00	1,240,000,000.00
2007	3,659,000,000.00	1,430,000,000.00	1,579,900,000.00
2008	7,112,000,000.00	3,611,520,000.00	3,824,160,000.00
2009	6,858,000,000.00	3,472,320,000.00	3,760,920,000.00
2010	16,672,700,000.00	9,055,000,000.00	9,587,370,000.00
2011	395,000,000.00	240,000,000.00	190,000,000.00
2012	595,000,000.00	337,000,000.00	319,000,000.00
2013	646,000,000.00	443,000,000.00	390,000,000.00
2014	912,000,000.00	661,000,000.00	581,000,000.00
2015	337,000,000.00	250,000,000.00	227,000,000.00
2016	1,009,410,000.00	691,632,000.00	679,057,000.00

TOTAL	53,864,987,960.12	28,655,431,288.00	29,520,468,430.00
GRAND TOTAL	₦112,040,887,678		

Source: Federal Ministry of Education (2017).

Table 4: TETFUND Allocation to State Universities for 2016

S/N	Name of Beneficiary Institutions	Proprietor	Net Annual Direct Disbursement N
1	Abia State University Uturu	Abia State	1,009,410,000
2	Adamawa State University, Mubi	Adamawa State	1,009,410,000
3	Adekunle Ajasin University, Akungba	Ondo State	1,009,410,000
4	Akwa Ibom State University, Ikot	A/Ibom State	1,009,410,000
5	Ambrose Ali University, Ekpoma	Edo State	1,009,410,000
6	Anambra State Uni Sci & Tech, Uli	Anambra State	1,009,410,000
7	Bauchi State University, Gadau	Bauchi State	1,009,410,000
8	Benue State University, Markudi	Benue State	1,009,410,000
9	Bukar Abba Ibrahim University Damaturu	Yobe State	1,009,410,000
10	Cross River State Uni of Sci & Tech Calabar	C/River State	1,009,410,000
11	Delta State University, Abraka	Delta State	1,009,410,000
12	Ebonyi State University, Abakaliki	Ebonyi State	1,009,410,000
13	Ekiti State University of Education, I/Ekiti	Ekiti State	1,009,410,000
14	Enugu State University of Sci & Tech	Enugu State	1,009,410,000
15	Evan Enwerem University, Owerri	Imo State	1,009,410,000
16	Gombe State University	Gombe State	1,009,410,000
17	Ibrahim Babangida University, Lapai	Niger State	1,009,410,000
18	Jigawa State University, K/Hausa	Jigawa State	1,009,410,000
19	Kaduna State University, Kaduna	Kaduna State	1,009,410,000
20	Kano State Univ of Sci & Tech, Wudil	Kano State	1,009,410,000
21	Kebbi State Uni of Sci & Tech	Kebbi State	1,009,410,000
22	Kogi State University, Avangba	Kogi State	1,009,410,000
23	Kwara State University, Malete	Kwara State	1,009,410,000
24	Ladoke Akintola Univ, Ogbomosho	Ovo State	1,009,410,000
25	Lagos State University, Oio	Lagos State	1,009,410,000
26	Nasarawa State University, Keffi	Nasarawa State	1,009,410,000
27	Niger Delta Univ, Yenegoa	Bavelsa State	1,009,410,000
28	Olabisi Onabanjo University, Ago-Iwove	Ogun State	1,009,410,000
29	Osun State University, Osoqbo	Osun State	1,009,410,000
30	Plateau State University, Bokokos	Plateau State	1,009,410,000
31	R/State Univ of Sci & Tech P/Harcourt	River State	1,009,410,000
32	Sokoto State University, Sokoto	Sokoto State	1,009,410,000
33	Taraba State University, Jalingo	Taraba State	1,009,410,000
34	Umaru Musa Yar'adua University, Katsina	Katsina State	1,009,410,000

Source: National Bureau of Statistics (2016)

To enable TETFund policy achieve its mandates, TETFund Act, 2011 forces a 2% Education Tax on the assessable benefit of every single enlisted organization in Nigeria. The Federal Inland Revenue Service (FIRS) is engaged by the Act to evaluate and gather Education Tax. The fund manages the tax forced by the Act and dispenses the sum to tertiary educational establishments at Federal and State levels. It likewise screens the ventures executed with the funds dispensed to the recipients (TETFund Act, 2011).

The objective of the agency as provided in section 7 (1) (a) to (e) of the TETFund Act, 2011 is to oversee and dispense the amount in the fund to Federal and State tertiary educational institutions, especially for the provision and upkeep of the following:

- 1) Important physical infrastructure for educating and learning;
- 2) Instructional material and equipment;

- 3) Research and publication;
- 4) Academic and Non-teaching Staff Training and Development;
- 5) Any other need which, in the opinion of the Board of Trustees, is basic and needed for the upkeep of quality and maintenance of standards in the institutions of Tertiary learning (TETFund Act, 2011).

It would be clear from the aforementioned that TETFund's main objective is to create extra revenue to assist Tertiary education in Nigeria, provide scholarship and grants for outstanding members of staff and students, thereby strengthening and redirecting the economic resources of tertiary institutions, towards improving the quality and productivity of tertiary education in Nigeria.

Principal Activities of TETFund

The TETFund has built up a culture of responsibility and straightforwardness in its tasks throughout the years. These characteristics are all around settled in every one of its strategies and projects in the zones of intervention in the education sector. The TETFund, in advancing the twin characteristics of straightforwardness and responsibility, guarantees that Education Tax accumulations by the Federal Inland Revenue Service (FIRS) are checked and reconciled occasionally. The Board additionally guarantees dispensing of Funds to recipient educational institutions for the rebuilding; restoration and solidification of education are without bureaucratic bottlenecks, require driven and recipient friendly (TETFund Act, 2011).

The principal activities carried out by the TETFund are as follows:

1. Liaise with FIRS to oversee the accumulation of education tax;
2. Provide dynamic assistance for education tax collections by the FIRS;
3. Embark on intermittent tax drives to prepare payment of education tax by organizations;
4. Embark on joint reconciliation visits in Tax offices of the FIRS;
5. Disburse Funds to various levels of public educational institutions;
6. Receive proposals on aspects of intervention from the beneficiaries;
7. Receive proposals by experts to evaluate their significance to enhancing the quality of teaching and learning;
8. Funds investment in suitable and safe securities;
9. Federal government update of its activities and progress through yearly and inspected report;
10. Progress review and propose improvement within the provision of the Act.
11. Do different things as are vital or incidental to the objectives of the Fund under the Act or as might be doled out by the Federal Government;
12. Formulate and issue rule, every now and then, to all recipients on payment from the agency on the use of funds gotten from the Fund;
13. Manage the project, application and disbursement of funds from the agency under the Act;
14. Project monitoring being executed by recipients; and
15. Organising occasional workshops/seminars all over the nation to enable partners and recipients make contributions to future intervention policies.

TETFund Framework for Tertiary Education in Nigeria

Based on the key responsibilities of the TETFund, there are basically three key areas in which the agency functions in tertiary education in Nigeria. They are:

Funding: Funds literarily refer to a sum of money set aside for the execution of projects in an organization. The process of making this allocated money available for the facilitation of plans and programmes is referred to as funding. As one of the focus of the TETFund, funds are usually set aside to assist public tertiary institutions to execute most of their programmes whether it is in the short-run or long-run. This is to ensure that the presence of TETFund is felt in almost all the public tertiary institutions in the country. However, a critical analysis of this role of the TETFUND has revealed that most of these institutions are continually in dire need of

money to be able to meet up with their plans and programmes. Therefore, since most of these institutions relatively do not feel the impact of these funding roles in their institutions, it is needful that some conditions be considered before this gesture is extended to most of these institutions in the country.

According to Oweh (in Onyeike & Eseyin, 2014), chief among the constraints bedeviling the educational sector in Nigeria is the issue of poor funding. The TETFund need to note that proper funding is centered on the ability of such funds to meet the needs for which it was planned. The problem of funding education in Nigerian education system has been in existence for a long time. Onyeike and Eseyin (2014) noted that while the Federal Universities in the country required ₦873,312,877,545.45 and State Universities required ₦451,601,666,737.59 in 2004 for three years expenditure, only ₦196billion was allocated between 2004 and 2006 signifying 14.8% of the required ₦1.3249trillion. Such inadequate funding pattern is not ideal for the nation's universities which are the apex learning institution in the country. This is because; such funding will not be able to cater for projected expenditure and in some cases may eventually not be accounted for. Usually, partially funded projects always become fresh projects in most cases and should therefore be seen as an avenue for waste. This is similar to the case of the Niger Delta East-West road which has gulped billions of dollars for more than a decade and still remains an uncompleted project. This is also the case of most universities in the country which continues to have uncompleted projects as a result of inadequate funding.

Therefore, TETFund should learn to handle one project at a time and fund such a project to a logical conclusion. For example, rather than execute a ₦5million project with ₦2million and prolong completion of such projects due to the absence of the ₦3million balance, it will be ideal to fund lesser projects that will touch the lives of the members of the beneficiary institutions rather than have gigantic projects which will remain uncompleted for a long time. Funding should be fully executed and funding programmes that are less cumbersome should be considered so as to avoid partial funding which in the long run will lead to embezzlement, unaccountability and waste.

Project Facilitation: Aside the funding of Universities, TETFund also assist in the facilitation of projects. Project facilitation just like the funding function of the TETFund should be carried out with a zero exclusion ratio. That is, in monitoring and ensuring project execution, the TETFund should endeavor to monitor projects to the extent that such projects can make effective contribution to the administration of the university system where such projects are situated. Based on agreed criteria, the TETFund should ensure that the ratio of projects to teachers and/or students should be reasonable enough for efficient and effective teaching, learning, research and community development. Due to the importance of facilities in the administration of tertiary education in the country, the quantity and quality of projects should be such that can contribute to the management of the education system. Students and teachers should be able to feel the impact of facilities made available in the benefiting institutions. It should not be mere lips service that facilities have been provided, but rather, the agency should ensure that such facilities are qualitative enough. The TETFund should be involved in assisting institutions facilitate projects that will be of benefit. This role can be carried out by collaborating with the National Universities Commission (NUC). This is to ensure that available facilities are able to cater for the programmes being run in these universities. Clear reports from our universities reveal beyond reasonable doubt that available facilities such as Classrooms, Laboratories, Workshops, Libraries, Office Spaces, Canteens and Common Rooms etc are grossly inadequate for both teachers and students. As such, when the word 'project facilitation' comes to the fore, any one project that the TETFund intends to execute should be such that its impact will be felt the university community. The essence of any project in the university environment is only achieved when it is able to add value to teaching, learning, research and community development and this should be the watch-word for the agency.

Staff Training and Development: The importance of staff training and development in any organized institution cannot be ignored most especially in the university system. According to Onyeike and Eseyin (2014) "training is crucial as one of the staff development procedure. An employee may have the qualification needed for a job, but may not have the necessary experience and skills to perform the task required effectively". Based on this premise, one can identify that the productivity of an employee in any organization especially in the educational sector is majorly dependent on the level of training acquired on the job. Therefore, in order for the staff of the university to function effectively, they need to be trained continuously. In fact all staffs of the university system whether academic or no-academic should be exposed on the best practices of their responsibilities at work. Most of academicians have also requested that the activities of the TETFund in terms of human capital should be extended to the non-academic staff just like their academic counterpart. (Onyeike & Eseyin, 2014). This is a necessity because this staffs jointly work for the advancement of the university and the quality of their input at work is of utmost importance in enhancing the image of the university. Therefore, since all staff of the University plays one major role or the other in ensuring the effective administration of the institution, they should all be exposed to quality training and development in order to improve on their capacity building. For example, while the bursar is trained on ways to generate and manage university funds, the Librarian should be trained on how to develop the knowledge capacity of the university, lecturers should be trained on new methods and techniques and non- academic staffs should be enlightened on best practices. All of these will go a long way in enhancing the quality of the University system.

CONCLUSION

The paper looked at the Tertiary Education Trust Fund (TETFUND) framework for funding of tertiary education in Nigeria. The paper clearly highlighted the concept of tertiary education funding and tertiary education in Nigeria as well as Tertiary Education Trust Fund policy as an intervention policy. Also, the principal activities of Tetfund and the Tetfund Framework for tertiary education that can help in the funding of tertiary education in Nigeria were discussed.

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