

CHALLENGES CONFRONTING THE IMPLEMENTATION OF TERTIARY EDUCATION TRUST FUND (TETFUND) IN NIGERIAN EDUCATIONAL SYSTEM: THE WAY FORWARD

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Abstract

The mandate of Tertiary Education Trust Fund as provided in section 5(1) (a) to (g) of the Act No, 7 is to administer and disburse the amount in the fund to Federal, State and Local Government educational institutions, including primary and secondary schools, but excluding private schools, for any other matter ancillary thereto, but specifically to the following: work centres and prototype development, staff development and conference attendance, library systems at the different levels of education, research equipment procurement and maintenance, higher education book development fund, redressing any imbalance in enrolment mix as between the higher educational institutions and execution of the 9-year compulsory education programme. The TETFUND over time has been experiencing challenges in the area of clear definition of responsibilities. Although the TETFUND has been linked to be an intervention agency in the monitoring of the affairs of tertiary institutions. However, there are cases where the TETFUND has been involved in the funding of lower levels of education such as the primary and secondary levels. In the midst of the inadequacy of resources available to the agency remains yet over crowded with the responsibility of attending to the various other levels of education in Nigeria. As such, the agency needs to constantly strategize on how to manage available resources with demand from the various levels of education in Nigeria. It was recommended that TETFUND as intervention agency should be encouraged towards prompt tax collection and budget allocations and cooperation from Federal Inland Revenue Services (FIRS) for an efficient service that can induce wonderful outcome from ETF efforts.

Keywords: Tertiary Education Trust Fund, intervention agency, disbursement, implementation, inadequacy of resources

Education tax is the only source of fund to the Tertiary Education Trust Fund (TETFund) which is an intervention agency meant to assist in tertiary education with provision of projects. Nigeria Education Report (2012) stated clearly that the total abdication of responsibilities on the part of the state governments such that TETFund alone is left with the burden of providing infrastructure in the tertiary institutions negates the philosophy of setting up TETFund which envisaged an intervention agency that will complement what the various tiers of governments are doing. TETFund allocates funds to beneficiaries tied to specific projects which are awarded by the beneficiaries under strict supervision by TETFund. In spite of the establishment of TETFUND as an intervention agency to address some of the issues affecting the university system, there were still cases of; continuous degradation of infrastructure, no adequate classroom for learning, no equipped library for research and lack of funding for staff training. Meanwhile some stakeholders maintained that, if TETFUND is properly managed there would have been a significant dynamic in infrastructural development and provision in universities.

The recent wave of security challenges in Nigeria poses great question as to the state of educational infrastructure and as well as the ability of TETFUND to carry out its constitutional role of implementing intervention projects in tertiary institutions. It has also been noted that the process of accessing funds from TETFund is quite complicated thereby leading to delayed approval of funds for intervention projects. Also Section 7 (1) of the TETFund (Establishment, ETC) Act of 2011 provides for the disbursement of funds for projects outside the provision of infrastructure, instructional materials, research, publication, and academic staff training but its vested at the discretion of the board of trustees which makes it rather difficult and sometimes impossible. Other challenges faced by tertiary institutions lies with the maintenance of infrastructure which is given little attention by TETFUND. TETFund focuses more on the provision at the expense of given attention to the “maintenance of those facilities. Consequently, many projects which require TETFUND maintenance intervention are being neglected in many tertiary institutions. Revelations are that this is actually the real state of many of the physical infrastructure funded by TETFund in many institutions (Adio, 2007). Hence, this paper examined the challenges confronting the implementation of TETFUND in Nigerian educational system and the way forward.

Tertiary Education Trust Fund (TETFUND)

By the year 2008, the Tertiary Education Trust Fund (TETFund) came into being (Uzundu, 2012). This Tertiary Education Trust Fund (TETFund) was established as an intervention agency under the TETFund Act – Tertiary Education Trust Fund (Establishment, ETC) Act, 2011. This Act repeals the Education Tax Act Cap E4 Laws

Challenges Confronting the Implementation of Tertiary Education Trust Fund (Tetfund) in Nigerian Educational System: The Way Forward

of Federation of Nigeria 2004 and Education Tax Fund Act No. 17, 2003 and establishes the Tertiary Education Trust Fund – charged with the responsibility for imposing, managing and disbursing the tax to public tertiary institutions in Nigeria (TETfund News Panaroma, 2013). To enable the TETfund achieve the above objectives, TETfund Act 2011 imposes a 2 percent Education Tax on the assessable profits of all registered companies in Nigeria. The vision of the TETfund is to be a world-class interventionist agency in Nigeria’s Tertiary Education. Its mission is to provide focused and transformative intervention in public tertiary institutions in Nigeria through funding and effective project management. For the reason of efficient management and other reasons best known to the fund Board, they ruled out the inclusion of principal officers such as vice chancellors, rectors, provosts and their deputies, the directors of works, librarians etc as beneficiaries. For the ETF operations, assessment and collection as at 1994-1999, and the distribution formula, the Act approves a secretariat for the fund, headed by an Executive Secretary and assisted by other management and supporting staff, under the direct supervision of the Board of Trustees. It also provides for zonal offices all over Nigeria to liaise with beneficiaries in project identification, data collection and communication with education institutions. The zonal offices also liaise with the Federal Inland Revenue Service in the respective zones to ensure that there is close monitoring of the assessment and collection of Education Tax.

The actual fund is managed by the Board of Trustees which oversees the allocation of tax collected in any one year among the various tertiary, secondary and primary institutions as provided for in the Act setting up the fund. The Board of Trustees has resolved to expend in any one year only what was collected in the previous year. The procedure for assessment and collection of education tax is similar to those of other taxes especially the Companies Income Tax. Section 2 sub-section 1 of Act No. 7 of 1993 states that, “the Federal Board of Inland Revenue shall proceed to assess the company for the tax due when assessing a company for companies’ income tax or petroleum profit tax for an accounting period of the company.” The Education Tax Fund Act assigned the responsibility of assessment and collection of the education tax from respective companies to the Federal Inland Revenue Service. The Board at its inauguration inherited the balance of the N10.3 billion being the amount collected as at the end of December 1998 less the amounts disbursed by the previous Board. Within the first five year period after the inception of the ETF, there was a gradual decline in the amounts of assessment and collection of taxes but with the inauguration of the Board on 28th September 1999 and a management put in place, the trend was reversed and prospects improved upon. The Education Fund (according to Section 5(2) of the Act No. 7 of 1993) is to be distributed as follows: Higher education – 50% of the total tax collected in one year, Primary education – 40% of the total tax collected in one year and Secondary education – 10% of the total tax collected in one year.

Challenges Confronting the TETFund in Nigeria

The TETFund just like most other organizations is confronted with some level of challenges. It is by overcoming some if not all of these challenges that the agency can be guaranteed of success in her overall activities. Some of the challenges confronting TETFUND in the execution of its functions include but not limited to the following:

1. **Level of Cooperation between TETFUND and Benefiting Institutions:** One of the areas in which the agency has been restricted in executing her responsibility is in the area of smooth cooperation between the agency and most of the benefiting institutions within the country. While some institutions assume that the agency usually adopts bias criteria in funding tertiary institutions in the country. Other institutions inflate facts and figures in order to acquire an undue advantage from the agency. This has made the working relationship between the TETFund and these institutions to be distorted. Therefore, the agency has more analysis to do in order to ensure that it is not blind folded in the conduct of her responsibilities.

2. **Overloading of Responsibilities:**The TETFund over time has been experiencing challenges in the area of clear definition of responsibilities. Although the TETFund has been linked to be an intervention agency in the monitoring of the affairs of tertiary institutions. However, there are cases where the TETFund has been involved in the funding of lower levels of education such as the primary and secondary levels. In the midst of the inadequacy of resources available to the agency, the agency remains yet overcrowded with the responsibility of attending to the various other levels of education in the country. As such, the agency needs to constantly strategize on how to manage available resources with demand from the various levels of education in Nigeria. This has been a serious challenge for the agency over time.

Other challenges identified by TETFund in the conduct of her functions are:

- i. Neglect of institutions by their proprietors
- ii. Boosting the confidence of stakeholders
- iii. Effective financial and project monitoring
- iv. Unnecessary political interference and inexperienced desk officers
- v. Lack of capacity to utilize funds
- vi. Ability to enhance and boost teachers morale
- vii. Increase in revenue generation.

The Tertiary Education Trust Fund (TETFund), which is tasked with the disbursement of the education tax to public universities, has turned its back on its corruption-plagued past and is “cruising to success”, according to its executive secretary. But Nigerian academics say the agency is still essentially enriching universities abroad instead of investing in higher education in Nigeria.

- Set up by the federal government in terms of the TETFund Act of 2011 to manage and disburse to public tertiary institutions funds gained through the imposition of a 2% tax on company profits, TETFund has worked in the following areas: provision

Challenges Confronting the Implementation of Tertiary Education Trust Fund (Tetfund) in Nigerian Educational System: The Way Forward

of physical infrastructure for teaching and learning, instructional material and equipment, research and publication and academic staff training and development.

- In a press conference in May, TETFund boss Dr Abdullahi Bichi Baffa acknowledged that when he was appointed executive secretary in August 2016, the agency was marked by corruption. “When we came, the house was almost upside down. Upside down in the sense that ... the primary purpose of establishing the agency, which is to intervene in specific areas regarding investments and financing, was relegated to the background. The annual direct disbursement for the year 2015’s allocation was only 20% of the total allocation for that year, while special intervention, which is discretionary, was 80% of the allocation for that year. That is a recipe for corruption; that is a recipe for impunity; that is a recipe for fraud,” he said.
- Government Policy: One of the policies of the government which can be said to have curtailed the scope of operation of the agency is in the area of limiting their role to that of intervening in only the nation’s public tertiary institutions and not the private. Government directives in some cases have the capacity to expand or minimize the function of various agencies in the country. The case is not different for the TETFund. Funds generated by the agency are subject to some prescribed governmental policies. As such, the agency lacks the freedom to express their will on how their activities should be coordinated. This has in some way being a hindrance to the function of the agency.
- Funding: Funding has remained a major challenge to almost all the sectors of the Nigerian economy. This is because funding is a very vital resource in the course of executing a strategic function like that which is executed by the TETFund. The activities of TETFund in Nigeria is highly capital intensive. The agency needs money in order to keep up with the financial, human and material needs of all the tertiary institutions in the country. The projected expenditure of the agency is usually higher than generated income. The agency therefore becomes incapacitated to execute effectively the sole responsibility which it is expected to carry out. Suffice it to say that the absence of adequate funds will either slow or totally ground the ability of the TETFUND to carry out the most important plans laid down ahead of it.
- Violation of Guidelines: The guidelines for scholarships – intended to build the capacity of scholars in universities and create opportunities for them to pursue higher degrees at home and abroad (which fall under the agency’s Academic Staff Training and Development programme) – are being routinely violated. Many of the beneficiary scholars who were given money to go and pursue their studies abroad refused to go and spent the money on something else. It has been further realised that in a few institutions they were not giving the scholars the total money that was approved for them. They deducted a certain percentage using different sorts of names like administrative charges, and all sorts of illegal deductions”. Scholars given funds to study in Europe or the United States in some cases ended up going to some African countries, while some scholars given the authorisation to study for their PhD registered for a masters degree. However, there is now a solid and capable team at TETFund. It was not easy at the beginning

because of those teething problems mentioned earlier. Even trying to understand one another, appreciate one another, trust one another so that we would be able to accept and work with one another was a challenge. However, gradually, after the turbulence the water found its level, we have now stabilised and believe me, we are now really cruising to success,” he told journalists.

- **Fortifying Foreign Universities:** While Baffa insists the organisation has been refocused to implement its mandate, some scholars argue that the fund has succeeded in carting away taxpayers’ money to fortify and strengthen universities abroad. The fund was enriching universities “outside the shores of Nigeria to the detriment of universities in Nigeria”. “If we dedicated the amount of money committed to foreign training for academic and non-academic staff of universities every year, to one university each year, we would have state of the art research facilities in Nigerian universities that foreign researchers would visit. But TETFund prefers to send the money to foreign universities for training rather than spend it in Nigeria.” The fund discourages internal training. “How can the universities in Nigeria grow when the major source of funding prefers to give it to some other universities outside?” The fund had become a hotbed for corruption as more funds were allocated to staff to go overseas for monitoring of those sent on training than the money even spent on the training itself. “So the reason for insisting on academics being trained overseas is not for any altruistic reason but for their pockets.” It is amazing that the fund was building structures at universities across the country without corresponding facilities to aid teaching and learning process.
- **Lack of Equipment and Expertise:** The fund is busy providing gigantic buildings with no equipment inside, forgetting that quality research is not about buildings but about equipment and expertise. TETFund must commit itself to the latter if it is to improve the ranking of Nigerian universities,” In an address earlier this year to delegates at a conference of the Academic Staff Union of Universities, Nigerian lawyer and human rights activist Femi Falana said the TETFund was the product of the many struggles by the union to address the problem of perennial underfunding in Nigerian universities. While TETFund projects, especially in the area of physical infrastructure, were in evidence across tertiary institutions owned by the government, only a fraction, and a tiny one at that, of the huge funds amassed under the act had been disbursed. Despite Baffa’s reassurances, there is a fundamental lack of trust in the fund on the part of the academic community. The fund had been abused in the past resulting in a loss of confidence of many in its ability to deliver on its mandate, particularly as it was only the position of the executive secretary that had changed.

Effects of Inadequate Funding on Performance of Nigerian Educational System

Agboola (2000) noted that the problem of underfunding which is a major challenge confronting the Nigerian University system has had adverse effects on the performance of the universities. Rufai (2012) notes that the by-effects of dwindling finances in the Nigeria University system are explicated in many adaptive mechanisms

Challenges Confronting the Implementation of Tertiary Education Trust Fund (Tetfund) in Nigerian Educational System: The Way Forward

such as: (i) Curtailing of laboratory/practical classes. (ii) Limited number of field trips. (iii) Reduction in the rate of attendance of academic conferences. (iv) Reduction in the purchase of library books, chemicals and basic laboratory equipment. (v) Embargo on new employment (vi) Embargo on study fellowships and (vii) Reduction in research grants away others. Asobie (1996) maintain that the inadequate funding of universities and other tertiary institution has had adverse effects on teaching and research and the universities have been forced to embark on income generating projects in order to source for funds. This tends to be responsible for series of industrial actions embarked upon by the Academic Staff Union of Universities (ASUU). Poor funding also impacted on staff recruitment and staff development policy.

Aigbokan and Imahe (2004) noted that the Nigerian government spends just 0.1 percent on research, while federal universities spend only 1.3 percent of their budgets on research. This has implications for development, because research constitutes a veritable catalyst for the economic advancement of nations and adequate funding is the propeller for research. The effects of inadequate funding are evident in the fact that the physical facilities in respective universities 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 (Agboola, 2000). Although the National Policy on education acknowledges the fact that adequate funding is a criterion for the success of any educational programme, Aigbokan and Imahe (2004) however noted that there is a general reduction in efficiency and productivity of universities because of dearth of funds.

Challenges Confronting the Implementation of Tertiary Education Trust Fund (TETFUND) in Nigerian Educational System: The Way Forward

In order to guarantee the effective functioning of the TETFUND, it is necessary that the activities of the agency be reviewed and possible ways forward be fashioned out in order to ensure the proper functioning of the agency. Some of the ways forward through which the TETFUND can be re-positioned for better service delivery in Nigerian educational system will include the following:

- **Publishing TETFund's Activities:** In order to guarantee accountability and transparency, the activities of the TETFund in collaboration with the tertiary institutions that are being assisted should be made public in the form of monthly, quarterly, bi-annual or annual report to the general public. This will assist in ensuring transparency in the rapport between the TETFund and the beneficiary institutions. This is related to the suggestion of Yusuf (2010) who opined that a public accountability strategy should be adopted by learning institutions such that they will present their score card to the public in the form of annual report presented by profit making organizations. This will assist members of such learning institutions, the public and government become aware of the

activities transpiring between the agency and the institutions. Based on this, the general public can make input on how they feel this collaboration can be better enhanced.

- **Private Sector Participation:** The role of the private sector in enhancing the activities of the TETFund in our university system cannot be over-emphasized. The TETFund will benefit from private sector participation in one or more of the following ways:

- a. The agency can secure loan from private organizations to meet up with emergencies in our learning institutions which they can reimburse later in the future. Such loans can be from banks, mortgage firms and other financial institutions.

- b. The services of national and international staff training organizations can be employed to assist in the training of personnel in our institutions both within and outside the country. This can be done on regular basis as the need arises.

- c. The private sector can also assist in the area of projects development in these institutions which will meet with international standard and enhance learning. The private sector can also render philanthropic services either in cash or in kind to the agency to facilitate the activities of the agency in their host institutions of learning in order to ensure proper coordination.

- **Freedom of Operation:** As a government intervention agency in the nation's tertiary institutions, the TETFund is susceptible to politicking. This is because so many interest and interest groups are usually considered before enforcing any programme organized by the agency. Therefore, another way of ensuring the efficiency and effectiveness of the agency is to give it a free hand to coordinate its own activities. There should be little or no governmental influence in ordering the programmes of the agency. The agency has facts and figures about the needs of these institutions and should therefore be given a free will to operate so as to enable it achieve laudable achievements in our tertiary institutions.

- **Review of the Current 2% Company Tax:** The major source of funding available to the TETFund remains the 2% company tax collected from companies that have employees of over 100 employees (TETFund website). Surprisingly, the physically and mentally skilled labour turned out of these tertiary institutions end up becoming perspective employees in the various organizations in the country. As a way of assisting the agency, the 2% company tax need to be reviewed to a range between 3% to 5% so as to provide enough fund for the agency to execute her major objectives. In a related manner, the companies remitting their returns to the agency through the Federal Inland Revenue Service (FIRS) should be made to include companies with employees below 100 persons. This could be considered at a tax rate of between 0.5% to 2% for companies with 100 employees and below. This is one of the avenues through which more funds can be made available to the agency in order to assist the nation's tertiary institutions. The increase in funds will have its multiplier effect in the area of increase in the quality and quantity of graduates that will empower the various sectors of the different units of major organizations within the country and also various sectors of the economy.

Challenges Confronting the Implementation of Tertiary Education Trust Fund (Tetfund) in Nigerian Educational System: The Way Forward

• **Establishing TETFUND Units in Universities:** Another way of re-positioning the role of the TETFund is establishing the TETFund units in the various tertiary institutions in the country. This unit can also be established as a sub-unit of any other monitoring agency in the benefiting institution. Such units should be properly empowered to carry out this function. The essence of establishing this unit closer to the benefiting institution is to ensure close monitoring of funds and programmes in these institutions of learning. A representative of the TETFund in these institutions will help to ensure that funds are used for their intended purpose and that projects are facilitated to conclusion. In the same way that we have internal control units of various organizations in the country, the TETFund units will help to ensure that beneficiary institutions carry out projects accurately and at the right time. Supervision of projects can be closely done and the risk and cost of travelling by the national members of the agency will be reduced. Similarly, these TETFUND subunits will also advise the agency in areas where they think the benefiting institutions is in dire need of the agency's intervention.

Conclusion

The Education Tax Fund, though sourced only at a rate of 2% on the assessable profits of all registered companies in Nigeria, it seems to be a mustard seed which grows into a giant tree only to fruit in thousands. ETF has been able to make significant positive impact towards improving the educational development in Nigerian tertiary institutions. The fund's establishment was certainly one of the most positive developments in the Nigerian educational system, for it has the potential of alleviating the chronic underfunding of the sector. Tetfund as intervention agency should be encouraged towards prompt tax collection and budget allocations and cooperation from Federal Inland Revenue Services (FIRS) for an efficient service that can induce more wonderful outcome from ETF efforts.

Recommendations

1. TETFUND as intervention agency should be encouraged towards prompt tax collection and budget allocations and cooperation from Federal Inland Revenue Services (FIRS) for an efficient service that can induce wonderful outcome from ETF efforts.
2. There is need for a transformation within the Nigerian educational system, so that the challenges of chronic under funding can be addressed.
3. TETFUND should also be provided appropriate legislations that will make it easier for them to carry out their various activities within the country-Nigeria.
4. TETFUND should learn to handle one project at a time and fund such a project to a logical conclusion and to avoid partially funded projects become fresh projects.
5. There is the need for identification and prioritization by the beneficiaries of TETFUND to identify very critical areas in their various establishments that need immediate interventions, which in most cases are many and depend on the age of the institutions.

6. There should be an upward review of the 2% to 5% deductible tax revenue from the profits of all companies incorporated in Nigeria, to accommodate the increasing demand list of intervention areas that are regularly awaiting the fund's attention.

7. The major source of funding available to the TETFUND remains the 2% company tax collected from companies that have employees of over 100 employees. This should be reviewed to include companies with employees below 100 persons, to provide enough fund for the agency to execute her major objectives.

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Challenges Confronting the Implementation of Tertiary Education Trust Fund (Tetfund) in Nigerian Educational System: The Way Forward

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